First Quarter 2007 Earnings Release

GUARARAPES-RIACHUELO ANNOUNCES 1Q07 RESULTS

May 14, 2007

Closing Price
GUAR3: R$ 99.70
GUAR4: R$ 87.00
Market Cap
R$ 5.8 billion

Conference call in Portuguese

Tuesday, May 15th
11.00 am (São Paulo time)
Phone.: (0xx11) 2101-4848
Code: Guararapes

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São Paulo, May 14, 2007 – Guararapes Confecções S.A. (Bovespa: GUAR3 - ON and GUAR4 - PN), the largest Brazilian apparel manufacturing company and the parent company of the Lojas Riachuelo, one of the largest Brazilian apparel department store chain, announces its results for the first quarter of 2007 (1Q07).

The following financial and operational data, except where otherwise indicated, is presented on a consolidated basis and in Reais, pursuant to Brazilian Corporate Law.

Financial and Operational Highlights

- ✓ Net income after tax benefits rose by 9.7%, totaling R$ 23.5 million;
- ✓ EBITDA totaled R$41.4;
- ✓ EBITDA margin stood at 13.2%;
- ✓ Financial Service Revenue climbed by 36.8%;
- ✓ Riachuelo's Private Label Card and Personal loan Losses fell to 7.2% and 21.8%, respectively;
- ✓ Net revenue moved up by 7.0%.

Financial Highlights (R$ million)	1Q07	1Q06	Chg.(%)
Gross Revenue	445.7	416.9	6.9%
Net Revenue	**312.8**	**290.6**	**7.7%**
Gross Profit	**139.1**	**128.5**	**8.2%**
Gross Margin	*44.5%*	*44.2%*	*0.2 p.p.*
Financial Service Revenues	53.0	38.8	36.8%
Adjusted EBITDA¹	**41.4**	**38.7**	**7.0%**
EBITDA Margin	*13.2%*	*13.3%*	*-0.1 p.p.*
Net Income (Loss) after Company's fiscal benefits	**23.5**	**21.4**	**9.7%**
EPS (R$)	0.38	0.34	9.7%

1 - Includes Financial Services Revenues

EBITDA does not represent the cash flow should not be considered an alternative to net income (loss) as an indicator of our operating performance, or an alternative to cash flow as an indicator of liquidity. EBITDA is not a measure recognized by the accounting practices adopted in Brazil and other companies may define it in different ways.

Management Comments

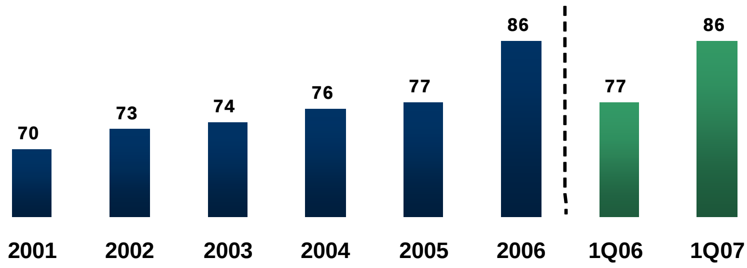
The retail apparel segment has specific seasonal trends: first quarter sales volume is the lowest in the year. This happens because in this period the family income is allocated to summer vacations, annual taxes, school enrollment fees and school materials.

Operating Data	**1Q07**	**1Q06**
Consolidated Net Revenue (R$ MM)	312,8	290,6
Riachuelo's Net Revenue (R$ MM)	275,4	257,4
All-store nominal growth over the previous year	7,0%	20,1%
Same-store nominal growth over the previous year	1,8%	17,0%
Number of stores under remodeling in the quarter	4 + 3 closed	7
Total number of stores at the end of the period	86	77
Sales area in thousand m² at end of the period	206,2	172,8
Net revenue per m² (R$ per m²)		
Net revenue per average sales area in the period	1.385,2	1.567,8
Average Ticket of the Riachuelo Card (R$)	84,4	78,6
Total number of Riachuelo Cards (MM)	12,2	10,8
% of total sales using the Riachuelo Card	65,9%	70,3%
% of sales through interest-bearing plans (0+8)	22,1%	16,8%
Total Net Personal Loan Portfolio (R$ MM)	94,6	82,3
Number of employees		
Guararapes + Riachuelo + TCV + Midway Mall	23.294	21.498

During January and February, the Spring/Summer collection inventory levels are adjusted to prepare for the arrival of the Fall/Winter items in March. The trend of purchasing lighter items as a result of unusually high temperatures in March curbed retail gross margin growth; however, **Guararapes' share** in Riachuelo's sales (**23.3%** in the 1Q07 versus 18.6% in the 1Q06) led to **consolidated gross margin growth** of **44.5%** in the 1Q07, **0.2 p.p.** higher than in the 1Q06.

The implementation of the 2007 remodeling and expansion plan began already in this first quarter, with the remodeling of **seven stores**. The Manaus (2,336m²), Curitiba (1,125m²) and Teresina (233m²) branches were closed during the execution of works. In addition, the opening of **five new units** has already been confirmed for this year, three of which expected for the second quarter.

Number of Stores



Thus, **Riachuelo's net revenue** rose by **7.0% year-on-year**. The main reasons behind this growth were: (i) the temporary closing of **three** stores, which together accounted for **2.6%** of total sales in the 1Q06; (ii) the maturation of the areas inaugurated in 2006, including both new stores and expansions; (iii) the adjustment of Spring/Summer collection inventory levels; (iv) the high temperatures recorded in March, and (v) the strong comparison base, as growth came to **45,4%** and **20,1%,** respectively, in the **1Q05** and **1Q06**.

Financial operating revenue continued to show consistent growth. Despite the strong comparison base (up by 34.2% in the 1Q06), this revenue grew by **36.8%** thanks to the increased share of **interest sales**, which accounted for **22.1%** of total sales in the 1Q07 versus 16.8% in the 1Q06.

The Annual Shareholders' Meeting of April 18, 2007 approved the payment of R$ 48.0 million for 2006 dividends in the amount of **R$ 0.73** for each **common share** and **R$ 0.81** for each **preferred share**.

Guararapes Confecções

The parent company is responsible for the group's manufacturing division. Over 60% of its output goes to the apparel retail chain, Riachuelo, and the remaining part is distributed among 10,000 retail customers nationwide. The Company's main brands are Pool, Omni and Wolens.

Manufacturing

Guararapes has two industrial centers, one in Fortaleza and the other in Natal, with total output of 200,000 items per day. Responsible for the clothing line and part of apparel, the Natal plant has a total area of 150,000 m², producing 150,000 items per day. The Fortaleza plant is responsible for the jeans and shirts line, with production capacity of 50,000 items per day and a total area of 60,000 m².

In the first quarter, production totaled 9,149.500 items, 13.96% less than the 10,634.600 items reported in the 1Q06 due to the Company's focus on the development of fashion elements.

Net revenue

The parent company's net revenue totaled **R$ 91.1 million**, up by **17.8%** year-on-year, significantly outpacing the last few quarters. This performance resulted from stronger integration between Riachuelo and Guararapes since the latter now accounts for a higher share of Riachuelo's sales volume.

Gross Profit and Gross Margin

The parent company's **gross profit** went up by **2.0%**, from R$ 23.8 million in the 1Q06 to R$ **24.3 million** in the 1Q07. The gross margin closed the quarter at **26.7%**, down by 4.1 p.p on the 30.8% reported in the 1Q06. This decline is due to higher raw material costs (yarn) while prices remained flat year-on-year.

Lojas Riachuelo

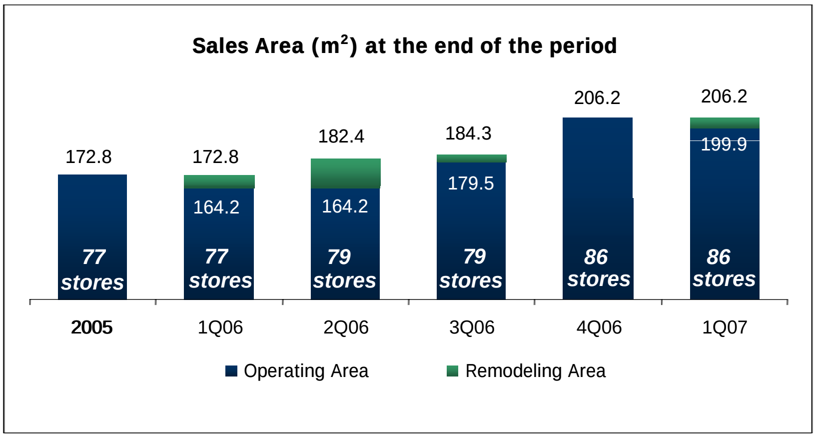
Following through with the **expansion plan** resumed in 2006, the Company confirms the inauguration of **three** stores in the first half of 2007, two of which in **Rio de Janeiro** (Rua do Ouvidor and Carioca Shopping) and another in **Salvador** (Salvador Shopping). In addition to these, another **two** are also confirmed; their inauguration is planned for the fourth quarter of 2007.

In the first quarter, **seven** stores were remodeled. The stores located in Manaus (2,336m²), Curitiba (1,125m²) and Teresina (233m²) were closed during the execution of the works. As shown below, the Teresina branch was reopened in March, the Curitiba store will be reopened in June, while the Manaus store will remain closed throughout the year, only to be reopened in 2008.

Remodeling Stores	Conclusion
Campo Grande/MS	Concluded - Mar
Teresina/PI	Concluded - Mar
Curitiba/PR	June
Mossoró/RN	June
São Luis/MA	June
Teresina/PI	August
Manaus/AM	2008

New Stores Confirmed	Opening
Salvador/BA - Salvador Shopping	May
Rio de Janeiro/RJ - Rua do Ouvidor	June
Rio de Janeiro/RJ - Carioca Shopping	June
São Paulo/SP - Bourbon Shopping	November
João Pessoa/PB - Shopping Tambia	November

Between 30% and 50% of the sales areas of the other stores being remodeled have been unavailable during the works, which take an average of four months to be completed. Thus, as the graph below shows, the Company ended the 1Q07 with a significant part of its sales area unavailable, similarly to what happened in the 1Q06. However, since the Company plans to remodel ten stores in 2007 (versus fifteen in 2006), works have been more heavily concentrated in the usually weak first quarter.



The purpose of this remodeling process is to provide the same quality standards in all the chain's stores, adopting a modern format that will make fashion more appealing to customers. Thus, these refurbishments aim at optimizing store performance by increasing their productivity, taking into consideration the **period of maturation** of the improved sales areas.

During the 1Q07, the **net sales** of the **fifteen stores remodeled in 2006** grew by **12.0%** versus a consolidated growth of 7.0%, chiefly due to the larger sales area resulting from these refurbishments.

Located in Guarulhos (Sao Paulo) and Natal (Rio Grande do Norte), the current distribution centers can efficiently cover the entire expansion plan, gradually reducing the interval between the arrival of products at the distribution center and the delivery to the stores. Consequently, we have already begun the pilot automation project of the Guarulhos Distribution Center, which will have state-of-the-art technology.

As a result of the stronger **integration** between retail and industry, Riachuelo has been receiving an increasing amount of added-value products from Guararapes. Thus, Guararapes accounted for **23.3%** of Riachuelo's sales, versus 18.6% in the 1Q06.

Gross Profit and Gross Margin

Lojas Riachuelo's gross profit totaled **R$ 108.1 million**, up by **3.3%** on the R$ 104.7 million reported in the 1Q06.

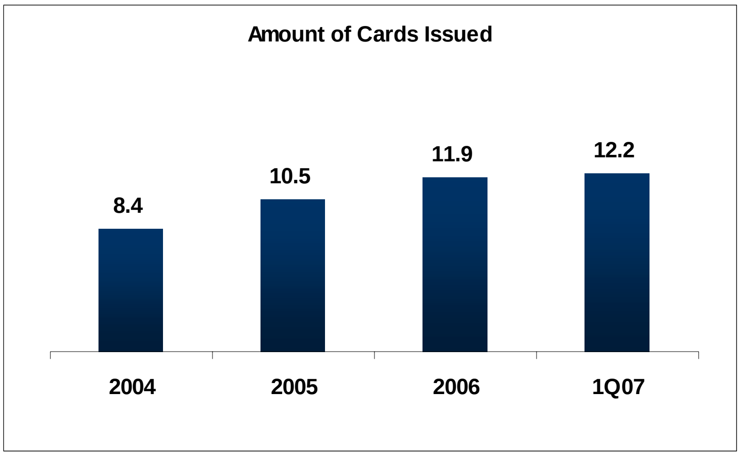
The **gross margin** stood at **39.2%,** down by 1.4 percentage point on the same period in the previous year, chiefly due to the high temperatures in March, which hurt the performance of the Fall/Winter items.

Financial Operations and Riachuelo's Private Label Card

As the Company's portfolio includes people who do not have bank accounts, most of whom earning less than R$1,000 a month, our retail business has excellent synergy with the offer of several kinds of financial products.

The financial services provided by Riachuelo gave a substantial share of its client base - whom major banks do not considered strategic targets – access to credit, through products designed exclusively for their income range.

In addition to increasing the purchasing power of these customers, retail financial operations allow them to use such products within their family budget through monthly credit limits carefully established with the help of fully integrated credit score systems.

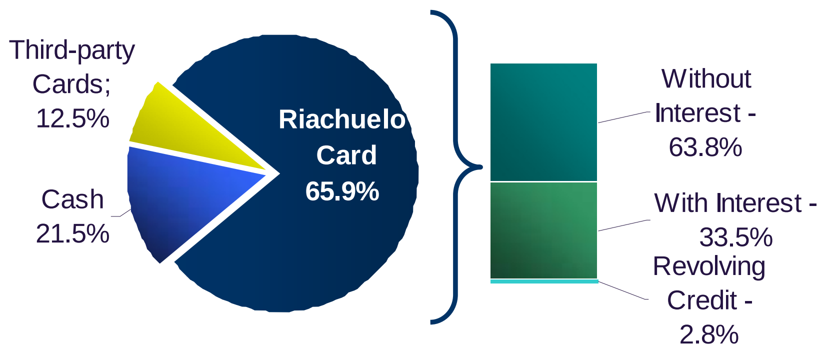


Total card base reached **12.2 million**, **270,000** of which issued in the first quarter. The three stores to be inaugurated over this semester accounted for **58,300** units or **21.6%** of the total number of cards issued in the period.

Riachuelo's private label card was responsible for **65.9%** of Riachuelo's sales. The interest plans accounted for **22.1%** of the quarter's total sales, 5.3 p.p. higher than the 16.8% recorded in 1Q06. The **average ticket** of Riachuelo´s private label card sales rose by **7.4%**, from **R$ 78.58** in the 1Q06 to **R$ 84.40** in the 1Q07.

Riachuelo'S Private Label Card accounted for **65.9%** of Riachuelo sales in the 1Q07. In the same period, the interest plans accounted for **22.1%** of total sales, 5.3 p.p. above the 16.8% reported in the 1Q06. Riachuelo's Private Label Card **average ticket** totaled **R$ 84.40**, a **7.4%** growth in relation to the **R$ 78.58** related to the 1Q06.

1Q07 Sales Breakdown



Riachuelo's financial operations essentially comprised the following:

- Interest Sales

Interest is incurred for the whole period, including the grace period of up to 100 days.

Revolving credit is when customers opt to pay the minimum amount due and refinance the remainder for payment on the next due date.

Delinquency charges include fines and interests on the overdue amount.

- Personal Loan and "Saque Fácil"

As the first quarter is characterized by limited household budgets due to summer vacations, annual taxes, school enrollment fees and school materials, there is strong demand for **personal loan** and ***Saque Fácil*** operations. The net portfolio, excluding losses, increased from increased by **13.7%,** from R$ 82.3 million at the end of 2006 to **R$ 94.2 million** at the end of the 1Q07.

In these operations, the Company relies on partner banks who handle all the financial details of the operation, including funding.

Present in 79 out of 86 chain stores, the "Saque Fácil" operation allows Riachuelo's customers to withdraw money from ATMs inside our stores, up to the maximum amount of R$200.00.

- Other Financial Products

Riachuelo offers its customers three different types of insurance (unemployment, home and personal accident) and three kinds of assistance plans (home, vehicle and dental), in addition to the so-called “Protected Card”, where customers pay a monthly fee to have their card insured against loss and theft.

Financial Operation Performance

During the first quarter of the year, **financial operation revenues** continued growing consistently. Despite a tough comparison base in the 1Q06, such revenues rose by **36.8%**, totaling **R$53.0 million** in the 1Q07 versus R$ 38.8 million in the 1Q06. This growth is the result of the increase in the contribution of interest sales, consistent financial product development (insurance and assistance) and an upturn in lending operations and “Saque Fácil”.

The **“Financial Operation Revenue”** line described in the chart below comprises the following elements:

a) Revenue from sales with interest net of taxes and funding costs (following the accounting principles on accrual basis, entered on the date the respective sale takes place);

b) Personal Loan and “Saque Fácil”, revenue net of taxes and funding cost (booked during the term of the contract);

c) Insurance and Assistance Revenues;

d) Revenues from fines and interest charged on overdue payments.

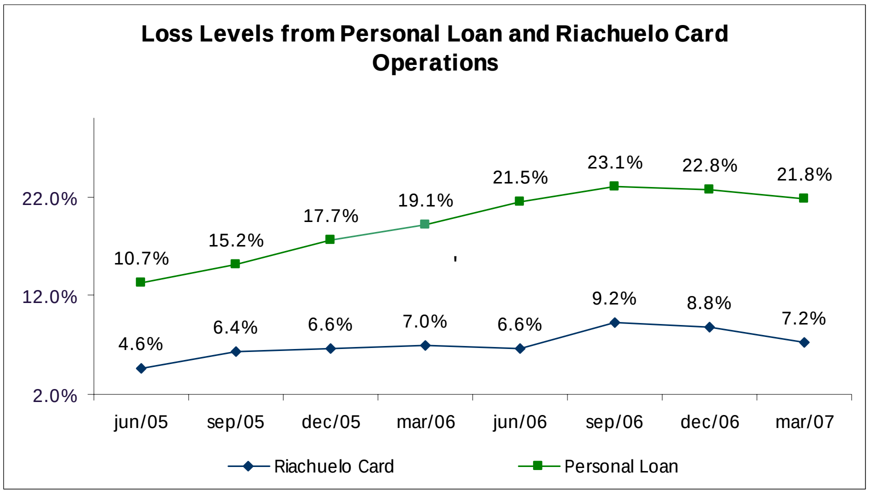
R$ (thousand)	1Q07	1Q06	Chg.(%)
Financial Operation Revenue	53,021	38,755	36.8%
Provision and Loss from Riachuelo Card	(20,576)	(9,836)	109.2%
Provision and Loss from Personal Loan	(5,408)	(6,891)	-21.5%
Total	**27,037**	**22,027**	**22.7%**

Due to the adjustment of the calculation of **losses and provisions** to the standard which will be used when **Midway Financeira** begins operating, the amount booked in the 1Q07 was proportionally higher than that recorded in the 1Q06. It is worth noting that this measure **does not affect** this expense on an annual basis and is designed to allow a better distribution of this amount in the four quarters.

Despite the increase in expenses incurred in losses and provisions for doubtful accounts as a result of said adjustment, financial revenue from such operations grew by **22.7%** year-on-year.

If the company had adopted the same distribution standard used in 2006, expenses incurred in losses and provisioning for Riachuelo’s Private Label Card would have totaled **R$ 11.1 million** in the 1Q07, R$ 9.5 million lower than the **R$ 20.6 million** actually booked, while **consolidated net income after tax benefits** would have totaled **R$ 29.8 million**, versus the **R$ 23.5 million** booked, leading to a **39.3%** increase over the R$ 21.4 million recorded in the 1Q06.

The chart below shows loss trends from the Riachuelo Private Label Card and personal loan operations. The figures indicate the amount overdue by 180 days in relation to total expected payments for the period.



Losses from **Riachuelo's Private Label Card** continued declining, falling from 8.8% in December 2006 to **7.2%** in March 2007. The behavior observed in the 1Q07 is partially due to the lower concentration of longer term, and thus riskier, operations in this quarter.

The **1.0 p.p. reduction** recorded in the **loss level** of **personal loan** operations (22.8% in December 2006 versus **21.8%** in March 2007) stabilized after the operation's maturation process aimed at reaching an ideal balance between risk and portfolio volume. "*Saque fácil*" operations will also have a gradual positive impact since they pose lower risk, due to their average maturity and average agreement value being lower than those of regular personal loan operations. The product's breakeven is estimated at a loss level higher than 40% and the current level is considerably below that adopted by the market; thus, the Company expects to maintain its loss level close to current levels.

Midway Mall and Own Stores

Located at the most important junction in the city of Natal (Rio Grande do Norte), formed by the Senador Salgado Filho and Bernardo Vieira avenues, structural axes of the city's transportation infrastructure, the **Midway Mall** has excellent accessibility conditions as it is 15 minutes away from the main neighborhoods, ensuring that the entire city perimeter is in the radius of its area of influence.

Opened on April 27, 2005, and currently with almost all of its gross area rented, the mall comprises **231,000 m²** in two floors of satellite stores, ten anchor stores, food halls and service outlets and a third floor for future expansion where there are also seven Cinemark movie theaters. Another six floors are used for free indoor parking (with capacity for 3,500 cars).

The table below shows revenue and EBITDA trends. We note that the revenue and expenses related to the operation of the shopping mall are booked, respectively, under "Gross Revenue" and "General and Administrative Expenses".

Midway Results *(R$ thousand)*	1Q07	1Q06	Chg.(%)
EBITDA	3,121.8	2,820.3	10.7%
EBITDA Margin	**86.6%**	**87.8%**	***-1.2 p.p.***
Rental and Key Money Net Revenue	3,604.2	3,213.5	12.2%

In addition to the Mall operations, another of the group's differentials is its sizable number of **own stores**. Out of the 86 Riachuelo stores, **49** belong to the group. Therefore, Riachuelo pays rent to Guararapes for the operation of the aforementioned stores, always according to market prices. As a result, out of the 206,200 m² of total sales area, **107,100 m² (51.9%)** relates to own stores. Considering these stores together with the distribution centers and the six plants of industrial production, the Company has approximately **800,000 m²** gross built-up area.

	Quantity	(%)
Own Stores	**49**	**57%**
Mall Stores	10	12%
Street Stores	39	45%
Rented Stores	**37**	**43%**
Mall Stores	36	42%
Street Stores	1	1%
Stores in Operation	**86**	**100%**

TCV

Transportadora Casa Verde – TCV – is responsible for part of the group's logistics. Thanks to investments in recent years, particularly in technology, it has become highly effective in ensuring that Guararapes Confecções' products reach Lojas Riachuelo chain on time. Therefore, the Company stands out for its strategic importance in view of the vertically-integrated structure adopted by the group.

Grupo Guararapes - Consolidated

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

Gross and Net Revenue

Consolidated **gross revenue** rose by **6.9%**, from R$ 417.0 million in the 1Q06 to **R$ 445.7 million** in the 1Q07. Consolidated **net revenue** totaled **R$ 312.8 million**, up by **7.7%** on the R$ 290.6 million achieved in the 1Q06.

Gross Profit and Gross Margin

The quarter's **gross profit** totaled **R$ 139.1 million**, up by **8.2%** versus the R$ 128.5 million reported in the 1Q06. Consolidated **gross margin** came to **44.5%**, rising by **0.2 p.p.**

This growth resulted from stronger integration between Riachuelo and Guararapes, since the latter now accounts for a higher share of Riachuelo's sales volume, due to higher added value products.

SG&A Expenses

General and administrative expenses increased by **13.3%,** from R$35.6 million in the 1Q06 to **R$ 40.3 million** in the 1Q07, accounting for **12.9%** of net revenue, versus 12.2% in the 1Q06. This increase was due to the adjustment of the support and operations areas to the expansion plan begun in 2006.

Consolidated **selling expenses** totaled **R$ 123.5 million**, **18.1%** higher than the R$ 104.6 million reported in the first quarter of 2006. Excluding expenses from **losses and provisions for doubtful accounts** related to Personal Loan and Riachuelo Card Operations **(R$ 5.4 million** and **R$ 20.6 million**), booked under selling expenses, this growth would have come in as **11.0%** in the quarter, representing **31.2%** of net revenue, versus 30.2% in the 1Q06.

This growth was chiefly due to expenses resulting from the opening of 9 stores in 2006 **(R$ 6.0 million)** and to the expansion of the sales area as a result of the remodeling of 15 stores over the previous year. Since these areas are at the initial stages of their maturation process, the expense/ sales performance ratio is higher.

We note that the funds allocated to the **"Registration of new Riachulelo cards" campaign** totaled **R$ 1.2 million**, versus R$ 1.4 million in the 1Q06. These amounts are booked under selling expenses.

Operating Result

In addition to apparel sales, the Company considers the Midway Mall result and financial services as part of its main operations.

Therefore, our EBIT and EBITDA are added to financial service revenue in order to present our operating cash generation more accurately as the expenses related to Financial Operations´ losses and provisions for doubtful accounts are booked under selling expenses.

Adjusted EBIT totaled **R$25.9 million**, up by 3.1% year-on-year.

EBITDA Reconciliation (R$ thousand)	1Q07	1Q06
Gross Profit	**139,084**	**128,536**
(-) Selling Expenses	(123,522)	(104,576)
(-) Administrative Expenses	(40,288)	(35,556)
(+) Other Operating Income/Expenses	(2,365)	(2,018)
(+) Financial Service Revenues	53,021	38,755
Adjusted EBIT	**25,930**	**25,140**
(+) Depreciation and Amortization	15,494	13,572
Adjusted EBITDA	**41,424**	**38,712**
EBITDA Margin	*13.2%*	*13.3%*

1 - Includes Financial Service Revenues

Adjusted EBITDA rose by **7.0%,** from R$ 38.7 in the 1Q06 to **R$41.4 million** in the 1Q07. The **EBITDA margin** stood at **13.2%**, in line with the 1Q06. **Depreciation and Amortization** increased by **14.2%**, from R$ 13.5 million to **R$ 15.5 million** as a result of higher investments in fixed assets within the scope of the expansion plan.

Financial Revenue and Expenses

The lower Financial Result, excluding financial operation revenues, was primarily due to a lower cash position. Net cash (cash + short-term investments – gross debt) totaled R$71.8 million in March 2007, compared to R$82.3 million in March 2006. The net cash reduction results from the investments in store openings and remodelings.

Net Income

Due to the aforementioned factors, the Company closed the quarter with **net income** of **R$ 18.6 million**, up by **11.6%** on the R$ 16.7 million reported in the 1Q06. **Net margin** stood at **6.0%**, 0.3 p.p. higher than in the 1Q06.

Net Income after Tax Benefits

In compliance with CVM (Brazilian SEC) Circular 309, of December 17, 1986, the value of the income tax excludes tax benefits.

Guararapes Confecções enjoys **income tax benefits** on the sale of its products, providing a capital reserve is constituted in an equivalent amount. In the 1Q07, these benefits totaled **R$ 4.8 million** versus R$ 4.7 million in the 1Q06.

Thus, **net income after tax benefits** totaled **R$ 23.5 million** in the 1Q07, **9.7%** higher than the R$ 21.4 million registered in the 1Q06.

Investments (CAPEX)

In the 1Q07, the group invested **R$ 40.5 million** in fixed assets. As shown in the table on the right, **R$30.8 million** went to Riachuelo and were allocated priarily to store openings and remodelings. The **R$ 9,7 million** invested in Guararapes Confecções refer to the purchase of new machinery and the construction of a new production facility.

Investments	1Q07	(%)
2006 New Stores	2.1	5%
2006 Remodelings	1.8	4%
2007 New Stores	9.5	23%
2007 Remodelings	11.1	27%
General Rebuilding	2.2	5%
IT	1.4	3%
Other	2.7	7%
Total	**30.8**	**76%**
Guararapes	9.7	24%
Total	**40.5**	**100%**

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About Guararapes-Riachuelo

Guararapes is the largest apparel manufacturing company in Brazil and the parent company of Riachuelo, the country's second largest apparel department store chain, with 86 stores nationwide, distributed as in the adjacent map.

86 Riachuelo Stores

In developed countries, large-scale companies account for 30% to 40% of the textile retail market, whereas in Brazil the sum of the biggest firms accounts for less than 8%. The main competitive advantage of the small companies is the informality of their operations.

However, big chains have grown due to scale gains, investments in product quality, position in the fashion market and fast inventory turnover. With such characteristics, the Company can adapt rapidly to the season's trends.

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

As a result of these investments, the gap between the beginning of production in Guararapes and sales of the finished product in Riachuelo has fallen from 180 to 40 days. One of the Company's most important advantages is this integration between retail and production, a model that has proved highly successful since it allows the Company to respond quickly to changes in the market.

Riachuelo private-label cards are another major asset, establishing long-term relationships with a growing customer base, which had nearly 12.2 million by March 2007. Another of the Company's main operations nowadays is financial services, which offer customers account sales with interest, personal credit and insurance, among others.

Quarterly Consolidated Financial Statements

In R$ thousand

Income Statement	1Q07	1Q06	Chg.(%)
Gross Revenue	445,745	416,948	6.9%
Gross Revenue - Parent Company	*117,033*	*99,373*	*17.8%*
Gross Revenue - Riachuelo	*398,917*	*374,478*	*6.5%*
Deductions	(132,911)	(126,368)	5.2%
Net Revenue	**312,835**	**290,580**	**7.7%**
Net Income - Parent Company	*91,051*	*77,279*	*17.8%*
Net Income - Riachuelo	*275,446*	*257,388*	*7.0%*
Cost of Goods and Services Sold	(173,750)	(162,044)	7.2%
COGS - Parent Company	*(66,748)*	*(53,458)*	*24.9%*
COGS - Riachuelo	*(167,342)*	*(152,704)*	*9.6%*
Gross Profit	**139,084**	**128,536**	**8.2%**
Gross Profit - Parent Company	*24,303*	*23,821*	*2.0%*
Gross Profit - Riachuelo	*108,105*	*104,684*	*3.3%*
Gross Margin	*44.5%*	*44.2%*	*0.2 p.p.*
Gross Margin - Parent Company	*26.7%*	*30.8%*	*-4.1 p.p.*
Gross Margin - Riachuelo	*39.2%*	*40.7%*	*-1.4 p.p.*
Selling Expenses	(123,522)	(104,576)	18.1%
General and Administrative Expenses	(40,288)	(35,556)	13.3%
Other Operating Expenses/Income	(2,365)	(2,018)	17.2%
Financial Service Revenues	53,021	38,755	36.8%
Adjusted EBIT[1]	**25,930**	**25,140**	**3.1%**
Financial Revenue (Expense)	980	1,652	-40.7%
Non-operating Result	267	169	57.8%
Earnings Before Income Tax and Social Contribution	**27,177**	**26,962**	**0.8%**
Income and Social Contribution Taxes	(8,539)	(10,264)	-16.8%
Net Income (Loss)	**18,638**	**16,697**	**11.6%**
Tax Benefits	4,848	4,717	2.8%
Net Income (Loss) after Company's fiscal benefits	**23,486**	**21,414**	**9.7%**
Depreciation and Amortization	15,494	13,572	14.2%
EBITDA	**(11,597)**	**(42)**	27256.7%
Adjusted EBITDA[1]	**41,424**	**38,712**	7.0%
EBITDA Margin	***13.2%***	***13.3%***	***-0.1 p.p.***
Total Preferred Shares	31,200	31,200	-
Total Common Shares	31,200	31,200	-
EPS (R$)	**0.38**	**0.34**	9.7%

1 - Includes Financial Services Revenues

Balance Sheet

In R$ thousand

Assets	3/31/2007	3/31/2006	12/30/2006
Current Assets	**777,005**	**735,990**	**909,933.8**
Cash Equivalents	157,652	157,678	251,843
Credits	305,748	320,021	372,937
Inventories	250,261	212,771	224,996
Other	63,343	45,520	60,158
Long Term Assets	**16,571**	**23,906**	**17,341**
Deferred Income Tax	-	-	-
Judicial Deposits and others	1,394	14,618	1,300
Recoverable taxes	15,177	9,288	16,041
Permanent Assets	**771,221**	**606,276**	**745,956**
Investments	1,043	163,545	1,043
Property, plan and equipment	705,940	398,154	696,036
Deferred	64,238	44,576	48,877
Total Assets	**1,564,796**	**1,366,171**	**1,673,231**

Liabilities	3/31/2007	3/31/2006	12/30/2006
Current Liabilities	**334,314**	**294,767**	**462,292**
Loans and financing	-	4,500	-
Suppliers	170,583	167,807	215,497
Taxes, charges and contributions	44,086	43,501	105,288
Dividends payable	48,250	19,839	48,250
Provisions	39,728	32,763	55,106
Other	31,667	26,358	38,150
Long Term Liabilities	**146,983**	**163,396**	**150,925**
Loans and financing			
Provisions			
Debt with Related Parties	85,892	70,910	85,096
Other	61,091	92,486	65,829
Taxes and contributions	6,864	19,718	6,290
Social Contribution	54,227	72,769	59,539
Shareholders' Equity	**1,083,499**	**908,008**	**1,060,014**
Paid-in capital	800,000	660,000	800,000
Capital Reserves	31,453	25,866	26,606
Profit Reserve	233,407	205,445	233,407
Legal			
Profit Retention			
Accumulated Profit/Loss	18,638	16,697	-
Total Liabilities	**1,564,796**	**1,366,171**	**1,673,231**