

GUARARAPES ANNOUNCES R\$ 212.9 MM NET INCOME IN 2005 AND 112% GROWTH IN FINANCIAL SERVICE REVENUES

March 13, 2006

Quote (Closing)

GUAR3: R\$ 99.99

GUAR4: R\$ 96.49

Market Capitalization

R\$ 6.13 billion

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São Paulo, March 13, 2006 – Guararapes Confecções S.A. (Bovespa: GUAR3 - ON and GUAR4 - PN), the largest Brazilian apparel manufacturing company and the Parent Company of Lojas Riachuelo – the second largest Brazilian apparel department store announces its results for the fourth quarter (4Q05) and the year 2005.

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

Financial and Operating Highlights

- ✓ Consolidated gross revenue increased 28.4%, totaling R\$ 765.9 million in 4Q05.
- ✓ Riachuelo's gross revenue per m² reached R\$ 4.1 thousand, up 27.7% over the R\$ 3.2 thousand reported in 4Q04.
- ✓ Sales to Riachuelo continued to represent approximately 50% of the Parent Company's total annual sales.
- ✓ Consolidated gross margin remained flat at 46.5% in 4Q05, compared to the same period last year.
- ✓ Riachuelo's financial service revenues grew 97.8% over the same quarter of the previous year, totaling R\$ 70.4 million.
- ✓ Adjusted EBITDA¹ totaled R\$ 117.6 million, up by 24.5% over the same quarter of the previous year.
- ✓ Addition of 2,040 thousand private-label cards in 2005, a 75% growth over the previous year, exceeding 10 million private-label cards issued.
- ✓ Adjusted net income totaled R\$ 82.3 million, or R\$ 1.3183 per share, up by 3.1% over the same period of 2004.

Financial Highlights (R\$ million)	4Q05	4Q04	Chg. (%)	2005	2004	Chg. (%)
Gross Revenue	765.9	596.6	28.4%	2,155.7	1,628.4	32.4%
Net Revenue	535.4	419.4	27.7%	1,514.7	1,153.5	31.3%
Gross Profit	249.1	195.6	27.3%	685.2	521.2	31.5%
Gross Margin	46.5%	46.6%	-0.1 p.p.	45.2%	45.2%	0.1 p.p.
Financial Service Revenues	70.4	35.6	97.8%	178.7	84.4	111.6%
Adjusted EBITDA¹	117.6	94.5	24.5%	293.0	186.8	56.9%
EBITDA Margin	22.0%	22.5%	-0.6 p.p.	19.3%	16.2%	3.2 p.p.
Net Income (Loss)	76.1	66.1	15.2%	78.9	121.7	-35.1%
Adjusted Net Income (Loss) ²	82.3	79.8	3.1%	100.1	145.4	-31.2%
Adjusted Net Income (Loss)³	82.3	79.8	3.1%	212.9	145.4	46.5%

¹ Includes financial service revenue.

² Includes the Company's tax benefits.

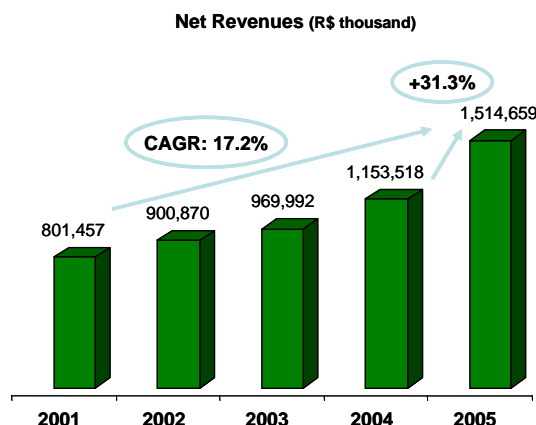
³ Includes the Company's tax benefits and excludes extraordinary CSLL (social contribution on net income) expenses.

Management Discussion and Analysis

Remarkable Operating results

The year of 2005 was very positive for the group. It represents the moment when the company bet on the full integration of its operations, with significant investments in technology, operations control and logistics.

Our growth is still driven by improved sale per square meter, once the Company did not carry out store renovations and expansions in the quarter. As consequence, net revenue almost doubled in five years despite the opening of seven stores (10%) in the same period.



These results highlight the success of our strategy of integration between our apparel manufacturing company and our retail chain, a significant competitive advantage, which enables us to respond promptly to our consumers' demand.

Integration: Retail + Apparel

In this quarter, specifically, we were more aggressive in the acquisition of new clients, with strong investments in campaigns and sale incentives. We continued the "Vale a Pena" ("It is worth it") promotion – encouraging consumption without sacrificing our margins significantly since all the products on sale are produced by the Company and Guararapes (parent company) products have higher value-added and positively influence Riachuelo's product mix and gross margin.

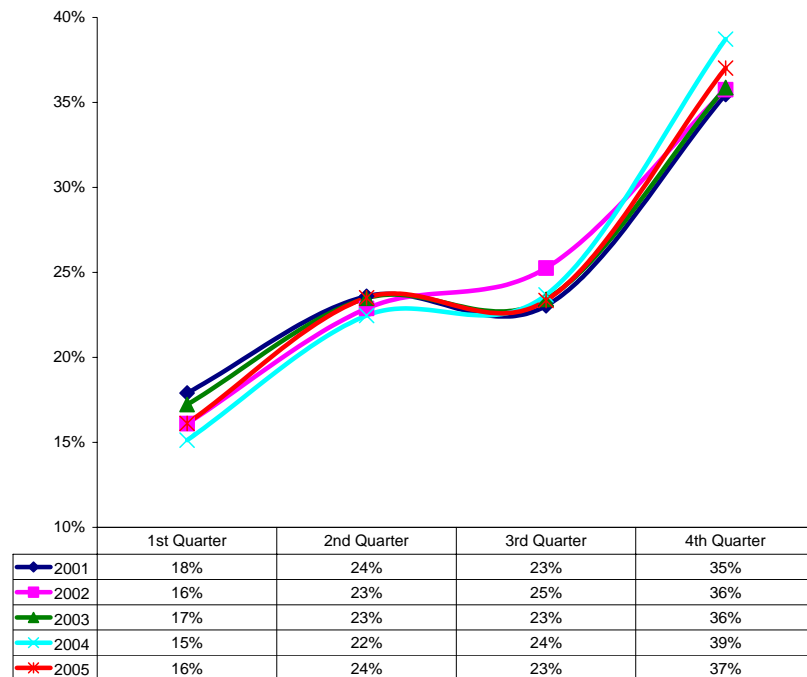
We have also been able to leverage consumption by offering new payment conditions, with longer terms, increasing our consumers purchasing power. Even more importantly, we have an aggressive program for the registration of new customers and issuance of new private-label cards. This year alone, we issued more than 2,040 thousand new private-label cards and already increased our base to over 10 million cards by the end of 2005, which was our goal for the year-end.

Exponential financial service growth

The issuance of new private-label cards, new payment conditions and services, combined with a less restrictive credit policy have boosted our financial service revenues by 97.8%, driving it to R\$ 70.4 million or 67.7% of adjusted EBIT.

As we expected, the Company's performance in this quarter was impressive, and it was not only due to seasonality, since, in the past years, net sales in the last quarter varied from 36% to 39% of annual sales and, in 2005, the fourth quarter represented 37% of annual sales, an increase of 27.7% over the sales reported in 4Q04

Seasonality (% of annual sales)



Although GDP growth rate was a mere 2.3% this year, we maintained our sound growth and the economic projections for 2006 are very optimistic. In addition, two of our main growth factors are: (i) credit expansion for the private sector, which grew from R\$ 480.4 billion in Dec'04 to R\$ 569.6 billion in Nov'05, according to the Central Bank of Brazil, increasing 18.6% in 11 months; and (ii) decreasing interest rates as of September 2004, which recently fell to 16.50% per year.

This downtrend is welcomed not only by Guararapes-Riachuelo, but by the whole retail sector, once retail sales are highly correlated with consumer credit and this interest reduction will lead to credit expansion, benefiting the sector as a whole.

Financial Results

Revenue growth of 28.4%

Revenue

Consolidated gross revenues totaled R\$ 765.9 million, up by 28.4% over the R\$ 596.6 million posted in the same period of the previous year.

Gross Revenue (R\$ million)	4Q05	4Q04	Chg. (%)	2005	2004	Chg. (%)
Consolidated	765,882	596,603	28.4%	2,155,715	1,628,368	32.4%
Parent Company ¹	153,556	114,859	33.7%	510,092	393,587	29.6%
Riachuelo ¹	711,265	542,638	31.1%	1,920,953	1,399,729	37.2%

Net Revenue (R\$ million)	4Q05	4Q04	Chg. (%)	2005	2004	Chg. (%)
Consolidated	535,366	419,357	27.7%	1,514,659	1,153,518	31.3%
Parent Company ¹	119,868	89,642	33.7%	399,151	308,301	29.5%
Riachuelo ¹	492,419	377,404	30.5%	1,330,047	974,489	36.5%

¹Considering inter-company accounts

Guararapes Parent Company's gross revenue¹ totaled R\$ 153.6 million in the fourth quarter of 2005, a 33.7% growth over the same period of 2004. This result was positively influenced by sales volumes 17.0% higher than in the same quarter of the previous year, a price increase in the period and a high value-added product mix.

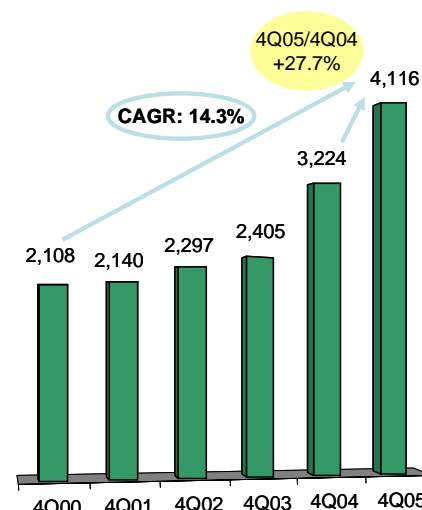
The sales to Riachuelo continued to represent approximately 50% of the Parent Company's total sales.

Riachuelo posted gross sales¹ of R\$ \$ 711.3 million, up 31.1% over the R\$ 542.6 million registered in 4Q04. Excluding the MidWay Mall store, opened on April 27, 2005, same store sales² grew by 26.4%, indicating that sales volumes have also been growing in fully operational stores.

In 2005, consolidated gross revenues grew 32.4%, from R\$ 1.6 billion in 2004 to R\$ 2.2 billion in 2005. This growth may be explained by the year-over-year increase in the number of items sold, from 35.8 million to 41.9 million in the Parent company and from 69 million to 90 million in Lojas Riachuelo, respectively.

Riachuelo Gross Revenues - R\$ thousand / m²

Gross revenue per square meter increased by 27.7%, from R\$ 3.2 thousand to R\$ 4.1 thousand in the quarter.



Riachuelo's growth has been based on increased sales per m²

These figures indicate that Riachuelo's growth has been concentrated in increased sales per square meter, once there have been limited store openings and expansions in the past few years, given the concentration of capital expenditure in support infrastructure, such as distribution centers and investments for operating control in order to enhance operational efficiency.

The impressive 27.7% growth of Riachuelo's revenue per square meter is a result of the 38.3% increase in sales volumes, once average prices have remained nearly stable in the period due to the "Vale a Pena" ("It is worth it") promotion – one of the factors responsible for the excellent sales performance in the period. We expected gross revenues per m² to reach R\$ 10.4 thousand per m² in 2005, and our efforts enabled gross sales to reach R\$ 11.1 thousand per m².

¹ Considering inter-company accounts

² Same stores sales considers only store whose are operating for longer than a 12-month period in order to keep compatibility between the periods.

In addition, sales were also strongly influenced by our aggressive card registration campaign which has considerably increased our clients' base and by the establishment of payment options with longer terms, increasing our customers' purchasing power.

These initiatives offset the aggressive strategy for the holiday season campaign.

The company's consolidated net revenue totaled R\$ 535.4 million, up 27.7% over the result reported in the same period of the previous year and in line with gross revenue growth.

Gross profit grows by 27.3% and gross margin dropped 10 b.p.

Costs of Goods Sold and Gross Margin

Consolidated cost of goods sold totaled R\$ 286.3 million, a 27.9% growth over the R\$ 223.7 million reported in 4Q04.

Therefore, gross profit in the period was R\$ 249.1 million, 27.3% up over the same period of the previous year. Consolidated gross margin was 46.5%, 10 basis points down from the 46.6% registered in 4Q04.

Gross Profit (R\$ million)	4Q05	4Q04	Chg. (%)	2005	2004	Chg. (%)
Consolidated	249,105	195,618	27.3%	685,157	521,202	31.5%
Parent Company ¹	35,086	19,170	83.0%	123,090	70,904	73.6%
Riachuelo ¹	210,735	175,332	20.2%	560,089	446,237	25.5%

Gross Margin (%)	4Q05	4Q04	Chg. (%)	2005	2004	Chg. (%)
Consolidated	46.5%	46.6%	-0.1 p.p.	45.2%	45.2%	0.1 p.p.
Parent Company ¹	29.3%	21.4%	7.9 p.p.	30.8%	23.0%	7.8 p.p.
Riachuelo ¹	42.8%	46.5%	-3.7 p.p.	42.1%	45.8%	-3.7 p.p.

The margins remained practically stable, when we compare 4Q05 to the same quarter of the same period last year as a consequence of the Company's cost control.

Guararapes Parent Company's cost of goods sold reached R\$ 84.8 million, an increase of 20.3% over the R\$ 70.5 million reported in the same period of the previous year, influenced by a 24.0% higher volume in the period.

Guararapes Parent Company's gross profit rose by 83.0%, reaching R\$ 35.1 million and gross margin was 29.3%, compared to the 21.4% registered in the same period of last year.

Riachuelo's cost of goods sold in the quarter was R\$ 210.7 million, up by 20.2% over 4Q04. This increase is a result of the 31.1% hike in sales and a higher value-added product mix leading to increased unitary costs.

General, Selling and Administrative Expenses

Consolidated selling expenses totaled R\$ 169.2 million, up 41.3% over the R\$ 119.8 million registered in the same period of 2004, mainly due to higher sales and our aggressive campaign for the

registration of new customers, which employed 1,700 full time workers on the selling force.

As percentage of net revenues, selling expenses were up from 28.6% to 31.6%, reinforcing the Company's marketing efforts in the period, mainly during the holiday season campaign.

The Company conservatively books private-label card acquisition cost as expenses and not as capital expenditure. Therefore, the customer acquisition cost is allocated as selling expenses.

In 2005, selling expenses totaled R\$ 464.5 million, up 38.1% over the figure registered in 2004, mainly due to an increase in sales volumes. Quarter and annual increases are, among other factors, due to higher bad debt allowance and expenses related to personal credit, which was implemented as of April 2005.

Administrative expenses grew 71.1%, totaling R\$ 46.6 million, due to the R\$ 19 million registered in the consolidated statement as administrative expenses and which are booked as selling expenses in Riachuelo. In the fiscal year of 2005, G&A totaled R\$ 156.3 million, a 27.6% increase over 2004.

Financial Service Revenues¹

Financial services are considered one of the Company's main activities, once they may capitalize on the relationship the Company develops with its customers.

Riachuelo's private-label card is currently one of the Company's main assets, representing its relationship with customers, which enabled the Company to offer financial products, such as health insurance and personal credit, among others.

The Company's main goal for 2005 was to increase the number of cards issued and active; reaching the target by 3Q05.

During 2005, we issued 2.04 million private-label cards, totaling more than 10 million cards issued, outperforming the 2 million card target expected for the year. Hence, as expected, we surpassed our goal and may establish new target levels in line with the challenges Guararapes-Riachuelo pursues in the short and long terms.

By the end of 2005, the active card base reached 35.9% of the cards issued, with a 28.1% growth over the active base in December 2004.

Although these products are offered in partnership with banks to meet legal requirements, the Company manages the relationship with the customer and delinquency rates have been low due to the knowledge of the customer's payment profile through Riachuelo's private-label card.

¹ Accounted as Financial Expenses in the Income Statement.

These services' revenues totaled R\$70.4 million in the quarter, representing an increase of 97.8% over the R\$35.6 million registered in the forth quarter of 2004.

In 2005, financial service revenues totaled R\$178.7 million, up by 111.6% over the R\$84.4 million reported in 2004. This growth is due to the fact that these products are recent and are still in the maturation process.

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

The increase in consumption has been strongly influenced by our aggressive campaign for the registration of new customers, as well as by new consumer financing products, extending payment terms.

The increase in the number of cards, our evolution in the learning curve and the new products we developed, have contributed for the increase in financial service revenues.

Core Business:
EBITDA from
textile products
+
Financial Product
Revenue

Operating Results

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

Therefore, our EBIT and EBITDA are added to financial service revenues in order to present our operating cash generation more accurately.

Adjusted EBIT¹ reached R\$ 104.0 million, up by 24.8% over the same period of the previous year.

Adjusted EBITDA¹ totaled R\$ 117.6 million, up by 24.5% over the same period of the previous year due to revenue increase.

EBITDA Reconciliation	4Q05	4Q04	2005	2004
Gross Profit	249,105	195,618	685,157	521,202
(-) Selling Expenses	(169,212)	(119,773)	(464,513)	(336,271)
(-) Administrative Expenses (excl. CSLL extraod.)	(46,598)	(27,228)	(156,288)	(122,509)
(-) Other Operating Expenses/Income	378	(805)	2,013	(3,181)
(+) Financial Service Revenues	70,362	35,565	178,718	84,450
Adjusted EBIT¹	104,035	83,377	245,087	143,691
EBIT Margin	19.4%	19.9%	16.2%	12.5%
(+) Depreciation and Amortization	13,594	11,132	47,945	43,128
Adjusted EBITDA	117,629	94,509	293,032	186,819
EBITDA Margin	22.0%	22.5%	19.3%	16.2%

¹ Includes financial service revenue.

EBITDA margin was 22.0% in the forth quarter, in line with 4Q04. In 2005, the margin reached 19.3%, increasing 310 basis-points over 2004.

¹ Includes Financial Services Revenue

Financial Revenues and Expenses

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

The higher net financial revenues, excluding financial service revenues are due to a higher cash position. The net cash (cash + short-term financial investments), i.e., cash net of gross debt, was R\$205.9 million in the end of the quarter, compared to a net cash of R\$70.4 million in September, 2005, and R\$80.9 million on December 31, 2004.

Result before Taxes/ Equity Results

The result before taxes/ equity results was R\$114.0 million positive, a 26.7% increase over the R\$90.0 million registered in the same period of last year.

Net Income and Adjusted Net Income

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

Adjusted net income, including the impact of tax benefits and excluding non-recurring CSLL expenses, totaled R\$ 82.3 million, up by 3.1% over the result registered in the fourth quarter of 2004.

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

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

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

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

✓ *Fortaleza – CE:*

a) Manufactured products: Weave shirts, pants, shorts and other pieces of clothing in jeans, with a 50% income tax reduction;

b) Trousers, sportswear pants, and cloth shorts with income tax exemption on the results of own manufactured products up to 2008 fiscal year.

✓ *Natal – RN:*

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

Therefore, the net income registered in the balance sheet excluding tax benefits was R\$ 76.1 million in 4Q05, compared to a net income of R\$66.1 million in 4Q04, or 15.2% higher than the figure registered in the same quarter of the previous year.

Capital Expenditures

In 2005, the company invested R\$111.3 million in the acquisition of fixed assets, especially: (i) acquisition of new equipment for apparel manufacturing and expansion of the industrial unit in Natal, in the State of Rio Grande do Norte; (ii) remodeling of Riachuelo's stores; (iii) beginning of MidWay Mall store operations; and (iv) allocation of funds to the construction of this project.

Outlook

For 2006, we expect a 40% growth in gross revenue, out of which 30% will come from sales increase per square meters.

Concerning investments, the Group expects to invest R\$ 200.0 million in 2006, out of which R\$160.0 million will be invested in new stores, refurbishments, automation and renovation of industrial facilities, information technology and logistics, and the remaining R\$40.0 million will be invested to increase the private-label card base.

We intend to issue over 1.8 million private-label cards with the aforementioned R\$ 40.0 million investment, in line with the investments and issues registered in 2005, and we expect to outnumber 12 million cards by the end of the year.

The penetration of some of these products is still limited, personal credit, for example, has a strong growth potential, considering that only 1.5% of our customer base acquired this product.

Finally, it is worth mentioning that the investments concerning MidWay Mall ended in April and 98% of its total area is already leased.

In 2005, we made use of our network integration, especially in basic products, through the Vale a Pena ("It is worth it") Project, with high turnover and benefiting from the low cost from verticalized production. This strategy proved to be right and, as of the end of 2005, we extended it to more complex product lines, such as fashion products whose values are higher and which profit from the agility of the verticalization. The fiscal year of 2005 was important for the VP consolidation - basic products at low costs. In the second stage of the verticalization, which began in the end of 2005, we started focusing on its second great competitive advantage, profiting from

the agility provided by the verticalized program, with more fashion and higher margin products.

For 2006, we believe sales will be stronger than in 2005, given the confidence in economy and also some indicators, such as the consumption of inputs, which have presented impressive figures in the first two months of 2006. These factors, added to the expectation that the Central Bank of Brazil will maintain the SELIC interest rate reduction policy and the credit expansion, may cause the end of this year to be an outstanding period for the retail sector as a whole.

In addition to the monetary policy, we should also consider the new value of the minimum wage, which will reach R\$350.00 (R\$ 300.00 in 2005), and the extension of the “Bolsa Família” Program (Low Income Assistance Program) in the Northeast, where the Company’s industrial facilities and also 21 of the 77 stores are located.

Contact

For further information please contact:

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About Guararapes-Riachuelo

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

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

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

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

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

As a result of these investments, the lapse between the beginning of the production in Guararapes and the sales to the final customer in Riachuelo fell from 180 to 40 days. One



of the most important advantages of Guararapes is the integration between retail and production, the only proved success model, once this integration empowers the company to quickly respond to the changes in the market.

Riachuelo private-label cards are one of the main assets of the Company, establishing a long-term relationship with an increasing customer base, which already outnumbers 10.5 million people in December 2005. Additionally, one of the company's main operations nowadays is financial services, which offer customers account sales with interest, personal credit, insurance, among others.

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, the performance of the Brazilian and international economies and the industry and are, therefore, subject to change without prior notice.

Quarterly Income Statements - Consolidated

R\$ thousand

Income Statement	4Q05	4Q04	Chg. (%)
Gross Revenue	765,882	596,603	28.4%
<i>Gross Revenue - Parent Company</i>	153,556	114,859	33.7%
<i>Gross Revenue - Riachuelo</i>	711,265	542,638	31.1%
Deductions	(230,516)	(177,246)	30.1%
Net Revenue	535,366	419,357	27.7%
<i>Net Income - Parent Company</i>	119,868	89,642	33.7%
<i>Net Income - Riachuelo</i>	492,419	377,404	30.5%
Cost of Goods and Services Sold	(286,261)	(223,739)	27.9%
<i>COGS - Parent Company</i>	(84,782)	(70,472)	20.3%
<i>COGS - Riachuelo</i>	(281,684)	(202,072)	39.4%
Gross Profit	249,105	195,618	27.3%
<i>Gross Profit - Parent Company</i>	35,086	19,170	83.0%
<i>Gross Profit - Riachuelo</i>	210,735	175,332	20.2%
Gross Margin	46.5%	46.6%	-0.1 p.p.
<i>Gross Margin - Parent Company</i>	29.3%	21.4%	7.9 p.p.
<i>Gross Margin - Riachuelo</i>	42.8%	46.5%	-3.7 p.p.
Selling Expenses	(169,212)	(119,773)	41.3%
General and Administrative Expenses	(46,598)	(27,228)	71.1%
Other Operating Expenses/Income	378	(805)	n.m.
Financial Service Revenues	70,362	35,565	97.8%
Adjusted EBIT1	104,035	83,377	24.8%
Extraordinary Items: Social Contribution	-	-	n.m.
Interest on Extraordinary Social Contribution	-	-	n.m.
Net Financial Expenses	10,188	8,047	26.6%
Non-operating Result	(198)	(1,412)	-86.0%
Earnings Before Income Tax and Social Contribution	114,025	90,012	26.7%
Income and Social Contribution Taxes	(37,891)	(23,910)	58.5%
Net Income (Loss)	76,134	66,102	15.2%
Tax Benefits	6,131	13,695	-55.2%
Adjusted Net Income (Loss)2	82,265	79,797	3.1%
Adjusted Net Income (Loss)3	82,265	79,797	3.1%
EBITDA	47,267	58,944	-19.8%
Adjusted EBITDA1	117,629	94,509	24.5%
EBITDA Margin	22.0%	22.5%	-0.6 p.p.

¹ Includes Financial Product Revenues.

² Includes the Company's tax benefit.

³ Includes the Company's tax benefit and exclude extraordinary CSLL (social contribution on net income) expenses.

Accumulated Income Statements - Consolidated

R\$ thousand

Income Statement	2005	2004	Chg. (%)
Gross Revenue	2,155,715	1,628,368	32.4%
<i>Gross Revenue - Parent Company</i>	510,092	393,587	29.6%
<i>Gross Revenue - Riachuelo</i>	1,920,953	1,399,729	37.2%
Deductions	(641,056)	(474,850)	35.0%
Net Revenue	1,514,659	1,153,518	31.3%
<i>Net Income - Parent Company</i>	399,151	308,301	29.5%
<i>Net Income - Riachuelo</i>	1,330,047	974,489	36.5%
Cost of Goods and Services Sold	(829,502)	(632,316)	31.2%
<i>COGS - Parent Company</i>	(276,061)	(237,397)	16.3%
<i>COGS - Riachuelo</i>	(769,958)	(528,252)	45.8%
Gross Profit	685,157	521,202	31.5%
<i>Gross Profit - Parent Company</i>	123,090	70,904	73.6%
<i>Gross Profit - Riachuelo</i>	560,089	446,237	25.5%
Gross Margin	45.2%	45.2%	0.1 p.p.
<i>Gross Margin - Parent Company</i>	30.8%	23.0%	7.8 p.p.
<i>Gross Margin - Riachuelo</i>	42.1%	45.8%	-3.7 p.p.
Selling Expenses	(464,513)	(336,271)	38.1%
General and Administrative Expenses	(156,288)	(122,509)	27.6%
Other Operating Expenses/Income	2,013	(3,181)	n.m.
Financial Service Revenues	178,718	84,450	111.6%
Adjusted EBIT1	245,087	143,691	70.6%
Extraordinary Items: Social Contribution	(66,483)	-	n.m.
Interest on Extraordinary Social Contribution	(46,398)	-	n.m.
Net Financial Expenses	24,281	22,861	6.2%
Non-operating Result	7	1,067	-99.3%
Earnings Before Income Tax and Social Contribution	156,494	167,619	-6.6%
Income and Social Contribution Taxes	(77,574)	(45,934)	68.9%
Net Income (Loss)	78,920	121,685	-35.1%
Tax Benefits	21,149	23,707	-10.8%
Adjusted Net Income (Loss)2	100,069	145,392	-31.2%
Adjusted Net Income (Loss)3	212,950	145,392	46.5%
EBITDA	114,314	102,369	11.7%
Adjusted EBITDA1	293,032	186,819	56.9%
EBITDA Margin	19.3%	16.2%	3.2 p.p.

¹ Includes Financial Product Revenues.

² Includes the Company's tax benefit.

³ Includes the Company's tax benefit and exclude extraordinary CSLL (social contribution on net income) expenses.

Consolidated Balance Statement

R\$ thousand

Assets	12/31/2005	12/31/2004	09/30/2005
Current Assets	869,793	678,103	696,569
Cash Equivalents	275,195	135,863	138,282
Credits	391,952	354,011	354,270
Inventories	173,223	161,248	204,017
Other	29,423	26,981	-
Long Term Assets	26,802	24,005	24,852
Deferred Income Tax	2,367	2,367	2,367
Judicial Deposits and others	14,643	14,624	14,647
Recoverable taxes	9,792	7,014	7,838
Permanent Assets	591,116	518,243	558,700
Investments	162,009	1,043	159,559
Property, plan and equipment	384,947	471,819	353,637
Deferred	44,160	45,381	45,504
Total Assets	1,487,711	1,220,351	1,280,121

Liabilities	12/31/2005	12/31/2004	09/30/2005
Current Liabilities	436,607	339,540	289,797
Loans and financing	98	60	58
Suppliers	221,046	181,187	169,299
Taxes, charges and contributions	67,915	47,150	59,761
Dividends payable	19,846	29,805	195
Provisions	86,626	48,979	35,156
Other	41,076	32,359	25,328
Long Term Liabilities	164,510	74,629	166,339
Loans and financing	-	-	-
Provisions	19,717	19,717	-
Debt with Related Parties	69,158	54,912	67,822
Other	75,635	-	98,517
Taxes and contributions	-	-	19,717
Social Contribution	75,635	-	78,800
Shareholders' Equity	886,594	806,182	823,985
Paid-in capital	660,000	620,000	660,000
Capital Reserves	21,149	23,707	15,018
Profit Reserve	205,445	162,475	146,181
Legal			25,792
Profit Retention			120,389
Accumulated Profit/Loss			2,786
Total Liabilities	1,487,711	1,220,351	1,280,121