

GUARARAPES-RIACHUELO REPORTS 1Q09 RESULTS**Closing Price (May-15-09)****GUAR3: R\$ 20.02****GUAR4: R\$ 17.50****Market Cap****R\$ 1,170.62 million**

Portuguese Conference Call



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São Paulo, May 15, 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 first quarter of 2009 (1Q09).

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

1Q09 Financial and Operating Highlights

- ✓ Consolidated Net Revenue growth of 12.4% in 1Q09, reaching R\$ 544.3 million;
- ✓ Net Revenue grows 3.2%;
- ✓ Same-store sales increase 0.2%;
- ✓ Consolidated Gross Margin expands 9.6 p.p. to 56.5%;
- ✓ Riachuelo Card loss ratio falls to 8.6%, narrowing 0.6 p.p. from a year earlier;
- ✓ EBITDA totals R\$52.2, 7.0% higher than in 1Q08;
- ✓ Net Profit after tax credits rises 61.0% to R\$18.5 million.

Financial Highlights (R\$ million)	1Q09	1Q08	Chg.(%)
Gross Revenue	544.3	484.1	12.4%
Net Revenue	392.7	348.4	12.7%
Gross Profit	222.1	163.4	35.9%
<i>Gross Margin</i>	<i>56.5%</i>	<i>46.9%</i>	<i>9.6 p.p.</i>
Financial Service Revenues	26.4	62.4	-57.8%
Adjusted EBITDA¹	52.2	48.8	7.0%
<i>EBITDA Margin</i>	<i>13.3%</i>	<i>14.0%</i>	<i>-0.7 p.p.</i>
Net Income (Loss) after Company's Fiscal Benefits	18.5	11.5	61.0%
EPS (R\$)	0.30	0.18	61.0%

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

Given the seasonality in the apparel retail segment, the first quarter typically registers the lowest sales volume of any other quarter of the year. The main factors driving this behavior are the allocation of income by consumers to pay for summer vacations, taxes and back-to-school expenses.

Other important factors in the quarter were the lack of mild temperatures in March and the challenging macroeconomic environment. The decline in consumer confidence led to even a lower propensity to consume, which is already typical in the first quarter. Despite the fact that the first quarter of last year represents a strong comparison base, when Riachuelo recorded growth of 9.8% in same-store sales, in the first quarter of this year, the Company's same-store sales remained relatively stable, increasing by 0.2% on the same period last year.

Riachuelo's sales performance is the result of a set of measures adopted over the past few years to fully integrate the retail and manufacturing operations. With a product mix that is carefully selected and well positioned in terms of pricing, the Company once again was able to offer fashionable products at prices accessible to its target public.

As a result of the integration process, and despite the very challenging quarter due to the impacts from the economic crisis, consolidated gross product margin resumed its consistent expansion, increasing by 4.7 p.p., from 46.2% in 1Q08 to 50.9% in 1Q09. Considering the revenue of Midway Financeira, the Company's consolidated gross margin totaled 56.5% in 1Q09, 9.6 p.p above the 1Q08.

Operating Data	1Q09	1Q08	Chg.(%)
Consolidated Net Revenue (R\$ MM)	392.7	348.4	12.7%
Riachuelo's Net Revenue (R\$ MM)	326.0	315.8	3.2%
All-store nominal growth over the previous year	3.2%	14.7%	-11.5 p.p.
Same-store nominal growth over the previous year	0.2%	9.8%	-9.6 p.p.
Number of stores under remodeling in the Period	4	3 + 1 closed	n.m.
Total number of stores at the end of the period	101	94	7.4%
Sales area in thousand m ² at end of the period	257.5	231.9	11.0%
Net revenue per m ² (R\$ per m ²)			
<i>Net revenue per average sales area in the period</i>	1,290.2	1,414.8	-8.8%
Average Ticket of the Riachuelo Card (R\$)	94.4	90.5	4.3%
Total number of Riachuelo Cards (MM)	14.8	13.4	9.8%
% of total sales using the Riachuelo Card	56.7%	60.6%	-3.9 p.p.
% of sales through interest-bearing plans (0+8)	10.7%	20.2%	-9.6 p.p.
Total Net Personal Loan Portfolio (R\$ MM)	47.2	97.4	-51.5%
Number of employees			
<i>Guararapes + Riachuelo + TCV + Midway Mall + Midway Financeira</i>	32,709	31,085	5.2%

Note that every year in late January and February, stock adjustments are made involving the spring/summer collections ahead of the arrival over the course of March of merchandise for the fall/winter collection. The higher **share of Guararapes' products** in Riachuelo's sales (**49.3%** in 1Q09, versus 33.9% in 1Q08) reinforces the progress of the integration process implemented by the Company. In the period, Guararapes directed 100% of its products to Riachuelo. This strategy generates operational flexibility in three product lines: "Vale a Pena", with the possibility of seasonal stocking; "Coleções", following the main trends of each season; and "Fast Fashion", which meets

immediate fashion needs. The accelerated development of this strategy, however, results in higher inventory levels due to the seasonal behavior of the retail industry combined with the linear production of the manufacturing business.

In line with the conservative credit policies adopted in 2008, the default ratio of the Riachuelo Card began to fall again in the first quarter of 2009, reaching 8.6% at the end of March, compared with 9.1% in December 2008 and 9.2% in March 2008.

The Annual Shareholders' Meeting held on April 24, 2009 approved the distribution of **R\$29.0 million** in dividends relative to fiscal year 2008, equivalent to **R\$0.44** per **common share** and **R\$0.49** per **preferred share**.

Guararapes Confeções

The parent company is responsible for the group's manufacturing division. In the first quarter of 2009, the Company directed **100%** of its **production** to Riachuelo, with the retailing and manufacturing divisions effectively achieving full integration.

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 total area of 60,000 m².

Guararapes' **production** contracted by **18.8%**, from 13,828,000 items in 1Q08 to **11,227,000 items** in 1Q09. This trajectory was due to the forced leave implemented during January and February and the higher share of production allocated to the development of higher value-added items with greater fashion appeal.

Net Revenue

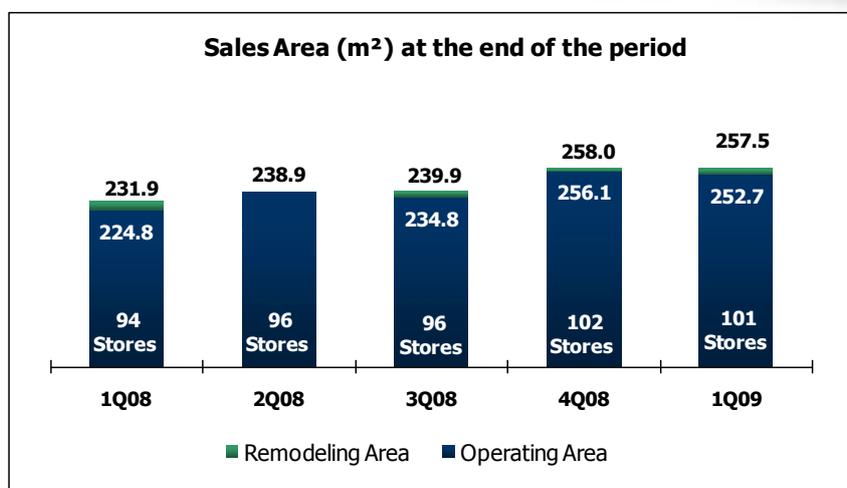
Net revenue of the Parent Company totaled **R\$153.3 million** in 1Q09, up **9.8%** over the R\$139.6 million recorded in 1Q08, due to the increased integration with the retail operations, with a higher share of Guararapes' products in Riachuelo's sales.

Gross Profit and Gross Margin

Gross profit of the Parent Company came to **R\$30.3 million** in the first quarter of 2009, closing the period with **gross margin** of **19.8%**. Since Guararapes' total sales are directed to Riachuelo, the integration process has a positive impact on the Company's consolidated gross margin.

Lojas Riachuelo

In early 2009, Riachuelo closed one of its stores located in João Pessoa, Pernambuco. The store, which is located in the city center, had only 536 m² of selling space, and a significant part of its client base was absorbed by the recently inaugurated store located in the mall Shopping Tambiá. As a result, Company closed first-quarter 2009 with **101 stores** and **selling space of 257,500 m²**.

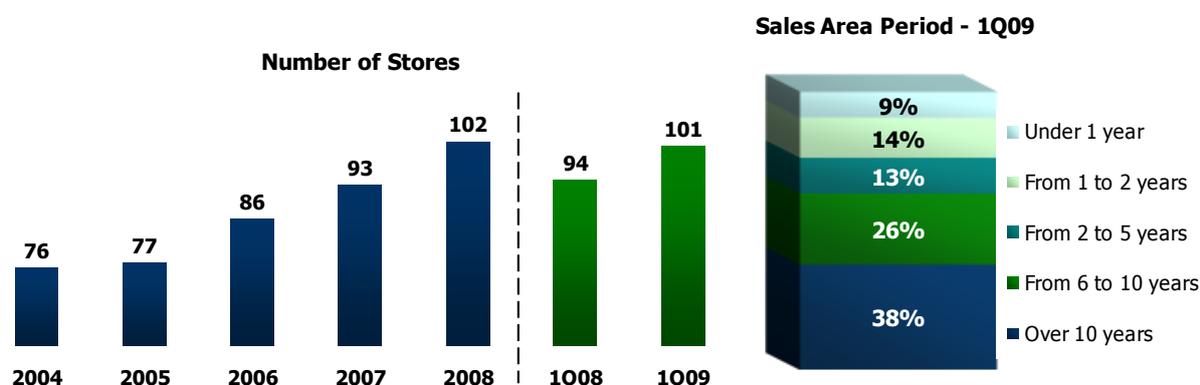


With the aim of optimizing selling space and fully capitalizing on the potential offered by markets, **four** stores were remodeled in the quarter. In addition, in line with the expansion strategy, **three** stores were inaugurated in April, as shown below.

Remodeling Stores 2009	Conclusion
Maceió/AL	Concluded - Apr
Belém/PA	Concluded - Apr
Nata//RN	Concluded - Apr
Goiânia/GO	Concluded - Apr

New Stores 2009	Opening
Manaus/AM - Manauara Shopping	April 7
Salvador/BA - Salvador Paralela Shopping	April 28
Rio de Janeiro - Norte Shopping	April 30

The expansion process reflects Riachuelo's objective to capture new markets and reinforce its regional positioning by inaugurating and remodeling units. Bear in mind that the maturation period of a new store is approximately five years, which makes areas in the maturation phase particularly important in terms of determining the pace of growth in the Company's sales. At the end of March, **27%** of Riachuelo's selling space was between **one and five years old**, up from 22% in 1Q08.



At the end of September 2008, Riachuelo finished automating the Distribution Center in Guarulhos. The **70 stores** supplied by this DC are already served by this new automated system. To further improve its logistics process, the Company acquired a **commercial management system** from Oracle, which should be implemented over the course of 2009. The new system will make it possible

to manage each item over its entire **life cycle** in order to optimize the margin of each product while it remains at the store.

Net Revenue

Despite the strong comparison base in 1Q08, a quarter that registered same-store sales of 9.8%, in 1Q09, Riachuelo's **net revenue** came to **R\$326.0 million**, up **3.2%** on the R\$315.8 million recorded in 1Q08 (**+0.2%** on a same-store basis). The scenario of economic recession, lack of low temperatures in March and the sharp drop in consumer confidence were the main factors contributing to the deceleration in the Company's growth.

Gross Profit and Gross Margin

In first quarter of 2009, **Gross profit** of Riachuelo came to **R\$121.1 million, with gross margin of 37.1%**. Since the Company is now fully integrated, it is important to highlight that the positive repercussions of this achievement were reflected in the Group's consolidated gross margin.

Midway Financeira

Midway Financeira S.A. was created in January 2008 and inaugurated in July 2008 to carry out financing operations for the 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 1Q09 was **R\$50 million**, of which R\$7 million was paid on January 31, 2008 upon the incorporation of the company, and R\$43 million was paid 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) are now 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.

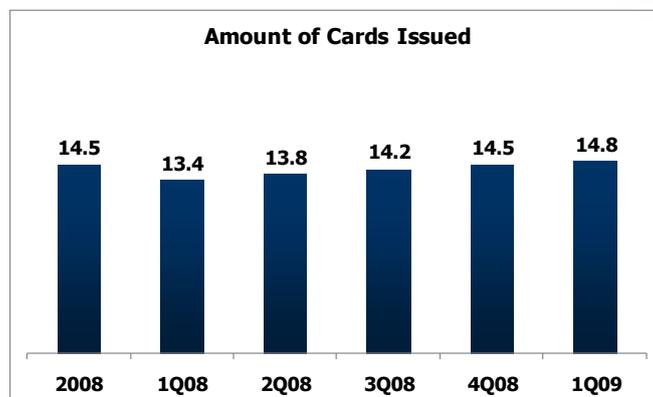
Midway Financeira - Income Statement	1Q09	Location in the Consolidated Income Statement
Financial Service Revenues	66,117.34	
Financial Revenue from interest-bearing sales, late fines and interest on arrears	44,134.53	Gross revenue
Revenue from Registration and Collection Fees	2,812.84	Other Operating Income
Revenue from Personal Loans and Saque Fácil	8,362.41	Gross revenue
Revenue from Fees on Financial Products	10,807.56	Gross revenue
Allowance for Doubtful Accounts	(18,154.74)	
Personal Loans and Saque Fácil Provision For Doubtful Accounts (PDA)	(2,918.19)	Selling Expenses
Interest-bearing and Non-interest Bearing Sales Provision For Doubtful Accounts (PDA)	(15,236.56)	Selling Expenses
Funding Expenses	(6,137.37)	
Discounts on Loan Operations	(505.05)	
Gross Revenue from Financial Operations	41,320.17	
Revenue From Securities	1,533.30	Gross Revenue
Revenue From Services Rendered to Riachuelo	4,806.30	Other Operating Income
Other Operating Income	6,173.95	
Administrative Expenses	(7,383.91)	General and Administrative Expenses
Taxes Expenses	(4,587.22)	Deductions
Securities Expenses	(3,855.00)	Cost of Goods and Services Sold
Other Operating Expenses	(2,584.83)	General and Administrative Expenses
Operating Result	35,422.76	
Non-operating Result	(0.60)	Non-operating Result
Earnings Before Income Tax	35,422.16	
Income and Social Contribution Taxes	(13,949.77)	Income and Social Contribution Taxes
Net Income (Loss)	21,472.38	

During the first quarter, the Company increased its provision for doubtful accounts (PDA) in order to increase the ratio of the PDA to the Portfolio Volume on its balance sheet. At the end of March, Midway Financeira booked R\$36.4 million in PDA (7.6% of the portfolio), versus R\$18.2 million (3.5% of the portfolio) at the close of December 2008. This conservative measure seeks to bring the stock of PDA in line with the Company's historical risk.

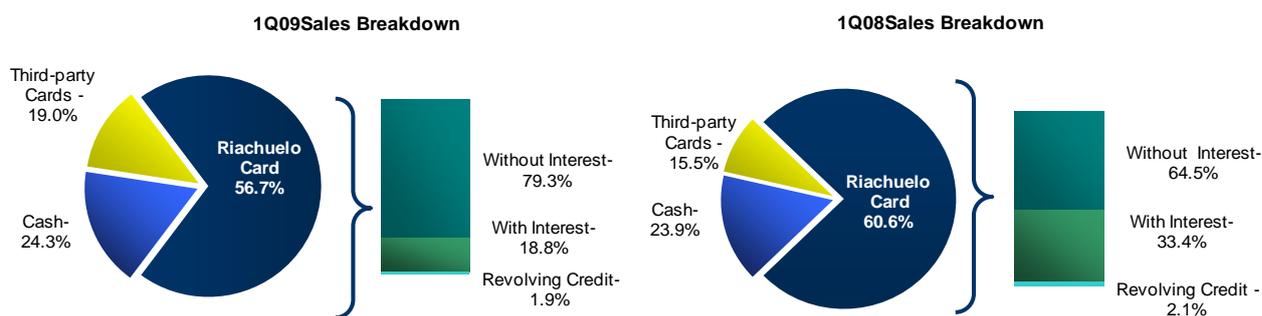
In addition to the expenses related to the building of PDA stocks, expenses related to the Riachuelo card operations, which previously were booked on Riachuelo's financial statements, began to be booked on Midway Financeira's financial statements. Therefore, of the R\$7.4 million recorded as administrative expenses, R\$5.7 million involves the operating expenses related to the private label card, which previously were booked as selling expenses at Riachuelo.

Midway Financeira's Portfolio	Dec-08	Mar-09
Balance of Allowance for Doubtful Accounts - R\$ '000	18,219	36,374
Portfolio Net Value - Personal Loan - R\$ '000	26,735	33,908
Portfolio Net Value - Riachuelo Card - R\$ '000	500,036	446,082
Provision and Loss/ Portfolio Net Value	3.5%	7.6%

At the close of March, the Company reached **14.8 million** cards, of which **208,600** were issued in the first quarter of 2009. The **average ticket** of the Riachuelo card was **R\$94.4** in the period, up 4.3% from R\$90.5 in 1Q08.



As a result of the period for building up the cardholder base at recently inaugurated stores and the increasing penetration of branded cards in all income brackets, the **share of sales made with the Riachuelo Card** declined from 60.6% in 1Q08 to **56.7%** in 1Q09. 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 installment sales** in total sales decreased from 33.4% in 1Q08 to **18.8%** in 1Q09. After adopting a very conservative posture in 4Q08, when the Company cancelled its offering of installment sales with grace periods and increased interest rates to 6.9% per month in view of the high level of uncertainty in the period, Riachuelo began once again to offer interest-bearing sales plans with grace periods and reduced the interest charged on its interest-bearing sales to 5.9% as of February 2009. This measure aims to rebuild the share of interest-bearing sales plans, given the greater amount of data concerning the current economic environment and the gradual reduction in interest rates in the economy.

In addition to interest-bearing installment sales, personal loans and cash withdrawals, Midway Financeira also offers its customers three different types of insurance (**Unemployment, Home Owner and Personal Liability**), three types of assistance plans (**Home, Vehicle and Dental**) and "**Card Protection**", where customers pay a monthly fee to have their card insured against loss and theft.

Performance of Financial Operations involving Riachuelo's portfolio

At 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 over the course of the respective maturities.

The "Financial Operation Revenue" line in the chart below comprises the following elements:

- a) Revenue from sales with interest net of taxes and 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;
- d) Revenue from late fines and interest on arrears.

Riachuelo's Operating Revenue - R\$ '000	1Q09	1Q08	Chg.(%)
Financial Operation Revenue	26,362	62,423	-57.8%
Provision and Loss from Riachuelo Card	(27,356)	(30,043)	-8.9%
Provision and Loss from Personal Loan	(5,418)	(9,695)	-44.1%
Total	(6,412)	22,685	-128.3%

Financial Operations Revenue came to **R\$26.4 million** in 1Q09, declining from R\$62.4 million in the same period last year, due to the operational launch of Midway Financeira. The deceleration in the pace of growth is mainly due to the fact that income from interest-bearing sales was recognized only through end-July, when this income began to be accounted at Midway Financeira.

It is important to note that the existing portfolio continues to generate revenue from late fines and interest on arrears as well as expenses related to losses. With the gradual reduction in the portfolio, the ratio between the provision for doubtful accounts and Riachuelo's total net portfolio for the private label card (interest-bearing and non-interest-bearing sales) and the personal loan operations increased from 16.1% in December 2008 to **27.4%** at the end of March 2008.

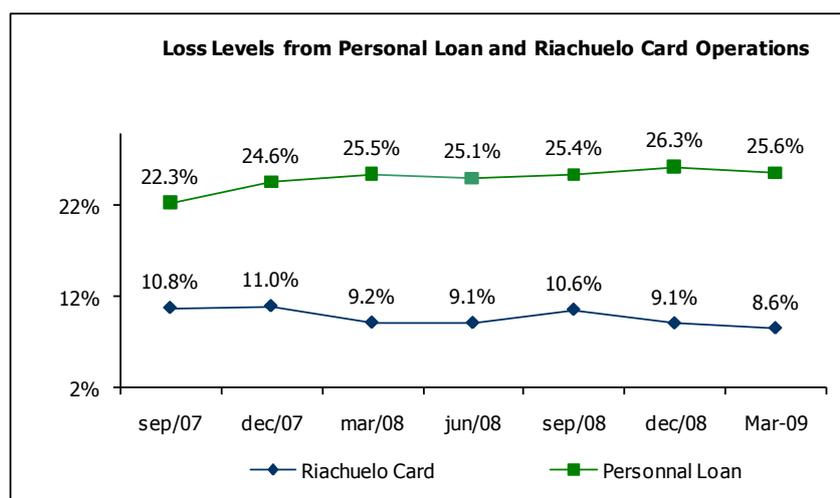
Riachuelo's Portfolio	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09
Balance of Allowance for Doubtful Accounts - R\$ '000	47,693	52,593	52,593	30,043	17,943
Portfolio Net Value (Riachuelo Card and Personal Loan) - R\$ '000	782,731	748,692	473,171	187,022	65,559
Provision and Loss/ Portfolio Net Value ¹	6.1%	7.0%	11.1%	16.1%	27.4%

¹ The Total Net Portfolio considers all amounts due and overdue up to 180 days from the interest-bearing, non-interest bearing and personal loan operations.

For the sake of comparison, to obtain the amount of consolidated revenue from **Financial Operations** using the previous method (recognition of revenue at time of sale), add R\$26.4 million from Riachuelo, R\$66.1 million for the revenue from Midway's financial operations and R\$0.9 million from the variation in "revenue to be recognized" from Midway Financeira and funding costs related, for a total of **R\$85.0 million**, as shown below.

Financial Operation	1Q09	1Q08	Chg.
Financial Operation Revenue (Consolidated)	84,962	62,423	36.1%
Financial Operation Revenue (Midway Financeira)	66,117	-	n.m.
Credit Assignment (Funding) Expenses	(6,137)	-	n.m.
Discounts on Loan Operations	(505)	-	n.m.
Variation in Revenue to be Recognized (Midway Financeira)	(875)	-	n.m.
Financial Operation Revenue (Riachuelo)	26,362	62,423	-57.8%
Provision and Loss (Consolidated)	(50,928)	(39,738)	28.2%
Provision and Loss (Midway Financeira)	(18,155)	-	n.m.
Provision and Loss (Riachuelo)	(32,774)	(39,738)	-17.5%
Total	34,034	22,685	50.0%

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 for the respective period.



Despite the challenging macroeconomic scenario, the **level of Riachuelo Card losses** stood at **8.6%** in 1Q09, down 0.6 p.p. from 9.2% a year earlier. In addition, credit modeling was redesigned using **external databases**, contributing to a much more accurate mapping of customer credit behavior in their respective markets. The implementation of cutting-edge technology, such as the recent acquisition of the **SAS** program, has contributed significantly to enhancing the current **Behavior Score** and **Credit Score systems**.

In line with the Riachuelo card, the loss ratio from the Personal Loan and "Saque Fácil" operations fell slightly by **0.7 p.p.** in relation to December 2008 to **25.6%** at the end of March. To reduce losses, a more conservative loan approval policy was adopted. As a result, the total personal loan portfolio (Riachuelo + Midway Financeira) once again contracted, closing 1Q08 at **R\$47.2 million, versus R\$56.1 million** at the end of 4Q08 and R\$97.4 million in 1Q08.

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, twelve anchor stores, a food court and several service outlets. The **third floor** recently expanded (April 2009), besides the seven Cinemark movie theaters has two 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	1Q09	1Q08	Chg.(%)
Rental and Key Money Net Revenue (R\$ '000)	6,311.1	4,246.1	48.6%
EBITDA (R\$ '000)	5,706.9	3,681.6	55.0%
EBITDA Margin	90.4%	86.7%	3.7 p.p.
GLA (thousand m ²)	46.8	46.8	-
EBITDA/GLA (R\$/m²)	121.9	78.7	55.0%

In addition to the Mall operations, the group's enjoys a competitive advantage by having a large portfolio of **own stores**. Of the 101 Riachuelo stores, at the close of the quarter, **49** were installed in properties owned by the group. Therefore, of the **257,500 m²** in total selling space, **116,700 m² (45.3%)** was located in own stores. Considering these stores together with the two distribution centers and the six production plants, the company has approximately 800,000 m² in gross built area.

	Quantity	(%)
Own Stores	49	49%
Mall Stores	11	11%
Street Stores	38	38%
Rented Stores	52	51%
Mall Stores	50	50%
Street Stores	2	2%
Total Stores	101	100%

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 Confeccões to the Riachuelo stores.

Grupo Guararapes – Consolidated Results

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

Gross Revenue and Net Revenue

Consolidated gross revenue was **R\$544.3 million** in 1Q09, **12.4%** higher than the R\$484.1 million recorded in 1Q08. Consolidated revenue growth outpaced the growth in revenue from Guararapes (7.8%) and from Riachuelo (3.8%), due to the recognition of revenue from Midway Financeira, which totaled **R\$64.8 million** in the quarter.

Due to the same factors, consolidated **net revenue** grew 12.7% in the quarter, from R\$348.4 million in 1Q08 to R\$392.7 million in 1Q09.

Gross Profit and Gross Margin

Consolidated gross profit climbed **35.9%**, from R\$163.4 million in 1Q08 to **R\$222.1 million** in 1Q09. **Consolidated gross margin** stood at **56.5%**, up **9.6 p.p.** from 46.9% in 1Q08, due to the consolidation of the results from Midway Financeira and the increased integration of Riachuelo and Guararapes.

Excluding the impact of Midway Financeira and Midway Mall, **consolidated gross product margin (retail + industry)** came to **50.9%**, **4.7 p.p.** higher than the 46.2% in the same period last year.

	1Q09	1Q08
Consolidated Net Revenue	392,692	348,409
(-) Net Revenue - Midway Financeira	(60,251)	-
(-) Net Revenue - Midway Mall	(6,311)	(4,246)
(=) Consolidated Net Revenue of Merchandise (Industry + Retail)	326,130	344,163
Consolidated Gross Profit	222,062	163,411
(-) Gross Profit - Midway Financeira	(49,753)	-
(-) Gross Profit - Midway Mall	(6,311)	(4,246)
(=) Consolidated Gross Profit of Merchandise (Industry + Retail)	165,997	159,165
Consolidated Gross Margin of Merchandise (Industry + Retail)	50.9%	46.2%

Selling, General and Administrative Expenses

Selling expenses increased by **8.7%**, from R\$150.4 million in 1Q08 to **R\$163.5 million** in 1Q09. Excluding the expenses with **losses and the provision for doubtful accounts** related to Riachuelo and Midway Financeira operations (**R\$50.9 million in 1Q09 and R\$39.7 million in 1Q08**) accounted under selling expenses, selling expenses increased **1.8%** in the quarter and were equivalent to **28.7%** of net revenue, compared with 31.8% in 1Q08.

The strict control of expenses, which intensified as of the fourth quarter of 2008 and the transfer of a portion of expenses related to the Riachuelo Card operations to Midway Financeira, now booked as administrative expenses, account for the largest part of this increase. The **R\$1.7 million** used in the **new Riachuelo Card registration campaign** in 1Q09 was also booked under selling expenses.

With this reclassification and the increase in depreciation expenses from the inauguration of new stores, **general and administrative expenses** increased by **18.2%**, from R\$52.8 million in 1Q08 to **R\$62.5 million** in 1Q09

The combination of administrative and selling expenses, and excluding the effects from the provision for doubtful accounts (R\$50.9 million in 1Q09 and R\$39.7 million in 1Q08) and from depreciation expenses (R\$23.4 million in 1Q09 and R\$18.2 million in 1Q08), increased by **4.4%** in the quarter.

Operating Expenses	1Q09	1Q08	Chg.(%)
Selling Expenses	(163,520)	(150,390)	8.7%
Provision and Loss	50,928	39,738	28.2%
Selling Expenses excluding Provision and Loss	(112,592)	(110,652)	1.8%
General and Administrative Expenses	(62,473)	(52,849)	18.2%
Depreciation	23,379	18,207	28.4%
General and Administrative Expenses excluding Depreciation	(39,094)	(34,642)	12.9%
Total Expenses excluding Provision for Loss and Depreciation	(151,686)	(145,294)	4.4%

Operating Result

In addition to its apparel retails operations, the Company considers the results from the Midway Mall and from Midway Financeira 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** currently being 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)	1Q09	1Q08
Gross Profit	222,062	163,411
(-) Selling Expenses	(163,520)	(150,390)
(-) Administrative Expenses	(62,473)	(52,849)
(+) Other Operating Income/Expenses	(585)	(2,770)
(+) Financial Service Revenues	26,362	62,423
(+) IR Tax Benefits	4,082	8,253
EBIT	25,926	28,077
(+) Depreciation and Amortization	26,271	20,684
EBITDA	52,198	48,762

Due to the higher consolidated gross margin, strict control of expenses, formation of PDA stocks by Midway Financeira and higher depreciation, **EBITDA** totaled **R\$52.2 million** in 1Q09, with **EBITDA margin** of **13.3%**.

Provision for Income Tax and Social Contribution

Income tax and Social Contribution came to R\$1.1 million in the quarter, versus negative R\$7.5 million 1Q08. The positive figure recorded in 1Q09 is due to the credit related to the losses recorded by Riachuelo in the period.

Net Income after Tax Benefits

Net Income after Tax Benefits was **R\$18.5 million** in 1Q09, versus R\$11.5 million in 1Q08.

Investments (CAPEX)

The group's **investments** in fixed assets totaled **R\$39.5 million** in 1Q09. Of this amount, **81%** was allocated to **Riachuelo** and **R\$21.8 million** was allocated to **new stores** and **remodeling** projects.

Investments	1Q09	(%)
2008 Remodelings	5.5	14%
2008 New Stores	4.2	10%
2009 Remodelings	6.2	16%
2009 Remodelings	5.9	15%
IT	0.9	2%
General Rebuilding	7.8	20%
Other	1.5	4%
Total Riachuelo	31.9	81%
Guararapes	7.6	19%
Total	39.5	100%

Contact

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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.

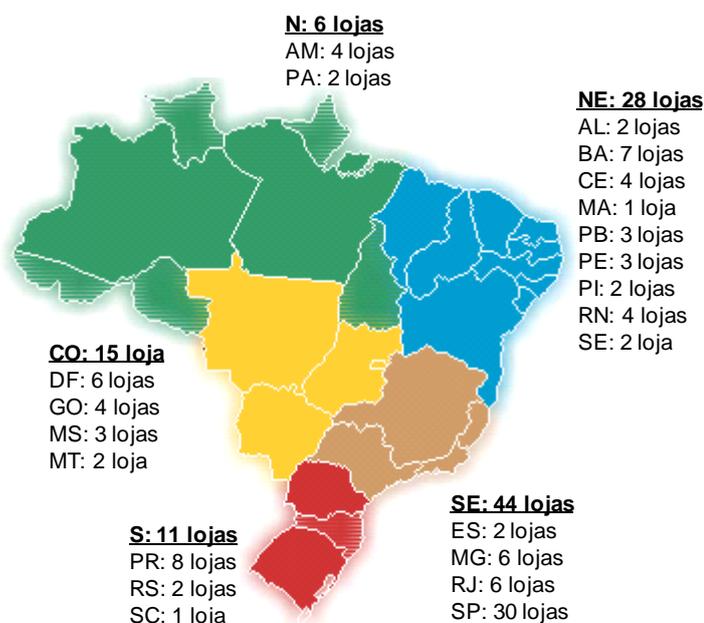
However, big chains have grown due to scale gains, investments in product quality, their position as sellers of fashion and fast inventory turnover, allowing them to adapt rapidly to the season's trends.

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 the Company to respond 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 14.8 million (March 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.

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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 therefore are subject to change without prior notice.

Quarterly Consolidated Pro-Forma Financial Statements

In R\$ thousand

Income Statement	1Q09	1Q08	Chg.(%)
Gross Revenue	544,332	484,095	12.4%
<i>Gross Revenue - Parent Company</i>	179,753	166,761	7.8%
<i>Gross Revenue - Riachuelo</i>	473,225	456,065	3.8%
<i>Gross Revenue - Midway Financeira</i>	64,838	-	n.m.
<i>Gross Revenue - Midway Mall</i>	6,608	4,464	48.0%
Deductions	(164,447)	(145,028)	13.4%
<i>ICMS tax benefits</i>	12,807	9,342	37.1%
Net Revenue	392,692	348,409	12.7%
<i>Net Revenue - Parent Company</i>	153,294	139,638	9.8%
<i>Net Revenue - Riachuelo</i>	326,046	315,825	3.2%
<i>Net Revenue - Midway Financeira</i>	60,251	-	n.m.
<i>Net Revenue - Midway Mall</i>	6,311	4,246	48.6%
Cost of Goods and Services Sold	(170,630)	(184,998)	-7.8%
<i>COGS - Parent Company</i>	(122,966)	(97,732)	25.8%
<i>COGS - Riachuelo</i>	(204,976)	(189,429)	8.2%
<i>Costs- Midway Financeira</i>	(10,497)	-	n.m.
<i>Costs - Midway Mall</i>	-	-	n.m.
Gross Profit	222,062	163,411	35.9%
<i>Gross Profit - Parent Company</i>	30,328	41,906	-27.6%
<i>Gross Profit - Riachuelo</i>	121,070	126,396	-4.2%
<i>Gross Profit - Midway Financeira</i>	49,753	-	n.m.
<i>Gross Profit - Midway Mall</i>	6,311	4,246	48.6%
Gross Margin	56.5%	46.9%	9.6 p.p.
<i>Gross Margin - Parent Company</i>	19.8%	30.0%	-10.2 p.p.
<i>Gross Margin - Riachuelo</i>	37.1%	40.0%	-2.9 p.p.
<i>Gross Margin - Midway Financeira</i>	82.6%	-	82.6 p.p.
Selling Expenses	(163,520)	(150,390)	8.7%
General and Administrative Expenses	(62,473)	(52,849)	18.2%
Other Operating Expenses/Income	(585)	(2,770)	-78.9%
<i>IR Tax Benefits</i>	4,082	8,253	-50.5%
Financial Service Revenues (Riachuelo)	26,362	62,423	-57.8%
EBIT	25,926	28,077	-7.7%
Financial Revenue (Expense)	(8,542)	(9,481)	-9.9%
Non-operating Result	-	412	n.m.
Earnings Before Income Tax and Social Contribution	17,384	19,009	-8.5%
Income and Social Contribution Taxes	1,114	(7,518)	n.m.
Net Income (Loss) after Company's fiscal benefits	18,498	11,491	61.0%
Depreciation and Amortization	26,271	20,684	27.0%
EBITDA	52,198	48,762	7.0%
EBITDA Margin	13.3%	14.0%	-0.7 p.p.
Total Preferred Shares	31,200	31,200	
Total Common Shares	31,200	31,200	
EPS	0.30	0.18	61.0%

Consolidated Balance Sheet

Em R\$ mil

Assets	03/31/2009	03/31/2008
Current Assets	828,196	788,486
Cash Equivalents	60,863	98,623
Credits	265,199	285,562
Inventories	382,685	331,931
Other	119,449	72,370
Long Term Assets	58,825	20,744
Judicial Deposits and Others	1,868	1,395
Recoverable Taxes	20,023	15,980
Other Deferred Taxes	36,935	3,370
Permanent Assets	985,246	888,546
Investments	1,256	1,043
Property, plan and equipment	945,367	843,064
Intangible	35,108	14,420
Deferred	3,514	30,018
Total Assets	1,872,267	1,697,776

Liabilities	03/31/2009	03/31/2008
Current Liabilities	493,072	331,368
Suppliers	91,770	149,642
Loans and financing	149,902	-
Taxes, Charges and Contributions	74,959	46,014
Dividends Payable	29,461	44,976
Wages, Benefits and Provisions	89,115	65,369
Other	57,865	25,366
Long Term Liabilities	33,251	107,464
Debt with Related Parties	6,560	62,028
Other	26,691	45,436
Taxes and Contributions	24,018	15,706
Social Contribution	2,323	29,380
Indemnification to Third parties	350	350
Minority Interest	0.01	0.01
	626	-
Unearned revenue	626	-
Shareholders' Equity	1,345,319	1,258,944
Paid-in Capital	1,200,000	1,000,000
Capital Reserves	-	65,002
Profit Reserve	130,880	190,705
Accumulated Profit/Loss	14,439	3,238
Total Liabilities	1,872,267	1,697,776