

GUARARAPES ANNOUNCES 1Q06 RESULTS

May 9, 2006

Quote (Closing)

GUAR3: R\$ 106.99

GUAR4: R\$ 96.00

Market Capitalization

R\$ 6.33 billion

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São Paulo, Brazil May 9, 2006 – Guararapes Confeções 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 chain, announces its results for the first quarter of 2006 (1Q06).

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

- ✓ Riachuelo's financial service revenue grew 34.2% over the same quarter of the previous year, totaling R\$38.8 million.
- ✓ An increase of 250 thousand new private label cards in 1Q06 representing a growth of 2.4% over December 2005, reaching 10.7 million private-label cards issued.
- ✓ Riachuelos' Gross Revenue per m² reached R\$ 2.2 thousand, up 17.7% over the R\$ 1.8 thousand reported in 1Q05.
- ✓ In 1Q06, the Company began remodeling 17 stores, out of which 8 have already started.
- ✓ Sales to Riachuelo represented 50% of the Parent Company's total in annual terms.
- ✓ Consolidated Gross Revenue increased 15.9%, reaching R\$ 417.0 million in 1Q06.
- ✓ Consolidated gross margin stabilized at 44.2% in 1Q06, comparing to the same period last year.
- ✓ Adjusted EBITDA¹ totaled R\$ 38.7 million, up by 14.1% over the same quarter of last year.

Financial Highlights (R\$ MM)	1Q06	1Q05	Chg. (%)
Gross Revenue	416.9	359.8	15.9%
Net Revenue	290.6	253.4	14.7%
Gross Profit	128.5	111.2	15.5%
Gross Margin	44.2%	43.9%	0.3p.p.
Financial Service Revenues	38.8	28.9	34.2%
Adjusted EBITDA¹	38.7	33.9	14.1%
EBITDA Margin	13.3%	13.4%	-0.1p.p.
Net Income (Loss)	16.7	18.4	-9.2%
Adjusted Net Income (Loss)²	21.4	24.3	-11.8%
Same-store Sales (y-o-y)	17.9%	48.5%	-31.5p.p.
Total Sales Area ('000 m²)	172.8	168.3	2.7%

¹ Includes financial service revenues.

² Includes the Company's tax benefits.

¹ Includes financial service revenues.

EBITDA represents net revenues net of cost of services, selling expenses, general and administrative expenses, and other net operating revenues (expenses) added to depreciation and amortization reversals. EBITDA or Adjusted EBITDA should not be considered an alternative to net income (loss) as an indicator of our operating performance, or an alternative to cash flow as an indicator of liquidity. EBITDA is not a measure recognized by the Accounting Practices Adopted in Brazil and other companies may define it in different ways.

Management Discussion and Analysis

The preliminary data of GDP's growth point out to an improvement in 2006 expectations, with a 4.0% growth projection. According to Central Bank of Brazil, credit volume reached R\$ 623.9 billion, up 2.8% over the past three months, totaling 31.6% of GDP.

Guararapes

We are continuing to invest in Parent Company's production lines, pursuing modernization and reorganization of industrial facilities in Extremoz-RN, through out the automation of fabric cutting line. This project will be fully implemented in May 2006, expanding daily cutting line capacity.

The advances in integration between Guararapes and Riachuelo and the consequent shortening of our time-to-market has contributed greatly to the development of the "Vale a Pena" ("It's Worth It") campaign, through which we sell high-quality products at highly competitive prices.

As part of the same strategy, we are also moving ahead with our VA, or Value Added program, whose main aim is to identify specific fashions and produce and distribute the resulting products while the tendency lasts, thereby reducing inventories and leveraging sales.

Midway Mall

Midway Mall, opened on April 27, 2005, currently counts with 99% of located area. The mall has 231 thousand square meters composed by three floors destined to stores and services and other six floors to an indoor parking lot for 3,500 cars. In March 2006, Cinemark opened 7 movie theaters, establishing a public record for the opening season.

It is around five years since we developed impressive stores remodeling or opened new ones, due to the heavy investments in the construction of the Midway Mall. The only opening was the Riachuelo store at Midway Mall.

Riachuelo

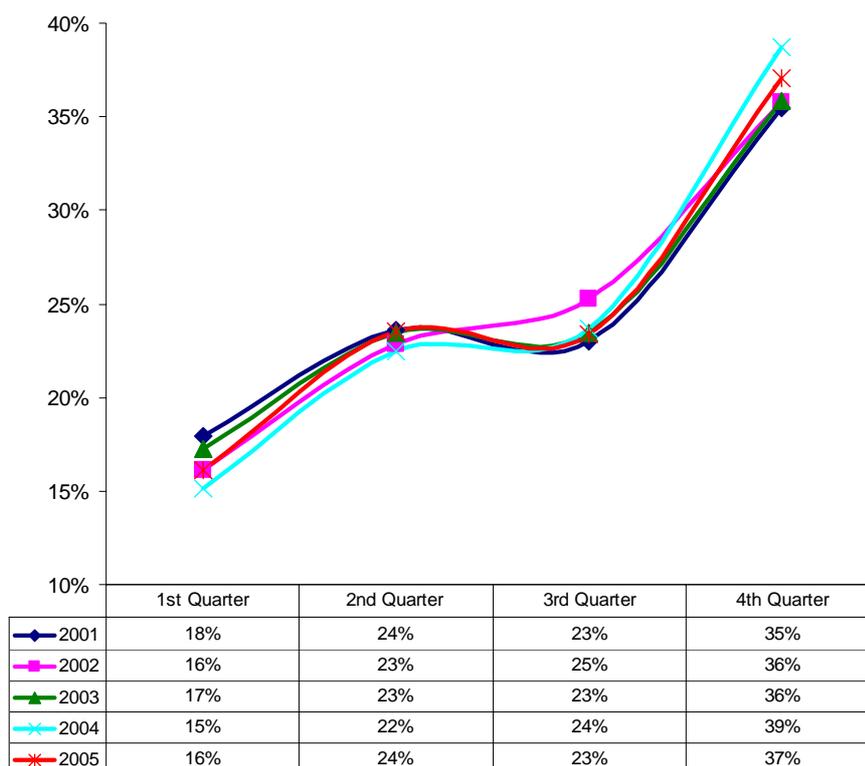
In 2006, we began to concentrate our efforts on expanding Riachuelo. We expect to remodel 17 stores this year in order to bring them into line with the Company's new architectural concept, showcased by the recently inaugurated store in Aracaju.

Gross revenue per m² moved up 17.7% year-on-year from R\$ 1,841 in the 1Q05, to R\$ 2,167.

We expect to open 5 more stores in 2006 year, one in Ceará, one in Bahia, one in Minas Gerais, one in Paraná and one in Santa Catarina, closing the year with 83 nationwide. Currently, we are looking at 52 options for further expansion between 2006 and 2009.

We also took advantage of the weakest period of the year for the retail trade to sales to begin modeling 8 stores in the first quarter, affecting total sales area by around 5%.

Seasonality (% of annual sales)



Financial Services Growth

As a result, Riachuelo's 1Q06 gross sales increased 20.8% year-on-year, in line with our expectations, and we are maintaining our annual growth forecast of 40%.

We were also able to leverage consumption by offering new payment conditions, with longer terms, increasing our consumers' purchasing power. For 2006, we expect to issue over 1.5 million private-label cards. In the first quarter, we issued 250 thousand cards, aligned to the Company's business.

Financial and Operating Performance

Riachuelo

In the first quarter, we began to remodel 8 Riachuelo stores, which has already absorbed investments of R\$ 12.9 million, temporarily reducing our sales area by 5% and directly impacting sales, which proceeded in line with our expectations. In 2006 as a whole, we expect to remodel 17 stores, as the following table.

Stores	Jan'06	Feb'06	Mar'06
Manaus Shopping	X	X	X
Brasília Park Shopping	X	X	X
Vitória Shopping	X	X	X
Salvador Lapa	X	X	X
Londrina		X	X
S.B.Campo		X	X
Shopping Ibirapuera		X	X
Campo Grande de Shopping		X	X

Riachuelo sold 17.9 million articles of clothing in 1Q06, up 15.6% over 1Q05. Out of the total sales in the quarter, 19.0% came from the parent-company input, keeping the same levels reported in the same quarter of the previous year.

In the first quarter of 2006, Riachuelo's private-label card was responsible for 70.3% of total sales, out of which

Riachuelo's 1Q06 Sales Breakdown



27.5% were concerning the options that involved interest collection, as it can be seen in the chart on the right side.

Guararapes

Guararapes' production totaled 10.6 million of articles of clothing in 1Q06, against the 9.4 million reported in 1Q05. Total sales amounted to 8.3 million in the first quarter of 2006, against the 8.1 million reported in 1Q05, representing a slightly increase of 2.7% over the same period of the previous year. From Guararapes' total Sales, Riachuelo was responsible for the purchase of over 50% in the 1Q06, against the 54.6% recorded in the first quarter of the previous year.

Midway Mall

Midway is the largest mall in Brazil in terms of built area, in which we invested R\$ 162.5 million and are booked in permanent assets, under the investments' item.

Operating Revenues

Consolidated gross revenue totaled R\$ 414.9 million, 15.9% up on the R\$ 359.8 million recorded in the first quarter of 2005.

Consolidated net revenue totaled R\$ 290.6 million, up 14.7% over the same quarter of the previous year and in line with the gross revenue growth rate.

Consolidated Revenue growth of 15.9%

Gross Revenue (R\$ '000)	1Q06	1Q05	Chg. (%)
Consolidated	416,948	359,827	15.9%
Parent Company ¹	99,373	95,181	4.4%
Riachuelo ¹	374,478	309,916	20.8%

Net Revenue (R\$ '000) ¹	1Q06	1Q05	Chg. (%)
Consolidated	290,580	253,368	14.7%
Parent Company ¹	77,279	74,317	4.0%
Riachuelo ¹	257,388	214,341	20.1%

¹ Considering inter-company accounts.

Guararapes

Guararapes Parent Company's gross revenue¹ totaled R\$ 99.4 million, 4.4% up year-on-year. The increase was fueled by a 2.7% increase in sales volume, higher prices and a higher value-added product mix.

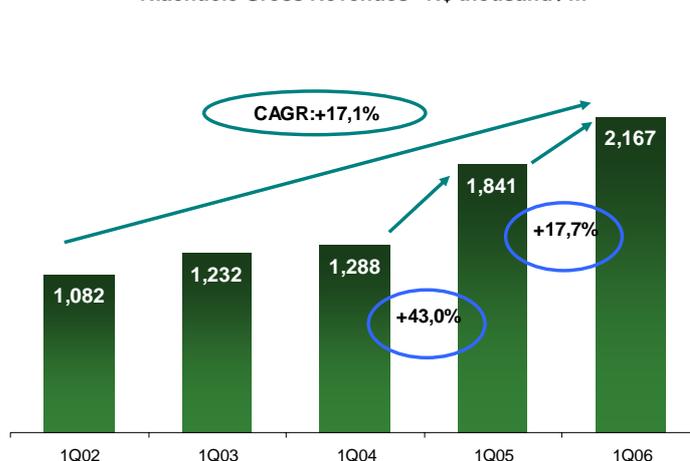
Riachuêlo posted gross sales¹ of R\$ 374.5 million, 20.8% up on the 31.1% over the R\$ 309.9 million registered in the 1Q05. Excluding the Midway Mall store, opened on April 27, 2005, same-store sales² grew by 17.9% indicating that sales volume has also been moving up in fully operational stores.

Riachuêlo's Growth is based on increased sales per m²

In addition, we grew in 1Q05 48.5% year-on-year, an exceptionally healthy figure. This high comparative base will make future growth even more challenging.

Gross revenue per square meter increased by 17.7%, from R\$ 1.8 thousand to R\$ 2.2 thousand.

Riachuêlo Gross Revenues - R\$ thousand / m²



This aforementioned growth in Riachuêlo's gross revenue per square meter was a result of the 15.6% increase in sales volume, given that average prices remained virtually flat in the period due to the "Vale a Pena" (It's Worth It) promotion – one of the factors responsible for the excellent period sales performance. Our efforts increased gross sales to R\$2.2 thousand.

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

Costs of Goods Sold and Gross Margin

Consolidated cost of goods sold totaled R\$ 162.0 million, 14.0% up on the R\$ 142.1 million reported in the 1Q05.

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.

Gross profit grew by 15.5% and gross margin widens by 0.3 p.p.

As a result, period gross profit stood at R\$ 128.5 million, 15.5% up year-on-year. The consolidated gross margin was 44.2%, 0.3 percentage points higher than the 43.9% registered in the first quarter of 2005.

Gross Profit (R\$ '000)	1Q06	1Q05	Chg. (%)
Consolidated	128,536	111,241	15.5%
Parent Company	23,821	23,037	3.4%
Riachuelo	104,684	90,512	15.7%

Gross Margin (%)	1Q06	1Q05	Chg. (%)
Consolidated	44.2%	43.9%	0.3p.p.
Parent Company	30.8%	31.0%	-0.2p.p.
Riachuelo	40.7%	42.2%	-1.6p.p.

Margins remained fairly stable in comparison with the 1Q05 as a consequence of the Company's cost control.

Guararapes

Guararapes Parent Company's cost of goods sold reached R\$ 53.5 million, an increase of 4.2% over the R\$ 51.3 million ported in the same period of the previous year, influenced by a 2.7% increase in period volume.

Guararapes Parent Company's gross profit rose by 3.4%, to R\$ 23.8 million and the gross margin was 30.8%, compared to the 31.0% registered in the same period of last year.

Riachuelo

Riachuelo's cost of goods sold in the quarter was R\$ 152.7 million, up by 23.3% over the 1Q05. This increase was a result of the 20.1% hike in sales and a higher value-added product mix leading to increased unitary costs.

General, Selling and Administrative Expenses

Consolidated

Consolidated selling expenses totaled R\$ 104.6 million, up 23.3% over the R\$ 84.8 million registered in the same period of 2005, mainly due to higher sales and our aggressive campaign for the card registration of new customers, which employed 500 full time workers.

As a percentage of net revenues, selling expenses increased from 33.5% to 36.0%, due to expenses from card registration, which the Company books conservatively as selling expenses and not investments and also to the increase in PDA (Provision of Doubtful Accounts).

Card registration expenses totaled R\$1.2 million, 15.5% up year-on-year. This improvement is due to the increase in the activation of the Company's private-label cards, once the Company only books this expense when the card is activated.

Expenses with allowance for doubtful accounts (PDA) increased 89.8%, especially due to the increase of interest sales operation and personal loan, which were not expressive in 1Q05. Hence, the

expenses with allowance for doubtful accounts now represents 41% of Riachuelo's PDA, against the 24% reported in 1Q06. Such increase is offset by the 34.2% increase in the financial products revenue in 1Q06 when compared to 1Q05.

Administrative expenses grew by 11.0%, from R\$ 32.0 million in the 1Q05, to R\$ 35.6 million, lagging consolidated net revenue growth of 14.7%. As a percentage of net revenues, administrative expenses fell from 12.6% to 12.2% in the same period.

Financial Service Revenue¹

Since its strategy is perfectly integrated with the group's retail activities, Riachuelo's financial operation has managed to fuel sales and financial revenue through products and services primarily aimed at increasing the purchasing power of our customers.

Following on from our aggressive campaign throughout 2005, we intend to invest around R\$ 20 million to issue 1.5 million new private-label cards in 2006. In the first quarter alone, we issued around 250,000, giving a total of 10.7 million.

At the close of the quarter, the active card base maintained 50% of the total issued, in line with the figures presented at the end of March 2005 and December 2005.

Riachuelo's financial operation essentially consists of the following:

- Sales with Interest

All sales under the 0+6, 7 or 8 installment, and revolving credit options are subject to interest of 4.9% per month. The Company transfers the "receivables" from the transaction to one of its partner banks, who then advances part or all of the resources, discounted by the SELIC interest rate + a commission for the institution. It is worth noting that Riachuelo takes on the credit risk of the transaction and, therefore, profits with the greater part of the spread.

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

- Personal Loans

Personal loans have also proved to be highly successful and the portfolio totaled R\$ 104.6 million at the end of the 1Q06. Interest varies between 8.9% and 12.9% per month depending on the risk level of the client and the maximum value per contract is R\$ 2.0 thousand.

In such operations, the Company relies on partner banks who handle all the financial details of the operation, including the funding. Once again, Riachuelo takes on the operation's credit risk, benefiting from most of the spread.

¹ Booked as Financial Expenses in the Income Statement.

- Fines and Delinquency Interest

When bill payments become overdue, the overdue amount is subjected to a fine of 2% per month and interest of 9.9% per month. Since around 35% of our customers do not pay on the stipulated date, but only 7% remain in default after 180 days, this operation generates considerable financial revenue.

In addition to the “Protected Card”, a product for which customers pay R\$1.70 per month to have their card insured against loss and theft, Riachuelo offers 3 types of insurance (Unemployment, Residential and Personal Accidents) and 3 types of assistance (Residential, Auto and Dental)

Although these products are offered in association with banks in order to comply with certain legal stipulations, the Company handles relations with the customer and delinquency has been kept within expectations due to knowledge of the customer’s payment history through Riachuelo’s private-label card.

In the 1Q06, financial service revenue moved up 34.2% year-on-year to R\$ 38.8 million, as shown in the table below:

Financial Product and Services (R\$ '000)	1Q06	1Q05	Chg. (%)
Financial Products and Personal Loans	11,830.6	7,516.8	57.4%
Sales with Interest and Revolving Credit	19,398.9	15,398.2	26.0%
Fines and Delinquency Interest	7,525.3	5,959.0	26.3%
Total Revenue	38,754.8	28,874.0	34.2%

Revenue from the first line totaled R\$ 11.8 million, year-on-year growth of 57.4%, while revenue from sales with interest and revolving credit stood at R\$ 19.4 million, 26.0% more than the R\$ 15.4 million recorded in the 1Q05. The third line – fines and Delinquency Interest – moved up 26.3%, from R\$ 6.0 million in the 1Q05, to R\$ 7.5 million.

The increase in sales was also influenced by our aggressive campaign to sign up new clients, as well as by new consumer financing products, extending payment terms.

**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\$ 25.1 million, up by 10.5% over the same period in the previous year.

¹ Includes Financial Services Revenue

Adjusted EBITDA¹ totaled R\$ 38.7 million, up by 14.1% year-on-year, chiefly due to the 14.7% increase in net revenue.

EBITDA Reconciliation (R\$ '000)	1Q06	1Q05
Gross Profit	128,536	111,241
(-) Selling Expenses	(104,576)	(84,811)
(-) Administrative Expenses	(35,556)	(32,040)
(-) Other Operating Expenses/Income	(2,018)	(510)
(+) Financial Service Revenues	38,755	28,874
Adjusted EBIT	25,140	22,755
EBIT Margin	8.7%	9.0%
(+) Depreciation and Amortization	13,572	11,180
Adjusted EBITDA	38,712	33,935
EBITDA Margin	13.3%	13.4%

¹ Includes financial services revenue.

The EBITDA margin was 13.3% in 1Q06, in line with 13.4% recorded in the 1Q05.

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. Net cash (cash + short-term financial investments), i.e., cash net of gross debt, stood at 82.3 million at the end of the quarter, compared to R\$205.9 million in December/05, and R\$54.9 million in March/05.

Result before Taxes/ Equity Results

The result before taxes/ equity results was R\$27.0 million positive, a 5.5% increase over the R\$25.6 million registered in the same period of last year.

Net Income and Adjusted Net Income

Adjusted net income, including the impact of tax benefits, totaled R\$ 21.4 million, 11.8% down on the first quarter of 2005.

This reduction was due to the increase in income tax and social contribution to be paid by the subsidiary Riachuelo, in turn caused by the historical negative taxable base, and reduced gains from the Parent Company's tax benefits, which fell from R\$ 5.9 million in the 1Q05 to R\$ 4.7 million in the 1Q06 due to the end of the tax benefit

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

accounting over Social Contribution, in compliance with legal decision.

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 above-mentioned 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\$ 16.7 million in the 1Q06, compared to a net income of R\$18.4 million in the 1Q05, a reduction of 9.2%

Capital Expenditures

In the 1Q06, Riachuêlo invested R\$26.8 million in the activities shown in the following table. The Company also invested R\$ 1.2 million in the acquisition of cards, which are conservatively booked as selling expenses.

CAPEX (R\$ MM)	1Q06
IT	2.3
New Stores	6.0
Remodeling	12.9
Cards (booked as expenses)	1.2
Others (Riachuêlo)	4.4
Total	26.8

***Riachuelos' sales
projections 40%
higher in 2006***

Outlook

For 2006, we expect a 40% growth in Riachuelo's gross revenue.

Previously, the Company had projected around R\$ 200.0 million for 2006. However, the current acquisition cost of cards has been smaller than previously recorded, which will allow us a R\$ 20.0 million decrease in cards, equivalent to 50% of the projected for the period. The total amount invested in cards, including cards expenditures, will be around R\$ 180.0 million.

Hence, out of the remaining R\$ 160.0 million, R\$ 76.5 million will be allocated to remodeling of stores, R\$ 34.3 million for the opening of new stores, R\$ 15.8 million for automation and information technology; R\$ 25.0 million for improvements in plants facilities, and the amount in others, such as logistics.

The entrance of some products offered by Riachuelo's private-label card is still very short. Personal loans, which presents a large growth potential, had 30.940 new contracts in 1Q06.

The year of 2005 was important for the VP's consolidation – basic products at low cost. In the second stage of the verticalization which began in the end of 2005, when we started emphasizing the second great competitive advantage of the verticalized model, which is enjoying the agility that it provides with fashionable and larger margin products.

For 2006, we believe that sales will be stronger than in 2005, once the trust in economy and also some indexes such as the input index, which has been performing strong figures. The expectation of maintenance of the Central Bank of Brazil interest rate decreasing policy and also the credit expansion may turn 2006 into a special year for the retail segment as a whole. In addition to the monetary policy, we should consider the new value of the minimum wage which will reach R\$ 350.00 and the extension of the "Bolsa Família" program in the Northeast, where the company holds its plants and also 22 of the 78 stores.

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 78 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 10.7 million people in March 2006. Additionally, one of the company's main operations nowadays is financial services, which offer customers account sales with interest, personal credit, and 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 Consolidated Income Statement

In R\$ '000

Income Statement	1Q06	1Q05	Chg. (%)
Gross Revenue	416,948	359,827	15.9%
<i>Gross Revenue - Parent Company</i>	99,373	95,181	4.4%
<i>Gross Revenue - Riachuelo</i>	374,478	309,916	20.8%
Deductions	(126,368)	(106,458)	18.7%
Net Revenue	290,580	253,368	14.7%
<i>Net Income - Parent Company</i>	77,279	74,317	4.0%
<i>Net Income - Riachuelo</i>	257,388	214,341	20.1%
Cost of Goods and Services Sold	(162,044)	(142,127)	14.0%
<i>COGS - Parent Company</i>	(53,458)	(51,280)	4.2%
<i>COGS - Riachuelo</i>	(152,704)	(123,829)	23.3%
Gross Profit	128,536	111,241	15.5%
<i>Gross Profit - Parent Company</i>	23,821	23,037	3.4%
<i>Gross Profit - Riachuelo</i>	104,684	90,512	15.7%
Gross Margin	44.2%	43.9%	0.3 p.p.
<i>Gross Margin - Parent Company</i>	30.8%	31.0%	-0.2 p.p.
<i>Gross Margin - Riachuelo</i>	40.7%	42.2%	-1.6 p.p.
Selling Expenses	(104,576)	(84,811)	23.3%
General and Administrative Expenses	(35,556)	(32,040)	11.0%
Other Operating Expenses/Income	(2,018)	(510)	295.7%
Financial Service Revenues	38,755	28,874	34.2%
Adjusted EBIT¹	25,140	22,755	10.5%
Net Financial Expenses	1,652	2,159	-23.5%
Non-operating Result	169	638	-73.4%
Earnings Before Income Tax and Social Contri	26,962	25,552	5.5%
Income and Social Contribution Taxes	(10,264)	(7,155)	43.5%
Net Income (Loss)	16,697	18,397	-9.2%
Tax Benefits	4,717	5,884	-19.8%
Adjusted Net Income (Loss)²	21,414	24,281	-11.8%
Depreciation and Amortization	13,572	11,180	21.4%
EBITDA	(42)	5,061	n.m.
Adjusted EBITDA¹	38,712	33,935	14.1%
EBITDA Margin	13.3%	13.4%	-0.1 p.p.

¹ Includes financial services revenues..

² Includes the Company's fiscal benefits

Consolidated Balance Sheet

In R\$ '000/

Assets	3/31/2006	3/31/2005	12/31/2005
Current Assets	735,990	595,566	869,793
Cash Equivalents	157,678	110,936	275,195
Credits	320,021	265,088	391,952
Inventories	212,771	192,130	173,223
Other	45,520	27,412	29,423
Long Term Assets	23,906	23,728	26,802
Deferred Income Tax	-	2,367	2,367
Judicial Deposits and others	14,618	14,634	14,643
Recoverable taxes	9,288	6,727	9,792
Permanent Assets	606,276	530,691	591,116
Investments	163,545	1,043	162,009
Property, plan and equipment	398,154	486,136	384,947
Deferred	44,576	43,512	44,160
Total Assets	1,366,171	1,149,986	1,487,711
Liabilities	3/31/2006	3/31/2005	12/31/2005
Current Liabilities	294,767	243,771	436,607
Loans and financing	4,500	-	98
Suppliers	156,043	146,133	221,046
Taxes, charges and contributions	43,501	13,767	67,915
Dividends payable	19,839	29,803	19,846
Provisions	32,763	27,855	86,626
Other	38,122	26,213	41,076
Long Term Liabilities	163,396	75,752	164,510
Loans and financing	-	-	-
Provisions	-	-	19,717
Debt with Related Parties	70,910	56,035	69,158
Other	92,486	19,718	75,635
Taxes and contributions	19,718	19,718	-
Social Contribution	72,769	-	75,635
Shareholders' Equity	908,008	830,463	886,594
Paid-in capital	660,000	620,000	660,000
Capital Reserves	25,866	29,591	21,149
Profit Reserve	205,445	162,475	205,445
Legal	-	-	-
Profit Retention	-	-	-
Accumulated Profit/Loss	16,697	18,397	-
Total Liabilities	1,366,171	1,149,986	1,487,711