GUARARAPES-RIACHUELO REPORTS 4Q09 RESULTS

Closing Price (Mar/23/2010)
GUAR3: R$ 61.54
GUAR4: R$ 43.90
Market Cap
R$ 3.29 billion

Portuguese Conference Call
Thursday (March 25)
12:00 p.m. (São Paulo)
Dial-in: +55 (11) 2188-0188
Code: Guararapes

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São Paulo, March 24, 2010 – Guararapes Confecções S.A. (Bovespa: GUAR3 - ON and GUAR4 - PN), Brazil's largest apparel manufacturer and the parent company of Lojas Riachuelo, one of the country's leading apparel department store chains, reports its results for the fourth quarter (4Q09) and for 2009.
Except where stated otherwise, the financial and operating data are presented on a consolidated basis and in Brazilian Real, pursuant to Brazilian Corporate Law.

Financial and Operating Highlights

- ✓ Net Profit increases by 83.4% to R$101.3 million in 4Q09 and by 56.4% to R$214.2 million in 2009.
- ✓ Consolidated Net Revenue grows by 14.3% in 2009 to R$2,183.5 million and by 22.9% in 4Q09 to R$744.5 million.
- ✓ Same-store sales increase 10.2% in 4Q09 and 4.6% in 2009.
- ✓ EBITDA grows R$181.4 million in the quarter, up 67.7% on 4Q08, and reaches R$441.8 million in 2009, up 41.6%.
- ✓ EBITDA margin on sales revenue reaches 26.7% in 4Q09, up 7.1 p.p., and 23.2% in 2009, up 6.1 p.p.
- ✓ Consolidated gross product margin reaches 53.7% in 4Q09 versus 52.9% in 4Q08, and 51.1% in 2009 versus 49.1% in 2008.
- ✓ Operating Expenses per m² decrease by 6.9% in 4Q09 and by 7.2% in 2009.
- ✓ Riachuelo card loss ratio drops 2.0 p.p. to 7.0% at the end of December.

Financial Highlights *(R$ million)*	**4Q09**	**4Q08**	**Chg.(%)**	**12M09**	**12M08**	**Chg.(%)**
Gross Revenue	1,054.0	905.4	16.4%	3,060.9	2,705.5	13.1%
Net Revenue	**744.5**	**605.8**	**22.9%**	**2,183.5**	**1,910.0**	**14.3%**
Gross Profit	**424.1**	**337.9**	**25.5%**	**1,223.6**	**971.4**	**26.0%**
Gross Margin[1]	*57.0%*	*55.8%*	*1.2 p.p.*	*56.0%*	*50.9%*	*5.2 p.p.*
Financial Service Revenues	12.5	34.3	-63.6%	71.8	210.9	-65.9%
Adjusted EBITDA[1]	**181.4**	**108.1**	**67.7%**	**441.8**	**311.9**	**41.6%**
EBITDA Margin	*24.4%*	*17.8%*	*6.5 p.p.*	*20.2%*	*16.3%*	*3.9 p.p.*
EBITDA margin on revenue from goods	*26.7%*	*19.7%*	*7.1 p.p.*	*23.2%*	*17.1%*	*6.1 p.p.*
Net Income (Loss)	**101.3**	**55.2**	**83.4%**	**214.2**	**136.9**	**56.4%**
EPS (R$)	1.62	0.89	83.4%	3.43	2.19	56.4%

[1] Included Revenues of Midway Financeira

EBITDA is not a measure recognized by Brazilian GAAP or US GAAP, does not represent cash flow for the periods presented and should not be considered an indicator of operational performance or a substitute for cash flow as a measure of liquidity. EBITDA does not have a standardized meaning and our calculation of EBITDA may not be directly comparable with the EBITDA or Adjusted EBITDA of other companies.

Management's Comments

The start of 2009 was marked by a high degree of uncertainty regarding the economic situation in developed countries and the potential impacts on the domestic economy. The fear of potential contagion of the Brazilian economy was reflected in consumer confidence indicators and unemployment levels during the initial months of 2009. With the objective of boosting the Company's productivity levels, processes were meticulously assessed in order to offer more attractive products and better service within a cost and expense structure compatible with the mission of democratizing the fashion industry.

Despite such an uncertain scenario, the Company began focusing its executives' efforts on optimizing the integrated business model in order to enhance the product development and become more in synch with the timing demanded by the retail industry.

During 2009, 100% of Guararapes' production was directed to Riachuelo, representing the full integration between the group's operations. This strategy generates operational flexibility in three product lines: "Vale a Pena", with the possibility of seasonal stocking; "Coleções", following the main trends of each season; and "Fast Fashion", which meets immediate fashion needs. The importance of this integration can be seen in the higher **share of Guararapes products in Riachuelo's sales**, which increased from 19% at the close of 2004 to a significant **52%** in 2009.

Operating Data	4Q09	4Q08	Chg.(%)	12M09	12M08	Chg.(%)
Consolidated Net Revenue (R$ MM)	744.5	605.8	22.9%	2,183.5	1,910.0	14.3%
Riachuelo's Net Revenue (R$ MM)	677.9	587.5	15.4%	1,901.7	1,746.8	8.9%
All-store nominal growth over the previous year	15.4%	3.4%	12.0 p.p.	8.9%	10.2%	-1.3 p.p.
Same-store nominal growth over the previous year	10.2%	-1.0%	11.2 p.p.	4.6%	4.9%	-0.3 p.p.
Number of stores under remodeling in the Period	0	8		4	11 + 1 closed	
Total number of stores at the end of the period	107	102	4.9%	107	102	4.9%
Sales area in thousand m² at end of the period	277.7	258.0	7.6%	277.7	258.0	7.6%
Net revenue per m² (R$ per m²)						
Net revenue per average sales area in the period	*2,473.9*	*2,393.7*	*3.4%*	*7,125.0*	*7,216.7*	*-1.3%*
Average Ticket of the Riachuelo Card (R$)	121.8	111.5	9.2%	111.0	99.1	12.1%
Total number of Riachuelo Cards (MM)	15.7	14.5	8.1%	15.7	14.5	8.1%
% of total sales using the Riachuelo Card	56.2%	57.8%	-1.7 p.p.	57.5%	58.6%	-1.1 p.p.
% of sales through interest-bearing plans (0+8)	14.2%	10.7%	3.4 p.p.	13.3%	16.5%	-3.2 p.p.
Total Net Personal Loan Portfolio (R$ MM)	37.7	56.1	-32.8%	37.7	56.1	-32.8%
Number of employees						
Guararapes + Riachuelo + TCV + Midway Mall + Midway Financeira	*34,196*	*34,078*	*0.3%*	*34,196*	*34,078*	*0.3%*

The approach to view the crisis as an opportunity was only made possible by the business model developed in recent years, which resulted in very flexible operations and zero dependence on imported goods. Fashion translated for the Brazilian market and attractive products at competitive prices were the main reasons for the excellent acceptance of the 2009 collections, which resulted in higher sales with lower inventory volume and a reduction in markdowns. Factors that were fundamental for achieving the operational results reported in the fiscal year were the improvements in the processes and teams of the following areas: design, product development, trend research, production, logistics and IT.

During the year, efforts were made to reduce the time between the identification of fashion trends and making the products available in stores, aiming to maintain continually the sense of freshness at points-of-sale. As part of this process, the production plants reformulated processes and acquired new equipment to assure the agility required to optimize the concept of fast fashion.

Supported by the integrated model, the sub-brands offered by Riachuelo were repositioned. After studying the most significant life styles in Brazil, the collections were adjusted to lead more customers to identify with the collections and buy the products offered. Once the sub-brands were defined, more fashion trends were worked on in parallel, which increased diversity and optimized inventories and selling space, while avoiding product overlap.

Another highlight in 2009 was the complete reformulation of the marketing strategy. In addition to the relaunch of the Pool brand, in November Riachuelo began to offer an exclusive collection developed and signed by pop music artist Ivete Sangalo.

The improvement in macroeconomic performance observed over the course of the year and the actions taken at the start of 2009 were the perfect combination for achieving the strong level of sales accompanied by gross margin expansion. In the area of investments, the situation was no different. Despite the atypical reduction in the number of new store inaugurations in the period, the Company maintained its expansion strategy. In the year, **six new stores** were launched and another **four** were **remodeled,** for total **selling space of 277,000 m²** distributed across **107 units** located in all geographic regions of the country.

To further improve its logistics process, the Company acquired a sales management system from Oracle, whose modules were partially implemented in 2009, with the implementation of complementary modules slated for 2010. The new system will make it possible to manage each merchandise item over its entire life cycle in order to optimize each product's margin based on the time it remains at the store. As a result, **inventory volume** at the end of 2009 was **9,6% lower** than at the end of 2008, despite the 20.000 m² in additional selling space.

For 2010, the Company will continue to invest in developing its collections, seeking to continually build on its understanding of Brazilian consumers and their buying habits. It will also improve the translation of global macro fashion trends for the domestic market in order to achieve more aggressive collections and consequently increase their profitability. The new developments on the marketing front continue. In addition to signing her collection, **Ivete Sangalo** kicked off 2010 as the **spokeswoman for the Riachuelo brand**, signaling a year of many new trends and positive surprises. On the investment front, the Company plans to **launch at least 12 stores** in the year, all based on Visual Merchandising, a new concept already adopted at the store in Shopping Aricanduva.

Guararapes Confecções

The parent company is responsible for the group's manufacturing division. In the quarter, 100% of the Company's production was directed to Riachuelo, representing the full integration of the retailing and manufacturing divisions.

Production

Guararapes has two manufacturing centers, one in Fortaleza, Ceará and the other in Natal, Rio Grande do Norte, with total output in excess of 300,000 items per day. Responsible for knitwear and part of the clothing line, the Natal plant has a total area of 150,000 m² and is capable of producing more than 240,000 items per day. Meanwhile, the Fortaleza plant is responsible for the jeans and shirts line, with production capacity that exceeds 60,000 items per day and occupying an area of 60,000 m².

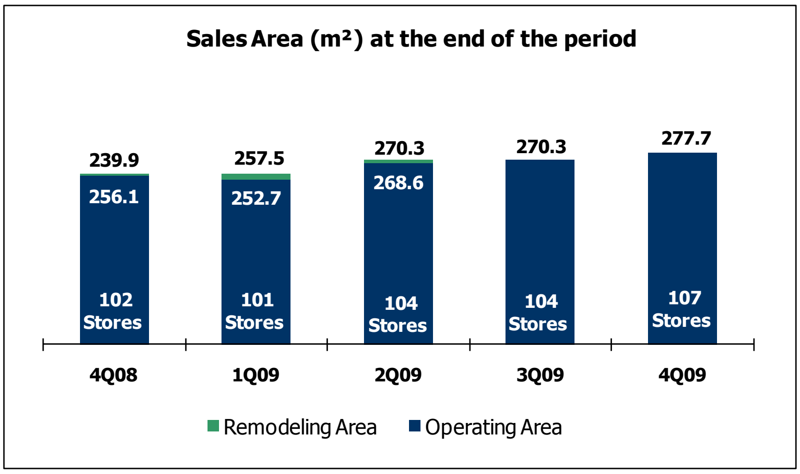
In 4Q09, Guararapes produced **14,260,000 item**s, **down 18.0%** from the 17,396,000 items produced in 4Q08. In 2009, the production of 51,781,000 items was **24.4% lower** than the 64,480,000 items made in 2008. This performance is due to the greater share of production allocated to the development of higher value-added items with greater fashion appeal, in line with the needs of Riachuelo's product mix.

Net Revenue

Parent company net revenue in 4Q09 was **R$207.8** million, declining by **8.5%** in relation to 4Q08. In 2009, **Parent company net revenue** was **R$751.9** million, **down 7.1%** from **R$809.5** million in 2008. This performance was still due to the lack of third-party revenue following the strategic decision to allocate 100% of Guararapes' production to Riachuelo, and to the adjustment of production to Riachuelo's real inventory needs.

Lojas Riachuelo

Even with a drop of 1% in same-store sales versus 4Q08, Riachuelo's **net revenue** increased **15.4%** in 4Q09, or by **10.2%** on a **same-store** basis. In 2009, net revenue grew by **8.9%,** or by **4.6%** on a same-store basis. **Consolidated gross product margin** resumed improvement during the quarter, expanding by **0.8 p.p.** to **53.7%**, from 52.9% in 4Q08. In 2009, this margin expansion was even higher, increasing **2.0 p.p.** to **51.1%** in the period.

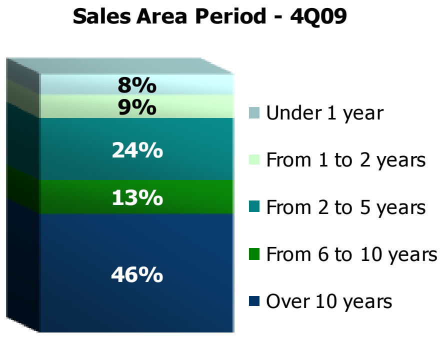


Even with the nonrecurring reduction in the number of **launches**, the Company maintained its expansion strategy. In the year, **six new stores** were launched and another **four** were **remodeled**, for total selling space of **277,000 m²** distributed across **107 units** in all geographic regions of the country.

Remodeling Stores 2009	Conclusion
Maceió/AL	Concluded - Apr
Belém/PA	Concluded - Apr
Goiânia/GO	Concluded - Aug
Maceió/AL	Concluded - Sep

New Stores 2009	Opening	m²
Manaus/AM - Manauara Shopping	April 7	2,400
Salvador/BA - Salvador Paralela Shopping	April 28	2,290
Rio de Janeiro - Norte Shopping	April 30	4,146
Belém/PA - Shopping Boulevard	November 17	2,167
Maceió/AL - Shopping Pátio Maceió	November 25	2,568
São Paulo/SP - Shopping Aricanduva	November 26	2,636

The expansion process reflects Riachuelo's objective to capture new markets and strengthen its regional positioning by inaugurating and remodeling units. It is worth remembering that the maturation period of a new store is approximately five years, which means these areas are of particular importance in determining the Company's pace of sales growth. At the close of December, **33%** of Riachuelo's selling space was between **one and five years old**, up from 27% at the end of 4Q08.



Midway Financeira

Midway Financeira S.A. was created in January 2008 and inaugurated in July of the same year to carry out financing operations for consumers of the products and services of its parent company, Lojas Riachuelo, seeking the financial resources best suited to support these transactions.

As of August, 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) began to be accounted at Midway Financeira. Pre-existing portfolios at Riachuelo were not transferred to the new company. Therefore, these amounts will gradually decline as they mature until they are completely eliminated.

The income statement of Midway Financeira is presented below, showing the location where each line is allocated on the Company's consolidated income statement.

Midway Financeira - Income Statement	4Q09	12M09	Location in the Consolidated Income Statement
Financial Service Revenues	**61,325.59**	**270,629.43**	
Financial Revenue from interest-bearing sales, late fines and interest on arreas	43,624.32	190,510.80	Gross revenue
Revenue from Registration and Collection Fees	1,764.07	8,225.62	Other Operating Income
Revenue from Personal Loans and Saque Fácil	6,787.14	31,911.50	Gross revenue
Revenue from Fees on Financial Products	9,150.06	39,981.51	Gross revenue
Allowance for Doubtful Accounts	**(40,200.36)**	**(134,745.34)**	
Personal Loans and Saque Fácil Provision For Doubtful Accounts (PDA)	(1,899.08)	(11,181.25)	Selling Expenses
Interest-bearing and Non-interest Bearing Sales Provision For Doubtful Accounts (PDA)	(38,301.28)	(123,564.10)	Selling Expenses
Funding Expenses	**(685.36)**	**(10,141.83)**	Cost of Goods and Services Sold
Discounts on Loan Operations	**(3,268.95)**	**(7,873.13)**	Cost of Goods and Services Sold
Gross Revenue from Financial Operations	**17,170.92**	**117,869.13**	
Revenue From Securities	1,171.54	5,064.26	Gross Revenue
Revenue From Services Rendered to Riachuelo	9,836.99	28,285.65	Other Operating Income
Other Operating Income	285.15	10,744.93	Other Operating Income
Administrative Expenses	(22,025.79)	(63,867.67)	General and Administrative Expenses
Taxes Expenses	(4,383.90)	(18,630.00)	Deductions
Securities Expenses	(2,635.55)	(12,276.84)	Cost of Goods and Services Sold
Other Operating Expenses	(3,036.26)	(10,381.48)	General and Administrative Expenses
Operating Result	**(3,616.89)**	**56,807.98**	
Non-operating Result	-	(0.50)	Non-operating Result
Earnings Before Income Tax	**(3,616.89)**	**56,807.48**	
Income and Social Contribution Taxes	1,916.96	(21,962.59)	Income and Social Contribution Taxes
Profit Sharing	(219.85)	(371.47)	Other Operating Expenses
Net Income (Loss)	**(1,919.79)**	**34,473.42**	

During 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 adequate** for the level of risk of its operations. To better illustrate the process of constituting the provision for doubtful accounts, the table below provides a breakdown of the portfolio by period overdue and the respective provision amounts. The chart also presents a comparison of the PDA / Portfolio Volume ratio with the minimum levels required by Central Bank Resolution 2,682.

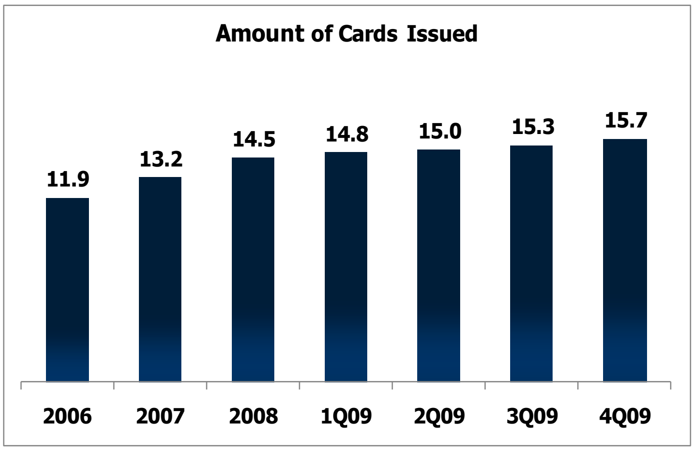
December 2009					PDA (%), minimum required by Central Bank	
Period of overdue (days)	Risk	Portfolio	PDA Balance	PDA Balance (%)	Risk	PDA (%), minimum required by Central Bank
performing	A	597,386	35,186	5.9%	A	0.5%
15-30	B	21,737	1,563	7.2%	B	1.0%
31-60	C	16,277	1,582	9.7%	C	3.0%
61-90	D	11,641	1,981	17.0%	D	10.0%
91-120	E	11,388	4,441	39.0%	E	30.0%
121-150	F	10,146	6,595	65.0%	F	50.0%
151-180	G	8,588	7,815	91.0%	G	70.0%
> 180	H	93,805	93,805	100.0%	H	100.0%
Dec/09 Total		**770,966**	**152,968**	**19.8%**		
Up to 180 days		**677,161**	**59,163**	**8.7%**		
Coverage ratio (overdue more than 90 days)*						**123.4%**

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

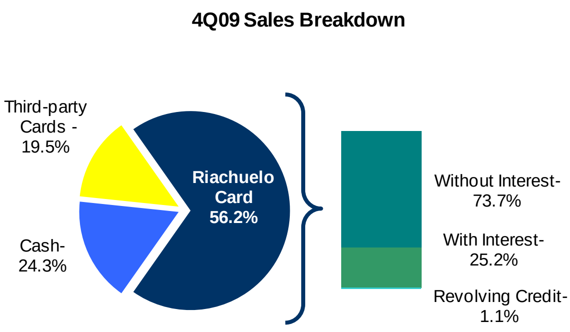
The current level of **total provisioning** covers **123.4% of the amounts overdue more than 90 days.** The Company's provision amounts exceed the minimum level for all overdue periods, as shown above.

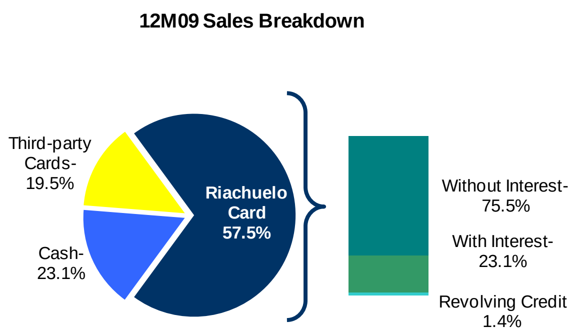
Expenses related to the Riachuelo card operations, which previously were booked on Riachuelo's financial statements, are still booked on Midway Financeira's financial statements. Therefore, of the **R$63.9 million recorded as administrative expenses in 2009, R$41.1 million** involves the operating expenses of the private-label card that previously were booked as selling expenses at

Riachuelo, and therefore does not represent any kind of increase related to the Company's administrative structure.



Riachuelo's card base totaled **15.7 million** units at the close of December, of which **374,700** units were issued in the fourth quarter and **1.1 million** were issued during 2009. The **average ticket** of the Private-Label Card increased by **9.2%** to **R$121.8** in 4Q09, from R$111.5 in 4Q08. In 2009, the average ticket was **R$111.0**, versus R$99.1 in 2008.





During the maturation phase of a new unit, it is natural to have a higher concentration of purchases made with third-party cards or even cash, since a significant percentage of clients still do not hold the private-label card. Because of the period involved with building up the cardholder base at recently inaugurated stores and the growing penetration of branded cards in all income brackets, the share of sales made with the **Riachuelo Card** declined from 57.9% in 4Q08 to **56.2%** in 4Q09. In 2009, the share sales made with the Riachuelo Card was **57.5%**, versus 60.2% in 2008.

The **share of interest-bearing installment sales** in total sales increased from 10.7% in 4Q08 to **14.2%** in 4Q09. In 2009, the share of interest-bearing sales was **13.3%**, compared with 16.9% in 2008. Note that in January and part of February, the Company did not offer the option of interest-bearing installment sales with a grace period. As of February, Riachuelo lowered back to 5.9% per month the rate charged on its interest-bearing sales, allowing its longer plans to return to more significant levels.

In addition to interest-bearing installment sales, personal loans and cash withdrawals, Midway Financeira also offers its customers three different types of insurance (**Unemployment, Home**

Owner and Personal Accident) and three types of assistance plans (**Home, Vehicle and Dental**), in addition to "**Card Protection"**, where customers pay a monthly fee to have their card insured against loss and theft.

Performance of Financial Operations involving Riachuelo's portfolio

Until the end of July 2008, operations related to the Private-Label Card continued to be accounted at Riachuelo, which as a result still holds a receivables portfolio that will gradually be eliminated as the amounts mature.

Therefore, the **"Financial Operation Revenue"** line in the chart below comprises the following elements:

a) Revenue from interest-bearing sales net of funding costs (accounted on the date of the respective sale);

b) Revenue from Personal Loans and "Saque Fácil" cash withdrawals, net of funding costs (accounted over the duration of the contract);

c) Revenue from insurance and assistance plans;

d) Revenue from late fines and interest on arrears.

Financial operating revenue from Riachuelo's existing portfolio totaled **R$12.5 million** in 4Q09, versus R$34.3 million in the same quarter of the previous year. In 2009, this revenue was **R$71.8 million**, compared with R$210.9 million in 2008. The deceleration in the pace of growth is mainly due to the fact that revenue from interest-bearing sales was recognized only through end-July 2008, when it began to be accounted at Midway Financeira. Nevertheless, the existing portfolio continues to generate revenue from late fines and interest on arrears, as well as revenue from the recovery of credits overdue more than 180 days.

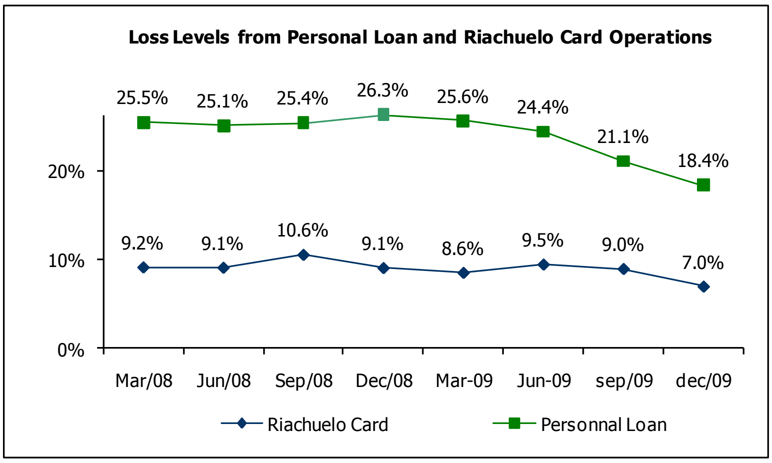
With the gradual reduction in this portfolio's volume, the **ratio of the provision for doubtful accounts to the total net portfolio of Riachuelo** related to the private-label card (interest-bearing and non-interest-bearing sales) and the personal loan operations increased from **26.1%** in September 2009 to **75.0%** in December 2009, since the total of the current portfolio is only R$1.5 million.

Riachuelo Card	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
Balance of Allowance for Doubtful Accounts - R$ '000	52,593	30,043	17,943	7,143	1,493	1,143
Portfolio Net Value (Riachuelo Card and Personal Loan) - R$ '000	473,171	187,022	65,559	18,858	5,712	1,525
Provision and Loss/ Portfolio Net Value	11.1%	16.1%	27.4%	37.9%	26.1%	75.0%

For comparison purposes, to obtain the amount of consolidated revenue from **Financial Operations** using the previous method, add R$12.5 million from Riachuelo, R$61.3 million for the revenue from Midway's financial operations and R$36.6 million from the variation in the balance of "revenue to be recognized" at Midway Financeira and the funding costs involved, for a total of **R$106.5 million** in 4Q09 and **R$308.4 million** in 2009, as shown below.

Financial Operation	4Q09	4Q08	Chg.	12M09	12M08	Chg.
Financial Operation Revenue (Consolidated)	**106,474**	**74,240**	**43.4%**	**308,355**	**288,374**	**6.9%**
Financial Operation Revenue (Midway Financeira)	61,326	48,723	25.9%	209,304	65,661	218.8%
Credit Assignment (Funding) Expenses	(685)	(6,710)	-89.8%	(10,142)	(10,217)	-0.7%
Discounts on Loan Operations	(3,269)	(95)	3353.7%	(7,873)	(121)	6419.1%
Variation in Revenue to be Recognized (Midway Financeira)	36,631	(1,963)	-1966.4%	45,223	22,182	103.9%
Financial Operation Revenue (Riachuelo)	12,471	34,285	-63.6%	71,843	210,869	-65.9%
Provision and Loss (Consolidated)	**(28,254)**	**(43,148)**	**-34.5%**	**(151,787)**	**(190,261)**	**-20.2%**
Provision and Loss (Midway Financeira)	(40,200)	(12,914)	211.3%	(134,745)	(18,219)	639.6%
Provision and Loss (Riachuelo)	11,946	(30,234)	-139.5%	(17,042)	(172,042)	-90.1%
Total	**78,219**	**31,092**	**151.6%**	**156,568**	**98,113**	**59.6%**

The chart below shows the trajectory of losses from the Riachuelo Card and personal loan operations. The amounts indicate the percentage overdue more than 180 days in relation to the total receivables expected in the respective period.



The **Riachuelo card loss ratio** decreased from 9.0% in September to **7.0%** at the end of December. Meanwhile, the **2.1 p.p.** reduction from the loss ratio of 9.1% in December 2008 was due to the new design for the credit-approval process, with the addition of **external databases**, which led to much more accurate mapping of customer credit behavior in their respective markets. Moreover, the implementation of cutting-edge technology, such as the acquisition of an **SAS** program, has contributed significantly to enhancing the current **Behavior Score** and **Credit Score** systems. The collections process was also reviewed, making it more efficient.

As the result of the more selective credit-approval approval policy adopted since 2008, the **loss ratio from personal loan operations** decreased by **7.9 p.p.** to **18.4%** in December 2009, from 26.3% in December 2008. Accompanying the trend in previous quarters, the **total personal loan portfolio** (Riachuelo + Midway Financeira) once again began to contract, reaching **R$37.7 million at end-December 2009**, compared with R$38.8 million at end-September 2009 and R$56.1 million at end-December 2008.

Midway Mall and Own Stores

Midway Mall is located on the most important intersection of Natal, Rio Grande do Norte, which is formed by the avenues Senador Salgado Filho and Bernardo Vieira, the city's main thoroughfares. The mall enjoys excellent access and is located just 15 minutes from the city's main districts, ensuring that the entire urban area is within its area of influence.

Inaugurated on April 27, 2005, and with nearly all its gross area currently leased, the mall has **231,000 m²** with **three floors** in operation, with satellite stores, 13 anchor stores, a food court and several service outlets. The **third floor**, which was recently expanded (April 2009), has seven Cinemark movie theaters, five new anchor stores and other satellite stores. The mall also offers free indoor parking with 3,500 spaces.

Also on the third level, Midway Mall will have the city's most modern and complete concert halls. With inauguration slated for the second half of 2010, the space will house up to 3500 spectators, depending on its configuration. With this project, the mall consolidates its mix of leisure, entertainment and cultural attractions, providing the public with a wide range of shows and performances.

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

Midway Results	4Q09	4Q08	Chg.(%)	12M09	12M08	Chg.(%)
Rental and Key Money Net Revenue (R$ '000)	10,121.0	6,795.2	48.9%	32,513.3	21,575.1	50.7%
EBITDA (R$ '000)	12,319.2	6,171.8	99.6%	32,540.1	19,421.6	67.5%
EBITDA Margin	**121.7%**	**90.8%**	**30.9 p.p.**	**100.1%**	**90.0%**	**10.1 p.p.**
GLA (thousand m^2)	56.6	46.8	20.9%	56.6	46.8	20.9%
EBITDA/GLA (R$/$m^2$)	**217.7**	**131.9**	**65.0%**	**574.9**	**415.0**	**38.5%**

In addition to the Mall operations, the group enjoys a competitive advantage by having a large portfolio of **own stores**. Of the 107 Riachuelo stores at the close of the quarter, 46 were installed in properties owned by the group. Therefore, of the 277,700 m² in total selling area, 116,800 m² (42.1%) was located in own stores. Considering these stores together with the two distribution centers and six production plants, the Company currently has approximately **800,000 m²** in gross built area.

	Quantity	(%)
Own Stores	**46**	**43%**
Mall Stores	8	7%
Street Stores	38	36%
Rented Stores	**61**	**57%**
Mall Stores	59	55%
Street Stores	2	2%
Total Stores	**107**	**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	3,641	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
Pará	1	3,830	5,905
Pernambuco	1	5,093	12,931
Piauí	2	2,616	5,619
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**	**89,294**	**173,168**

Mall stores located on own properties			
State	No. of Own Stores	Sales Area (m²)	Total Area
Amazonas	1	3,177	4,172
Distrito Federal	1	2,774	3,870
Espírito Santo	1	3,206	4,560
Pernambuco	1	3,010	4,446
Rio de Janeiro	1	4,128	5,384
Rio Grande do Norte	1	6,556	10,230
Sergipe	2	4,649	7,639
Total Mall Stores	**8**	**27,500**	**40,301**
Total Own Stores	**46**	**116,794**	**213,469**

Guarulhos Distribution Center	
Guarulhos DC land area	175,678
Total built-up area	84,725

Riachuelo São Paulo Office	
Headquarters land area	45,030
Total built-up area	42,312

Natal Distribution Center	
Total built-up area	57,552

TCV

Transportadora Casa Verde (TCV) is responsible for part of the group's logistics, and with investments made over the past few years, particularly in the technology area, TCV assures timely and efficient delivery of the products made by Guararapes Confecções to the Riachuelo stores.

Grupo Guararapes – Consolidated Results

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

Net Revenue

Consolidated net revenue grew **22.9%** in the quarter, from R$605.8 million in 4Q08 to **R$744.5 million in 4Q09**. In 2009, consolidated net revenue was **R$2,183.5 million**, up **14.3%** from R$1,910.0 million in 2008.Repeating the pattern in the previous quarter, consolidated revenue growth outpaced the variation in revenue from Guararapes (-7.1%) and from Riachuelo (8.9%), due to the recognition of revenue from Midway Financeira, which totaled **R$56.4 million** in the quarter and **R$248.8 million** in 2009.

Gross Profit and Gross Margin

Consolidated **gross profit** in the quarter was **R$424.1 million**, up 25.5% from **R$337.9 million** in 4Q08. In 2009, gross profit was **R$1,223.6 million**, a 26.0% increase from the previous year. **Consolidated Gross Margin** expanded **1.2 p.p.** to **57.0%**, from 55.8% in 4Q08. In 2009, gross margin stood at **56.0%**, expanding by **5.2 p.p.** from 2008, due to the greater integration between Riachuelo and Guararapes and the consolidation of results from Midway Financeira.

Excluding the impact of Midway Financeira and Midway Mall, **consolidated gross product margin (retail + industry)** was **53.7%**, up **0.8 p.p.** from 52.9% in the same period last year. In 2009, gross margin was **51.1%**, **2.0 p.p.** higher than in 2008.

	4Q09	4Q08	12M09	12M08
Consolidated Net Revenue	**744,529**	**605,837**	**2,183,457**	**1,909,999**
(-) Net Revenue - Midway Financeira	(56,349)	(49,143)	(248,838)	(67,047)
(-) Net Revenue - Midway Mall	(10,121)	(6,795)	(32,513)	(21,575)
(=) Consolidated Net Revenue of Merchandise (Industry + Retail)	**678,059**	**549,898**	**1,902,106**	**1,821,376**
Consolidated Gross Profit	**424,145**	**337,910**	**1,223,568**	**971,403**
(-) Gross Profit - Midway Financeira	(49,759)	(40,279)	(218,546)	(54,649)
(-) Gross Profit - Midway Mall	(10,121)	(6,795)	(32,513)	(21,575)
(=) Consolidated Gross Profit of Merchandise (Industry + Retail)	**364,265**	**290,836**	**972,509**	**895,178**
Consolidated Gross Margin of Merchandise (Industry + Retail)	**53.7%**	**52.9%**	**51.1%**	**49.1%**

Selling, General and Administrative Expenses

In 4Q09, **selling expenses** were **R$185.9 million**, **down 20.1%** from R$232.7 million in 4Q08. Excluding the expenses with **losses and the provision for doubtful accounts** related to the Riachuelo and Midway Financeira operations (**R$28.3 million**) accounted under selling expenses, selling expenses decreased **16.9%** in the quarter and were equivalent to **21.2%** of net revenue, compared with 31.3% in 4Q08. Adopting the same criteria, selling expenses in 2009 decreased by **6.4%**, corresponding to **24.3%** of net revenue.

General and administrative expenses increased by **76.8%** in the quarter, from R$61.3 million in 4Q08 to **R$108.4 million** in 4Q09. In 2009, **general and administrative expenses** totaled R$319.3 million, up 33.5% from R$239.1 million in 2008. The substantial increase in these expenses was due to the transfer of a portion of the expenses related to the Riachuelo Card operations to Midway Financeira, which are now booked as administrative expenses.

The sum of **administrative and selling expenses**, excluding the effects from the provision for doubtful accounts (R$28.3 million in 4Q09 and R$43.1 million in 4Q08) and from **depreciation expenses (R$21.7 million** in 4Q09 and R$12.4 million in 4Q08), increased by **2.4%** in the quarter. Adopting the same criteria, in 2009 this increase was **3.4%**.

This performance reflects the strict control of expenses, which was intensified in the fourth quarter of 2008, and includes expenses from the five stores added in 2009 in relation to the total number of stores in operation at the end of 2008 (102 stores at end-2008, versus 107 stores at end-2009).

Operating Expenses	4Q09	4Q08	Chg.	12M09	12M08	Chg.
Selling Expenses	**(185,859)**	**(232,732)**	**-20.1%**	**(681,341)**	**(756,169)**	**-9.9%**
Expenses with losses and PDA	**28,254**	43,148	-34.5%	151,787	190,261	-20.2%
Selling Expenses excluding PDA	**(157,605)**	**(189,584)**	**-16.9%**	**(529,554)**	**(565,908)**	**-6.4%**
General and Administrative Expenses	**(108,379)**	**(61,303)**	**76.8%**	**(319,306)**	**(239,103)**	**33.5%**
Depreciation Expenses	21,665	12,358	75.3%	87,652	69,007	27.0%
G&A Expenses excluding Depreciation	**(86,714)**	**(48,945)**	**77.2%**	**(231,654)**	**(170,096)**	**36.2%**
Total Expenses excluding PDA and Depreciation	**(244,319)**	**(238,529)**	**2.4%**	**(761,208)**	**(736,004)**	**3.4%**

Operating Expenses	4Q09	4Q08	Chg.	12M09	12M08	Chg.
Total Expenses with losses and PDA	**(244,319)**	**(238,529)**	**2.4%**	**(761,208)**	**(736,004)**	**3.4%**
Total Expenses excluding PDA and Depreciation per Store	**(2,316)**	**(2,409)**	**-3.9%**	**(7,354)**	**(7,651)**	**-3.9%**
Total Expenses excluding PDA and Depreciation per m²	**(892)**	**(958)**	**-6.9%**	**(2,848)**	**(3,070)**	**-7.2%**

The rigid control of expenses was also reflected in the indicators of these expenses per store or square meter, with **operating expenses per m²** decreasing by **6.9%** in 4Q09 in relation to the same period a year earlier. In 2009, this indicator followed a similar trend, decreasing by **7.2%** in relation to 2008. **Operating expenses per store** totaled **R$2.3 million in 4Q09**, 3.9% lower than in 4Q08. In 2009, operating expenses per store totaled 7.4 million, 3.9% lower than the R$7.7 million recorded in 2008.

Operating Profit

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

Therefore, we add the revenue from financial operations to our EBIT and EBITDA in order to better demonstrate our operating cash generation, since all expenses related to these operations, including losses and the provisions for doubtful accounts, are booked under operating expenses.

Given the strategy implemented to increase **integration**, as of 2008, **EBITDA** began to incorporate the revenue from **tax credits**. The purpose of this change was to reflect the revenue generated by these incentives, in light of the strategic importance of this element in the Company's operations.

EBITDA Reconciliation (R$ thousand)	4Q09	4Q08	Chg. (%)	12M09	12M08	Chg. (%)
Gross Profit	**424,145**	**337,910**	**25.5%**	**1,223,568**	**971,403**	**26.0%**
(-) Selling Expenses	(185,859)	(232,732)	-20.1%	(681,341)	(756,169)	-9.9%
(-) Administrative Expenses	(108,379)	(61,303)	76.8%	(319,306)	(239,103)	33.5%
(+) Other Operating Income/Expenses	5,013	5,128	-2.2%	14,014	(371)	n.m.
(+) Financial Service Revenues	12,471	34,285	-63.6%	71,843	210,869	-65.9%
(+) IR Tax Benefits	9,494	9,720	-2.3%	33,992	45,800	-25.8%
EBIT	**156,885**	**93,008**	**68.7%**	**342,770**	**232,429**	**47.5%**
(+) Depreciation and Amortization	24,472	15,134	61.7%	98,997	79,511	24.5%
EBITDA	**181,357**	**108,142**	**67.7%**	**441,768**	**311,940**	**41.6%**
EBITDA Margin	*24.4%*	*17.8%*	*6,5 p.p.*	*20.2%*	*16.3%*	*3,9 p.p.*
EBITDA margin on revenue from goods	*26.7%*	*19.7%*	*7,1 p.p.*	*23.2%*	*17.1%*	*6,1 p.p.*

In **4Q09**, **EBITDA** was **R$181.4 million**, accompanied by **EBITDA margin** calculated in relation to consolidated net product revenue of **26.7%** (**24.4%** if calculated in relation to consolidated net revenue), which represents a **67.7%** increase in relation to 4Q08. In 2009, EBITDA increased **41.6%** from 2008, with EBITDA margin in relation to consolidated net product revenue of **23.2%** (**20.2%** in relation to consolidated net revenue). This performance was supported by the recovery in sales volume growth, the expansion in consolidated gross margin, the rigid control of expenses and the build in PDA balances at Midway Financeira.

Other operating revenue (expenses)

The amounts previously booked under the line "Non-operating Profit" were reclassified to the line "Other operating revenue (expenses)" as of 2Q09. With the aim of maintaining the same comparison base, the amounts for 2008 (R$1.5 million in 4Q08) were also reclassified to the line "Other operating revenue (expenses)".

Net Profit

Net profit in the quarter totaled **R$101.3 million**, up **83.4%** from 4Q08. In 2009, net profit was **R$214.2 million**, up **56.4%** from R$136.9 million in 2008. Consequently, in 4Q09, net margin calculated in relation to net product revenue was **14.9%** (**13.6%** based on total net revenue), versus 10.0% in 4Q08 (9.1% based on total net revenue). In 2009, net margin based on net product revenue was **11.3%** (**9.8%** based on total net revenue), versus 7.5% in 2008 (7.2% based on total net revenue).

Investments (CAPEX)

The group's **capital expenditure** on fixed assets totaled **R$134.6 million** in 2009. Of this amount, **R$110.4 million (82.0%)** was allocated to Riachuelo, with **R$48.2 million** allocated to inaugurating **new stores**.

Investments	12M09	(%)
2008 Remodelings	3.4	2.5%
2008 New Stores	5.7	4.2%
2009 Remodelings	20.7	15.4%
2009 New Stores	42.5	31.6%
IT	17.2	12.7%
General Rebuilding	14.6	10.8%
Other	6.4	4.7%
Total Riachuelo	**110.4**	**82.0%**
Guararapes	24.3	18.0%
Total	**134.6**	**100.0%**

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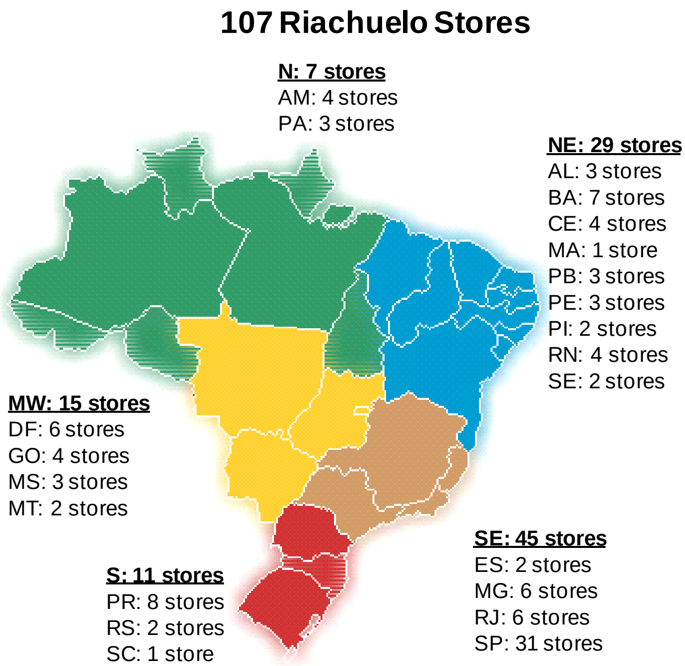
About Guararapes-Riachuelo

Guararapes is one of the largest apparel manufacturers in Brazil and the parent company of Riachuelo, one of the largest apparel department store chains in Brazil, with **107** stores nationwide, the locations of which are shown on the adjacent map.



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, big chains have expanded due to scale gains, investments in product quality, their position as sellers of fashion and fast inventory turnover, 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 allows for responding quickly to changes in the market.

Riachuelo's private label cards base is another major asset, establishing long-term relationships with a growing customer base, currently close to 15.7 million (December 2009). Another of the Company's main operations is financial services, which offer customers interest-bearing installment sales, personal loans and insurance and other financial products.

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.

Quarterly Consolidated Pro-Forma Financial Statements

In R$ thousand

Income Statement	4Q09	4Q08	Chg.(%)	12M09	12M08	Chg.(%)
Gross Revenue	1,053,989	905,426	16.4%	3,060,862	2,705,470	13.1%
Gross Revenue - Parent Company	*242,677*	*263,563*	*-7.9%*	*882,042*	*959,577*	*-8.1%*
Gross Revenue - Riachuelo	*983,176*	*849,254*	*15.8%*	*2,760,956*	*2,523,311*	*9.4%*
Gross Revenue - Midway Financeira	*60,733*	*49,143*	*23.6%*	*267,468*	*67,047*	*298.9%*
Gross Revenue - Midway Mall	*10,452*	*6,994*	*49.4%*	*33,732*	*22,382*	*50.7%*
Deductions	(327,583)	(321,173)	2.0%	(941,080)	(856,288)	9.9%
ICMS tax benefits	*18,122*	*21,584*	*-16.0%*	*63,675*	*60,817*	*4.7%*
Net Revenue	**744,529**	**605,837**	**22.9%**	**2,183,457**	**1,909,999**	**14.3%**
Net Revenue - Parent Company	*207,833*	*227,085*	*-8.5%*	*751,856*	*809,469*	*-7.1%*
Net Revenue - Riachuelo	*677,859*	*587,545*	*15.4%*	*1,901,656*	*1,746,800*	*8.9%*
Net Revenue - Midway Financeira	*56,349*	*49,143*	*14.7%*	*248,838*	*67,047*	*271.1%*
Net Revenue - Midway Mall	*10,121*	*6,795*	*48.9%*	*32,513*	*21,575*	*50.7%*
Cost of Goods and Services Sold	(320,383)	(267,927)	19.6%	(959,888)	(938,596)	2.3%
COGS - Parent Company	*(142,117)*	*(159,199)*	*-10.7%*	*(542,205)*	*(546,713)*	*-0.8%*
COGS - Riachuelo	*(391,874)*	*(372,968)*	*5.1%*	*(1,150,093)*	*(1,085,191)*	*6.0%*
Costs- Midway Financeira	*(6,590)*	*(8,864)*	*-25.7%*	*(30,292)*	*(12,398)*	*144.3%*
Costs - Midway Mall	-	-	-	-	-	-
Gross Profit	**424,145**	**337,910**	**25.5%**	**1,223,568**	**971,403**	**26.0%**
Gross Profit - Parent Company	*65,716*	*67,886*	*-3.2%*	*209,652*	*262,756*	*-20.2%*
Gross Profit - Riachuelo	*285,986*	*214,578*	*33.3%*	*751,563*	*661,608*	*13.6%*
Gross Profit - Midway Financeira	*49,759*	*40,279*	*23.5%*	*218,546*	*54,649*	*299.9%*
Gross Profit - Midway Mall	*10,121*	*6,795*	*48.9%*	*32,513*	*21,575*	*50.7%*
Gross Margin	*57.0%*	*55.8%*	*1.2 p.p.*	*56.0%*	*50.9%*	*5.2 p.p.*
Gross Margin - Parent Company	*31.6%*	*29.9%*	*1.7 p.p.*	*27.9%*	*32.5%*	*-4.6 p.p.*
Gross Margin - Riachuelo	*42.2%*	*36.5%*	*5.7 p.p.*	*39.5%*	*37.9%*	*1.6 p.p.*
Gross Margin - Midway Financeira	*88.3%*	*82.0%*	*6.3 p.p.*	*87.8%*	*81.5%*	*6.3 p.p.*
Selling Expenses	(185,859)	(232,732)	-20.1%	*(681,341)*	(756,169)	-9.9%
General and Administrative Expenses	(108,379)	(61,303)	76.8%	*(319,306)*	(239,103)	33.5%
Other Operating Expenses/Income	5,013	5,128	-2.2%	*14,014*	(371)	n.m.
IR Tax Benefits	9,494	9,720	-2.3%	*33,992*	45,800	-25.8%
Financial Service Revenues (Riachuelo)	12,471	34,285	-63.6%	*71,843*	210,869	-65.9%
EBIT	**156,885**	**93,008**	**68.7%**	**342,770**	**232,429**	**47.5%**
Financial Revenue (Expense)	(13,814)	(12,363)	11.7%	(46,131)	(25,245)	82.7%
Non-operating Result	-	-	n.m.	-	-	n.m.
Earnings Before Income Tax and Social Contribution	**143,070**	**80,645**	**77.4%**	**296,639**	**207,183**	**43.2%**
Income and Social Contribution Taxes	(41,753)	(25,396)	64.4%	(82,488)	(70,246)	17.4%
Net Income (Loss)	**101,317**	**55,249**	**83.4%**	**214,151**	**136,938**	**56.4%**
Depreciation and Amortization	24,472	15,134	61.7%	98,997	79,511	24.5%
EBITDA	**181,357**	**108,142**	**67.7%**	**441,768**	**311,940**	**41.6%**
EBITDA Margin	**24.4%**	**17.8%**	**6.5 p.p.**	**20.2%**	**16.3%**	**3.9 p.p.**
EBITDA margin on revenue from goods	**26.7%**	**19.7%**	**7.1 p.p.**	**23.2%**	**17.1%**	**6.1 p.p.**
Total Preferred Shares	31,200	31,200		31,200	31,200	
Total Common Shares	31,200	31,200		31,200	31,200	
EPS	**1.62**	**0.89**	**83.4%**	**3.43**	**2.19**	**56.4%**

Consolidated Balance Sheet

In R$ mil

Assets	12/31/2009	12/31/2008
Current Assets	**1,175,729**	**957,052**
Cash Equivalents	82,828	80,209
Credits	675,626	422,022
Inventories	339,602	375,803
Other	77,672	79,018
Long Term Assets	**87,131**	**60,206**
Judicial Deposits and Others	22,097	2,500
Recoverable Taxes	17,532	20,771
Other Deferred Taxes	47,502	36,935
Permanent Assets	**1,005,662**	**965,225**
Investments	1,256	1,256
Property, plan and equipment	963,047	930,221
Intangible	38,465	33,748
Deferred	2,894	-
Total Assets	**2,268,523**	**1,982,483**

Liabilities	12/31/2009	12/31/2008
Current Liabilities	**708,852**	**613,136**
Suppliers	233,790	189,447
Loans and financing	100,898	121,677
Taxes, Charges and Contributions	101,140	75,169
Dividends Payable	41,972	29,461
Wages, Benefits and Provisions	114,769	165,250
Other	116,284	32,131
Long Term Liabilities	**60,184**	**42,548**
Loans and Financing	2,323	10,150
Provisions	35,989	22,282
Taxes and Contributions	21,547	9,429
Social Contribution	325	688
Shareholders' Equity	**1,499,486**	**1,326,798**
Paid-in Capital	1,300,000	1,200,000
Profit Reserve	199,486	126,798
Total Liabilities	**2,268,523**	**1,982,483**