Magazine Luiza S.A.
2nd Quarter 2012 Earnings Release

São Paulo, August 13, 2012 – Magazine Luiza S.A. (BM&FBOVESPA: MGLU3), one of the largest retail chains focused on durable goods, actively engaged in serving Brazil's low income segment, hereby announces its results for the second quarter of 2012 (2Q12). The Company's accounting information is based on consolidated numbers, in millions of reais (except when indicated otherwise), according to the International Financial Reporting Standards (IFRS).

2Q12 HIGHLIGHTS

The second quarter of 2012 was marked by the substantial sales growth of 21.6%, the increase in consolidated gross and net margin, the continuation of Lojas Maia integration process and the reduction and rationalization of Company's costs and expenses.

Significant Sales Growth

Magazine Luiza's consolidated gross revenue in 2Q12 totaled R$2.1 billion, a 21.6% increase over 2Q11. Same-store sales grew 13.0%, resulting in significant market share gains. Internet sales climbed 45.0%, totaling R$263.5 million in 2Q12. Same-store sales at physical stores were influenced by store maturation, increased productivity in renovated stores and the accelerated growth in the Northeast, all of which partially offsetting the slowdown in economic activity.

Sustainable Growth

The Company posted sustainable growth in 2Q12, maintaining the conservative credit approval policy adopted by Luizacred. Consolidated gross margin increased by 0.7 p.p. over 2Q11 and 1.7 p.p. over 1Q12, corresponding to 33.5% of net revenue, reflecting the improvement in Luizacred's margins and a slight reduction in retail margins, impacted by the higher share of internet sales and the integration of Lojas Maia. The Company also maintained its strict financial discipline, limiting interest-free sales.

Continuation of Lojas Maia Integration Process

After completing the corporate merger and integration of Lojas do Baú in February 2012, the Company concluded the corporate merger of Lojas Maia on April 30, 2012. The integration of Lojas Maia systems began in 2Q12 and will be concluded in October 2012. This integration will help improve sales management and reduce costs, especially as of 2013.

Reduction and Rationalization of Costs and Expenses

The rationalization of costs and expenses is the Company's main concern in 2012. This program includes a revision of stores' expenses in order to increase productivity as well as all other operating expenses. In 2Q12, selling and administrative expenses in the retail segment fell by 0.6 p.p. from 1Q12, from 25.3% to 24.7% of net revenue, already reflecting the rationalization of expenses proposed in the 2012 strategic plan.

Luizacred

Differently from the market in general, the portfolio's overdue indicators are under control and continue to improve both in relation to the previous year and the previous quarter, so that provisions should be proportionally lower in 2H12. Nevertheless, Luizacred maintained its conservative approach in 2Q12, with substantial provisions for loan losses and credit approval rates lower than in 2Q11. Luizacred also implemented a series of measures that led to the dilution of SG&A expenses in 2Q12 and helped improve profitability in the quarter.

Results

Though Brazil's economic growth below expectations, Magazine Luiza's results were in line with the projections for 2Q12, thanks to the sustainable growth in sales and the successful rationalization of costs and expenses. Non-recurring integration expenses totaled only R$3.3 million in 2Q12, as expected. Operating expenses were significantly lower, such that the Company registered positive results in both the retail and consolidated businesses.

EXPECTATIONS FOR THE NEXT SIX MONTHS OF 2012

For the next half of 2012, the Company will sharpen its focus on the maturation of new stores, conclusion of the integration of Lojas Maia, and continuation of the program to reduce and dilute operating expenses, consequently increasing profitability in a consistent manner.

Sales Growth

The Company is confident of continuously growing sales through the maturation of new stores, stores in the Northeast and internet sales. Magazine Luiza believes in a better performance by the Brazilian economy, especially in 4Q12, though below initial estimates.

Conclusion of Lojas Maia Integration Process

In October, the Company will conclude the integration of Lojas Maia's systems. In 2013, the Company should benefit from a fully integrated management, with the dilution of administrative and logistics expenses. In addition, the systems unification should bring benefits to working capital and price management, contributing to increasing the gross and net margins of the stores in the Northeast.

Investments and Expansion

Apart from investments in technology, logistics and store remodeling, which includes changing the Lojas Maia brand to Magazine Luiza, the Company plans the organic opening of 17 more stores in 2H12, 10 of them in the Northeast.

Results

Magazine Luiza expects profitability to increase consistently in 2H12, especially in 4Q12, with the implementation of the cost and expense reduction and rationalization program, and with the capture of synergies from the integration of Lojas do Baú and Lojas Maia. The Management remains confident of recording better productivity indicators and positive results in 2012.

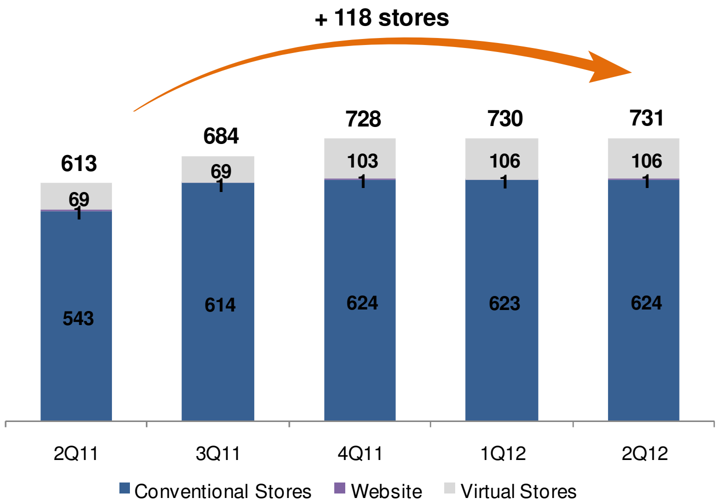
KEY INDICATORS

R$ million (except when otherwise indicated)	2Q12	2Q11	% Chg	1H12	1H11	% Chg
Total Gross Revenue	2,121.0	1,744.3	21.6%	4,252.4	3,440.4	23.6%
Total Net Revenue	1,801.9	1,472.8	22.3%	3,607.0	2,888.9	24.9%
EBITDA	71.9	71.9	0.0%	81.2	155.9	-47.9%
EBITDA Margin	4.0%	4.9%	-0.9 pp	2.3%	5.4%	-3.1 pp
Ajusted EBITDA	74.0	66.5	11.2%	116.8	145.2	-19.5%
Ajusted EBITDA Margin	4.1%	4.5%	-0.4 pp	3.2%	5.0%	-1.8 pp
Net Income	21.9	4.6	378.2%	(18.8)	16.9	-211.4%
Net Margin	1.2%	0.3%	0.9 pp	-0.5%	0.6%	-1.1 pp
Ajusted Net Income	9.5	1.0	819.3%	(0.8)	9.8	-108.3%
Ajusted Net Margin	0.5%	0.1%	0.5 pp	0.0%	0.3%	-0.4 pp
Same Store Sales Growth	13.0%	14.4%	-	14.4%	19.7%	-
Same Physical Store Sales Growth	9.0%	11.3%	-	10.8%	16.1%	-
Internet Sales Growth	45.0%	39.9%	-	43.9%	48.3%	-
Number of Stores - End of Period	731	613	19.2%	731	613	19.2%
Sales Area - End of Period (M2)	457,394	407,311	12.3%	457,394	407,311	12.3%
Credit Card Base - Luizacred (thousand)	4,191	3,975	5.4%	4,191	3,975	5.4%

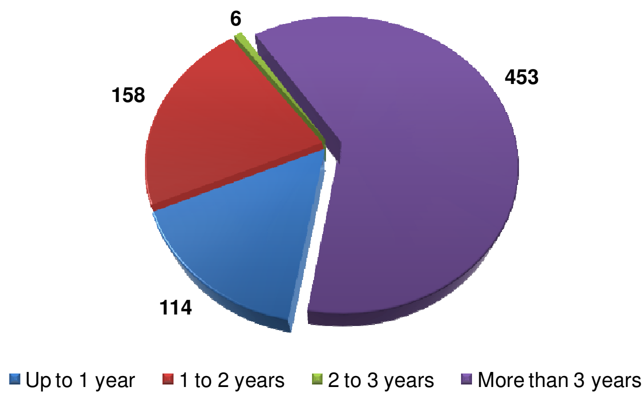
OPERATING PERFORMANCE

Magazine Luiza ended June 2012 with 731 stores, of which 624 were conventional stores, 106 virtual stores and the website, for a total increase of 118 stores over the same period last year. In 2Q12, the Company opened one conventional store in Aracajú, Sergipe. Note that, of Magazine Luiza's 731 stores, 278 (38%) are less than three years old and have yet not reached complete maturation.

Number of Stores

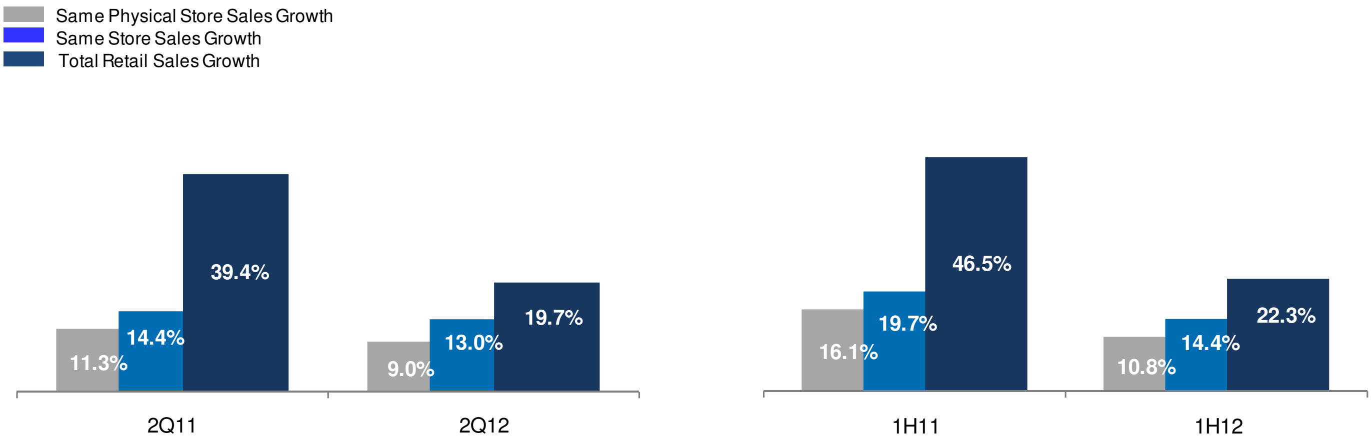


Average Age of Stores (number of stores)



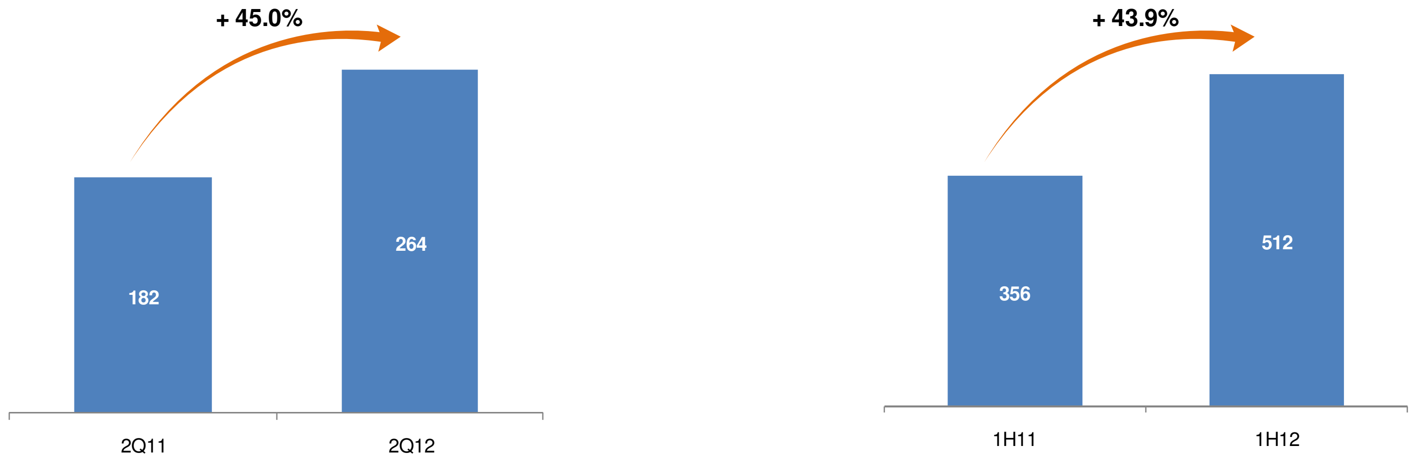
In same-store terms, Magazine Luiza grew 13.0% in 2Q12 over 2Q11 and 14.4% in 1H12 over 1H11.

Same Store Sales Growth (%)



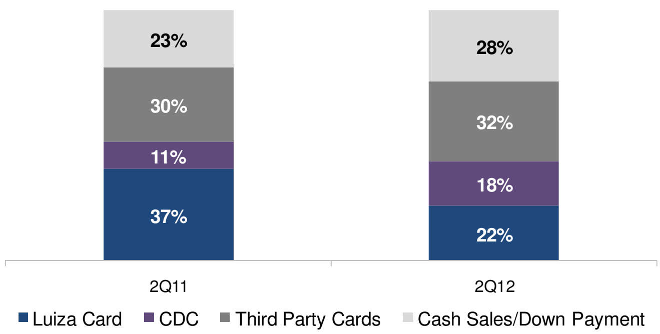
The Internet segment maintains its strong growth pace, increasing its product mix and site content (www.magazineluiza.com.br). In 2Q12, Internet sales climbed 45.0% to R$263.5 million, accounting for 13.4% of retail sales. In 1H12, sales totaled R$512.0 million, 43.9% more than in 1H11.

Internet Gross Revenues (R$ million)

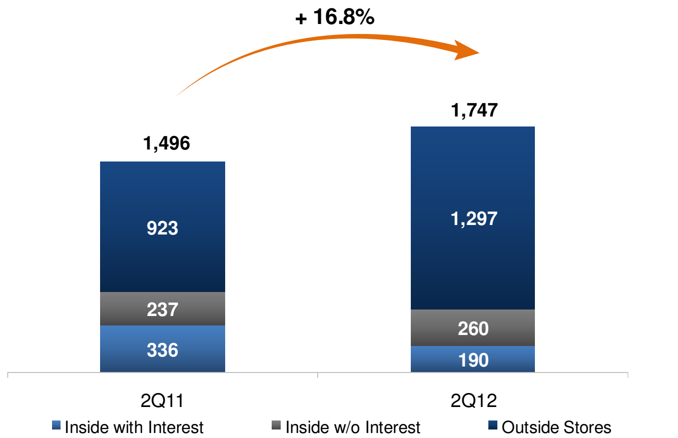


Luizacred's credit card base grew from 4.0 million in 2Q11 to 4.2 million in 2Q12. In 2Q12, total spending on Luiza Cards accounted for 22% of total retail sales, lower than in the same period last year, due to the conservative approach to credit approvals, which was partially offset by the increase in Direct Consumer Credit (CDC).

Financed Sales Mix (% of total sales)



Revenues Luiza Card (R$ million)



Luizacred has entered into a number of partnerships to promote the use of Luiza Cards outside the Company's store network, increasing activation and revenue generation potential. In 2Q12, total spending on Luiza Cards increased 16.8%, to R$1.7 billion. In the same period, the use of Luiza cards outside the Company's stores increased by 40.5%, corresponding to 74.2% of total spending (compared to 61.7% in 2Q11).

Note that the Company is maintaining its policy of encouraging interest-bearing sales and limiting interest-free Luiza Card sales to 15% of total sales.

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Gross Revenue

The following table provides a breakdown of gross revenue by business segment:

(in R$ million)	2Q12	2Q11	% Chg	1H12	1H11	% Chg
Gross Revenue - Retail - Merchandise Sales	1,887.3	1,576.6	19.7%	3,801.2	3,109.5	22.2%
Gross Revenue - Retail - Services	74.1	62.1	19.4%	144.8	117.4	23.3%
Subtotal Retail	**1,961.5**	**1,638.7**	**19.7%**	**3,946.0**	**3,226.9**	**22.3%**
Gross Revenue - Consumer Finance	167.4	115.9	44.5%	324.9	232.9	39.5%
Gross Revenue - Insurance Operations	20.6	16.6	24.4%	39.0	32.4	20.5%
Gross Revenue - Consortium Management	7.9	6.7	18.3%	15.7	12.7	23.7%
Inter-Company Eliminations	(36.5)	(33.6)	8.4%	(73.3)	(64.5)	13.7%
Total Gross Revenue	**2,121.0**	**1,744.3**	**21.6%**	**4,252.4**	**3,440.4**	**23.6%**

Magazine Luiza's consolidated gross revenue increased from R$1,744.3 million in 2Q11 to R$2,121.0 million in 2Q12, up by a significant 21.6%, mainly driven by the following factors:

- 19.7% growth in the retail segment, with sales totaling R$1,961.5 million in 2Q12, influenced by the 13.0% growth in same-store sales and the increase in store count. Sales in the Northeast region deserve mention totaling R$301.3 million, equivalent to 15.4% of total retail sales.

- 44.5% growth in revenue from the consumer financing segment, from R$115.9 million in 2Q11 to R$167.4 million in 2Q12. Revenue growth at Luizacred was chiefly influenced by the increase in service revenue and personal loans, which, as of 3Q11, were recorded under Luizacred (excluding the effect of personal loans, revenue growth would be 31.5%).

In 1H12, consolidated gross revenue increased 23.6%, totaling R$4,252.4 million.

Consolidated Net Revenue

(in R$ million)	2Q12	2Q11	% Chg	1H12	1H11	% Chg
Net Revenue - Retail - Merchandise Sales	1,578.8	1,313.8	20.2%	3,176.4	2,574.4	23.4%
Net Revenue - Retail - Services	64.3	53.9	19.3%	125.7	101.8	23.4%
Subtotal Retail	**1,643.1**	**1,367.7**	**20.1%**	**3,302.1**	**2,676.3**	**23.4%**
Net Revenue - Consumer Finance	167.4	115.9	44.5%	324.9	232.9	39.5%
Net Revenue - Insurance Operations	20.6	16.6	24.4%	39.0	32.4	20.5%
Net Revenue - Consortium Management	7.2	6.3	15.8%	14.3	11.8	21.4%
Inter-Company Eliminations	(36.5)	(33.6)	8.4%	(73.3)	(64.5)	13.7%
Total Net Revenue	**1,801.9**	**1,472.8**	**22.3%**	**3,607.0**	**2,888.9**	**24.9%**

Magazine Luiza's consolidated net revenue increased by 22.3%, from R$1,472.8 million in 2Q11 to R$1,801.9 million in 2Q12. Net revenue growth outpaced gross revenue growth, basically due to the higher volume of products subject to tax substitution, which is booked under COGS. Consolidated net revenue in 1H12 totaled R$3,607.0 million, up 24.9%.

In 1H12, consolidated net revenue increased 24.9%, totaling R$3,607.0 million.

Consolidated Gross Profit

(in R$ million)	2Q12	2Q11	% Chg	1H12	1H11	% Chg
Gross Income - Retail - Merchandise Sales	404.3	349.0	15.8%	800.1	689.0	16.1%
Gross Income - Retail - Services	64.3	53.9	19.3%	125.7	101.8	23.4%
Subtotal Retail	**468.6**	**402.9**	**16.3%**	**925.8**	**790.8**	**17.1%**
Gross Income - Consumer Finance	146.1	94.2	55.1%	278.3	188.2	47.9%
Gross Income - Insurance Operations	19.0	15.4	23.5%	35.7	30.1	18.7%
Gross Income - Consortium Management	4.7	2.5	82.9%	8.9	5.5	62.4%
Inter-Company Eliminations	(35.1)	(32.3)	8.5%	(70.6)	(62.1)	13.8%
Total Gross Income	**603.2**	**482.7**	**25.0%**	**1,178.1**	**952.5**	**23.7%**

(as % of Net Revenue)	2Q12	2Q11	% Chg	1H12	1H11	% Chg
Gross Margin - Retail - Merchandise Sales	25.6%	26.6%	-1.0 pp	25.2%	26.8%	-1.6 pp
Gross Margin - Retail - Services	100.0%	100.0%	0.0 pp	100.0%	100.0%	0.0 pp
Subtotal Retail	**28.5%**	**29.5%**	**-1.0 pp**	**28.0%**	**29.5%**	**-1.5 pp**
Gross Margin - Consumer Finance	87.2%	81.3%	5.9 pp	85.6%	80.8%	4.8 pp
Gross Margin - Insurance Operations	92.2%	92.9%	-0.7 pp	91.5%	92.9%	-1.4 pp
Gross Margin - Consortium Management	64.2%	40.7%	23.5 pp	62.2%	46.5%	15.7 pp
Inter-Company Eliminations	96.2%	96.2%	0.0 pp	96.3%	96.3%	0.0 pp
Total Gross Margin	**33.5%**	**32.8%**	**0.7 pp**	**32.7%**	**33.0%**	**-0.3 pp**

In 2Q12, consolidated gross profit came to R$603.2 million, up 25.0%, accompanied by a gross margin of 33.5%, up 0.7 p.p. from 2Q11. Following are the main factors influencing gross profit:

- Gross margin from the retail segment was 28.5% in 2Q12, higher than the 1Q12 margin of 27.6%, but lower than the 2Q11 margin of 29.5%. Gross margin from merchandise sales was impacted by the following factors: (ii) higher share of Internet sales; (ii) integration of Lojas Maia; and (iii) change in the estimated discount rate used in the adjustment to present value (AVP) of installment sale of merchandise, whose impact on gross profit was R$7.5 million and on gross margin was 0.5 p.p.

  Note that gross margin from the stores in the Northeast increased from 21.2% in 1Q12 to 25.0% in 2Q12, compared to 29.1% registered by other Magazine Luiza stores. The integration of Lojas Maia's systems will help bring the Northeast region's gross margin on par with other regions where the Company operates.

- Gross margin from the consumer finance segment stood at 87.2% in 2Q12, 5.9 p.p. more than in 2Q11, thanks to the reduction in the CDI rate and an accounting change by which revenue from personal loans is being booked in Luizacred (excluding the effect of personal loans, gross margin from the segment would be 86.3% higher than in 2Q11).

In 1H12, consolidated gross profit came to R$1,178.1 million, up 23.7%, accompanied by a margin of 32.7%.

Operating Expenses

(in R$ million)	2Q12	% NR	2Q11	% NR	Var(%)	1H12	% NR	1H11	% NR	% Chg
Selling expenses	(372.5)	-20.7%	(305.8)	-20.8%	21.8%	(754.2)	-20.9%	(603.5)	-20.9%	25.0%
General and administrative expenses	(86.4)	-4.8%	(76.6)	-5.2%	12.8%	(179.9)	-5.0%	(150.2)	-5.2%	19.8%
Provisions for loan losses	(88.4)	-4.9%	(52.7)	-3.6%	67.7%	(168.5)	-4.7%	(103.7)	-3.6%	62.6%
Other operating revenues, net	16.1	0.9%	24.3	1.7%	-33.9%	5.7	0.2%	60.8	2.1%	-90.6%
Total Operating Expenses	**(531.3)**	**-29.5%**	**(410.7)**	**-27.9%**	**29.3%**	**(1,096.9)**	**-30.4%**	**(796.6)**	**-27.6%**	**37.7%**

Selling Expenses

Consolidated selling expenses totaled R$372.5 million in 2Q12, equivalent to 20.7% of net revenue, 0.4 p.p. lower than in 1Q12 and virtually stable from 2Q11. The reduction was mainly due to the adjustments made to stores' expenses in order to increase productivity.

In 1H12, selling expenses amounted to R$754.2 million, equivalent to 20.9% of net revenue.

General and Administrative Expenses

G&A expenses came to R$76.6 million in 2Q11 and R$86.4 million in 2Q12, corresponding to 4.8% of net revenue, 0.4 p.p. lower than in the previous year. These expenses also decreased by 0.4 p.p. from 1Q12 (R$93.4 million, equivalent to 5.2% of net revenue). This reduction is the result of the integration of the offices of Baú stores and the focus on the rationalization of expenses proposed in the strategic plan for the year, which has already improved the Company's results since 1Q12.

In 1H12, G&A expenses totaled R$179.9 million, declining from 5.2% to 5.0% of net revenue.

Provisions for Loan Losses

Provisions for loan losses increased from R$52.7 million in 2Q11 (equivalent to 3.6% of consolidated net revenue) to R$88.4 million in 2Q12 (4.9% of consolidated net revenue), reflecting the conservative approach adopted by Luizacred in maintaining substantial provisions for loan losses.

Provisions for loan losses in 1H12 totaled R$168.5 million, increasing their ratio to net revenue from 3.6% to 4.7%.

Other Operating Expenses (Revenue)

(em R$ milhões)	2Q12	% NR	2Q11	% NR	% Chg	1H12	% NR	1H11	% NR	% Chg
Deferred revenues recorded	23.8	1.3%	12.4	0.8%	92.9%	29.6	0.8%	24.6	0.9%	20.2%
Expenses with chains integration	(3.3)	-0.2%	-	0.0%	-	(16.3)	-0.5%	-	0.0%	-
Personal credit operations	4.1	0.2%	17.5	1.2%	-76.6%	7.2	0.2%	34.1	1.2%	-78.9%
Expenses with introduction of chips	(5.4)	-0.3%	-	0.0%	-	(7.8)	-0.2%	-	0.0%	-
Other	(3.2)	-0.2%	(5.5)	-0.4%	-42.5%	(6.9)	-0.2%	2.1	0.1%	-432.1%
Total	**16.1**	**0.9%**	**24.3**	**1.7%**	**-33.9%**	**5.7**	**0.2%**	**60.8**	**2.1%**	**-90.6%**

Other net operating revenue fell from R$24.3 million in 2Q11 to R$16.1 million in 2Q12, mainly due to the following factors:

- Increase in the deferred revenues from R$12.4 million in 2Q11 to R$23.8 million in 2Q12. It is worth mentioning that: (i) revenues from the JV agreement with Itaú Unibanco were lower due to the change of the accounting methodology to the straight-line method explained in the 4Q11; (ii) Magazine Luiza recorded, in 2Q12, R$10.5 million, of the R$50.0 million received from the New Operational Agreement with Cardif (R$8.8 million was

considered non-recurring revenue as it refers to past periods); (iii) Luizacred recorded R$7.5 million from the R$15.0 million received by the same agreement;

- Reduction in the booking of deferred revenues due to the change of the accounting methodology to the straight-line method (from R$12.4 million to R$5.8 million). However, this reduction was offset by the recognition of R$10.5 million in deferred revenue from the New Operational Agreement with Cardif in June 2012;
- Non-recurring expenses with the integration of the store chains (R$3.3 million);
- Change in the booking of personal loans, which are now recognized under financial intermediation result, thereby reducing revenue from profit sharing from R$17.4 million to R$4.1 million. Payroll-deductible loans are still booked as profit sharing.
- Revenue of R$7.5 million at Luizacred related to the New Operational Agreement with Cardif and expenses with the introduction of chips in Luiza cards, which totaled R$5.4 million.

In 1H12, other net operating revenue totaled R$5.7 million, declining from 2.1% to 0.2% of net revenue.

EBITDA

In 2Q12, earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) reached R$71.9 million, accompanied by a margin of 4.0%. The consolidated result was chiefly impacted by non-recurring costs, revenues and expenses, as well as higher provisions for loan losses. Excluding these non-recurring effects, adjusted EBITDA was R$74.0 million (margin of 4.1%).

Note that EBITDA from the Northeast region increased significantly over 1Q12 to reach R$4.5 million in 2Q12, though it still does not reflect the benefits expected from Lojas Maia integration.

In 1H12, adjusted EBITDA stood at R$116.8 million, accompanied by an adjusted margin of 3.2%.

Financial Result

CONSOLIDATED FINANCIAL RESULTS (R$ million)	2Q12	% NR	2Q11	% NR	1H12	% NR	1H11	% NR
Financial Expenses	(58.7)	-3.3%	(57.7)	-3.9%	(115.7)	-3.2%	(112.5)	-3.9%
Interest on loans and financing	(29.3)	-1.6%	(38.2)	-2.6%	(60.1)	-1.7%	(74.6)	-2.6%
Interest on prepayment of receivables – third party cards	(16.5)	-0.9%	(6.3)	-0.4%	(27.4)	-0.8%	(14.2)	-0.5%
Interest on prepayment of receivables – Luiza Card	(6.1)	-0.3%	(6.1)	-0.4%	(12.3)	-0.3%	(12.4)	-0.4%
Other expenses	(6.8)	-0.4%	(7.1)	-0.5%	(15.9)	-0.4%	(11.3)	-0.4%
Financial Revenues	13.3	0.7%	15.3	1.0%	31.2	0.9%	24.5	0.8%
Gains on marketable securities	6.5	0.4%	10.8	0.7%	11.2	0.3%	16.3	0.6%
Other financial revenues	6.8	0.4%	4.5	0.3%	20.0	0.6%	8.1	0.3%
Total Financial Results	(45.4)	-2.5%	(42.4)	-2.9%	(84.5)	-2.3%	(88.0)	-3.0%

Net financial expenses totaled R$45.4 million in 2Q12, declining from 2.9% of net revenue in 2Q11 to 2.5% in 2Q12. Financial result was influenced (i) positively by the reduction in CDI rate; (ii) partially offset by the increase in working capital requirements; (iii) change in the estimated discount rate used in the adjustment to present value of extended warranty operations (negative impact of R$3.4 million at other financial revenues); and (iv) change in the appropriation of the costs of prepayment of receivables on third-party cards, which is now recognized on the date of the discount operation (additional impact of R$7.2 million).

Excluding the above changes in accounting practices (non-cash impact), net financial expenses were R$34.8 million, equivalent to 1.9% of net revenue.

In 1H12, net financial expenses totaled R$84.5 million, declining from 3.0% to 2.3% of net revenue.

Income and Social Contribution Taxes

Income and social contribution taxes were positive by R$18.3 million, due to the constitution of income tax/social contribution credits on temporary differences at Lojas Maia, totaling R$20.7 million, which was possible after the corporate merger on April 30, 2012.

Consolidated Net Income

The 2Q12 net result was positive by R$21.9 million, with a margin of 1.2%, influenced by non-recurring costs, revenues and expenses as well as the changes in accounting practices in the financial result and non-recurring tax credits. Excluding these non-recurring effects, adjusted net income was R$9.5 million.

In 1H12, Magazine Luiza posted an adjusted net loss of R$0.8 million.

Working Capital

CONSOLIDATED (R$ million)	Jun-12	Mar-12	Dec-11	Sep-11	Jun-11
Accounts receivables [1]	1,966.5	1,884.4	1,927.8	1,758.3	1,630.6
Inventories	1,131.3	1,134.2	1,264.7	1,001.0	876.6
Related parties	33.6	31.5	42.6	42.0	24.2
Recoverable taxes	26.5	27.8	24.6	26.1	16.8
Other assets [2]	109.5	87.8	59.4	70.4	68.7
Current operating assets	3,267.4	3,165.8	3,319.1	2,897.9	2,616.9
Suppliers	1,018.4	1,041.0	1,267.8	988.1	923.7
Interbank deposits	1,018.6	1,021.5	981.5	928.1	911.4
Operations with credit cards	463.2	415.6	436.1	349.1	298.8
Payroll, vacation and related charges	128.3	112.6	121.6	133.1	113.9
Taxes payable	31.7	34.1	49.3	36.2	32.5
Related parties [2]	17.4	13.6	25.5	21.0	12.3
Taxes in installments	2.9	2.9	2.9	3.9	8.2
Technical insurance provisions	34.0	32.0	32.5	29.9	17.7
Other accounts payable	82.9	70.5	94.6	62.5	57.3
Current operating liabilities	2,797.3	2,743.6	3,011.7	2,551.9	2,375.8
Working Capital	470.0	422.2	307.3	346.0	241.1

Note: (1) The balance of accounts receivable is disclosed net of prepaid credit card receivables, totaling R$536.8 million in June 2012, R$467.7 million in March 2012, R$441.0 million in December 2011, R$344.9 million in September 2011 and R$318.6 million in June 2011.
Note: (2) A sum of R$80.0 million was excluded from “Other Assets” account. This amount refers to the New Operational Agreement with Cardif, received in July 2012. Also, a sum of R$15.0 million was excluded from “Related Parties” under liabilities, relating to the transfer to Luizacred (50% of R$30 million)

In June 2012, net working capital stood at R$470.0 million, representing 5.6% of gross revenue in the past 12 months. On the same date, the balance of prepaid receivables from third-party credit cards was R$536.8 million. Considering the balance of discounted receivables, working capital requirements would correspond to 12.0% of gross revenue.

Capex

CAPEX (in R$ million)	2Q12	2Q11	1H12	1H11
New Stores	5.1	7.5	11.6	13.5
Remodeling	8.1	15.1	19.1	25.1
Technology	3.9	15.4	11.2	17.7
Others	18.0	1.9	36.5	6.2
Total	35.1	40.0	78.4	62.5

Investments in fixed and intangible assets fell from R$40.0 million in 2Q11 to R$35.1 million in 2Q12, and include renovations to existing stores as well as investments in technology, logistics and new stores (inaugurated and yet to be inaugurated). In 2Q12, only one conventional store was opened, in the Northeast. Other investments include the conclusion of expansion of the Louveira distribution center and other investments in logistics, which totaled R$9.6 million in 2Q12.

Net Debt

In June 2012, Magazine Luiza had loans and financing in the amount of R$1,126.9 million, and cash and financial investments of R$421.4 million, resulting in net debt of R$705.5 million, equivalent to 2.2x adjusted EBITDA of the past 12 months.

Note that in July 2012, Magazine Luiza received R$65 million relating to the New Operational Agreement with Cardif (R$50 million in retail plus 50% of the R$30 million at Luizacred).

The change in debt balance at the close of June 2012 than in March 2012 is related to the higher working capital requirements in the period and the investments made.

CONSOLIDATED (R$ million)	Jun-12	Mar-12	Dec-11	Sep-11	Jun-11
(+) Current loans and financing	225.9	122.4	129.7	140.8	332.7
(+) Non-current loans and financing	901.0	863.2	581.7	617.1	516.2
(+) Financing of Acquisition	-	-	-	-	8.4
(=) Gross Debt	1,126.9	985.6	711.3	757.9	857.3
(-) Cash and cash equivalents	140.3	176.1	173.1	78.0	48.3
(-) Current securities	255.1	162.7	75.0	259.5	655.5
(-) Non-current securities	26.0	37.4	43.3	35.4	24.4
(-) Total Cash	421.4	376.3	291.3	372.8	728.2
(=) Net Debt	705.5	609.4	420.0	385.1	129.1
Short term debt/total	20%	12%	18%	19%	40%
Long term debt/total	80%	88%	82%	81%	60%
Ajusted EBITDA (LTM)	318.0	310.5	346.3	343.0	344.9
Net Debt/ Ajusted EBITDA	2.2 x	2.0 x	1.2 x	1.1 x	0.4 x

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (R$ million)	2Q12	V.A.	2Q11	V.A.	% Chg	1H12	V.A.	1H11	V.A.	% Chg
Gross Revenue	2,121.0	117.7%	1,744.3	118.4%	21.6%	4,252.4	117.9%	3,440.4	119.1%	23.6%
Taxes and Deductions	(319.1)	-17.7%	(271.5)	-18.4%	17.5%	(645.3)	-17.9%	(551.5)	-19.1%	17.0%
Net Revenue	1,801.9	100.0%	1,472.8	100.0%	22.3%	3,607.0	100.0%	2,888.9	100.0%	24.9%
Total Costs	(1,198.7)	-66.5%	(990.1)	-67.2%	21.1%	(2,428.9)	-67.3%	(1,936.3)	-67.0%	25.4%
Gross Income	603.2	33.5%	482.7	32.8%	25.0%	1,178.1	32.7%	952.5	33.0%	23.7%
Selling expenses	(372.5)	-20.7%	(305.8)	-20.8%	21.8%	(754.2)	-20.9%	(603.5)	-20.9%	25.0%
General and administrative expenses	(86.4)	-4.8%	(76.6)	-5.2%	12.8%	(179.9)	-5.0%	(150.2)	-5.2%	19.8%
Provisions for loan losses	(88.4)	-4.9%	(52.7)	-3.6%	67.7%	(168.5)	-4.7%	(103.7)	-3.6%	62.6%
Other operating revenues, net	16.1	0.9%	24.3	1.7%	-33.9%	5.7	0.2%	60.8	2.1%	-90.6%
Total Operating Expenses	(531.3)	-29.5%	(410.7)	-27.9%	29.3%	(1,096.9)	-30.4%	(796.6)	-27.6%	37.7%
EBITDA	71.9	4.0%	71.9	4.9%	0.0%	81.2	2.3%	155.9	5.4%	-47.9%
Depreciation and Amortization	(23.0)	-1.3%	(21.8)	-1.5%	5.6%	(43.7)	-1.2%	(42.9)	-1.5%	1.8%
EBIT	48.9	2.7%	50.1	3.4%	-2.4%	37.6	1.0%	113.0	3.9%	-66.8%
Financial Results	(45.4)	-2.5%	(42.4)	-2.9%	7.1%	(84.5)	-2.3%	(88.1)	-3.0%	-4.0%
Operating Income	3.6	0.2%	7.8	0.5%	-53.9%	(47.0)	-1.3%	25.0	0.9%	-287.9%
Income Tax and Social Contribution	18.3	1.0%	(3.2)	-0.2%	-673.3%	28.2	0.8%	(8.1)	-0.3%	-447.0%
Net Income	21.9	1.2%	4.6	0.3%	378.2%	(18.8)	-0.5%	16.9	0.6%	-211.4%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	71.9	4.0%	71.9	4.9%	-	81.2	2.3%	155.9	5.4%	-
Extraordinary costs	7.5	0.4%	-	0.0%	-	15.0	0.4%	-	0.0%	-
Extraordinary expenses	3.3	0.2%	-	0.0%	-	29.3	0.8%	-	0.0%	-
Adjusted deferred revenues	(8.8)	-0.5%	(5.4)	-0.4%	-	(8.8)	-0.2%	(10.8)	-0.4%	-
Adjusted EBITDA	74.0	4.1%	66.5	4.5%	-	116.8	3.2%	145.2	5.0%	-

Net Income	21.9	1.2%	4.6	0.3%	-	(18.8)	-0.5%	16.9	0.6%	-
Extraordinary operational results	2.1	0.1%	(5.4)	-0.4%	-	35.6	1.0%	(10.8)	-0.4%	-
Extraordinary financial results	10.6	0.6%	-	0.0%	-	10.6	0.3%	-	0.0%	-
Tax over extraordinary results	(4.3)	-0.2%	1.8	0.1%	-	(15.7)	-0.4%	3.7	0.1%	-
Extraordinary tax credits	(20.7)	-1.2%	-	0.0%	-	(12.5)	-0.3%	-	0.0%	-
Adjusted Net Income	9.5	0.5%	1.0	0.1%	-	(0.8)	0.0%	9.8	0.3%	-

Notes to the non-recurring results in 2Q12:
(1) *Non-recurring costs totaled R$7.5 million, related to changes to the discount rate estimates of the adjustment to present value (AVP) of sales merchandise operations.*
(2) *Non-recurring expenses totaled R$3.3 million, related to the integration process of the chains.*
(3) *Adjusted deferred revenues: of the total R$10.5 million, related to the New Operational Agreement with Cardif. R$8.8 million was considered non-recurring revenue as it refers to the validity of the agreement with retrospective effect from January 2011 through March 2012.*
(4) *Non-recurring financial expenses: R$3.4 million related to the adjustment to present value (AVP) of extended warranties operations and R$7.2 million related to change in the methodology for the appropriation of costs from prepayments of third-party credit card receivables.*
(5) *Credit of income and social contribution taxes amounting to R$20.7 million, relating to temporary differences of Lojas Maia.*

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Jun-12	Mar-12	Dec-11	Sep-11	Jun-11
CURRENT ASSETS					
Cash and cash equivalents	140.3	176.1	173.1	78.0	48.3
Securities	255.1	162.7	75.0	259.5	655.5
Accounts receivable	1,966.5	1,884.4	1,927.8	1,758.3	1,630.6
Inventories	1,131.3	1,134.2	1,264.7	1,001.0	876.6
Related parties	33.6	31.5	42.6	42.0	24.2
Taxes recoverable	26.5	27.8	24.6	26.1	16.8
Other assets	189.5	87.8	59.4	70.4	68.7
Total current assets	3,742.7	3,504.6	3,567.1	3,235.4	3,320.7
NON-CURRENT ASSETS					
Securities	26.0	37.4	43.3	35.4	24.4
Accounts receivable	2.6	3.6	9.4	6.3	9.3
Deferred income tax and social contribution	206.9	191.6	178.9	183.7	189.7
Recoverable taxes	21.6	24.3	31.0	29.5	32.2
	128.7	103.2	89.0	75.3	61.3
Other assets	17.3	29.2	19.8	18.8	17.0
Fixed assets	529.2	513.7	489.9	406.6	372.6
Intangible assets	443.2	447.1	448.9	448.6	374.9
Total non-current assets	1,375.4	1,350.2	1,310.2	1,204.1	1,081.3
TOTAL ASSETS	5,118.2	4,854.8	4,877.4	4,439.4	4,402.0

LIABILITIES (R$ million)	jun-12	mar-12	dez-11	set-11	jun-11
CURRENT LIABILITIES					
Suppliers	1,018.4	1,041.0	1,267.8	988.1	923.7
Loans and financing	225.9	122.4	129.7	140.8	332.7
Interbank deposits	1,018.6	1,021.5	981.5	928.1	911.4
Operations with credit cards	463.2	415.6	436.1	349.1	298.8
Payroll, vacation and related charges	128.3	112.6	121.6	133.1	113.9
Taxes payable	31.7	34.1	49.3	36.2	32.5
Related parties	32.4	13.6	25.5	21.0	12.3
Taxes in installments	2.9	2.9	2.9	3.9	8.2
Deferred revenue	33.4	24.1	24.1	25.6	26.0
Dividends payable	-	1.7	1.7	-	-
Technical insurance provisions	34.0	32.0	32.5	29.9	17.7
Other accounts payable	82.9	70.5	94.6	62.5	65.7
Total current liabilities	3,071.6	2,891.7	3,167.1	2,718.3	2,742.9
NON-CURRENT LIABILITIES					
Loans and financing	901.0	863.2	581.7	617.1	516.2
Interbank deposits	-	-	-	-	0.3
Taxes in installments	3.0	3.7	4.4	4.0	6.1
Provision for tax, civil and labor risks	185.7	188.1	173.4	165.8	189.6
Technical insurance provisions	20.5	20.5	17.9	18.2	29.6
Deferred revenue	319.7	288.2	294.3	259.4	271.4
Deferred income tax and social contribution	8.1	11.9	10.8	11.5	12.3
Other accounts payable	6.1	6.5	6.9	5.5	5.8
Total non-current liabilities	1,444.0	1,382.1	1,089.3	1,081.7	1,031.3
SHAREHOLDERS' EQUITY					
Capital stock	606.5	606.5	606.5	606.5	606.5
Legal reserve	4.0	4.0	4.0	3.4	3.4
Profit retention reserve	9.3	10.4	10.4	1.0	1.0
Accumulated losses	(18.8)	(40.7)	-	28.6	16.9
Total shareholders' equity	602.5	581.0	620.9	639.5	627.8
TOTAL	5,118.2	4,854.8	4,877.4	4,439.4	4,402.0

ANNEX III
FINANCIAL STATEMENTS – RETAIL

RETAIL INCOME STATEMENT (R$ million)	2Q12	V.A.	2Q11	V.A.	% Chg	1H12	V.A.	1H11	V.A.	% Chg
Gross Revenue	1,961.5	119.4%	1,638.7	119.8%	19.7%	3,946.0	119.5%	3,226.9	120.6%	22.3%
Taxes and Deductions	(318.4)	-19.4%	(271.0)	-19.8%	17.5%	(644.0)	-19.5%	(550.6)	-20.6%	17.0%
Net Revenue	1,643.1	100.0%	1,367.7	100.0%	20.1%	3,302.1	100.0%	2,676.3	100.0%	23.4%
Total Costs	(1,174.6)	-71.5%	(964.8)	-70.5%	21.7%	(2,376.3)	-72.0%	(1,885.5)	-70.5%	26.0%
Gross Income	468.6	28.5%	402.9	29.5%	16.3%	925.8	28.0%	790.8	29.5%	17.1%
Selling expenses	(327.2)	-19.9%	(277.7)	-20.3%	17.8%	(660.5)	-20.0%	(539.6)	-20.2%	22.4%
General and administrative expenses	(78.4)	-4.8%	(68.8)	-5.0%	14.0%	(164.6)	-5.0%	(136.7)	-5.1%	20.4%
Provisions for loan losses	(7.3)	-0.4%	(2.7)	-0.2%	170.9%	(11.4)	-0.3%	(4.6)	-0.2%	147.2%
Other operating revenues, net	15.7	1.0%	15.6	1.1%	0.4%	8.8	0.3%	41.3	1.5%	-78.8%
Total Operating Expenses	(397.2)	-24.2%	(333.5)	-24.4%	19.1%	(827.8)	-25.1%	(639.6)	-23.9%	29.4%
EBITDA	71.3	4.3%	69.4	5.1%	2.8%	98.0	3.0%	151.2	5.7%	-35.2%
Depreciation and Amortization	(23.0)	-1.4%	(21.4)	-1.6%	7.4%	(43.7)	-1.3%	(42.2)	-1.6%	3.5%
EBIT	48.4	2.9%	48.0	3.5%	0.8%	54.3	1.6%	109.0	4.1%	-50.2%
Equity in Subsidiaries	5.3	0.3%	7.8	0.6%	-32.7%	0.1	0.0%	14.0	0.5%	-99.1%
Financial Results	(53.6)	-3.3%	(50.9)	-3.7%	5.3%	(101.5)	-3.1%	(105.0)	-3.9%	-3.4%
Operating Income	(0.0)	0.0%	4.9	0.4%	-100.2%	(47.0)	-1.4%	18.0	0.7%	-361.1%
Income Tax and Social Contribution	21.9	1.3%	(0.3)	0.0%	-	28.2	0.9%	(1.1)	0.0%	-
Net Income	21.9	1.3%	4.6	0.3%	378.2%	(18.8)	-0.6%	16.9	0.6%	-211.4%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	71.3	4.3%	69.4	5.1%	-	98.0	3.0%	151.2	5.7%	-
Extraordinary costs	7.5	0.5%	-	0.0%	-	7.5	0.2%	-	0.0%	-
Extraordinary expenses	3.3	0.2%	-	0.0%	-	3.3	0.1%	-	0.0%	-
Adjusted deferred revenues	(8.8)	-0.5%	(5.4)	-0.4%	-	(8.8)	-0.3%	(5.4)	-0.2%	-
Adjusted EBITDA	73.4	4.5%	64.0	4.7%	-	100.0	3.0%	145.8	5.4%	-

Net Income	21.9	1.3%	4.6	0.3%	-	(18.8)	-0.6%	16.9	0.6%	-
Extraordinary operational results	2.1	0.1%	(5.4)	-0.4%	-	2.1	0.1%	(5.4)	-0.2%	-
Extraordinary financial results	10.6	0.6%	-	0.0%	-	10.6	0.3%	-	0.0%	-
Tax over extraordinary results	(4.3)	-0.3%	1.8	0.1%	-	(4.3)	-0.1%	1.8	0.1%	-
Extraordinary tax credits	(20.7)	-1.3%	-	0.0%	-	(20.7)	-0.6%	-	0.0%	-
Adjusted Net Income	9.5	0.6%	1.0	0.1%	-	(31.2)	-0.9%	13.3	0.5%	-

ANNEX IV
FINANCIAL STATEMENTS BY BUSINESS LINE – 2Q12

2Q12 (in R$ million)	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	1,961.5	167.4	20.6	7.9	(36.5)	2,121.0
Taxes and Deductions	(318.4)	-	-	(0.7)	-	(319.1)
Net Revenue	1,643.1	167.4	20.6	7.2	(36.5)	1,801.9
Total Costs	(1,174.6)	(21.4)	(1.6)	(2.6)	1.4	(1,198.7)
Gross Income	468.6	146.1	19.0	4.7	(35.1)	603.2
Selling expenses	(327.2)	(61.2)	(13.2)	-	29.0	(372.5)
General and administrative expenses	(78.4)	(0.6)	(3.7)	(3.7)	-	(86.4)
Provisions for loan losses	(7.3)	(81.0)	-	-	-	(88.4)
Other operating revenues, net	15.7	1.9	0.1	0.1	(1.7)	16.1
Total Operating Expenses	(397.2)	(140.9)	(16.8)	(3.6)	27.3	(531.3)
EBITDA	71.3	5.1	2.2	1.1	(7.8)	71.9
Depreciation and Amortization	(23.0)	(1.7)	(0.0)	(0.1)	1.7	(23.0)
EBIT	48.4	3.5	2.2	1.0	(6.1)	48.9
Equity in Subsidiaries	5.3	-	-	-	(5.3)	-
Financial Results	(53.6)	-	2.0	0.2	6.1	(45.4)
Operating Income	(0.0)	3.5	4.1	1.3	(5.3)	3.6
Income Tax and Social Contribution	21.9	(1.5)	(1.7)	(0.4)	-	18.3
Net Income	21.9	1.9	2.5	0.8	(5.3)	21.9
Gross Margin	28.5%	87.2%	92.2%	64.2%	96.2%	33.5%
EBITDA Margin	4.3%	3.1%	10.4%	15.2%	21.4%	4.0%
Net Margin	1.3%	1.2%	12.0%	11.6%	14.4%	1.2%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	71.3	5.1	2.2	1.1	(7.8)	71.9
Extraordinary costs	7.5	-	-	-	-	7.5
Extraordinary expenses	3.3	-	-	-	-	3.3
Adjusted deferred revenues	(8.8)	-	-	-	-	(8.8)
Adjusted EBITDA	73.4	5.1	2.2	1.1	(7.8)	74.0
Ajusted EBITDA Margin	4.5%	3.1%	10.4%	15.2%	21.4%	4.1%

Net Income	21.9	1.9	2.5	0.8	(5.3)	21.9
Extraordinary operational results	2.1	-	-	-	-	2.1
Extraordinary financial results	10.6	-	-	-	-	10.6
Tax over extraordinary results	(4.3)	-	-	-	-	(4.3)
Extraordinary tax credits	(20.7)	-	-	-	-	(20.7)
Adjusted Net Income	9.5	194.4%	2.5	0.8	(5.3)	9.5
Adjusted Net Income Margin	0.6%	1.2%	12.0%	11.6%	14.4%	0.5%

ANNEX V
RESULTS BY SEGMENT – 2Q11

2Q11 (in R$ million)	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	1,638.7	115.9	16.6	6.7	(33.6)	1,744.3
Taxes and Deductions	(271.0)	-	-	(0.5)	-	(271.5)
Net Revenue	1,367.7	115.9	16.6	6.3	(33.6)	1,472.8
Total Costs	(964.8)	(21.7)	(1.2)	(3.7)	1.3	(990.1)
Gross Income	402.9	94.2	15.4	2.5	(32.3)	482.7
Selling expenses	(277.7)	(45.1)	(9.2)	-	26.2	(305.8)
General and administrative expenses	(68.8)	(0.8)	(4.0)	(3.0)	-	(76.6)
Provisions for loan losses	(2.7)	(50.0)	-	-	-	(52.7)
Other operating revenues, net	15.6	10.9	(0.0)	0.1	(2.3)	24.3
Total Operating Expenses	(333.5)	(84.9)	(13.3)	(2.9)	23.9	(410.7)
EBITDA	69.4	9.3	2.1	(0.4)	(8.5)	71.9
Depreciation and Amortization	(21.4)	(1.4)	(1.3)	(0.1)	2.3	(21.8)
EBIT	48.0	7.9	0.8	(0.5)	(6.1)	50.2
Equity in Subsidiaries	7.8	-	-	-	(7.8)	-
Financial Results	(50.9)	-	2.2	0.2	6.1	(42.4)
Operating Income	4.9	7.9	3.0	(0.2)	(7.8)	7.8
Income Tax and Social Contribution	(0.3)	(1.7)	(1.2)	0.0	-	(3.2)
Net Income	4.6	6.2	1.8	(0.2)	(7.8)	4.6
Gross Margin	29.5%	81.3%	92.9%	40.7%	96.2%	32.8%
EBITDA Margin	5.1%	8.0%	12.7%	-6.2%	25.2%	4.9%
Net Margin	0.3%	5.4%	11.0%	-3.2%	23.3%	0.3%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	69.4	9.3	2.1	(0.4)	(8.5)	71.9
Extraordinary costs	-	-	-	-	-	-
Extraordinary expenses	-	-	-	-	-	-
Adjusted deferred revenues	(5.4)	-	-	-	-	(5.4)
Adjusted EBITDA	64.0	9.3	2.1	(0.4)	(8.5)	66.5
Ajusted EBITDA Margin	4.7%	8.0%	12.7%	-6.2%	25.2%	4.5%

Net Income	4.6	6.2	1.8	(0.2)	(7.8)	4.6
Extraordinary operational results	(5.4)	-	-	-	-	(5.4)
Extraordinary financial results	-	-	-	-	-	-
Tax over extraordinary results	1.8	-	-	-	-	1.8
Extraordinary tax credits	-	-	-	-	-	-
Adjusted Net Income	1.0	6.2	1.8	(0.2)	(7.8)	1.0
Adjusted Net Income Margin	0.1%	5.4%	11.0%	-3.2%	23.3%	0.1%

ANNEX VI
SALES MIX AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)					Growth
	1H12	V.A.	1H11	V.A.	Total
Virtual Stores	173.9	4.4%	128.7	4.0%	35.1%
Website	512.0	13.0%	355.7	11.0%	43.9%
Subtotal – Virtual Channel	**685.9**	17.4%	**484.5**	15.0%	41.6%
Conventional Stores	3,260.2	82.6%	2,742.4	85.0%	18.9%
Total	**3,946.0**	100.0%	**3,226.9**	100.0%	22.3%

Gross Revenue by Channel (R$ million)					Growth
	2Q12	V.A.	2Q11	V.A.	Total
Virtual Stores	88.7	4.5%	68.1	4.2%	30.1%
Website	263.5	13.4%	181.7	11.1%	45.0%
Subtotal – Virtual Channel	**352.2**	18.0%	**249.9**	15.2%	40.9%
Conventional Stores	1,609.3	82.0%	1,388.8	84.8%	15.9%
Total	**1,961.5**	100.0%	**1,638.7**	100.0%	19.7%

Number of stores per channel – End of the period					Growth
	jun-12	Part(%)	jun-11	Part(%)	Total
Virtual Stores	106	14.5%	69	11.3%	37
Website	1	0.1%	1	0.2%	-
Subtotal – Virtual Channel	**107**	14.6%	**70**	11.4%	37
Conventional Stores	624	85.4%	543	88.6%	81
Total	**731**	100.0%	**613**	100.0%	118
Total Sales Area (m²)	**457,394**	100.0%	**407,311**	100.0%	12.3%

ANNEX VII
LUIZACRED

Operating Indicators

Luizacred is a joint venture between Magazine Luiza and Itaú Unibanco, responsible for financing the majority of the Company's sales. Magazine Luiza's main role is employee management and customer service, while Itaú Unibanco is responsible for financing at Luizacred, drafting the credit and collections policies and such back office activities as accounting and treasury.

In June 2012, Luizacred had a total base of 4.2 million cards issued. In the past 12 months, the total card base grew 5.4%, contributing to the increase in revenues from Luiza Card both inside and outside the Company's stores (in 2Q12, purchases outside stores represented 74.2% of total card billings, up 40.5% on 2Q11).

Luizacred's credit portfolio, including credit card, CDC (Direct Consumer Credit) and personal loans, totaled R$3.4 billion at the close of 2Q12.

LUIZACRED – Key Indicators (R$ million)	2Q12	2Q11	% Chg	1H12	1H11	% Chg
Total Card Base (thousand)	4,191	3,975	5.4%	4,191	3,975	5.4%
Luiza Card Sales – In chain	450	572	-21.4%	925	1,058	-12.6%
Luiza Card Sales – Outside Brand	1,297	923	40.5%	2,438	1,637	48.9%
CDC Sales	293	150	95.3%	530	277	91.3%
Personal Loans Sales	45	71	-36.1%	104	138	-24.9%
Total Luizacred Sales	2,085	1,716	21.5%	3,996	3,111	28.4%
Card Portfolio	2,655	2,292	15.8%	2,655	2,292	15.8%
CDC Portfolio	661	376	75.9%	661	376	75.9%
Personal Loans Portfolio	126	-	-	126	-	-
Total Portfolio	3,442	2,668	29.0%	3,442	2,668	29.0%

Loan and Collection Policy

Credit is granted at Luizacred according to the policies and criteria established by the Credit Modeling and Policy area of Itaú Unibanco. The policies are defined based on proprietary statistics models using the Risk Adjusted Return on Capital (RAROC) model as the criterion. Continuing its conservative approach, in 2Q12 Luizacred reduced the credit approval rate compared to 2Q11.

Revenue from Financial Intermediation

Gross revenue from financial intermediation increased by 47.0% between 2Q11 and 2Q12, due to (i) the growth of the credit card base, (ii) higher share of CDC in retail sales, and (iii) revenues from personal loans which, in 3Q11, began to be booked as result from financial intermediation (previously, results from personal loans were recognized under other operating revenue via profit sharing).

Provisions for Loan Losses

The aging indicators of Luizacred's portfolio at the close of June 2012 were better than in March 2012 and June 2011. Provisions for loan losses on Luizacred's portfolio stood at 4.7% of total portfolio in 2Q12, higher than the 3.7% recorded in 2Q11.

Luizacred's balance of provision for loan losses remained stable, totaling R$467.5 million (13.6% of total portfolio), in line with the requirements of the Brazilian Central Bank pursuant to Law 2682. Since the portfolio balance overdue more than 90 days decreased from R$422.2 million to R$400.9 million, the coverage ratio increased from 111% to 117%.

PORTFOLIO OVERDUE	Jun-12		Mar-12		Dec-11		Sep-11		Jun-11	
Total Portfolio (R$ million)	3,441.8	100.0%	3,334.1	100.0%	3,334.2	100.0%	3,011.7	100.0%	2,668.3	100.0%
000 to 014 days	2,893.3	84.1%	2,754.4	82.6%	2,773.8	83.2%	2,478.2	82.3%	2,155.4	80.8%
015 to 030 days	45.3	1.3%	52.9	1.6%	43.2	1.3%	34.2	1.1%	78.8	3.0%
031 to 060 days	43.3	1.3%	47.8	1.4%	39.5	1.2%	36.2	1.2%	51.9	1.9%
061 to 090 days	58.9	1.7%	56.8	1.7%	64.4	1.9%	52.7	1.8%	48.4	1.8%
091 to 120 days	51.0	1.5%	46.5	1.4%	53.2	1.6%	54.0	1.8%	45.3	1.7%
121 to 150 days	48.9	1.4%	44.3	1.3%	46.4	1.4%	48.8	1.6%	47.3	1.8%
151 to 180 days	46.8	1.4%	54.4	1.6%	41.9	1.3%	51.8	1.7%	51.2	1.9%
180 to 360 days	254.3	7.4%	277.1	8.3%	271.8	8.2%	255.7	8.5%	190.0	7.1%
Overdue from 15-90 days	147.5	4.3%	157.5	4.7%	147.0	4.4%	123.2	4.1%	179.1	6.7%
Overdue above 90 days	400.9	11.6%	422.2	12.7%	413.3	12.4%	410.3	13.6%	333.8	12.5%
Total Overdue	548.5	15.9%	579.7	17.4%	560.4	16.8%	533.5	17.7%	512.9	19.2%
Allowance for doubtful accounts in IFRS	467.5	13.6%	467.5	14.0%	469.5	14.1%	455.7	15.1%	372.9	14.0%
Coverage (%)	117%		111%		114%		111%		112%	

Note: for better comparability and analysis of the performance of loans (NPL), the Company started providing the breakdown of the portfolio by overdue bracket, whereas it continues to provide the portfolio breakdown by risk bracket, to the Central Bank.

Gross Financial Intermediation Income

As a result of the sharp revenue growth and the reduction in CDI, gross financial margin in 2Q12 was 26.0%, a 3.4 p.p. increase over 1Q12 (22.6%), despite the increase in provisions for loan losses.

Other Operating Revenues (Expenses)

- **Service Revenue**: increased by 33.3% over 2Q11, mainly driven by revenues from insurance, fees and commissions for the use of Luiza cards outside the stores;

- **Selling and Administrative Expenses** (personnel, administrative, amortization and taxes): corresponded to 45.8% financial intermediation income, down 4.3 p.p. from 2Q11 and 6.4 p.p. from 1Q12. This decrease is due to the maturation of the card base, growth of the portfolio and the Company's cost-cutting efforts;

- **Other Operating Revenues (Expenses)**: totaled R$3.7 million, equivalent to 1.3% of financial intermediation income, significantly lower compared to 2Q11, due (i) to revenues from personal loans, which are now booked as financial intermediation income; (ii) non recurring expenses relating to the introduction of chips on the credit card active base, amounting to R$10.8 million, and (iii) revenue of R$15.0 million, from the total of R$30,0 million received by Luizacred, relating to the New Operational Agreement with Cardif.

Income Statement

LUIZACRED – Income (R$ million)	2Q12	V.A.	2Q11	V.A.	% Chg	1H12	V.A.	1H11	V.A.	% Chg
Financial Intermediation Revenue	276.9	100.0%	188.3	100.0%	47.0%	538.8	100.0%	385.6	100.0%	39.7%
Cards	173.6	62.7%	135.1	71.8%	28.4%	343.8	63.8%	282.0	73.1%	21.9%
CDC	73.2	26.4%	53.2	28.2%	37.6%	134.9	25.0%	103.6	26.9%	30.2%
Personal Loans	30.1	10.9%	-	0.0%	-	60.13	11.2%	-	0.0%	-
Financial Intermediation Expenses	(204.8)	-74.0%	(143.4)	-76.1%	42.8%	(407.5)	-75.6%	(287.3)	-74.5%	41.8%
Market Funding Operations	(42.7)	-15.4%	(43.4)	-23.1%	-1.7%	(93.3)	-17.3%	(89.3)	-23.2%	4.5%
Provision for Loan Losses	(162.0)	-58.5%	(99.9)	-53.1%	62.1%	(314.2)	-58.3%	(198.1)	-51.4%	58.7%
Gross Financial Intermediation Income	72.1	26.0%	44.9	23.9%	60.5%	131.3	24.4%	98.3	25.5%	33.6%
Other Operating Revenues (Expenses)	(65.2)	-23.5%	(29.1)	-15.4%	124.0%	(152.1)	-28.2%	(67.1)	-17.4%	126.8%
Service Revenue	58.0	20.9%	43.5	23.1%	33.3%	111.1	20.6%	80.1	20.8%	38.6%
Personnel Expenses	(1.2)	-0.4%	(1.5)	-0.8%	-21.7%	(3.0)	-0.6%	(4.0)	-1.0%	-23.2%
Other Administrative Expenses	(105.8)	-38.2%	(77.9)	-41.4%	35.8%	(220.7)	-41.0%	(162.0)	-42.0%	36.2%
Depreciation and Amortization	(3.3)	-1.2%	(2.7)	-1.5%	21.1%	(6.6)	-1.2%	(5.4)	-1.4%	22.9%
Tax Expenses	(16.5)	-5.9%	(12.2)	-6.5%	34.7%	(33.1)	-6.2%	(23.8)	-6.2%	39.5%
Other Operating Revenues (Expenses)	3.7	1.3%	21.9	11.6%	-83.0%	0.3	0.1%	47.9	12.4%	-99.3%
Income Before Tax	6.9	2.5%	15.8	8.4%	-56.1%	(20.8)	-3.9%	31.2	8.1%	-166.6%
Income Tax and Social Contribution	(3.1)	-1.1%	(3.4)	-1.8%	-10.9%	8.0	1.5%	(9.6)	-2.5%	-183.6%
Net Income	3.9	1.4%	12.4	6.6%	-68.6%	(12.8)	-2.4%	21.6	5.6%	-159.1%

Shareholders' Equity

According to the accounting practices established by the Brazilian Central Bank, Luizacred shareholders' equity in June 2012 stood at R$335.9 million. As a result of other adjustments required under IFRS, the shareholders' equity of Luizacred for use in the financial statements of Magazine Luiza was R$338.2 million.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

August 14, 2012 (Tuesday)

11:00 AM – Brasília Time

10:00 AM – US EST

Callers from Brazil:

Dial-in: +55 11 3127-4971

Access code: Magazine Luiza

Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/d6d9b9fb-20c4-47dc-9df9-37d7706ac2cf

Callers from other countries:

Dial-in: +1 516 3001066

Access code: Magazine Luiza

Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/17227413-a340-4279-be1e-00772ea575fd

Replay (available for 7 days):

Dial-in: +55 11 3127-4999

Portuguese version: 36868573# / English version: 19013456#

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About Magazine Luiza

Founded in 1957, Magazine Luiza is one of Brazil's largest retail chains focused on durable goods, actively engaged in Brazil's low income classes. To strengthen its relationship with its customers, Magazine Luiza innovated in 2001 by entering into an alliance with Itaú Unibanco to create Luizacred. In 2005, Magazine Luiza once again innovated when it became the first retailer to control an insurance company, Luizaseg, in partnership with Cardif of the BNP Paribas group. And in 2010, Magazine Luiza acquired Lojas Maia, one of the largest retail chains with a presence in all the states across northeast Brazil – the fastest growing region in the country. In June 2011, it acquired Baú da Felicidade stores.

EBITDA, Adjusted EBITDA and Adjusted Net Income

EBITDA (earnings before income and social contribution taxes, financial income and expenses, depreciation and amortization) is not a financial performance measure under the accounting practices adopted in Brazil. Because it does not consider expenses intrinsic to the business, EBITDA has limitations that affect its use as a profitability or liquidity indicator. EBITDA should not be considered an alternative to net income or operating cash flow. In addition, EBITDA does not have a standard meaning, and our definition may not be comparable with the definitions adopted by other companies. Non-recurring results used to calculate adjusted EBITDA and adjusted net income should not be considered an alternative to EBITDA and net income according to the accounting practices adopted in Brazil.