

GUARARAPES-RIACHUELO REPORTS 2Q09 RESULTS

Closing Price (Aug. 10)**GUAR3: R\$ 42.00****GUAR4: R\$ 34.50****Market Cap****R\$ 2.39 billion**Portuguese
Conference CallWednesday (Aug. 12)
12:00 p.m. (São Paulo)
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Code: Guararapes**Contacts:****Flávio Rocha***Riachuelo CEO and IRO***Tulio Queiroz***Controller and IR Manager*tulioj@riachuelo.com.br*Investor Relations**Rua Leão XIII, 500**São Paulo – SP**CEP 02526-900*

São Paulo, August 11, 2009 – Guararapes Confeções 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 second quarter (2Q09) and first half (1H09) of 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

- ✓ Consolidated Net Revenue grows by 11.3% in 1H09 to R\$ 919.6 million, and by 10.2% in 2Q09;
- ✓ Riachuelo Net Revenue up 3.3% in 1H09 and 3.4% in 2Q09;
- ✓ Same-store sales increase 0.3% in 1H09 and 0.3% in 2Q09;
- ✓ Consolidated Gross Margin from Goods expands 2.2 p.p. to 50.4% in 1H09 (50.1% in 2Q09);
- ✓ Operating Expenses per m² decrease by 7.5% in 1H09 and by 7.3% in 2Q09;
- ✓ EBITDA grows to R\$ 102.9 million in the quarter, up 10.2% on 2Q08, and reaches R\$ 155.1 million in 1H09;
- ✓ Net Income after tax credits increases 6.7% totaling R\$ 61.0 million in the first six months of 2009;
- ✓ Riachuelo private-label card base grows to 15 million units.

Financial Highlights (R\$ million)	2Q09	2Q08	Chg.(%)	1H09	1H08	Chg.(%)
Gross Revenue	736.7	664.6	10.9%	1,281.0	1,148.7	11.5%
Net Revenue	527.0	478.1	10.2%	919.6	826.5	11.3%
Gross Profit	297.3	231.5	28.4%	519.4	394.9	31.5%
Gross Margin	56.4% ¹	48.4%	8.0 p.p.	56.5% ¹	47.8%	8.7 p.p.
Financial Service Revenues	18.1	72.3	-74.9%	44.5	134.7	-67.0%
EBITDA	102.9	93.3	10.2%	155.1	142.5	8.8%
EBITDA Margin	19.5%	19.5%	0.0 p.p.	16.9%	17.2%	-0.4 p.p.
EBITDA margin on revenue from goods	23.1%	19.7%	3.3 p.p.	20.1%	17.4%	2.7 p.p.
Net Income (Loss) after Company's Fiscal Benefits	42.5	45.7	-6.9%	61.0	57.2	6.7%
EPS (R\$)	0.68	0.73	-6.9%	0.98	0.92	6.7%

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 concentration of two important holidays in the second quarter makes it a seasonally important period for apparel retailers. In addition to Mother's Day (May) and Valentine's Day (June), the festive atmosphere generated by events celebrating the Feast of Saint John also had a positive impact on sales volume in the Northeast Region in June.

The weather, especially in the South and Southeast regions, played a key role in sales performance this quarter, since the fall/winter collection is available at stores during all three months of the second quarter. Consequently, with the arrival of cold weather in June, sales accelerated, reaching the highest level of any of the six months in the first half of the year.

Another highlight of the excellent performance in June was the re-launch of the Pool brand for the Valentine's Day campaign. A fashion icon in the 1980s, Pool is once again part of the Company's marketing strategy, with the brand rejuvenated by the hiring of singer Seu Jorge, the launch of new TV advertising spots and new designs for visual merchandising in stores.

With the set of measures implemented in the past few fiscal years to integrate the retail and manufacturing areas, Riachuelo continued to present a product mix that is adequate and well positioned in terms of pricing, offering fashionable products with prices accessible to the target public. As a result, Riachuelo's **net revenue** increased by **3.4%** in the second quarter, or by **0.3%** on a "same-store" basis, and in 1H09 by **3.3%**, or **0.3%** on a "same-store" basis.

Operating Data	2Q09	2Q08	Chg.(%)	1H09	1H08	Chg.(%)
Consolidated Net Revenue (R\$ MM)	527.0	478.1	10.2%	919.6	826.5	11.3%
Riachuelo's Net Revenue (R\$ MM)	445.8	431.1	3.4%	771.9	746.9	3.3%
All-store nominal growth over the previous year	3.4%	15.3%	-11.9 p.p.	3.3%	15.0%	-11.7 p.p.
Same-store nominal growth over the previous year	0.3%	7.9%	-7.6 p.p.	0.3%	8.3%	-8.0 p.p.
Number of stores under remodeling in the Period	2	2 + 1 fechada	n.m.	4	3 + 1 fechada	n.m.
Total number of stores at the end of the period	104	96	8.3%	104	96	8.3%
Sales area in thousand m ² at end of the period	270.3	238.9	13.1%	270.3	238.9	13.1%
Net revenue per m ² (R\$ per m ²)						
<i>Net revenue per average sales area in the period</i>	<i>1,680.5</i>	<i>1,837.7</i>	<i>-8.6%</i>	<i>2,969.7</i>	<i>3,250.7</i>	<i>-8.6%</i>
Average Ticket of the Riachuelo Card (R\$)	109.3	103.5	5.6%	102.7	97.8	5.0%
Total number of Riachuelo Cards (MM)	15.0	13.8	8.7%	15.0	13.8	8.9%
% of total sales using the Riachuelo Card	60.7%	63.4%	-2.7 p.p.	59.0%	64.2%	-5.2 p.p.
% of sales through interest-bearing plans (0+8)	14.7%	23.3%	-8.6 p.p.	13.0%	22.7%	-9.7 p.p.
Total Net Personal Loan Portfolio (R\$ MM)	42.7	91.2	-53.2%	42.7	91.2	-53.2%
Number of employees						
<i>Guararapes + Riachuelo + TCV + Midway Mall + Midway Financeira</i>	<i>33,479</i>	<i>33,312</i>	<i>0.5%</i>	<i>33,479</i>	<i>33,312</i>	<i>0.5%</i>

Consolidated gross product margin resumed consistent improvement during the quarter, expanding by **2.2 p.p.** to **50.1%**, from 47.9% in 2Q08. In 1H09, this margin expansion was even higher, increasing **3.2 p.p.** to **50.4%** in the period. Including the revenue from Midway Financeira, the Company's consolidated gross margin increased to **56.4%** in the quarter, up **8.0 p.p.** on 2Q08, and to **56.5%** in 1H09, up **8.7 p.p.** on 1H08.

In late April, the Company inaugurated the third floor of Midway Mall. The new floor has 65 satellite stores and 5 anchor stores, adding more than 20,000 m² to the Mall's total gross leasable area (GLA), with 14,900 m² already leased. The inauguration is also expected of the second part of the floor dedicated to new restaurants and a concert hall. Once the expansion is concluded, which is slated for the first half of 2010, the mall will have total GLA of 64,600 m².

Guararapes Confeções

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 265,000 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 210,000 items per day. Meanwhile, the Fortaleza plant is responsible for the jeans and shirts line, with a production capacity that exceeds 55,000 items per day and occupying an area of 60,000 m².

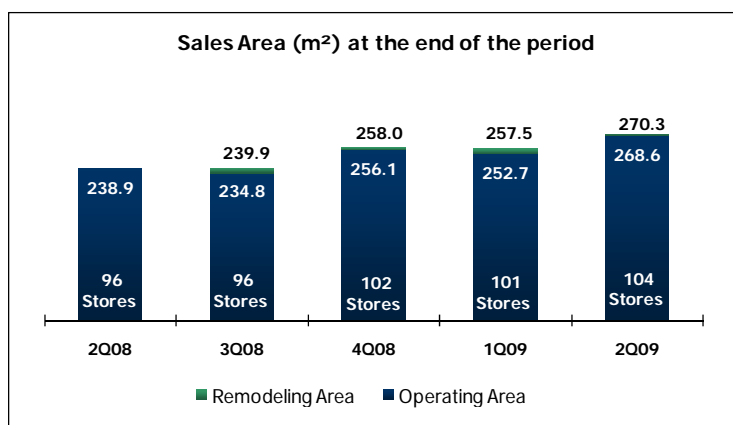
Guararapes produced **13,260,000 items** in 2Q09, down **24.9%** from the 17,658,000 items made in 2Q08, due to the greater share of production allocated to the development of higher value-added items with greater fashion appeal, in line with the needs of Riachuelo's product mix. From January to June 2009, production contracted by 26.7% to **23,068,000 items**, from 31,486,000 items in 1H08.

Net Revenue

In the first six months of 2009, **parent company net revenue** rose 5.1% in relation to the same period of the previous year to **R\$ 342.5 million**. In 2Q09, **net revenue** was **R\$ 189.2 million**, in line with the R\$ 186.2 million in 2Q08. This performance was driven by the increased integration with the retail operations, with a higher share of Guararapes products in Riachuelo's sales mix.

Lojas Riachuelo

This quarter, Riachuelo **inaugurated three** more units, one located in **Manaus, Amazonas**, one in **Salvador, Bahia**, and another in **Rio de Janeiro, Rio de Janeiro**, leading the Company to close the quarter with **104 stores** and **270,300 m²** in selling space. In addition to these three newly inaugurated stores, the Company has confirmed **two** further launches for 2009, for a total of **five new store** inaugurations confirmed for the current fiscal year.

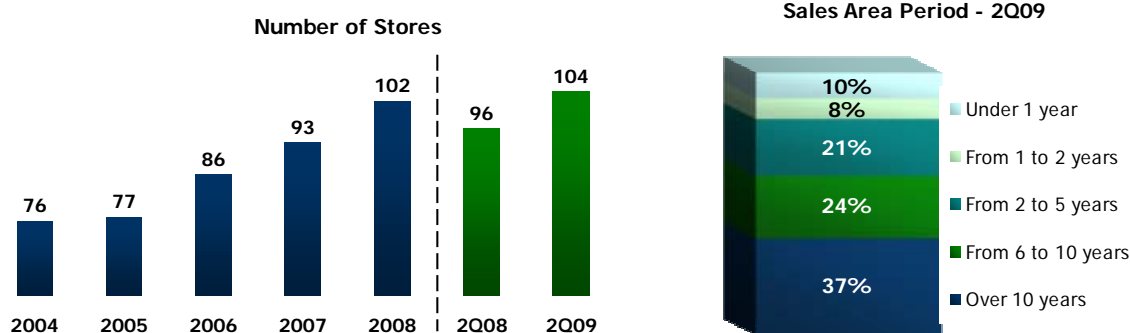


With the aim of optimizing selling space and fully capitalizing on the potential offered by markets, **four** stores were remodeled in the first six months of 2009. The units in Goiânia and Maceió underwent expansion works, which are expected to be concluded in August and September, respectively.

Remodeling Stores 2009	Conclusion
Maceió/AL	Concluded - Apr
Belém/PA	Concluded - Apr
Goiânia/GO	August 2009
Maceió/AL	September 2009

New Stores 2009	Opening	m²
Manaus/AM - Manauara Shopping	April 7	2,390
Salvador/BA - Salvador Paralela Shopping	April 28	2,200
Rio de Janeiro - Norte Shopping	April 30	4,130
Belém/PA - Shopping Boulevard	4Q09	
São Paulo/SP - Shopping Aricanduva	4Q09	

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 June, **29%** of Riachuelo's selling space was between **one and five years old**, up from 26% at the end of 2Q08.



Net Revenue

Despite the strong comparison base (same-store sales +7.9% in 2Q08), in 2Q09, Riachuelo **net revenue** was **R\$ 445.8 million**, up **3.4%** (0.3% on a same-store basis) on the R\$ 431.1 million recorded in 2Q08. In 1H09, net revenue came to R\$ 771.9 million, up 3.3% on 1H08 (0.3% on a same-store basis). June was the highlight of the quarter, fueled by the Valentine's Day campaign for the Pool brand, and also by colder temperatures.

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.

Paid-in capital at the end of 2Q09 was **R\$ 50 million**, of which R\$ 7 million was paid in on January 31, 2008 upon the incorporation of the company, and R\$ 43 million was paid in on July 31, 2008.

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	2Q09	1H09	Location in the Consolidated Income Statement
Financial Service Revenues	78,732.01	144,849.35	
Financial Revenue from interest-bearing sales, late fines and interest on arrears	58,599.35	102,733.88	Gross revenue
Revenue from Registration and Collection Fees	1,834.45	4,647.29	Other Operating Income
Revenue from Personal Loans and Saque Fácil	8,474.21	16,836.62	Gross revenue
Revenue from Fees on Financial Products	9,824.00	20,631.56	Gross revenue
Allowance for Doubtful Accounts	(39,005.44)	(57,160.18)	
Personal Loans and Saque Fácil Provision For Doubtful Accounts (PDA)	(3,381.61)	(6,299.79)	Selling Expenses
Interest-bearing and Non-interest Bearing Sales Provision For Doubtful Accounts (PDA)	(35,623.83)	(50,860.39)	Selling Expenses
Funding Expenses	(2,361.31)	(8,498.69)	Cost of Goods and Services Sold
Discounts on Loan Operations	(1,642.20)	(2,147.26)	
Gross Revenue from Financial Operations	35,723.05	77,043.22	
Revenue From Securities	1,205.91	2,739.21	Gross Revenue
Revenue From Services Rendered to Riachuelo	7,008.66	11,814.95	Other Operating Income
Other Operating Income	2,727.98	8,901.93	
Administrative Expenses	(14,556.69)	(21,940.60)	General and Administrative Expenses
Taxes Expenses	(5,188.39)	(9,775.61)	Deductions
Securities Expenses	(2,916.53)	(6,771.53)	Cost of Goods and Services Sold
Other Operating Expenses	(2,334.73)	(4,919.56)	General and Administrative Expenses
Operating Result	21,669.26	57,092.02	
Non-operating Result	0.35	(0.25)	Non-operating Result
Earnings Before Income Tax	21,669.61	57,091.77	
Income and Social Contribution Taxes	(8,602.66)	(22,552.43)	Income and Social Contribution Taxes
Profit Sharing	(151.62)	(151.62)	Profit Sharing
Net Income (Loss)	12,915.34	34,387.72	

During the second quarter, the Company continued to increase its provision for doubtful accounts (PDA) in order to maintain the PDA / Portfolio Volume ratio at levels adequate for the level of risk of the 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.

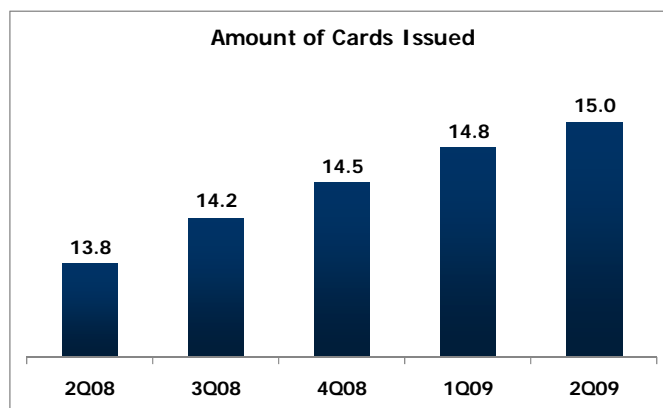
June 2009					PDA (%), minimum required by Central Bank	
Period of overdue (days)	Risk	Portfolio DA Balance	DA Balance (%)		Risk	DA (%), minimum required by Central Bank
performing	A	409,287	11,787	2.9%	A	0.5%
15-30	B	29,054	1,351	4.6%	B	1.0%
31-60	C	19,287	1,479	7.7%	C	3.0%
61-90	D	12,235	1,627	13.3%	D	10.0%
91-120	E	11,232	3,370	30.0%	E	30.0%
121-150	F	13,635	6,818	50.0%	F	50.0%
151-180	G	19,834	13,884	70.0%	G	70.0%
> 180	H	34,897	34,897	100.0%	H	100.0%
> 180	HH	167	167	100.0%	HH	100.0%
Jun/09 Total		549,627	75,379	13.7%		
Up to 180 days		514,564	40,316	7.8%		
Coverage ratio (overdue more than 90 days)*					94.5%	

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

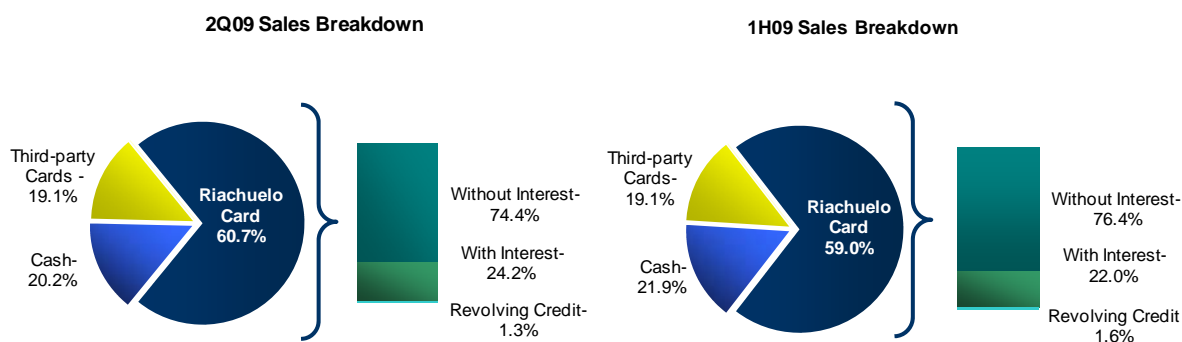
As you can see, the Company has provision amounts above the minimum levels required for the larger ranges in the portfolio (A-D) and fully complies with the required parameters in the ranges accounting for the higher percentages of overall provisioning. Note also that the current level of total provisioning covers 94.5% of the amounts overdue more than 90 days.

In addition to the expenses related to the building of PDA levels, expenses related to the Riachuelo card operations, which previously were booked on Riachuelo's financial statements, began to be booked on Midway Financeira's financial statements. Therefore, of the **R\$ 21.9 million** recorded as **administrative expenses** in 1H09, **R\$ 17.6 million** involves the operating expenses of the private-label card that previously were booked as selling expenses at Riachuelo, and therefore does not representing any kind of increase related to the Company's administrative structure.

With the issue of **266,600** cards in the second quarter alone, Riachuelo reached the mark of **15.0 million** cards at the close of June. The **average ticket** of the Private-Label Card increased by **5.6%** to **R\$ 109.3** in 2Q09, from R\$ 103.5 in 2Q08.



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 63.5% in 2Q08 to **60.7%** in 2Q09. From January to June, this share stood at **59.0%**, compared with 62.3% in 1H08. 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.



The **share of interest-bearing sales** in 2Q09 total sales was **14.7%**, higher than in 1Q09 (10.7%), but lower than in 2Q08 (23.3%). In 1H09, the share of these sales stood at **13.0%**, compared with 22.0% in 1H08. After adopting a very conservative posture in 4Q08, when the Company suspended its offering of installment sales with grace periods and raised its interest rates, Riachuelo once again began to offer interest-bearing sales plans with grace periods and reduced the rate charged on its interest-bearing sales to 5.9% per month as of February 2009, consequently returning to more significant shares of the longer plans.

Midway Financeira offers its customers three different types of insurance (**Unemployment, Home Owner and Personal Liability**), three types of assistance plans (**Home, Vehicle and Dental**) and **Card Protection** services, where customers pay a monthly fee to have their card insured against loss and theft. Of course, these services are offered in addition to the interest-bearing installment sale, personal loan and cash withdrawal services that all card holders also enjoy.

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.**

Riachuelo's Operating Revenue - R\$ '000	2Q09	2Q08	Chg.(%)	1H09	1H08	Chg.(%)
Financial Operation Revenue	18,147	72,304	-74.9%	44,509	134,727	-67.0%
Provision and Loss from Riachuelo Card	(2,176)	(42,446)	-94.9%	(29,532)	(72,489)	-59.3%
Provision and Loss from Personal Loan	(2,988)	(9,790)	-69.5%	(8,406)	(19,485)	-56.9%
Total	12,983	20,068	-35.3%	6,571	42,753	-84.6%

Financial operating revenue from Riachuelo's existing portfolio totaled **R\$ 18.1 million** in 2Q09, versus R\$ 72.3 million in the same quarter of last year. In 1H09, this revenue was **R\$ 44.5 million**, compared with R\$ 134.7 million in 1H08. 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, this portfolio continues to generate revenue from late fines and interest on arrears, as well as expenses related to losses.

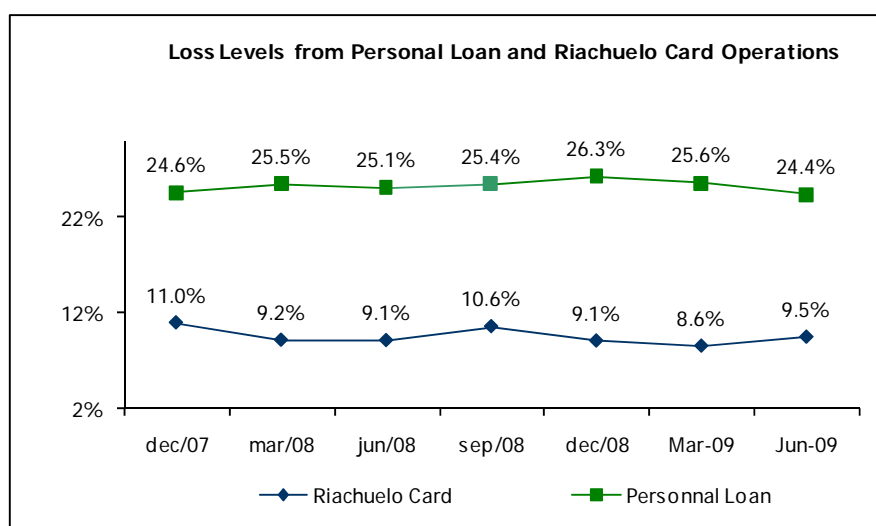
With the gradual reduction in this portfolio's volume, the **ratio of the provision for doubtful accounts to the total net portfolio of Riachuelo** related to the private-label card (interest-bearing and non-interest-bearing sales) and the personal loan operations increased from 27.4% in March 2009 to **37.9%** in June 2009, as shown below.

Riachuelo's Portfolio	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Balance of Allowance for Doubtful Accounts - R\$ '000	52,593	52,593	30,043	17,943	7,143
Portfolio Net Value (Riachuelo Card and Personal Loan) - R\$ '000	748,692	473,171	187,022	65,559	18,858
Provision and Loss/ Portfolio Net Value	7.0%	11.1%	16.1%	27.4%	37.9%

For comparison purposes, to obtain the amount of consolidated revenue from **Financial Operations** using the previous method, add R\$ 18.1 million from Riachuelo, R\$ 78.7 million for the revenue from Midway's financial operations and - R\$ 0.4 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\$ 92.4 million**, as shown below.

Financial Operation	2Q09	2Q08	Chg.	1H09	1H08	Chg.
Financial Operation Revenue (Consolidated)	92,449	72,304	27.9%	177,411	134,727	31.7%
Financial Operation Revenue (Midway Financeira)	78,732	-	n.m.	144,849	-	n.m.
Credit Assignment (Funding) Expenses	(2,361)	-	n.m.	(8,499)	-	n.m.
Discounts on Loan Operations	(1,642)	-	n.m.	(2,147)	-	n.m.
Variation in Revenue to be Recognized (Midway Financeira)	(427)	-	n.m.	(1,301)	-	n.m.
Financial Operation Revenue (Riachuelo)	18,147	72,304	-74.9%	44,509	134,727	-67.0%
Provision and Loss (Consolidated)	(44,170)	(52,236)	-15.4%	(95,098)	(91,974)	3.4%
Provision and Loss (Midway Financeira)	(39,005)	-	n.m.	(57,160)	-	n.m.
Provision and Loss (Riachuelo)	(5,164)	(52,236)	-90.1%	(37,938)	(91,974)	-58.8%
Total	48,280	20,068	140.6%	82,313	42,753	92.5%

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 **loss ratio for the Riachuelo Card** stood at **9.5%** at the close of June 2009, reflecting seasonal variation, since an increase in relation to the loss ratio at the close of 1Q09 is typical. This slight increase from the ratio of 9.1% in June 2008 reflects the more challenging macroeconomic scenario in the first six months of 2009. Note that the credit modeling system was redesigned to use **external databases**, supporting much more accurate mapping of customer credit behavior in their respective markets. Moreover, the implementation of cutting-edge technology, such as the recent acquisition of an **SAS** program, has contributed significantly to enhancing the current **Behavior Score** and **Credit Score** systems.

As the result of the more conservative loan approval policy adopted since 2008, the **loss ratio from personal loan operations** fell to **24.4%** in June 2009, from 25.6% in March 2009. Accompanying the trend in previous quarters, the **total personal loan portfolio** (Riachuelo + Midway Financeira) once again began to contract to stand at **R\$ 42.7 million at end-June 2009**, compared with R\$ 47.2 million at end-March 2009 and R\$ 91.2 million at end-June 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 currently with nearly all of its gross area leased, the mall comprises **231,000 m²** with **three floors** in operation, with satellite stores, 12 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.

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	2Q09	2Q08	Chg.(%)	1H09	1H08	Chg.(%)
Rental and Key Money Net Revenue (R\$ '000)	8,058.9	4,859.2	65.8%	14,370.1	9,105.3	57.8%
EBITDA (R\$ '000)	7,152.6	4,408.7	62.2%	12,859.5	8,090.3	59.0%
EBITDA Margin	88.8%	90.7%	3.7 p.p.	89.5%	88.9%	3.7 p.p.
GLA (thousand m ²)	56.6	46.8	-	56.6	46.8	-
EBITDA/GLA (R\$/m²)	126.4	94.2	34.1%	227.2	172.9	31.4%

In addition to the Mall operations, the group enjoys a competitive advantage by having a large portfolio of **own stores**. Of the 104 Riachuelo stores at the close of the quarter, **50** were installed in properties owned by the group. Therefore, of the **270,300 m²** in total selling space, **116,800 m² (43.2%)** was located in own stores. Considering these stores together with the two distribution centers and six production plants, the Company currently owns approximately **800,000 m²** in gross built area.

	Quantity	(%)
Own Stores	46	44%
Mall Stores	8	8%
Street Stores	38	37%
Rented Stores	58	56%
Mall Stores	56	54%
Street Stores	2	2%
Total Stores	104	100%

Street stores located on own properties			
State	No. of Own Stores	Sales Area (m ²)	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 (m ²)	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			
Area of Site			175,678
Total Built-up Area			84,725
Riachuelo São Paulo Head Office			
Area of Site			45,030
Total Built-up Area			42,312

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 Confeções 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

In 1H09, consolidated **net revenue** grew **11.3%** to **R\$ 919.6 million**, from R\$ 826.4 million in 1H08. Consolidated revenue growth outpaced the growth in revenue from Guararapes (5.1%) and from Riachuelo (3.3%), due to the recognition of revenue from Midway Financeira, which totaled **R\$ 133.2 million** in 1H09. In the quarter, consolidated **net revenue** came to **R\$ 527.0 million**, up **10.2%** on the R\$ 478.1 million registered in the same six-month period a year earlier.

Gross Profit and Gross Margin

From January to June 2009, consolidated gross profit rose **31.5%** to **R\$ 519.4 million**, compared with R\$ 394.9 million in 1H08. In the quarter, **consolidated gross profit** was **R\$ 297.3 million**, growing by **28.4%** from R\$ 231.5 million in 2Q08. In 1H09, consolidated **gross margin** expanded by **8.7 p.p.** to **56.5%**, from 47.8% in 1H08. In 2Q09, consolidated **gross margin** was **56.4%**, **8.0 p.p.** higher than the 48.4% in 2Q08. This strong margin expansion was driven by the consolidation of results from Midway Financeira, and by the increased integration between Riachuelo and Guararapes.

Excluding the impact of Midway Financeira and Midway Mall, **consolidated gross product margin (retail + manufacturing)** in 1H09 stood at **50.4%**, up 3.2 p.p. on the same period last year. In the second quarter, this margin increased by **2.2 p.p.** to **50.1%**, from 47.9% in 2Q08.

	2Q09	2Q08	1H09	1H08
Consolidated Net Revenue	526,953	478,050	919,645	826,459
(-) Net Revenue - Midway Financeira	(72,915)	-	(133,166)	-
(-) Net Revenue - Midway Mall	(8,059)	(4,859)	(14,370)	(9,105)
(=) Consolidated Net Revenue of Merchandise (Industry + Retail)	445,979	473,191	772,109	817,353
Consolidated Gross Profit	297,332	231,537	519,394	394,947
(-) Gross Profit - Midway Financeira	(65,995)	-	(115,748)	-
(-) Gross Profit - Midway Mall	(8,059)	(4,859)	(14,370)	(9,105)
(=) Consolidated Gross Profit of Merchandise (Industry + Retail)	223,278	226,677	389,275	385,842
Consolidated Gross Margin of Merchandise (Industry + Retail)	50.1%	47.9%	50.4%	47.2%

Selling, General and Administrative Expenses

Selling expenses in the quarter decreased by **5.7%** to **R\$ 172.8 million**, from R\$ 183.3 million in 2Q08. Excluding the expenses with **losses and the provision for doubtful accounts** related to the Riachuelo and Midway Financeira operations (**R\$ 44.2 million** in **2Q09** and R\$ 52.2 million in 2Q08) which are booked under selling expenses, these expenses decreased by **1.8%** in the quarter to correspond to **24.4%** of net revenue, down from 27.4% in 2Q08. Adopting the same criteria for the period from January to June, selling expenses remained stable in relation to the same period of the previous year. The **R\$ 4.1 million** used for the new Riachuelo Card **registration campaign** in 1H09 (R\$ 2.5 million in 2Q09) was also booked under selling expenses.

As a result of 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 group's **general and administrative expenses** in the quarter increased by **21.3%** to **R\$ 71.7 million**, from R\$ 59.1 million in 2Q08. For the same reason, in 1H09, **general and administrative expenses** increased by **19.8%** to **R\$ 134.2 million**, versus R\$ 112.0 million in 1H08.

Excluding effects from the provision for doubtful accounts (R\$ 44.2 million in 2Q09 and R\$ 52.2 million in 2Q08) and from depreciation expenses (R\$ 21.0 million in 2Q09 and R\$ 19.1 million in

2Q08), the sum of administrative and selling expenses increased by **4.7%** in 1H09 and by **4.9%** in 2Q09 in relation to the same periods of the previous year. This performance reflects the strict control of expenses, which was intensified in the fourth quarter of 2008, and includes expenses from the eight stores added in 1H09 in relation to the total number of stores in operation at the end of 1H08 (96 stores at end-1H08, versus 104 stores at end-1H09).

Operating Expenses	2Q09	2Q08	Chg.	1H09	1H08	Chg.
Selling Expenses	(172,828)	(183,272)	-5.7%	(336,348)	(333,662)	0.8%
Expenses with losses and PDA	44,170	52,236	-15.4%	95,098	91,974	3.4%
Selling Expenses excluding PDA	(128,658)	(131,036)	-1.8%	(241,250)	(241,689)	-0.2%
General and Administrative Expenses	(71,717)	(59,127)	21.3%	(134,190)	(111,976)	19.8%
Depreciation Expenses	21,022	19,133	9.9%	44,401	37,340	18.9%
G&A Expenses excluding Depreciation	(50,694)	(39,994)	26.8%	(89,789)	(74,636)	20.3%
Total Expenses excluding PDA and Depreciation	(179,352)	(171,031)	4.9%	(331,039)	(316,325)	4.7%

Operating Expenses	2Q09	2Q08	Chg.	1H09	1H08	Chg.
Total Expenses with losses and PDA	(179,352)	(171,031)	4.9%	(331,039)	(316,325)	4.7%
Total number of stores at the end of the period	104.0	96.0	8.3%	104.0	96.0	8.3%
Total Expenses excluding PDA and Depreciation per Store	(1,725)	(1,782)	-3.2%	(3,183)	(3,295)	-3.4%
Sales area in (m²) at the end of the period	270.3	238.9	13.1%	270.3	238.9	13.1%
Total Expenses excluding PDA and Depreciation per m²	(664)	(716)	-7.3%	(1,225)	(1,324)	-7.5%

The rigid control of expenses was also reflected in the indicator per store or square meter, with **operating expenses per m² decreasing by 7.5%** in 1H09 in relation to the same period a year ago and by **7.3%** in the quarter in relation to 2Q08. **Operating expenses per store** totaled **R\$ 3.2 million** in 1H09, **down 3.4%** on 1Q08. In 2Q09, operating expenses per store were **R\$ 1.7 million**, **down 3.2%** on 2Q08.

Operating Income

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 to increase **integration** implemented, 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)	2Q09	2Q08	1H09	1H08
Gross Profit	297,332	231,537	519,394	394,947
(-) Selling Expenses	(172,828)	(183,272)	(336,348)	(333,662)
(-) Administrative Expenses	(71,717)	(59,127)	(134,190)	(111,976)
(+) Other Operating Income/Expenses	(308)	(2,061)	(893)	(4,420)
(+) Financial Service Revenues	18,147	72,304	44,509	134,727
(+) IR Tax Benefits	8,342	12,209	12,424	20,462
EBIT	78,969	71,589	104,896	100,079
(+) Depreciation and Amortization	23,888	21,714	50,160	42,398
EBITDA	102,857	93,303	155,055	142,477
<i>EBITDA Margin</i>	<i>19.5%</i>	<i>19.5%</i>	<i>16.9%</i>	<i>17.2%</i>
<i>EBITDA margin on revenue from goods</i>	<i>23.1%</i>	<i>19.7%</i>	<i>20.1%</i>	<i>17.4%</i>

Supported by the increase in consolidated gross margin, rigid control of expenses, increase in the provision for doubtful accounts by Midway Financeira and higher depreciation, **EBITDA** in the quarter grew by 10.2% to **R\$ 102.9 million**, with **EBITDA margin** in relation to consolidated net revenue from the sale of goods of **23.1%** (or **19.5%** if calculated in relation to the Company's consolidated net revenue). In 1H09, **EBITDA** grew by 8.8% to **R\$ 155.1 million** with **EBITDA margin** in relation to consolidated net revenue from goods of **20.1%** (**16.9%** if calculated in relation to consolidated net revenue).

Other operating revenue (expenses)

The amounts previously booked under the line "Non-operating income" 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\$ 0.7 million in 1H08) were also reclassified to the line "Other operating revenue (expenses)".

Provision for Income Tax and Social Contribution Tax

Income tax and Social Contribution tax in 1H09 totaled **R\$ 24.8 million**, in relation to the R\$ 30.4 million reported in 1H08. Note that in accordance with CVM Instruction 11,638/07, as of this quarter, the Company has started to consider income on inventories in its tax calculation base. If the previous criterion were used, the amounts for income tax and social contribution tax would total **R\$ 23.1 million** in 1H09.

Net Income after Tax Credits

Net income after tax credits totaled **R\$ 61.0 million** in the first six months of 2009, up 6.7% on a year earlier. Excluding the changes in the line provisions for income tax and Social Contribution tax mentioned above, this line would have increased by **9.7%**, as shown below.

Income Statement	2Q09	2Q08	Var. (%)	1H09	1H08	Var. (%)
Earnings Before Income Tax and Social Contribution	68,517	68,612	-0.1%	85,902	87,621	-2.0%
Income and Social Contribution Taxes	(25,975)	(22,910)	13.4%	(24,861)	(30,428)	-18.3%
Net Income (Loss) after Company's fiscal benefits	42,542	45,702	-6.9%	61,040	57,193	6.7%

Income Statement	2Q09	2Q08	Var. (%)	1H09	1H08	Var. (%)
Earnings Before Income Tax and Social Contribution	68,517	68,612	-0.1%	85,902	87,621	-2.0%
Income and Social Contribution Taxes (previous criterion)	(22,943)	(22,910)	0.1%	(23,151)	(30,428)	-23.9%
Net Income (Loss) after Company's fiscal benefits	45,574	45,702	-0.3%	62,750	57,193	9.7%

Investments (CAPEX)

The group's **investments** in fixed assets totaled **R\$ 78.9 million** in the first six months of the year. Of this amount, **86%** was allocated to **Riachuelo**, with **R\$ 48.7 million** allocated to inaugurating **new stores** and to **remodeling** projects.

Investments	1H09	(%)
2008 Remodelings	3.3	4.2%
2008 New Stores	5.6	7.1%
2009 Remodelings	18.1	22.9%
2009 New Stores	21.7	27.5%
IT	10.6	13.4%
General Rebuilding	5.9	7.5%
Other	2.9	3.7%
Total Riachuelo	68.1	86%
Guararapes	10.8	14%
Total	78.9	100%

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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 **104** 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 card base is another major asset that establishes long-term relationships with a growing customer base, currently close to 15 million (June 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.

104 Riachuelo Stores

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	2Q09	2Q08	Chg.(%)	1H09	1H08	Chg.(%)
Gross Revenue	736,697	664,563	10.9%	1,281,029	1,148,658	11.5%
Gross Revenue - Parent Company	222,901	222,514	0.2%	402,654	389,276	3.4%
Gross Revenue - Riachuelo	650,649	622,649	4.5%	1,123,873	1,078,714	4.2%
Gross Revenue - Midway Financeira	78,103	-	n.m.	142,941	-	n.m.
Gross Revenue - Midway Mall	8,345	5,031	65.9%	14,953	9,495	57.5%
Deductions	(225,133)	(199,007)	13.1%	(389,579)	(344,035)	13.2%
ICMS tax benefits	15,388	12,494	23.2%	28,195	21,837	29.1%
Net Revenue	526,953	478,050	10.2%	919,645	826,459	11.3%
Net Revenue - Parent Company	189,241	186,211	1.6%	342,534	325,849	5.1%
Net Revenue - Riachuelo	445,843	431,118	3.4%	771,889	746,943	3.3%
Net Revenue - Midway Financeira	72,915	-	n.m.	133,166	-	n.m.
Net Revenue - Midway Mall	8,059	4,859	65.8%	14,370	9,105	57.8%
Cost of Goods and Services Sold	(229,621)	(246,514)	-6.9%	(400,251)	(431,511)	-7.2%
COGS - Parent Company	(139,432)	(127,696)	9.2%	(262,398)	(225,427)	16.4%
COGS - Riachuelo	(264,343)	(257,803)	2.5%	(469,319)	(447,232)	4.9%
Costs- Midway Financeira	(6,920)	-	n.m.	(17,417)	-	n.m.
Costs - Midway Mall	-	-	n.m.	-	-	n.m.
Gross Profit	297,332	231,537	28.4%	519,394	394,947	31.5%
Gross Profit - Parent Company	49,808	58,515	-14.9%	80,136	100,421	-20.2%
Gross Profit - Riachuelo	181,501	173,314	4.7%	302,570	299,710	1.0%
Gross Profit - Midway Financeira	65,995	-	n.m.	115,748	-	n.m.
Gross Profit - Midway Mall	8,059	4,859	65.8%	14,370	9,105	57.8%
Gross Margin	56.4%	48.4%	8.0 p.p.	56.5%	47.8%	8.7 p.p.
Gross Margin - Parent Company	26.3%	31.4%	-5.1 p.p.	23.4%	30.8%	-7.4 p.p.
Gross Margin - Riachuelo	40.7%	40.2%	0.5 p.p.	39.2%	40.1%	-0.9 p.p.
Gross Margin - Midway Financeira	90.5%	-	n.m.	86.9%	-	n.m.
Selling Expenses	(172,828)	(183,272)	-5.7%	(336,348)	(333,662)	0.8%
General and Administrative Expenses	(71,717)	(59,127)	21.3%	(134,190)	(111,976)	19.8%
Other Operating Expenses/Income	(308)	(2,061)	-85.1%	(893)	(4,420)	-79.8%
IR Tax Benefits	8,342	12,209	-31.7%	12,424	20,462	-39.3%
Financial Service Revenues (Riachuelo)	18,147	72,304	-74.9%	44,509	134,727	-67.0%
EBIT	78,969	71,589	10.3%	104,896	100,079	4.8%
Financial Revenue (Expense)	(10,452)	(2,977)	251.0%	(18,994)	(12,458)	52.5%
Non-operating Result	-	-	n.m.	-	-	n.m.
Earnings Before Income Tax and Social Conti	68,517	68,612	-0.1%	85,902	87,621	-2.0%
Income and Social Contribution Taxes	(25,975)	(22,910)	13.4%	(24,861)	(30,428)	-18.3%
Net Income (Loss) after Company's fiscal bei	42,542	45,702	-6.9%	61,040	57,193	6.7%
Depreciation and Amortization	23,888	21,714	10.0%	50,160	42,398	18.3%
EBITDA	102,857	93,303	10.2%	155,055	142,477	8.8%
EBITDA Margin	19.5%	19.5%	0.0 p.p.	16.9%	17.2%	-0.4 p.p.
EBITDA margin on revenue from goods	23.1%	19.7%	3.3 p.p.	20.1%	17.4%	2.7 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	0.68	0.73	-6.9%	0.98	0.92	6.7%

Consolidated Balance Sheet

Em R\$ mil

Assets	6/30/2009	6/30/2008
Current Assets	926,800	837,765
Cash Equivalents	62,994	105,321
Credits	356,771	317,408
Inventories	380,905	345,558
Other	126,130	69,478
Long Term Assets	84,752	21,017
Judicial Deposits and Others	28,284	1,440
Recoverable Taxes	19,533	16,207
Other Deferred Taxes	36,935	3,370
Permanent Assets	995,904	918,739
Investments	1,256	1,043
Property, plan and equipment	956,356	863,863
Intangible	34,984	14,089
Deferred	3,308	39,744
Total Assets	2,007,455	1,777,521

Liabilities	6/30/2009	6/30/2008
Current Liabilities	561,964	362,201
Suppliers	175,599	177,221
Loans and financing	141,578	
Taxes, Charges and Contributions	85,232	57,928
Dividends Payable	9,386	461
Wages, Benefits and Provisions	106,711	87,557
Other	43,457	39,035
Long Term Liabilities	57,627	110,682
Loans and Financing	2,323	22,445
Provisions	26,714	18,174
Debt with Related Parties	350	350
Taxes and Contributions	27,586	69,713
Social Contribution	654	-
Minority Interest	0.01	0.01
Shareholders' Equity	1,387,865	1,304,637
Paid-in Capital	1,300,000	1,200,000
Capital Reserves	-	20,462
Profit Reserve	26,824	47,445
Legal	-	-
Profit Retention	-	-
Accumulated Profit/Loss	61,040	36,731
Total Liabilities	2,007,455	1,777,521