July 31st, 2017

Magazine Luiza S.A. (B3: MGLU3)
2nd Quarter 2017 Earnings Release (IFRS equivalent)

MGLU3 NOVO MERCADO BM&FBOVESPA

2Q17 HIGHLIGHTS

E-commerce grew 55% achieving 28% of sales
Physical stores increased 15% in SSS
Total sales grew 26% to R$3.2 billion
EBITDA went up 44% to R$236 million (margin of 8.7%)
Net income increased from R$10 million to R$72 million
Net debt decreased R$587 million in LTM

- **Consistent market share gain.** In 2Q17, consolidated gross sales grew 25.6% to R$3.2 billion, as a result of 23.7% growth in same-store-sales (+55.4% in e-commerce and 14.5% in brick-and-mortar stores). Again, this quarter, Magazine Luiza gained market share in all channels and in main product categories. According to the IBGE (PMC), the nominal sales of furniture and domestic appliances increased 4.7% for the first five months of the year, compared to higher growth of the Company during same period (24.3% in 1H17).

- **Accelerated e-commerce growth.** The e-commerce sales were up 55.4% in 2Q17 (compared to the market growth of 11.6%, according to E-bit's data), reaching 27.8% in the Company's total sales. This market share gain resulted from some initiatives as: (i) increased sales from mobile platforms, specially the app, which reached 6.2 million downloads, (ii) higher conversion rate in all e-commerce channels, due to a better assortment, improvement on usability, search and recommendation and reduced delivery times, (iii) ongoing capture of the benefits of the implementation of multi-channel projects, highlighting the In Store Pickup and (iv) the maintenance of the high level of service with the permanence of the RA1000 service excellence seal. In 1H17 e-commerce sales were up 55.8% (28.1% of total sales).

- **Gross profit evolution.** In 2Q17, gross profit grew 22.3% to R$834.9 million. Gross margin decreased 90 bps, from 31.8% in 2Q16 to 30.9% in 2Q17, chiefly due to: (i) higher percentage from e-commerce over total sales (+530 bps over 2Q16) and (ii) flat gross margin in all channels. Solid sales growth with flat margins per channel was the result of a better commercial assertiveness, inventory management and greater rationality of prices in the e-commerce and the brick-and-mortar store markets. In 1H17 gross margin was 30.3%, 70 lower from 1H16.

- **Significant dilution of operating expenses.** In 2Q17, operating expenses were diluted by 2.1 percentage points, to 22.8% of the net revenue. Expenses were up only 15.2% *versus* net revenue growth of 25.6% resulting in a relevant operational leverage. This dilution also reflects the e-commerce growth, the ongoing Zero Base Budget (ZBB) and Expenses Management Matrix (EMM) projects, the maturation of digital transformation projects such as Mobile Sales and In Store Pick up. In 1H17, operational expenses were diluted in 220bps to 22.5% of net revenue.

- **EBITDA and net income solid growth.** In 2Q17, the total sales growth in all channels, the positive contribution from e-commerce and the dilution of the operating expenses contributed to a significant 44.5% increase of EBITDA to R$235.8 million (+1.1 p.p. to margin of 8.7%) and the net income to R$72.4 million (annualized ROE of 39%). In 1H17, EBITDA grew 52.2% to R$467.7 million (+1.5 p.p. to margin of 8.5%) and net income to R$130.9 million (margin of 2.4%)

- **Improved working capital and reduced net debt.** Due to an improved inventory turnover and average purchase time the Company enhanced its adjusted working capital needs by R$515.8 million in the last 12 months. During same period, the adjusted net debt went down from R$854.3 million in Jun/16 to R$267.6 million in Jun/17, a relevant R$586.7 million decrease, reducing the adjusted net debt/EBITDA ratio from 1.5x to 0.3x, respectively.

- **Improved results of Luizacred.** The portfolio overdue by more than 90 days (NPL 90) improved 3.3 percentage points, or only 8.4% of total portfolio in Jun/17. Despite a conservative credit policy, Luiza Card sales in Magazine Luiza were up 47.8% in 2Q17. Due to such growth and improved delinquency indicators, Luizacred's net income grew 7.8% to R$27.2 million in 2Q17,with annualized ROE of 19%. It is worth highlighting the evolution of Luizacred's results even considering a significant interest rates reduction on refinancing (revolving) as of Apr/17.

MGLU3: R$ 366.88 per share	**Conference call: August 1, 2017 (Tuesday)**	Investor Relations: Tel. +55 11 3504-2727
Total Shares: 21,623,933	09:00AM in US Time (EST): +1 786 924-6977	www.magazineluiza.com.br/ri
Market Cap: R$ 7.9 billion	10:00AM in Brazil Time: +55 11 3193-1001	ri@magazineluiza.com.br

R$ million (except when otherwise indicated)	2Q17	2Q16	% Chg	1H17	1H16	% Chg
Gross Revenue	3,217.2	2,561.5	25.6%	6,568.2	5,285.1	24.3%
Net Revenue	2,699.2	2,147.3	25.7%	5,506.2	4,410.7	24.8%
Gross Income	834.9	682.5	22.3%	1,667.4	1,366.1	22.1%
Gross Margin	30.9%	31.8%	-90 bps	30.3%	31.0%	-70 bps
EBITDA	235.8	163.2	44.5%	467.7	307.3	52.2%
EBITDA Margin	8.7%	7.6%	110 bps	8.5%	7.0%	150 bps
Adjusted EBITDA	237.1	168.5	40.7%	469.6	331.6	41.6%
Adjusted EBITDA Margin	8.8%	7.8%	94 bps	8.5%	7.5%	101 bps
Net Income	72.4	10.4	594.5%	130.9	15.7	735.3%
Net Margin	2.7%	0.5%	220 bps	2.4%	0.4%	200 bps
				-	-	
Adjusted Net Income	73.3	13.9	426.4%	132.2	31.7	316.8%
Adjusted Net Margin	2.7%	0.6%	207 bps	2.4%	0.7%	168 bps
Same Store Sales Growth	23.7%	2.4%	-	22.6%	1.1%	-
Same Physical Store Sales Growth	14.5%	-4.3%	-	13.0%	-5.2%	-
E-commerce Sales Growth	55.4%	33.6%	-	55.8%	30.6%	-
E-commerce Share in Total Sale	27.8%	22.5%	5.3 pp	28.1%	22.4%	5.7 pp
Number of Stores - End of Period	814	787	27 stores	814	787	27 stores
Sales Area - End of Period (M2)	509,909	498,871	2.2%	509,909	498,871	2.2%

MESSAGE FROM THE MANAGEMENT

Despite Brazil's economic scenario is still very challenging, few concrete signs point to a positive change of this scenario today and in the near future. Our sector sales, which over the past two years saw a reduction in consumers' purchasing power, recorded a sales upturn over the past months. According to the Brazilian Institute of Geography and Statistics (IBGE), furniture and home appliances sales went up 5% in the first five months of the year, compared to same period of 2016. This is a positive figure, which gave strength to Magazine Luiza's consistent pace of growth and higher market share. The Company recorded six consecutive quarters of sales expansion at growing rates, which culminated in 26% increase in 2Q17. Also in 2Q17, the Company posted the highest quarterly net income of its history of R$72 million.

We continue strictly adopting a growth strategy with sustainable profit, taking advantage of our peers' change of behavior. Due to the economic crisis of the last years, our peers were also pressured to adopt more rational pricing policies. In addition, there is a perception that the sector should undergo a consolidation process, since small and medium enterprises are still vulnerable, facing supply and consumer credit hardships.

A major factor contributing to the Company's solid results: the e-commerce which went up 55% in 2Q17. This is the second consecutive quarter of the Company's online channel growth at a rate exceeding 50%. The e-commerce accounted for 28% of our sales in the second quarter, whereas during same period last year accounted for 23%. It is worth mentioning that, at the same time the e-commerce recorded its highest contribution to total sales, we managed to increase the Company's profitability, evidencing that our online channels, supported by physical channels, are stimulating business' sustainable growth.

The role played by our brick-and-mortar stores in our second quarter's results also must be highlighted. The Company gained market share in major product categories, and likewise in the first quarter, when 12% growth was recorded under the same-store sales concept, in 2Q17 this rate again recorded double-digit growth of 15% in all regions we operate. These figures were especially driven by performance of virtual stores and Brazil's northeast region, and due to sales of smart TVs and smartphones. We inaugurated 12 new stores in the quarter and 27 stores in the last twelve months, totaling 814 points of sale in 16 states across the country.

Our results evidence that, besides achieving a solid sales growth, we maintained our gross margin in the channels, we diluted operating and financial expenses, we multiplied net income, we optimized our working capital, we improved investments in technology and reduced our indebtedness. These data evidence the consistency of our strategy and the strictness applied there, quarter after quarter.

Digital Transformation

The Company's main strategy for the next years is digital transformation. Our objective is to transform Magazine Luiza, from a traditional retailer with a digital area into a digital platform, with physical points-of-sale and warmness. Such strategy is based on five pillars: (i) digital inclusion, (ii) brick-and-mortar stores digitalization, (iii) multichannel, (iv) transformation of the website into a digital platform and (v) digital culture.

As evidence of the discipline pursued in the advance of such strategy, it is worth mentioning few results obtained in the second quarter:

- Considerable increase of *Lu Conecta* sales, our service to set up smartphones, install apps and antivirus, besides a 24-hour call center;

- Just like Mobile Sales and Mobile Stockist apps currently operating in all stores, we concluded the implementation of Mobile Delivery app to over 1,000 micro-carriers of our distribution network throughout the country, improving the tracking of orders for our customers;

- The Mobile Pinpad app continues under rollout process, estimated to be concluded by the year's end.

The multichannel factor also contributed to such accelerated pace of our digital transformation. Different from other retailers, since the inception of the online channel in 2000, we have been operating our channels in an integrated manner, by using same infrastructure, i.e., our nine distribution centers, the backoffice, and over 1,000 outsourced carriers which distribute the Company's products throughout the country, referred to as *Malha Luiza* (Luiza Network) - sustain online and physical operations. This is was a model seen with extreme skepticism by the market in the past, but proved to be reliable over the years. The multichannel model is expressed by means of services, such as the Store Pickup, a system enabling customers buying via digital platforms to pick up their products acquired in any of our brick-and-mortar stores. Over the last six months, the quantity of orders picked up at stores increased consistently.

The Company was always recognized by its customer service quality at the brick-and-mortar stores and pursues to maintain the same level of excellence in the online segment. In the second quarter of 2017, Magazine Luiza recorded a 26% drop in the number of phone calls per order made in our website and in our sales app, which means a relevant decrease, meaning in practice that increasingly customers undergo less inconvenience when shopping in our online channel.

Such improved level of service rendered to customers is a result of a series of investments made in our logistics. Recently, we started to use a more assertive order tracking platform and we improved the reverse logistics processes, which eased product exchange and return. We evolved in the delivery category, by reducing terms and ensuring product delivery under perfect conditions. These advances also have been driven by higher productivity of our employees in our nine distribution centers, which incorporated the Kaizen continuous improvement methodology in their work routine. In the first half, the volume of parts handled per employee increased 12% year-on-year. A proof of the discipline sought to satisfy consumers of our online platforms is the RA 1000 certification of *ReclameAqui* website. This seal attests the excellence in post-sale services, won in December 2016 which has been maintained since then.

Marketplace

Approximately one year ago we launched the Marketplace operation. At the end of 2016, we had only 50 partners who enabled us to expand our product supply by over 80,000 SKUs. We ended the second quarter of 2017 with over 250 merchants of several categories and sizes linked to our platform, such as Gazin, Mobly, Pró Spin, Ri Happy, Central Ar, Positivo Informática and Kikos. With all these entrants, the number of SKUs offered in our online channels more than doubled compared to the first quarter and reached 550,000. It is worth mentioning that, even with the expansion of the Marketplace, we were able to maintain our high levels of customer service.

The pace of growth with the entry of merchants in the Company's Marketplace over the past three months is due to the conclusion of Integra Commerce acquisition. This startup specialized in integration and management of relationship between merchants and marketplaces is a reference in the market and streamlined the small partners' access to Magazine Luiza's platform. As we plan to attract small and medium entrepreneurs to our Marketplace, and ensure their performance, we launched in the second quarter a free-of-charge training online and interactive platform assisting them to increase their businesses. We expect that over the next months, an increased number of merchants are benefited from such content offered.

Luizalabs

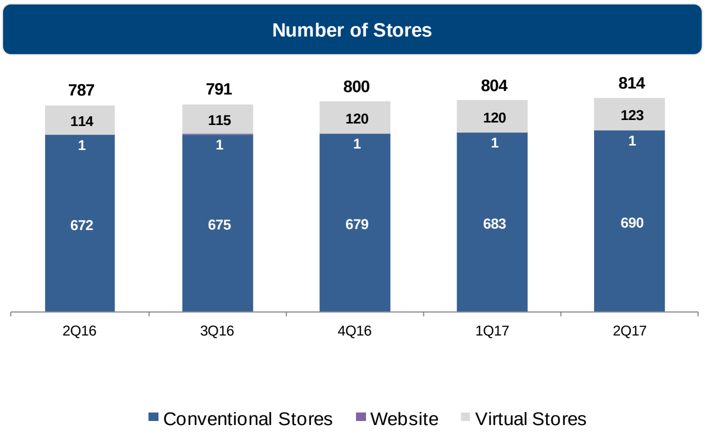
Luizalabs, our technology and innovation laboratory, is firm with its commitment to strengthen the Company's digital culture and develop new technologies. Recently, Luizalabs incorporated our Corporate IT department, in charge of backoffice systems and business continues reaping the benefits of such move. Luizalabs also led the merger of the startup Integra Commerce, which accelerated the expansion of our Marketplace operation. Currently, all new sellers are already connected to our Marketplace by means of a direct integration with Integra Commerce.

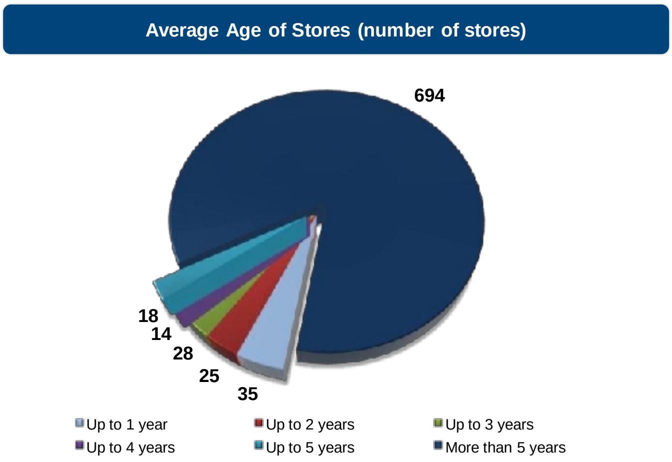
Final Considerations

The solid results achieved in this second quarter of 2017 reinforce our belief in the fully multichannel and integrated model, in the digital transformation strategy and in our team, who has been extremely focused and has been successfully executing our projects. We thank again the confidence and partnership of our customers, employees, shareholders and suppliers.

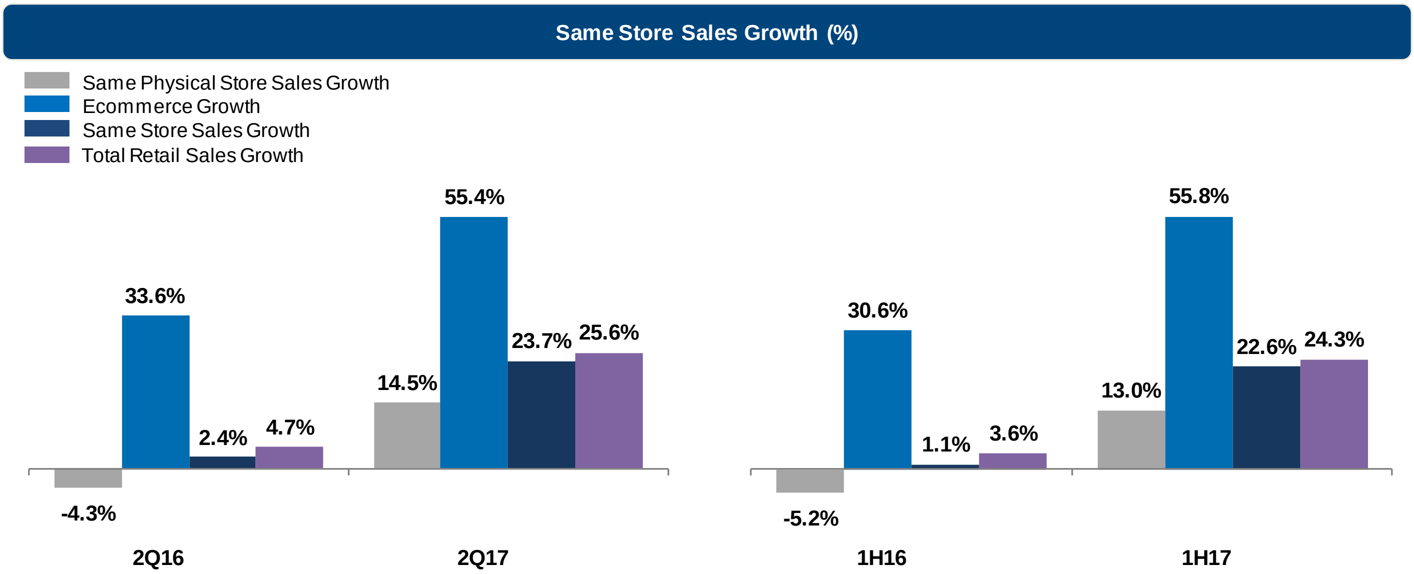
OPERATING AND FINANCIAL PERFORMANCE

Magazine Luiza ended Jun/17 with 814 stores, 690 of which were conventional stores, 123 virtual stores and one e-commerce. In the 2Q17, the Company inaugurated 12 stores (9 conventional and 3 virtual stores) and closed 2 conventional stores. In the last 12 months, the Company opened 27 new stores. Considering our total number of stores, 15% are not yet mature.

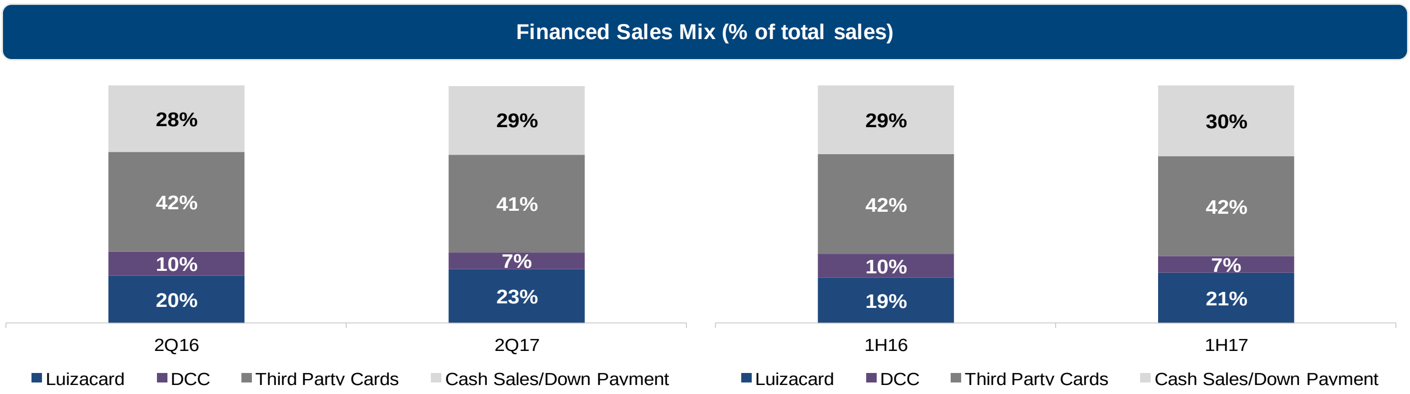




Gross same-store-sales were up 23.7% in 2Q17 as a result of an 14.5% increase in brick-and-mortar stores and 55.4% in e-commerce. This growth reflects a consistent e-commerce performance and sequential improvement in brick-and-mortar store sales.



Luiza Card total sales increased 300 bps to 23% in 2Q17, contributing to the Company's strategy of increasing customer loyalty. Due to a more conservative credit policy, the percentage of DCC (direct credit to consumers) over sales went down from 10% to 7% YoY.



Gross Revenues

(in R$ million)	2Q17	2Q16	%Chg	1H17	1H16	%Chg
Gross Revenue - Retail - Merchandise Sales	3,060.2	2,437.8	25.5%	6,259.4	5,034.3	24.3%
Gross Revenue - Retail - Services	142.9	112.0	27.5%	281.6	227.8	23.6%
Subtotal Retail	**3,203.1**	**2,549.9**	**25.6%**	**6,541.0**	**5,262.1**	**24.3%**
Gross Revenue - Consortium Management	17.0	13.9	22.5%	33.1	27.5	20.6%
Inter-Company Eliminations	(2.9)	(2.2)	29.9%	(5.9)	(4.4)	32.9%
Gross Revenue - Total	**3,217.2**	**2,561.5**	**25.6%**	**6,568.2**	**5,285.1**	**24.3%**

In 2Q17, gross revenues grew 25.6% to R$3.2 billion, due to 23.7% increase in same-store sales and the contribution from new stores. It is worth mentioning the 27.5% growth from services revenue, including the sales of new insurances, digital services (Lu Conecta) and Marketplace commissions. In 1H17, gross revenues were up 24.3% to R$ 6.6 billion.

Net Revenues

(in R$ million)	2Q17	2Q16	%Chg	1H17	1H16	%Chg
Net Revenue - Retail - Merchandise Sales	2,561.2	2,038.8	25.6%	5,234.0	4,190.2	24.9%
Net Revenue - Retail - Services	125.1	98.0	27.7%	247.2	199.7	23.8%
Subtotal Retail	**2,686.3**	**2,136.7**	**25.7%**	**5,481.3**	**4,390.0**	**24.9%**
Net Revenue - Consortium Management	15.8	12.8	23.7%	30.8	25.2	22.1%
Inter-Company Eliminations	(2.9)	(2.2)	29.9%	(5.9)	(4.4)	32.9%
Net Revenue - Total	**2,699.2**	**2,147.3**	**25.7%**	**5,506.2**	**4,410.7**	**24.8%**

In 2Q17, net revenues were up 25.7% to R$2.7 billion, in line with total gross revenue change. In 1H17, net revenues were up 24.8% to R$5.5 billion.

Gross Profit

(in R$ million)	2Q17	2Q16	% Chg	1H17	1H16	% Chg
Gross Income - Retail - Merchandise Sales	702.0	577.0	21.6%	1,405.1	1,151.1	22.1%
Gross Income - Retail - Services	125.1	98.0	27.7%	247.2	199.7	23.8%
Subtotal Retail	**827.1**	**675.0**	**22.5%**	**1,652.4**	**1,350.8**	**22.3%**
Gross Income - Consortium Management	7.8	7.5	4.8%	15.0	15.2	-1.2%
Gross Income - Total	**834.9**	**682.5**	**22.3%**	**1,667.4**	**1,366.1**	**22.1%**
Gross Margin - Total	**30.9%**	**31.8%**	**-90 bps**	**30.3%**	**31.0%**	**-70 bps**

In 2Q17, gross profit increased by 22.3% to R$834.9 million, equivalent to a gross margin of 30.9%. This result was due to: (i) higher contribution from e-commerce over total sales (+530 bps over 2Q16) and (ii) flat gross margin in all channels. In 1H17, gross profit were up 22.1% to R$1.7 billion (gross margin of 30.3%)

Operating Expenses

(in R$ million)	2Q17	% NR	2Q16	% NR	% Chg	1H17	% NR	1H16	% NR	% Chg
Selling Expenses	(489.2)	-18.1%	(417.8)	-19.5%	17.1%	(997.8)	-18.1%	(844.6)	-19.1%	18.1%
General and Administrative Expenses	(126.2)	-4.7%	(118.4)	-5.5%	6.5%	(246.3)	-4.5%	(229.5)	-5.2%	7.3%
General and Administrative Expenses	**(615.4)**	**-22.8%**	**(536.2)**	**-25.0%**	**14.8%**	**(1,244.1)**	**-22.6%**	**(1,074.1)**	**-24.4%**	**15.8%**
Provisions for Loan Losses	(10.2)	-0.4%	(5.5)	-0.3%	84.2%	(15.8)	-0.3%	(13.2)	-0.3%	19.1%
Other Operating Revenues, Net	9.0	0.3%	6.5	0.3%	37.8%	19.3	0.4%	(2.1)	0.0%	-
Total Operating Expenses	**(616.6)**	**-22.8%**	**(535.2)**	**-24.9%**	**15.2%**	**(1,240.5)**	**-22.5%**	**(1,089.4)**	**-24.7%**	**13.9%**

Selling Expenses

Selling expenses totaled R$489.2 million or 18.1% of net revenues in 2Q17 (130 bps lower YoY), due to a rigorous control of expenses, productivity gains, reduced marketing and logistics expenses, renegotiation of lease contracts, besides a complete revision of several operating expenses. In 1H17, selling expenses totaled R$997.8 million equivalent to 18.1% of net revenue (100 bps lower *versus* 1H16).

General and Administrative Expenses

General and administrative expenses came to R$126.2 million or 4.7% of net revenues in 2Q17 (80 bps lower YoY), due to optimization of the administrative processes. In 1H17, G&A expenses totaled R$246.3 million, equivalent of 4.5% of net revenue (70 bps lower versus 1H16).

Provisions for Loan Losses

Provisions for loan losses reached R$10.2 million in 2Q17 and R$15.8 million in 1H17.

Other Operating Revenues and Expenses, Net

(in R$ million)	2Q17	% NR	2Q16	% NR	% Chg	1H17	% NR	1H16	% NR	% Chg
Gain on Sale of Assets	(0.3)	0.0%	(0.2)	0.0%	85.1%	2.3	0.0%	(0.3)	0.0%	-
Deferred Revenue Recorded	11.3	0.4%	10.3	0.5%	9.7%	21.4	0.4%	20.2	0.5%	5.8%
Provision for Tax Liabilities	(2.4)	-0.1%	1.2	0.1%	-308%	(3.2)	-0.1%	1.2	0.0%	-364%
Non-recurring Expenses	(1.4)	-0.1%	(5.3)	-0.2%	-74.1%	(1.9)	0.0%	(24.3)	-0.6%	-92.1%
Other	1.8	0.1%	0.5	0.0%	258.5%	0.8	0.0%	1.1	0.0%	-33.0%
Total	**9.0**	**0.3%**	**6.5**	**0.3%**	**37.8%**	**19.3**	**0.4%**	**(2.1)**	**0.0%**	**-**

Other net operating revenues and expenses came to R$9.0 million in 2Q17, chiefly due to deferred revenues allocation of R$11.3 million. In 1H17, other net operating revenues and expenses reached R$19.3 million.

Equity Income

Equity income came to R$17.4 million or 0.6% of net revenue in 2Q17 (950 bps higher YoY), chiefly due to: (i) Luizacred's performance with equity income of R$13.6 million and (ii) Luizaseg's performance with equity income of R$3.9 million. In 1H17 equity income reached R$40.8 million, 33.3% growth YoY.

EBITDA

In 2Q17, EBITDA grew 44.5% to R$235.8 million, equivalent to a margin of 8.7% (+110 bps versus 2Q16). Sales growth in all channels, a positive contribution from e-commerce and the dilution of operating expenses contributed to EBITDA growth. In 1H17, EBITDA grew 52.2% reaching R$467.7 million with 8.5% margin (+150 bps *versus* 1H16).

Financial Results

R$ million	2Q17	% NR	2Q16	% NR	% Chg	1H17	% NR	1H16	% NR	% Chg
Financial Expenses	(136.8)	-5.1%	(149.3)	-7.0%	-8.4%	(290.7)	-5.3%	(291.9)	-6.6%	-0.4%
Interest on loans and financing	(52.7)	-2.0%	(65.2)	-3.0%	-19.2%	(120.6)	-2.2%	(131.6)	-3.0%	-8.3%
Interest on prepayment of receivables – third party card	(33.6)	-1.2%	(42.2)	-2.0%	-20.4%	(66.7)	-1.2%	(76.8)	-1.7%	-13.2%
Interest on prepayment of receivables – Luiza Card	(42.5)	-1.6%	(33.5)	-1.6%	27.0%	(84.4)	-1.5%	(64.4)	-1.5%	31.1%
Other expenses	(8.0)	-0.3%	(8.4)	-0.4%	-4.6%	(19.1)	-0.3%	(19.1)	-0.4%	0.2%
Financial Revenues	27.6	1.0%	24.8	1.2%	11.1%	51.1	0.9%	53.4	1.2%	-4.4%
Gains on marketable securities	1.4	0.1%	3.6	0.2%	-60.9%	6.6	0.1%	8.5	0.2%	-22.1%
Other financial revenues	26.2	1.0%	21.2	1.0%	23.4%	44.5	0.8%	44.9	1.0%	-1.0%
Total Financial Results	(109.2)	-4.0%	(124.5)	-5.8%	-12.3%	(239.7)	-4.4%	(238.4)	-5.4%	0.5%
Income from securities[1]	8.6	0.3%	7.6	0.4%	13.5%	22.1	0.4%	17.3	0.4%	28.1%
Adjusted Financial Results	(100.7)	-3.7%	(116.9)	-5.4%	-13.9%	(217.6)	-4.0%	(221.2)	-5.0%	-1.6%

Note (1): yields of the exclusive fund, which are accounted as financial revenue in the Parent Company and as gross revenue in the Consolidated, as per the Explanatory Notes of ITR.

In 2Q17, adjusted net financial results came to R$100.7 million, a 170 bps improvement YoY. The financial results improved 31.5% as a percentage of net revenue (from 5.4% to 3.7%). This result was positively impacted by a reduced net debt and the maintainance of decrease in Selic rate, which was 24.4% lower in the period. In 1H17 adjusted financial results totaled R$217.6 million (+100 bps YoY).

Net Income

In 2Q17, net income came to R$72.4 million (net margin of 2.7%) with an annualized ROE of 39% In 1H17, net income reached R$ 130.9 million.

Working Capital

CONSOLIDATED (R$ million)	LTM	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
(+) Accounts Receivables	99.6	503.8	578.8	581.0	423.1	404.3
(+) Inventories	123.6	1,430.3	1,454.1	1,596.7	1,346.3	1,306.7
(+) Related Parties	6.0	47.1	56.8	64.0	50.3	41.2
(+) Recoverable Taxes	(114.2)	182.7	195.5	212.2	293.1	296.9
(+) Other Assets	(5.8)	90.2	66.1	47.8	96.1	96.0
(+) Current Operating Assets	109.2	2,254.3	2,351.3	2,501.7	2,208.8	2,145.1
(-) Suppliers	433.4	1,860.5	1,762.4	2,365.0	1,528.5	1,427.1
(-) Payroll, Vacation and Related Charges	47.1	191.5	188.1	188.4	186.1	144.5
(-) Taxes Payable	18.0	46.4	36.6	40.1	32.9	28.5
(-) Related Parties	(17.7)	60.3	56.3	73.0	53.8	78.0
(-) Deferred Revenue	2.2	42.8	40.3	40.3	40.3	40.6
(-) Other Accounts Payable	69.9	163.2	128.8	115.3	118.0	93.3
(-) Current Operating Liabilities	552.9	2,364.8	2,212.4	2,822.1	1,959.5	1,811.9
(=) Working Capital	(443.7)	(110.5)	138.9	(320.4)	249.2	333.2
(-) Credit Card - Third Party Card	65.8	240.6	342.4	276.2	187.0	174.9
(-) Credit Card - Luiza Card	6.3	11.4	15.7	18.6	12.6	5.1
(-) Total Credit Card	72.1	252.0	358.0	294.9	199.6	179.9
(=) Working Capital Adjusted	(515.8)	(362.5)	(219.2)	(615.2)	49.7	153.3
% of Gross Revenue (LTM)	-4.3%	-2.9%	-1.8%	-5.4%	0.5%	1.4%
(=) Working Capital	(443.7)	(110.5)	138.9	(320.4)	249.2	333.2
(+) Balance of Discounted Receivables	291.4	1,713.9	1,612.3	1,587.5	1,435.3	1,422.5
(=) Working Capital Expanded	(152.3)	1,603.4	1,751.2	1,267.2	1,684.6	1,755.7
% of Gross Revenue (LTM)	-3.8%	12.7%	14.6%	11.1%	15.4%	16.4%

In Jun/17, the adjusted working capital needs came negative at R$362.5 million, relevant improvement from previous year, especially an improved inventory turnover (from 80 days in 2Q16 to 69 days in 2Q17), better average purchase time (from 86 days in 2Q16 to 91 days in 2Q17). In addition, it is worth mentioning the reduction of R$114.2 million in recoverable taxes from Jun/16 to Jun/17. Therefore, the adjusted working capital needs improved R$515.8 million in the last 12 months.

Capex

CAPEX (in R$ million)	2Q17	%	2Q16	%	1H17	%	1H16	%
New Stores	4.1	10%	0.7	3%	14.7	19%	0.7	1%
Remodeling	13.6	33%	6.3	23%	19.3	25%	13.0	26%
Technology	20.6	49%	14.3	53%	39.2	50%	25.9	52%
Logistics	2.1	5%	5.3	20%	3.1	4%	9.5	19%
Other	1.3	3%	0.4	1%	1.7	2%	0.8	2%
Total	**41.7**	**100%**	**27.0**	**100%**	**77.9**	**100%**	**49.9**	**100%**

In 2Q17, the investments increased by 54.3% to R$41.7 million, including the opening of stores, remodeling, investment in technology and logistics. In this period, 49% of the total capex was allocated to technology projects to support the digital transformation strategy in place. In 1H17, capex totaled R$77.9 million, 56.2% growth YoY.

Net Debt

CONSOLIDATED (R$ million)	LTM	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
(+) Current Loans and Financing	(183.6)	718.7	688.3	838.0	980.9	902.3
(+) Non-current Loans and Financing	(131.4)	663.0	889.9	1,010.8	773.3	794.4
(=) Gross Debt	(315.0)	1,381.6	1,578.2	1,848.8	1,754.2	1,696.7
(-) Cash and Cash Equivalents	67.6	265.1	255.1	599.1	234.6	197.5
(-) Current Securities	132.1	597.0	521.4	819.0	567.0	464.8
(-) Non-current Securities	(0.1)	-	-	0.2	2.8	0.1
(-) Total Cash	199.5	862.0	776.5	1,418.3	804.3	662.5
(=) Net Debt	(514.6)	519.6	801.7	430.5	949.9	1,034.2
(-) Credit Card - Third Party Card	65.8	240.6	342.4	276.2	187.0	174.9
(-) Credit Card - Luiza Card	6.3	11.4	15.7	18.6	12.6	5.1
(-) Total Credit Card	72.1	252.0	358.0	294.9	199.6	179.9
(=) Adjusted Net Debt	(586.7)	267.6	443.7	135.6	750.3	854.3
Short Term Debt / Total	-1%	52%	44%	45%	56%	53%
Long Term Debt / Total	1%	48%	56%	55%	44%	47%
Adjusted EBITDA (LTM)	320.4	879.7	811.0	741.7	626.7	559.3
Adjusted Net Debt / Adjusted EBITDA	-1.2 x	0.3 x	0.5 x	0.2 x	1.2 x	1.5 x

Adjusted net debt (net of credit card receivables not discounted) decreased from R$854.3 million in Jun/16 to R$267.6 million in Jun/17, reducing the adjusted net debt/EBITDA ratio from 1.5x to 0.3x, respectively. In the LTM, adjusted net debt decreased R$586.7 million even considering the buyback shares and the dividend distribution of R$49.3 million in this period due to better results and working capital management.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	2Q17	V.A.	2Q16	V.A.	% Chg	1H17	V.A.	1H16	V.A.	% Chg
Gross Revenue	3,217.2	119.2%	2,561.5	119.3%	25.6%	6,568.2	119.3%	5,285.1	119.8%	24.3%
Taxes and Deductions	(518.0)	-19.2%	(414.3)	-19.3%	25.0%	(1,062.1)	-19.3%	(874.4)	-19.8%	21.5%
Net Revenue	2,699.2	100.0%	2,147.3	100.0%	25.7%	5,506.2	100.0%	4,410.7	100.0%	24.8%
Total Costs	(1,864.3)	-69.1%	(1,464.8)	-68.2%	27.3%	(3,838.8)	-69.7%	(3,044.7)	-69.0%	26.1%
Gross Income	834.9	30.9%	682.5	31.8%	22.3%	1,667.4	30.3%	1,366.1	31.0%	22.1%
Selling Expenses	(489.2)	-18.1%	(417.8)	-19.5%	17.1%	(997.8)	-18.1%	(844.6)	-19.1%	18.1%
General and Administrative Expenses	(126.2)	-4.7%	(118.4)	-5.5%	6.5%	(246.3)	-4.5%	(229.5)	-5.2%	7.3%
Provisions for Loan Losses	(10.2)	-0.4%	(5.5)	-0.3%	84.2%	(15.8)	-0.3%	(13.2)	-0.3%	19.1%
Other Operating Revenues, Net	9.0	0.3%	6.5	0.3%	37.8%	19.3	0.4%	(2.1)	0.0%	-
Equity in Subsidiaries	17.4	0.6%	15.9	0.7%	9.5%	40.8	0.7%	30.6	0.7%	33.3%
Total Operating Expenses	(599.2)	-22.2%	(519.3)	-24.2%	15.4%	(1,199.7)	-21.8%	(1,058.7)	-24.0%	13.3%
EBITDA	235.8	8.7%	163.2	7.6%	44.5%	467.7	8.5%	307.3	7.0%	52.2%
Depreciation and Amortization	(34.9)	-1.3%	(31.0)	-1.4%	12.7%	(69.4)	-1.3%	(61.9)	-1.4%	12.1%
EBIT	200.9	7.4%	132.2	6.2%	51.9%	398.3	7.2%	245.4	5.6%	62.3%
Financial Results	(109.2)	-4.0%	(124.5)	-5.8%	-12.3%	(239.7)	-4.4%	(238.4)	-5.4%	0.5%
Operating Income	91.6	3.4%	7.7	0.4%	1087.8%	158.6	2.9%	7.0	0.2%	2166.0%
Income Tax and Social Contribution	(19.3)	-0.7%	2.7	0.1%	-811.1%	(27.7)	-0.5%	8.7	0.2%	-419.7%
Net Income	72.4	2.7%	10.4	0.5%	594.5%	130.9	2.4%	15.7	0.4%	735.3%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	235.8	8.7%	163.2	7.6%	-	467.7	8.5%	307.3	7.0%	-
Non-recurring Expenses	1.4	0.1%	5.3	0.2%	-	1.9	0.0%	24.3	0.6%	-
Adjusted EBITDA	237.1	8.8%	168.5	7.8%	-	469.6	8.5%	331.6	7.5%	-

Net Income	72.4	2.7%	10.4	0.5%	-	130.9	2.4%	15.7	0.4%	-
Non-recurring Expenses	1.4	0.1%	5.3	0.2%	-	1.9	0.0%	24.3	0.6%	-
Tax Over Non-recurring Expenses	(0.5)	0.0%	(1.8)	-0.1%	-	(0.7)	0.0%	(8.3)	-0.2%	-
Adjusted Net Income	73.3	2.7%	13.9	0.6%	-	132.2	2.4%	31.7	0.7%	-

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
CURRENT ASSETS					
Cash and Cash Equivalents	265.1	255.1	599.1	234.6	197.5
Securities	597.0	521.4	819.0	567.0	464.8
Accounts Receivable	503.8	578.8	581.0	423.1	404.3
Inventories	1,430.3	1,454.1	1,596.7	1,346.3	1,306.7
Related Parties	47.1	56.8	64.0	50.3	41.2
Taxes Recoverable	182.7	195.5	212.2	293.1	296.9
Other Assets	90.2	66.1	47.8	96.1	96.0
Total Current Assets	3,116.3	3,127.8	3,919.8	3,010.3	2,807.4
	-	-	-	-	-
NON-CURRENT ASSETS					
Securities	-	-	0.2	2.8	0.1
Accounts Receivable	4.3	3.1	3.6	2.3	2.0
Deferred Income Tax and Social Contribution	236.5	238.0	242.0	243.8	239.7
Recoverable Taxes	181.7	191.8	223.6	167.8	167.0
Judicial Deposits	297.0	292.7	292.2	281.8	273.0
Other Assets	40.8	40.2	52.3	50.6	50.1
Investments in Subsidiaries	311.8	304.9	293.8	287.1	281.6
Fixed Assets	557.4	558.0	560.1	559.0	562.4
Intangible Assets	525.9	516.9	513.0	508.2	508.4
Total Non-current Assets	2,155.5	2,145.5	2,180.8	2,103.5	2,084.4
TOTAL ASSETS	5,271.8	5,273.3	6,100.6	5,113.8	4,891.8

LIABILITIES (R$ million)	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
CURRENT LIABILITIES					
Suppliers	1,860.5	1,762.4	2,365.0	1,528.5	1,427.1
Loans and Financing	718.7	688.3	838.0	980.9	902.3
Payroll, Vacation and Related Charges	191.5	188.1	188.4	186.1	144.5
Taxes Payable	46.4	36.6	40.1	32.9	28.5
Related Parties	60.3	56.3	73.0	53.8	78.0
Deferred Revenue	42.8	40.3	40.3	40.3	40.6
Dividends Payable	-	12.3	12.3	-	-
Other Accounts Payable	163.2	128.8	115.3	118.0	93.3
Total Current Liabilities	3,083.5	2,913.1	3,672.4	2,940.4	2,714.2
NON-CURRENT LIABILITIES					
Loans and Financing	663.0	889.9	1,010.8	773.3	794.4
Provision for Tax, Civil and Labor Risks	286.6	286.5	284.1	268.7	263.4
Deferred Revenue	489.0	499.1	509.2	519.2	529.3
Other Accounts Payable	2.7	2.5	2.6	2.3	2.3
Total Non-current Liabilities	1,441.3	1,677.9	1,806.6	1,563.6	1,589.5
TOTAL LIABILITIES	4,524.8	4,591.0	5,479.0	4,504.0	4,303.6
SHAREHOLDERS' EQUITY					
Capital Stock	606.5	606.5	606.5	606.5	606.5
Capital Reserve	22.2	20.1	19.0	17.9	16.8
Treasury Shares	(28.7)	(28.7)	(28.7)	(5.9)	(1.1)
Legal Reserve	20.5	20.5	20.5	16.1	16.1
Profit Retention Reserve	-	3.1	3.1	-	-
Other Comprehensive Income	1.8	2.3	1.2	1.4	0.9
Accumulated Losses	124.7	58.6	-	(26.3)	(51.1)
Total Shareholders' Equity	747.0	682.4	621.6	609.8	588.2
TOTAL	5,271.8	5,273.3	6,100.6	5,113.8	4,891.8

ANNEX III
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS	2Q17	2Q16	1H17	1H16
Net Income	**72.4**	**10.4**	**130.9**	**15.7**
Effect of IR / CS Net of Payment	18.5	(3.3)	26.3	(9.8)
Depreciation and Amortization	34.9	31.0	69.4	61.9
Interest Accrued on Loans	47.6	62.0	109.9	123.1
Equity Income	(17.4)	(15.9)	(40.8)	(30.6)
Dividends Received	10.0	17.0	26.3	53.6
Provision for Losses on Inventories and Receivables	31.8	21.4	60.2	53.2
Provision for Tax, Civil and Labor Contingencies	10.4	12.6	20.5	27.5
Gain on Sale of Fixed Assets	0.3	0.2	(2.3)	0.3
Recognition of Deferred Income	(11.3)	(10.3)	(21.4)	(20.2)
Stock Option Expenses	2.1	1.1	3.2	2.2
Other	0.0	0.0	0.0	0.0
Adjusted Net Income	**199.3**	**126.2**	**382.0**	**276.9**
Trade Accounts Receivable	61.2	(24.0)	54.9	10.2
Inventories	4.5	(39.6)	127.8	14.5
Taxes Recoverable	22.9	21.1	71.3	47.7
Other Receivables	(19.3)	(32.8)	(22.2)	(52.2)
Changes in Operating Assets	**69.3**	**(75.3)**	**231.8**	**20.2**
Trade Accounts Payable	98.1	33.0	(504.4)	(467.0)
Other Payables	27.4	14.7	8.7	(10.6)
Change in Operating Liabilities	**125.6**	**47.7**	**(495.7)**	**(477.7)**
Cash Flow from Operating Activities	**394.1**	**98.7**	**118.1**	**(180.6)**
Additions of Fixed and Intangible Assets	(41.7)	(27.0)	(77.9)	(49.9)
Cash on Sale of Fixed Assets	0.0	0.0	3.2	0.0
Renegotiation Payment of Exclusive Contract	0.0	0.0	0.0	(11.2)
Investment in Subsidiary	(1.0)	0.0	(1.0)	0.0
Cash Flow from Investing Activities	**(42.7)**	**(27.0)**	**(75.7)**	**(61.0)**
Loans and Financing	200.0	104.4	202.6	193.0
Repayment of Loans and Financing	(373.9)	(117.1)	(624.6)	(228.0)
Changes in Other Financial Assets (Hedge)	1.2	(43.9)	(12.7)	(89.7)
Payment of Interest on Loans and Financing	(71.4)	(72.7)	(142.3)	(125.1)
Payment of Dividends	(21.6)	0.0	(21.6)	0.0
Treasury Shares	0.0	(1.1)	0.0	(8.0)
Cash Flow from Financing Activities	**(265.8)**	**(130.5)**	**(598.6)**	**(257.7)**
Cash, Cash Equivalents and Securities at Beginning of Period	776.5	721.3	1,418.3	1,161.8
Cash, Cash Equivalents and Securities at end of Period	862.0	662.5	862.0	662.5
Change in Cash and Cash equivalents	**85.6**	**(58.8)**	**(556.3)**	**(499.3)**

Note: The difference between the Statement of Cash Flows and the Adjusted Statement of Cash Flows basically refers to: (i) the accounting treatment of marketable securities (TVM) as cash and cash equivalents.

ANNEX IV
RESULTS BY SEGMENT – 2Q17

2Q17 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	3,203.2	17.0	(2.9)	3,217.2	195.0	47.5	(68.5)	3,391.2
Taxes and Deductions	(516.8)	(1.2)	-	(518.0)	-	-	-	(518.0)
Net Revenue	2,686.4	15.8	(2.9)	2,699.2	195.0	47.5	(68.5)	2,873.2
Total Costs	(1,859.2)	(7.9)	2.9	(1,864.3)	(23.6)	(5.8)	-	(1,893.7)
Gross Income	827.1	7.8	(0.0)	834.9	171.4	41.7	(68.5)	979.5
Selling Expenses	(489.3)	-	0.0	(489.2)	(83.0)	(32.3)	47.3	(557.3)
General and Administrative Expenses	(119.4)	(6.8)	-	(126.2)	(1.0)	(4.9)	-	(132.1)
Provisions for Loan Losses	(10.2)	-	-	(10.2)	(56.9)	-	-	(67.1)
Equity in Subsidiaries	18.6	-	(1.2)	17.4	-	-	(17.4)	-
Other Operating Revenues, Net	8.8	0.2	-	9.0	(4.3)	(0.9)	(0.5)	3.3
Total Operating Expenses	(591.4)	(6.6)	(1.2)	(599.2)	(145.2)	(38.1)	29.3	(753.2)
EBITDA	235.8	1.2	(1.2)	235.8	26.2	3.6	(39.2)	226.3
Depreciation and Amortization	(34.8)	(0.1)	-	(34.9)	(1.5)	(1.2)	0.5	(37.1)
EBIT	200.9	1.1	(1.2)	200.9	24.7	2.5	(38.7)	189.3
Financial Results	(109.9)	0.7	-	(109.2)	-	4.4	21.3	(83.6)
Operating Income (Loss)	91.0	1.8	(1.2)	91.6	24.7	6.8	(17.4)	105.6
Income Tax and Social Contribution	(18.6)	(0.6)	-	(19.3)	(11.1)	(3.0)	-	(33.3)
Net Income	72.4	1.2	(1.2)	72.4	13.6	3.9	(17.4)	72.4
Gross Margin	30.8%	49.7%	1.3%	30.9%	87.9%	87.8%	100.0%	34.1%
EBITDA Margin	8.8%	7.7%	40.7%	8.7%	13.4%	7.6%	57.2%	7.9%
Net Margin	2.7%	7.6%	40.7%	2.7%	7.0%	8.1%	25.5%	2.5%

ANNEX V
RESULTS BY SEGMENT – 1H17

1H17 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	6,541.0	33.1	(5.9)	6,568.2	392.1	92.2	(135.4)	6,917.2
Taxes and Deductions	(1,059.7)	(2.4)	-	(1,062.1)	-	-	-	(1,062.1)
Net Revenue	5,481.3	30.8	(5.9)	5,506.2	392.1	92.2	(135.4)	5,855.1
Total Costs	(3,828.9)	(15.7)	5.9	(3,838.8)	(50.3)	(12.1)	-	(3,901.2)
Gross Income	1,652.4	15.0	(0.1)	1,667.4	341.7	80.2	(135.4)	1,953.9
Selling Expenses	(997.9)	-	0.1	(997.8)	(161.5)	(62.5)	93.2	(1,128.6)
General and Administrative Expenses	(233.7)	(12.6)	-	(246.3)	(1.3)	(10.0)	-	(257.6)
Provisions for Loan Losses	(15.8)	-	-	(15.8)	(108.8)	-	-	(124.6)
Equity in Subsidiaries	43.7	-	(2.9)	40.8	-	-	(40.8)	-
Other Operating Revenues, Net	18.8	0.5	-	19.3	(6.7)	(1.4)	(2.8)	8.5
Total Operating Expenses	(1,184.9)	(12.0)	(2.9)	(1,199.7)	(278.2)	(73.9)	49.6	(1,502.3)
EBITDA	467.6	3.0	(2.9)	467.7	63.5	6.3	(85.8)	451.6
Depreciation and Amortization	(69.2)	(0.2)	-	(69.4)	(3.0)	(2.3)	2.8	(71.9)
EBIT	398.4	2.8	(2.9)	398.3	60.5	3.9	(83.0)	379.7
Financial Results	(241.2)	1.5	-	(239.7)	-	9.4	42.2	(188.1)
Operating Income (Loss)	157.2	4.4	(2.9)	158.6	60.5	13.4	(40.8)	191.7
Income Tax and Social Contribution	(26.3)	(1.5)	-	(27.7)	(27.2)	(5.8)	-	(60.8)
Net Income	130.9	2.9	(2.9)	130.9	33.3	7.6	(40.8)	130.9
Gross Margin	30.1%	48.8%	0.9%	30.3%	87.2%	86.9%	100.0%	33.4%
EBITDA Margin	8.5%	9.8%	49.1%	8.5%	16.2%	6.8%	63.4%	7.7%
Net Margin	2.4%	9.4%	49.1%	2.4%	8.5%	8.2%	30.2%	2.2%

ANNEX VI
RESULTS BY SEGMENT – 2Q16

2Q16 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,549.9	13.9	(2.2)	2,561.5	196.5	44.4	(59.0)	2,743.5
Taxes and Deductions	(413.1)	(1.1)	-	(414.3)	-	-	-	(414.3)
Net Revenue	2,136.7	12.8	(2.2)	2,147.3	196.5	44.4	(59.0)	2,329.2
Total Costs	(1,461.7)	(5.3)	2.2	(1,464.8)	(29.7)	(6.6)	-	(1,501.2)
Gross Income	675.0	7.5	-	682.5	166.8	37.8	(59.0)	828.1
Selling Expenses	(417.8)	-	-	(417.8)	(74.4)	(29.9)	42.3	(479.8)
General and Administrative Expenses	(112.2)	(6.3)	-	(118.4)	(0.5)	(6.0)	-	(124.9)
Provisions for Loan Losses	(5.5)	-	-	(5.5)	(67.0)	-	-	(72.5)
Equity in Subsidiaries	17.2	-	(1.3)	15.9	-	-	(15.9)	-
Other Operating Revenues, Net	6.5	0.0	-	6.5	(0.2)	0.4	(0.5)	6.1
Total Operating Expenses	(511.7)	(6.3)	(1.3)	(519.3)	(142.1)	(35.5)	25.8	(671.1)
EBITDA	163.3	1.2	(1.3)	163.2	24.7	2.3	(33.2)	157.0
Depreciation and Amortization	(30.9)	(0.1)	-	(31.0)	(1.5)	(1.1)	0.5	(33.1)
EBIT	132.4	1.1	(1.3)	132.2	23.2	1.2	(32.7)	123.9
Financial Results	(125.3)	0.8	-	(124.5)	-	5.0	16.7	(102.8)
Operating Income (Loss)	7.1	1.9	(1.3)	7.7	23.2	6.2	(15.9)	21.2
Income Tax and Social Contribution	3.3	(0.6)	-	2.7	(10.6)	(2.9)	-	(10.7)
Net Income	10.4	1.3	(1.3)	10.4	12.6	3.3	(15.9)	10.4
Gross Margin	31.6%	58.7%	0.0%	31.8%	84.9%	85.1%	100.0%	35.6%
EBITDA Margin	7.6%	9.4%	57.4%	7.6%	12.6%	5.1%	56.2%	6.7%
Net Margin	0.5%	10.0%	57.4%	0.5%	6.4%	7.5%	27.0%	0.4%

ANNEX VII
RESULTS BY SEGMENT – 1H16

1H16 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons. Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	5,262.1	27.5	(4.4)	5,285.1	389.5	92.7	(120.9)	5,646.4
Taxes and Deductions	(872.1)	(2.3)	-	(874.4)	-	-	-	(874.4)
Net Revenue	4,390.0	25.2	(4.4)	4,410.7	389.5	92.7	(120.9)	4,772.0
Total Costs	(3,039.1)	(10.0)	4.4	(3,044.7)	(60.1)	(15.3)	-	(3,120.1)
Gross Income	1,350.8	15.2	-	1,366.1	329.4	77.3	(120.9)	1,651.9
Selling Expenses	(844.6)	-	-	(844.6)	(147.1)	(63.4)	88.7	(966.4)
General and Administrative Expenses	(217.3)	(12.2)	-	(229.5)	(1.0)	(12.1)	-	(242.6)
Provisions for Loan Losses	(13.2)	-	-	(13.2)	(133.8)	-	-	(147.1)
Equity in Subsidiaries	33.5	-	(2.9)	30.6	-	-	(30.6)	-
Other Operating Revenues, Net	(2.1)	0.0	-	(2.1)	3.1	0.4	(2.8)	(1.4)
Total Operating Expenses	(1,043.6)	(12.2)	(2.9)	(1,058.7)	(278.9)	(75.1)	55.3	(1,357.4)
EBITDA	307.2	3.0	(2.9)	307.3	50.5	2.3	(65.6)	294.5
Depreciation and Amortization	(61.7)	(0.2)	-	(61.9)	(3.0)	(2.4)	2.8	(64.5)
EBIT	245.5	2.8	(2.9)	245.4	47.5	(0.1)	(62.8)	230.0
Financial Results	(239.9)	1.5	-	(238.4)	-	9.5	32.2	(196.7)
Operating Income (Loss)	5.6	4.3	(2.9)	7.0	47.5	9.4	(30.6)	33.3
Income Tax and Social Contribution	10.1	(1.4)	-	8.7	(21.8)	(4.5)	-	(17.6)
Net Income	15.7	2.9	(2.9)	15.7	25.7	4.9	(30.6)	15.7
Gross Margin	30.8%	60.4%	0.0%	31.0%	84.6%	83.5%	100.0%	34.6%
EBITDA Margin	7.0%	11.8%	65.2%	7.0%	13.0%	2.4%	54.3%	6.2%
Net Margin	0.4%	11.4%	65.2%	0.4%	6.6%	5.3%	25.3%	0.3%

ANNEX VIII
RETURN ON INVESTED CAPITAL (ROIC) AND ON EQUITY (ROE)

CONSOLIDATED (R$ million)	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
(=) Working Capital	(110.5)	138.9	(320.4)	249.2	333.2
(+) Accounts Receivable	4.3	3.1	3.6	2.3	2.0
(+) IR and CS deferred	181.7	191.8	223.6	167.8	167.0
(+) Taxes Recoverable	236.5	238.0	242.0	243.8	239.7
(+) Judicial Deposits	297.0	292.7	292.2	281.8	273.0
(+) Other Assets	40.8	40.2	52.3	50.6	50.1
(+) Invest. contr. em conjunto	311.8	304.9	293.8	287.1	281.6
(+) Fixed Assets	557.4	558.0	560.1	559.0	562.4
(+) Intangible Assets	525.9	516.9	513.0	508.2	508.4
(+) Non Current Assets	2,155.5	2,145.5	2,180.6	2,100.7	2,084.2
(-) Provision for Contingencies	286.6	286.5	284.1	268.7	263.4
(-) Deferred Revenue	489.0	499.1	509.2	519.2	529.3
(-) Other Accounts Payable	2.7	2.5	2.6	2.3	2.3
(-) Noncurrent operating liabilities	778.3	788.0	795.8	790.3	795.0
(=) Fixed Capital	1,377.2	1,357.5	1,384.8	1,310.4	1,289.2
(=) Total Invested Capital	1,266.6	1,496.4	1,064.4	1,559.6	1,622.4
(+) Net Debt	519.6	801.7	430.5	949.9	1,034.2
(+) Dividends Payable	-	12.3	12.3	-	-
(+) Shareholders Equity	747.0	682.4	621.6	609.8	588.2
(=) Total Financing	1,266.6	1,496.4	1,064.4	1,559.6	1,622.4

FINANCIAL EXPENSES RECONCILIATION (R$MM)	2Q17	1Q17	4Q16	3Q16	2Q16
Financial Income	27.6	23.5	29.0	34.2	24.8
Financial Expenses	(136.8)	(153.9)	(167.2)	(161.5)	(149.3)
Net Financial Expenses	(109.2)	(130.4)	(138.2)	(127.2)	(124.5)
Interest on prepayment of receivables: Luiza Card and third party card	76.1	74.9	87.3	81.2	75.7
Adjusted Financial Expenses	(33.1)	(55.5)	(50.9)	(46.1)	(48.8)
Taxes on Adjusted Financial Expenses	11.3	18.9	17.3	15.7	16.6
Net Adjusted Financial Expenses	(21.9)	(36.6)	(33.6)	(30.4)	(32.2)

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	2Q17	1Q17	4Q16	3Q16	2Q16
EBITDA	235.8	231.9	226.9	180.4	163.2
Interest on prepayment of receivables: Luiza Card and third party card	(76.1)	(74.9)	(87.3)	(81.2)	(75.7)
Adjusted EBITDA	159.7	157.0	139.6	99.2	87.5
Depreciation	(34.9)	(34.4)	(40.0)	(31.7)	(31.0)
Adjusted EBIT	124.7	122.5	99.6	67.5	56.5
Current and deferred taxes	(19.3)	(8.5)	(2.6)	3.4	2.7
Taxes on Adjusted Financial Expenses	(11.3)	(18.9)	(17.3)	(15.7)	(16.6)
Net Operating Income(NOPLAT)	94.2	95.2	79.7	55.2	42.6
Invested Capital	1,266.6	1,496.4	1,064.4	1,559.6	1,622.4
ROIC Annualized	30%	25%	30%	14%	11%
Net Income	72.4	58.6	46.1	24.8	10.4
Shareholders Equity	747.0	682.4	621.6	609.8	588.2
ROE Annualized	39%	34%	30%	16%	7%

ANNEX IX
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)					Growth
	2Q17	V.A.	1Q16	V.A.	Total
Virtual Stores	156.9	4.9%	122.5	4.8%	28.1%
Conventional Stores	2,148.3	67.3%	1,847.6	72.7%	16.3%
Subtotal - Physical Stores	**2,305.2**	**72.2%**	**1,970.1**	**77.5%**	**17.0%**
Ecommerce	889.3	27.8%	572.1	22.5%	55.4%
Total	**3,194.5**	100.0%	**2,542.2**	100.0%	25.7%

Gross Revenue by Channel (R$ million)					Growth
	1H17	V.A.	1H16	V.A.	Total
Virtual Stores	310.2	4.8%	246.2	4.7%	26.0%
Conventional Stores	4,374.9	67.1%	3,821.8	72.9%	14.5%
Subtotal - Physical Stores	**4,685.1**	**71.9%**	**4,068.0**	**77.6%**	**15.2%**
Ecommerce	1,833.8	28.1%	1,176.8	22.4%	55.8%
Total	**6,518.9**	100.0%	**5,244.8**	100.0%	24.3%

Number of stores per channel – End of the period					Growth
	jun-17	Part(%)	jun-16	Part(%)	Total
Virtual Stores	123	15.1%	114	14.5%	9
Conventional Stores	690	84.8%	672	85.4%	18
Subtotal - Physical Stores	**813**	**99.9%**	**786**	**99.9%**	**27**
Ecommerce	1	0.1%	1	0.1%	-
Total	**814**	100.0%	**787**	100.0%	27
Total Sales Area (m²)	509,909	100%	498,871	100%	2.2%

The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to the exclusive funds in the amount of R$8.6 million in 2Q17 and R$7.6 million in 2Q16.

ANNEX X
LUIZACRED

Operating Indicators

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

In Jun/17, Luizacred had a total base of 3.3 million cards issued. In 2Q17, Luizacred maintained its conservative credit approval rate. It is worth noting that as the Luiza Card customers are more loyal than others, the sales using Luiza Card inside our stores grew 47.8% in 2Q17. Due to a conservative credit policy, especially with respect to DCC (direct credit to consumers), its sales decreased from R$82 million in 2Q16 to R$62 million in 2Q17.

Luizacred's credit portfolio, including credit cards, DCC and personal loans, totaled R$4.8 billion in 2Q17, increasing 15.4% YoY, highlighting Luiza Card portfolio, which was up 21.2% to R$4.5 billion, while DCC portfolio went down 37.1% to R$243 million, following Luizacred's strategy to focus the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	2Q17	2Q16	% Chg	1H17	1H16	% Chg
Total Card Base (thousand)	3,255	3,464	-6.0%	3,255	3,464	-6.0%
Luiza Card Sales – In chain	756	512	47.8%	1,427	975	46.3%
Luiza Card Sales – Outside Brand	2,725	2,214	23.1%	5,152	4,264	20.8%
CDC Sales	62	82	-24.1%	146	174	-16.3%
Personal Loans Sales	15	19	-22.2%	32	40	-19.7%
Luizacred Sales - Total	**3,559**	**2,827**	**25.9%**	**6,758**	**5,455**	**23.9%**
Card Portfolio	4,511	3,721	21.2%	4,511	3,721	21.2%
CDC Portfolio	243	387	-37.1%	243	387	-37.1%
Personal Loans Portfolio	35	43	-18.4%	35	43	-18.4%
Portfolio - Total	**4,789**	**4,151**	**15.4%**	**4,789**	**4,151**	**15.4%**

The granting of credit at Luizacred follows the policies and criteria established by Itaú Unibanco's Credit Modeling and Policies area. The policies are defined based on proprietary statistics models, using the Risk Adjusted Return on Capital (RAROC) model.

Income Statement

LUIZACRED – Income (R$ million)	2Q17	V.A.	2Q16	V.A.	% Chg	1H17	V.A.	1H16	V.A.	% Chg
Financial Intermediation Revenue	275.8	100.0%	297.5	100.0%	-7.3%	560.0	100.0%	602.3	100.0%	-7.0%
Cards	226.8	82.2%	232.8	78.3%	-2.6%	460.0	82.1%	461.6	76.6%	-0.4%
CDC	38.3	13.9%	52.3	17.6%	-26.7%	78.7	14.1%	116.6	19.4%	-32.5%
Personal Loans	10.7	3.9%	12.4	4.2%	-14.2%	21.3	3.8%	24.1	4.0%	-11.7%
Financial Intermediation Expenses	(161.2)	-58.4%	(193.4)	-65.0%	-16.7%	(318.3)	-56.8%	(387.9)	-64.4%	-17.9%
Market Funding Operations	(47.3)	-17.1%	(59.5)	-20.0%	-20.5%	(100.7)	-18.0%	(120.2)	-20.0%	-16.3%
Provision for Loan Losses	(113.9)	-41.3%	(134.0)	-45.0%	-15.0%	(217.7)	-38.9%	(267.7)	-44.4%	-18.7%
Gross Financial Intermediation Income	114.6	41.6%	104.1	35.0%	10.1%	241.7	43.2%	214.4	35.6%	12.7%
Other Operating Revenues (Expenses)	(65.3)	-23.7%	(57.8)	-19.4%	13.0%	(120.7)	-21.5%	(119.4)	-19.8%	1.0%
Service Revenue	114.3	41.4%	95.5	32.1%	19.6%	224.1	40.0%	176.7	29.3%	26.8%
Personnel Expenses	(2.1)	-0.8%	(1.0)	-0.3%	118.4%	(2.5)	-0.4%	(2.0)	-0.3%	27.0%
Other Administrative Expenses	(145.1)	-52.6%	(128.6)	-43.2%	12.9%	(281.7)	-50.3%	(255.1)	-42.3%	10.4%
Depreciation and Amortization	(3.0)	-1.1%	(3.0)	-1.0%	-1.6%	(6.0)	-1.1%	(6.1)	-1.0%	-1.6%
Tax Expenses	(20.8)	-7.5%	(20.3)	-6.8%	2.4%	(41.3)	-7.4%	(39.2)	-6.5%	5.3%
Other Operating Revenues (Expenses)	(8.6)	-3.1%	(0.5)	-0.2%	1705%	(13.4)	-2.4%	6.2	1.0%	-317.0%
Income Before Tax	49.3	17.9%	46.3	15.6%	6.4%	121.0	21.6%	94.9	15.8%	27.4%
Income Tax and Social Contribution	(22.2)	-8.0%	(21.1)	-7.1%	4.8%	(54.5)	-9.7%	(43.6)	-7.2%	24.9%
Net Income	27.2	9.8%	25.2	8.5%	7.8%	66.5	11.9%	51.3	8.5%	29.6%

Revenue from Financial Intermediation

Revenues from financial intermediation went down 7.3% in 2Q17 and 7.0% in 1H17 mainly due to the decrease revenues from direct consumer credit (DCC) segment of 26.7% and 32.5%, respectively.

Provision for Loan Losses

The indicators continue improving. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for 3.6% of total portfolio in Jun/17, reducing 30 bps from Jun/16, due to a more conservative credit policy.

Even amid an still ongoing challenging macroeconomic scenario, the loan portfolio overdue by more than 90 days (NPL 90) reached 8.4% of total portfolio in Jun/17 versus 11.7% in Jun/16 (-330 bps) and 8.8% in Mar/17 (-40 bps). Provisions for loan losses expenses net of recovery accounted for 2.4% of total portfolio in 2Q17 versus 3.2% in 2Q16. We highlight the portfolio coverage ratio increased to 132% in Jun/17 from 123% in Jun/16.

PORTFOLIO - OVERDUE	Jun-17		Mar-17		Dec-16		Sep-16		Jun-16	
Total Portfolio (R$ million)	4,789	100.0%	4,543	100.0%	4,527	100.0%	4,193	100.0%	4,151	100.0%
000 to 014 days	4,213	88.0%	3,975	87.5%	3,950	87.3%	3,607	86.0%	3,502	84.4%
015 to 030 days	56	1.2%	55	1.2%	41	0.9%	43	1.0%	44	1.1%
031 to 060 days	54	1.1%	51	1.1%	50	1.1%	45	1.1%	51	1.2%
061 to 090 days	64	1.3%	62	1.4%	56	1.2%	54	1.3%	66	1.6%
091 to 120 days	56	1.2%	49	1.1%	54	1.2%	55	1.3%	60	1.4%
121 to 150 days	57	1.2%	55	1.2%	48	1.1%	52	1.3%	60	1.4%
151 to 180 days	55	1.1%	48	1.1%	47	1.0%	56	1.3%	57	1.4%
180 to 360 days	234	4.9%	249	5.5%	280	6.2%	281	6.7%	310	7.5%
Overdue 15-90 days	174	3.6%	168	3.7%	147	3.2%	143	3.4%	162	3.9%
Overdue Above 90 days	402	8.4%	400	8.8%	429	9.5%	444	10.6%	487	11.7%
Total Overdue	576	12.0%	568	12.5%	576	12.7%	586	14.0%	649	15.6%
Provisions for loan losses in IFRS	532	11.1%	528	11.6%	549	12.1%	562	13.4%	598	14.4%
Coverage (%)	132%		132%		128%		127%		123%	

Note: for better comparability and analysis of the loan performance (NPL), the Company now discloses the breakdown of the portfolio by arrears criterion, while it continues disclosing the portfolio breakdown by risk level to the Central Bank.

Financial Intermediation Gross Results

Gross margin from financial intermediation totaled 41.6% in 2Q17, an 6.6 percentage point improvement over 2Q16, mainly due to lower provisions in view of the reduction on overdue indicators. In 1H17, gross margin from financial intermediation was 43.2% (+760 bps YoY).

Other Operating Revenues (Expenses)

Other operating expenses totaled R$65.3 million in 2Q17, a nominal increase of 13.0% YoY, chiefly due to improvement in the loan portfolio and sales expenses as well as consulting and training. In 1H17 other operating expenses totaled R$120.7 million, stable comparing with 1H16. It is worth highlighting the 26.8% growth in service revenues in relation to 1H16.

Operating Income and Net Income

In 2Q17, Luizacred recorded operating income of R$49.3 million (2.3 percentage points higher YoY), equivalent to 17.9% of financial intermediation revenue. In 1H17, operating income was R$121.0 million, 21.6% of financial intermediation revenue (+580 bps YoY).

In 1Q17, Luizacred's net income was up 7.8% to R$27.2 million (ROE of 19%). In 1H17 net income reached R$66.5 million (29.6% higher) , 11.9% of financial intermediation revenue (+340 bps YoY).

It is worth highlighting the evolution of Luizacred's results even considering a significant interest rates reduction on refinancing (revolving) from 15.9% to 9.9% as of Apr/17.

Shareholders' Equity

In compliance with the accounting practices established by the Brazilian Central Bank, considering the minimum provisions required by Law 2682, Luizacred posted net income of R$32.3 million in 2Q17 and R$75.1 million in 1H17, with a shareholders' equity of R$638.6 million in jun/17. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for effects of Magazine Luiza's financial statements came to R$587.7 million.

EARNINGS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)

August 1, 2017 (Tuesday)
10:00 am – Brasília time
9:00 am – USA time (EST)

Participants from Brazil:
Dian in #: +55 (11) 3193-1001
CODE: Magazine Luiza
Link to webcast:

Webcast Portuguese

Participants from the US or other countries:
Dian in #: +1 (786) 924 6977
CODE: Magazine Luiza
Link de webcast:

Webcast English

Replay (available for 7 days):
Dial in # from Brazil: +55 (11) 3193-1012
Identification Code: 7464697#

Investor Relations

Roberto Bellissimo Rodrigues	**Rovilson Vieira**	**Kenny Damazio**	**Luis Luz**
CFO and IR Director	IR Manager	IR Analyst	IR Intern

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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 a partnership 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 interest, 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 in accordance with the accounting practices adopted in Brazil.

Disclaimer

The statements herein related to business prospects, future estimates of operating and financial results, and those related to Magazine Luiza's growth prospects are merely estimates and, as such, are based solely on the expectations of the Executive Board regarding the future of the Company's business. These expectations largely depend on approvals and licenses for the projects, market conditions, performance of the Brazilian economy, the sector and the international markets and are, therefore, subject to changes without prior notice. This performance report includes accounting and non-accounting data such as pro forma operating and financial results and projections based on the expectations of the Company's Management. The non-accounting data were not reviewed by the Company's independent auditors.

Magazine Luiza S.A.

Interim financial information for the period ended June 30, 2017

KPDS 196513

Content

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Independent Auditors' Review Report of the interim financial information

To the Shareholders, Counselors and Directors of
Magazine Luiza S.A.
Franca - SP

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of Magazine Luiza S.A. (the "Company"), included in the quarterly information form - ITR as at June 30, 2017, which comprise the balance sheets as at June 30, 2017 and the respective statements of income and other comprehensive income for the three and six-months period then ended and the statements of changes in shareholders' equity and cash flows for the six-month period then ended, including explanatory information.

Management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of quarterly information (ITR). Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of the review
We conducted our review in accordance with Brazilian and International Review Standards (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on auditing standards and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information, included in the above mentioned quarterly information form, have not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Reviews - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Emphasis of a matter - Restatement of interim financial statements
On July 31, 2017 we issued an unmodified review report on the individual and consolidated interim financial information included in the quarterly information form - ITR as at June 30, 2017, which is being restated to reflect the responsibility of other independent auditors over the corresponding values, subsequent events as of this date, includin the matter related to the stock split approved on September 04, 2017 as described under notes n° 20(a), 20(e) and 30.3. Accordingly, our conclusion considers the modifications and replaces the previously issued conclusion. Our conclusion does not contain modification related to this matter.

Other matters - Interim statements of value added
The individual and consolidated interim financial information related to the statement of value added for the six-month period ended June 30, 2017, prepared under the responsibility of the Company's Management, presented as supplementary information for the purpose of IAS 34, was subject to the same review procedures performed jointly with the review of the quarterly information - ITR of the Company. To prepare our conclusion we evaluated whether these statements are reconciled with the interim financial information and accounting registers, as applicable, and whether the form and contents are in accordance with the criteria defined under Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information, taken as a whole.

Other matters - Corresponding values
The audit of the individual and consolidated balance sheet, as at December 31, 2016, was conducted under the responsibility of other independent auditors who issued an unqualified audit report dated May 30, 2017. The review of the individual and consolidated interim financial information for the six-month period ended June 30, 2016, were conducted under the responsibility of independent auditors who issued an unqualified review report on September 11, 2017.

The amounts reported in the individual and consolidated statement of value added for the six-month period ended June 30, 2016, were subject to the same review procedures by those independent auditors and, based on their review, those auditors issued a report on September 11, 2017 informing that nothing had come to their attention that caused them to believe that the accompanying statement of value added had not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, September 11, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6

Magazine Luiza S.A.

Balance sheets as at June 30, 2017 and December 31, 2016

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
	Notes				
Assets		**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Current assets					
Cash and cash equivalents	5	**230,181**	562,728	**265,061**	599,141
Securities and other financial assets	6 and 27	**596,982**	818,984	**596,982**	818,984
Trade receivables	7	**501,177**	575,334	**503,849**	581,001
Inventories	8	**1,420,739**	1,587,299	**1,430,332**	1,596,743
Related parties	9	**48,010**	66,296	**47,143**	64,021
Taxes recoverable	10	**181,090**	210,657	**182,714**	212,151
Other assets		**88,968**	47,013	**90,236**	47,802
Total current assets		**3,067,147**	3,868,311	**3,116,317**	3,919,843
Noncurrent assets					
Securities and other financial assets	6 and 27	-	171	-	171
Trade receivables	7	**4,263**	3,570	**4,263**	3,570
Taxes recoverable	10	**181,709**	223,604	**181,709**	223,604
Deferred income tax and social contribution	11	**234,103**	241,089	**236,549**	242,010
Escrow deposits	19	**296,974**	292,187	**296,976**	292,189
Other assets		**38,048**	49,671	**40,847**	52,273
Investments in subsidiaries	12	**73,427**	67,022	-	-
Investments in joint ventures	13	**311,846**	293,830	**311,846**	293,830
Property and equipment	14	**556,165**	559,320	**557,362**	560,067
Intangible assets	15	**479,770**	469,724	**525,931**	513,049
Total noncurrent assets		**2,176,305**	2,200,188	**2,155,483**	2,180,763
Total assets		**5,243,452**	6,068,499	**5,271,800**	6,100,606

The accompanying notes are an integral part of the interim financial information.

Magazine Luiza S.A.

Balance sheets as at June 30, 2017 and December 31, 2016

(In thousands of Brazilian reais - R$)

Liabilities and equity	Notes	Parent Company 06/30/2017	Parent Company 12/31/2016	Consolidated 06/30/2017	Consolidated 12/31/2016
Current liabilities					
Trade payables	16	**1,850,927**	2,353,473	**1,860,524**	2,364,959
Borrowings, financing and other financial liabilities	17	**718,582**	837,878	**718,650**	838,016
Payroll, vacation payroll charges		**187,893**	184,789	**191,542**	188,390
Taxes payable		**44,721**	38,613	**46,440**	40,132
Related parties	9	**60,224**	72,923	**60,259**	72,955
Deferred revenue	18	**42,814**	40,318	**42,814**	40,318
Dividends payable		**-**	12,335	**-**	12,335
Other payable		**159,684**	111,615	**163,227**	115,321
Total current liabilities		**3,064,845**	3,651,944	**3,083,456**	3,672,426
Noncurrent liabilities					
Borrowings, financing and other financial liabilities	17	**662,996**	1,010,760	**662,996**	1,010,760
Provision for tax, civil and labor contingencies	19	**279,597**	275,054	**286,585**	284,126
Deferred revenue	18	**488,996**	509,155	**488,996**	509,155
Other payables		**-**	-	**2,749**	2,553
Total noncurrent liabilities		**1,431,589**	1,794,969	**1,441,326**	1,806,594
Total liabilities		**4,496,434**	5,446,913	**4,524,782**	5,479,020
Equity	20				
Capital stock		**606,505**	606,505	**606,505**	606,505
Capital reserve		**22,228**	19,030	**22,228**	19,030
Treasury shares		**(28,729)**	(28,729)	**(28,729)**	(28,729)
Legal reserve		**20,471**	20,471	**20,471**	20,471
Profit reserve		**-**	3,107	**-**	3,107
Other comprehensive income (losses)		**1,824**	1,202	**1,824**	1,202
Net income		**124,719**	-	**124,719**	-
Total equity		**747,018**	621,586	**747,018**	621,586
Total liabilities and equity		**5,243,452**	6,068,499	**5,271,800**	6,100,606

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of income

For the six and three-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Notes	Six-month periods ended				Three-month periods ended			
		Parent Company		Consolidated		Parent Company		Consolidated	
		06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
NET SALES REVENUE	21	**5,428,853**	4,349,103	**5,506,156**	4,410,738	**2,660,694**	2,116,663	**2,699,231**	2,147,264
COST OF GOODS RESOLD AND SERVICES RENDERED	22	**(3,808,786)**	(3,025,904)	**(3,838,771)**	(3,044,688)	**(1,847,733)**	(1,454,862)	**(1,864,293)**	(1,464,778)
GROSS PROFIT		**1,620,067**	1,323,199	**1,667,385**	1,366,050	**812,961**	661,801	**834,938**	682,486
OPERATING INCOME (EXPENSES)									
Selling	23	**(987,567)**	(839,513)	**(997,835)**	(844,550)	**(483,556)**	(415,205)	**(489,248)**	(417,773)
General and administrative	23	**(230,457)**	(213,761)	**(246,284)**	(229,509)	**(117,320)**	(110,442)	**(126,165)**	(118,446)
Doubtful accounts losses		**(15,738)**	(13,236)	**(15,767)**	(13,236)	**(10,146)**	(5,521)	**(10,169)**	(5,521)
Depreciation and amortization	14 and 15	**(68,971)**	(61,555)	**(69,359)**	(61,875)	**(34,712)**	(30,813)	**(34,924)**	(30,980)
Equity in the earnings of investees	12 and 13	**42,394**	36,167	**40,819**	30,615	**17,840**	18,759	**17,440**	15,930
Other operating income (expenses), net	23 and 24	**17,248**	(4,019)	**19,347**	(2,059)	**7,769**	5,540	**8,982**	6,520
		(1,243,091)	(1,095,917)	**(1,269,079)**	(1,120,614)	**(620,125)**	(537,682)	**(634,084)**	(550,270)
OPERATING INCOME BEFORE FINANCIAL INCOME		**376,976**	227,282	**398,306**	245,436	**192,836**	124,119	**200,854**	132,216
Financial income		**71,494**	69,037	**51,084**	53,419	**35,389**	31,513	**27,561**	24,806
Financial expenses		**(289,714)**	(290,888)	**(290,747)**	(291,854)	**(136,324)**	(148,717)	**(136,809)**	(149,310)
Financial result	25	**(218,220)**	(221,851)	**(239,663)**	(238,435)	**(100,935)**	(117,204)	**(109,248)**	(124,504)
OPERATING INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**158,756**	5,431	**158,643**	7,001	**91,901**	6,915	**91,606**	7,712
Current and deferred income tax and social contribution	11	**(27,837)**	10,242	**(27,724)**	8,672	**(19,545)**	3,504	**(19,250)**	2,707
NET INCOME FOR THE PERIOD		**130,919**	15,673	**130,919**	15,673	**72,356**	10,419	**72,356**	10,419
Attributable to:									
Owners of the Company		**130,919**	15,673	**130,919**	15,673	**72,356**	10,419	**72,356**	10,419
EARNINGS PER SHARE									
Basic (R$ per share)		**0.769**	0.090	**0.769**	0.090	**0.425**	0.060	**0.425**	0.060
Diluted (R$ per share)		**0.764**	0.090	**0.764**	0.090	**0.420**	0.060	**0.420**	0.060

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of comprehensive income

For the six and three-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Six-month period ended		Three-month period ended	
	Parent Company and Consolidated		Parent Company and Consolidated	
	06/30/2017	**06/30/2016**	**06/30/2017**	**06/30/2016**
Net income	**130,919**	**15,673**	**72,356**	**10,419**
Available-for-sale financial assets	**1,131**	1,722	**896**	1,722
Tax effect	**(509)**	(775)	**(403)**	(775)
Total	**622**	947	**493**	947
Total comprehensive income for the period , net of taxes	**131,541**	**16,620**	**72,849**	**11,366**
Attributable to:				
Controlling shareholders:	**131,541**	16,620	**72,849**	11,366

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of changes in shareholders' equity

For the six-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais – R$)

	Notes	Capital Stock	Capital Reserve	Treasury shares	Legal reserve	Profit reserve	Accumulated loss	Net income	Other comprehensive Income	Total
Balance as at January 1, 2016 (as originally presented)		606,505	14,567	(9,574)	16,143	36,199	-	-	(1,628)	662,212
Prior year adjustments		-	-	-	-	(36,199)	(50,357)	-	-	(86,556)
Balance as at January 1, 2016 (restated)		606,505	14,567	(9,574)	16,143	-	(50,357)	-	-	575,656
Stock option plan		-	2,231	-	-	-	-	-	-	2,231
Cancellation of treasury shares			-	16,438			(16,438)	-	-	-
Treasury shares		-	-	(7,956)	-	-	-	-	-	(7,956)
Net income for the period		-	-	-	-	-	-	15,673	-	15,673
		606,505	16,798	(1,092)	16,143	-	(66,795)	15,673	(1,628)	585,604
Other comprehensive income										
Financial instrument adjustments		-	-	-	-	-		-	2,575	2,575
Balance as at June 30, 2016 (restated)		606,505	16,798	(1,092)	16,143	-	(66,795)	15,673	947	588,179
Balance as at January 1, 2017		606,505	19,030	(28,729)	20,471	3,107	-	-	1,202	621,586
Net income for the period		-	-	-	-	-	-	**130,919**	-	**130,919**
Stock option plan		-	**3,198**	-	-	-	-	-	-	**3,198**
Proposed additional dividends		-	-	-	-	**(3,107)**	-	**(6,200)**	-	**(9,307)**
		606,505	**22,228**	**(28,729)**	**20,471**	-	-	**124,719**	**1,202**	**746,396**
Other comprehensive income										
Financial instrument adjustments	13	-	-	-	-	-	-	-	**622**	**622**
Balance as at June 30, 2017		**606,505**	**22,228**	**(28,729)**	**20,471**	-	-	**124,719**	**1,824**	**747,018**

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of cash flows

For the six-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Notes	Parent Company		Consolidated	
		06/30/2017	**06/30/2016 Restated**	**06/30/2017**	**06/30/2016**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period		**130,919**	15,673	**130,919**	15,673
Adjustments to reconcile net income to cash generated by (applied to) operating activities:					
Income tax and social contribution recognized in net income	11	**27,837**	(10,242)	**27,724**	(8,672)
Depreciation and amortization	14 and 15	**68,971**	61,555	**69,359**	61,875
Interest rate accrued over borrowings and financing		**109,855**	123,099	**109,868**	123,116
Yield on securities		**(22,661)**	(17,693)	**(22,661)**	(17,693)
Equity in the earnings (losses) of investees	12 and 13	**(42,394)**	(36,167)	**(40,819)**	(30,615)
Changes in allowance for asset losses		**60,052**	52,784	**60,185**	53,216
Provision for tax, civil and labor contingencies	19	**22,497**	29,372	**20,497**	27,451
(Gain)/ Loss on sale, net of write-off of property and equipment	24	**(2,303)**	348	**(2,303)**	348
Appropriation of deferred revenue	24	**(21,413)**	(20,237)	**(21,413)**	(20,237)
Stock option plan expenses		**3,198**	2,231	**3,198**	2,231
Adjusted net income for the period		**334,558**	200,723	**334,554**	206,693
(Increase) decrease in operating assets:					
Receivables		**51,947**	10,772	**54,913**	10,200
Securities and other financial assets		**232,122**	7,380	**232,122**	7,380
Inventories		**128,025**	14,436	**127,772**	14,464
Related parties		**14,009**	26,659	**14,048**	25,428
Taxes recoverable		**71,462**	47,924	**71,332**	47,687
Other assets		**(35,588)**	(77,541)	**(36,264)**	(77,624)
Changes in operating assets		**461,977**	29,630	**463,923**	27,535
Increase (decrease) in operating liabilities:					
Trade payables		**(502,546)**	(465,377)	**(504,436)**	(467,021)
Payroll, vacation pay and related charges		**3,104**	(9,598)	**3,132**	(9,423)
Taxes payable		**(14,214)**	(2,342)	**(14,512)**	(2,691)
Related parties		**(12,699)**	9,362	**(12,696)**	9,573
Other payable		**32,864**	(8,439)	**32,813**	(8,094)
Changes in operating liabilities		**(493,491)**	(476,394)	**(495,699)**	(477,656)
Income tax and social contribution paid		**(529)**	-	**(1,449)**	(1,117)
Dividends received from subsidiaries		**27,702**	53,638	**26,255**	53,638
Cash flow generated by (used in) operating activities		**330,217**	(192,403)	**327,584**	(190,907)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	14	**(42,482)**	(28,215)	**(43,060)**	(28,304)
Purchase of intangible assets	15	**(33,760)**	(20,856)	**(34,833)**	(21,554)
Sale of property and equipment		**3,152**	-	**3,152**	-
Payment of exclusive agreement renegotiation		**-**	(11,182)	**-**	(11,182)
Capital increase in subsidiaries and joint ventures		**(2,830)**	(1,000)	**-**	-
Investments in subsidiary		**(1,000)**	-	**(996)**	-
Cash flow used in investment activities		**(76,920)**	(61,253)	**(75,737)**	(61,040)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing and financing		**202,617**	192,983	**202,617**	192,983
Payment of borrowing and financing		**(624,553)**	(227,915)	**(624,630)**	(227,981)
Repayment of interest on borrowing and financing		**(142,267)**	(125,045)	**(142,273)**	(125,063)
Payment of dividends and interest on equity		**(21,641)**	-	**(21,641)**	-
Treasury shares acquired		**-**	(7,956)	**-**	(7,956)
Cash flow used in financing activities		**(585,844)**	(167,933)	**(585,927)**	(168,017)
DECREASE IN CASH AND CASH EQUIVALENTS		**(332,547)**	(421,589)	**(334,080)**	(419,964)
Cash and cash equivalents at the beginning of the period		**562,728**	590,400	**599,141**	617,465
Cash and cash equivalents at the end of the period		**230,181**	168,811	**265,061**	197,501
DECREASE IN CASH AND CASH EQUIVALENTS		**(332,547)**	(421,589)	**(334,080)**	(419,964)

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of value added

For the six-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Parent Company		Consolidated	
	06/30/2017	**06/30/2016**	**06/30/2017**	**06/30/2016**
REVENUE				
Goods and products sold and services rendered	**6,203,461**	4,986,227	**6,288,623**	5,053,434
Allowance for doubtful accounts, net of reversals	**(15,738)**	(13,236)	**(15,767)**	(13,236)
Other operating income	**8,212**	20,370	**10,311**	22,331
	6,195,935	4,993,361	**6,283,167**	5,062,529
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of goods resold and services rendered	**(4,101,766)**	(3,300,335)	**(4,131,720)**	(3,318,972)
Material, electricity, outsourced services and other	**(501,050)**	(443,289)	**(517,364)**	(454,984)
Impairment of assets	**(38,535)**	(31,492)	**(38,638)**	(31,742)
	(4,641,351)	(3,775,116)	**(4,687,722)**	(3,805,698)
GROSS VALUE ADDED	**1,554,584**	1,218,245	**1,595,445**	1,256,831
DEPRECIATION AND AMORTIZATION	**(68,971)**	(61,555)	**(69,359)**	(61,875)
Net value added generated by the entity	**1,485,613**	1,156,690	**1,526,086**	1,194,956
Value added received through transfer				
Equity in the earnings of investees	**42,394**	36,167	**40,819**	30,615
Finance income	**71,494**	69,037	**51,084**	53,419
Total value added to distribute	**1,599,501**	1,261,894	**1,617,989**	1,278,990
DISTRIBUTION OF VALUE ADDED				
Personnel and charges:				
Direct compensation	**371,078**	334,475	**377,484**	340,741
Benefits	**73,821**	65,595	**75,183**	66,288
Government Severance Indemnity Fund for Employees (FGTS)	**36,354**	38,892	**36,895**	39,485
	481,253	438,962	**489,562**	446,514
Taxes, fees and contributions:				
Federal	**136,982**	55,432	**139,716**	59,959
State	**379,042**	290,797	**384,302**	293,904
Municipal	**20,758**	19,017	**21,682**	19,782
	536,782	365,246	**545,700**	373,645
Value distributed to providers of capital:				
Interest	**270,844**	271,983	**271,664**	272,804
Rentals	**164,249**	154,113	**164,563**	154,367
Other	**15,454**	15,917	**15,581**	15,987
	450,547	442,013	**451,808**	443,158
Value distributed to shareholders:				
Retained earnings	**130,919**	15,673	**130,919**	15,673
	1,599,501	1,261,894	**1,617,989**	1,278,990

The accompanying notes are an integral part of the interim financial information

Notes to the interim financial information

(In thousands of Brazilian reais)

1 General information

Magazine Luiza S.A. ("Company" or "Parent Company") is primarily engaged in the retail sale of consumer goods (mainly home appliances, personal electronics and furniture), through physical and virtual stores or through e-commerce. Its headquarters is in the city of Franca, state of São Paulo, Brazil and its parent and holding company is LTD Administração e Participação S.A.

Magazine Luiza S.A. and its subsidiaries are hereinafter referred to as "Company" for purposes of this report, unless otherwise stated.

As at June 30, 2017, the Company and its subsidiaries owned 814 stores (800 stores as at December 31, 2016) and 9 distribution centers (9 distribution centers as at December 31, 2016), located in the South, Southeast, Mid-west and Northeast regions of Brazil, and worked with the e-commerce sites www.magazineluiza.com.br and www.epocacosmeticos.com.br.

On September 11, 2017, the Board of Directors authorized the issue of the interim financial information (ITR).

2 Presentation and preparation of the interim financial information

2.1 Accounting policies

The interim financial information is presented in thousands of Brazilian reais ("R$"), which is the functional and presentation currency of the Company.

The individual and consolidated interim financial information is prepared in accordance with technical pronouncement CPC 21 (R1) (interim financial reporting) and in accordance with the international standard IAS 34, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

The practices, policies and main accounting judgments adopted in the preparation of the individual and consolidated interim financial information are consistent with those adopted and disclosed under Notes 3, 4, 6, 8, 9, 12, 15, 16, 20, 22, 23 and 29 of the financial statements for the year ended December 31, 2016, which were restated on May 30, 2017 and should be read jointly.

The Statement of Value Added ("DVA") aims at evidencing the wealth created by the Company and its distribution during certain period and is presented as part of its parent company financial statements pursuant to the standards issued by the Brazilian Securities and Exchange Commission (CVM), since it is neither an estimated statement nor mandatory under the International Financial Reporting Standards (IFRS).

Management adopts the accounting policy that presents interest paid as financing activities and dividends received as operating activities in the statements of cash flows.

2.2 Restatement of interim financial information previously presented

(i) Restatement of the corresponding values of the individual cash flows

The corresponding values of the individual statement of cash flows for the period ended June 30, 2016, presented in this interim financial information for comparison purposes, are being restated in compliance with CPC 23 and CPC 21 (R1) due to reclassification of the investments and redemption of exclusive investment funds, classified as financial instruments held for sale, from cash flows from investing activities to cash flows from operating activities, in the Parent Company's individual statement of cash flows, in the amount of R$ 7,380.

There was no further impact to other interim financial information of the Company.

Individual statement of cash flows for the six-month period ended June 30, 2016

	Parent Company		
	Previously presented	**Adjustments**	**Restated**
Cash flows used in operating activities	(199,783)	7,380	(192,403)
Cash flows used in investing activities	(53,873)	(7,380)	(61,253)
Cash flows used in financing activities	(167,933)	-	(167,933)
DECREASE IN CASH AND CASH EQUIVALENTS	(421,589)	-	(421,589)

(ii) Restatement of the corresponding values of the statements of changes in shareholders' equity

The corresponding values of the statements of changes in shareholders' equity, for the six-month period ended June 30, 2016, presented in this interim financial information for comparison purposes, are being restated in compliance with CPC 23 - Accounting policies, changes in accounting estimates and errors (IAS 8) and CPC 21 (R1) - Interim Financial Reporting (IAS 34) due to the elimination of unrealized profits on intermediation transactions of sales of extended warranties between the Company and its jointly-controlled subsidiary Luizaseg, which affected the initial value of shareholders' equity on January 1, 2016 (derived from the financial statements for the year ended December 31, 2015). Management concluded the unrealized portion of the revenues and profits derived from this transaction (with respect to the Company's equity interest in Luizaseg) should be appropriated to profit or loss for the period in accordance with the term of the extended warranties sold, as performed by its joint venture, and not when the service is provided by the Company.

The effects on the statements of income, comprehensive income, cash flows and value added for the period ended June 30 2016 were not considered material and, therefore, were not adjusted retrospectively.

3 New standards, amendments and interpretations

The early adoption of standards, despite being encouraged by the International Accounting Standards Board (IASB), is not permitted in Brazil by the Accounting Pronouncements Committee (CPC). The following new standards and interpretations were issued by IASB but are not yet effective for the year 2017:

-IFRS 9, "Financial instruments", issued in November 2009. IFRS 9 introduces new requirements for classifying and measuring financial assets within three principal classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. It also addresses a new model of expected loss of credit, in substitution to the present model of losses incurred. IFRS 9 softens the requirement of hedge effectiveness. The standard is effective as of January 1, 2018. The Company is evaluating the impact from the application and does not expect any material alterations to its equity positions and results from the adoption of this standard. The Company intends to use the exemption which permits companies to not present comparative information from prior periods from alterations in the classification and measurement of financial assets (including expected loss of credit). The differences in the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9, should be recognized under accumulated income and reserves on January 1, 2018;

-IFRS 15, “Revenue from contracts with customers”, issued in May 2014. This standard has the purpose of establishing the principles that the Company must apply to report information corresponding to the nature, quantity, time and estimated revenue and cash flows from a contract with a customer. The standard is effective as of January 1, 2018. The Company is evaluating the impact from the application and does not expect significant impacts to its equity positions and results due to the application of this standard. Eventual impacts, despite not being expected, should be treated prospectively in the transition approach;

-IFRS 16, “Leases”, issued in January 2016. This standard has as its objective to unify the lease accounting model, requiring the lessees to recognize as asset or liability all lease contracts, unless these contracts have a lease term of less than twelve months or immaterial value. The standard is effective as of January 1, 2019. The Company is evaluating the impact from the application of this standard and does not expect relevant changes in net income.

4 Notes included in the financial statements for the year ended December 31, 2016 not presented in the interim financial information

The interim information is presented in accordance with technical pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) observing the provisions contained under Official-Circular/CVM/SNC/SEP 003/2011 of April 28, 2011. The preparation of the interim financial information involved judgment by the Company's management in relation to the relevance and alterations that should be disclosed in the Notes to the interim financial information. In this manner, the interim information includes selected notes and does not contemplate all of the notes presented in the financial statements for the year ended December 31, 2016. As permitted by Official Circular 03/2011, issued by the Brazilian Securities and Exchange Commission (CVM), Note 9 - Leasing Commitments to the financial statements as at December 31, 2016 is not presented:

5 Cash and cash equivalents

		Parent Company		Consolidated	
	Rates	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Cash		**37,216**	36,063	**37,221**	36,069
Banks		**19,851**	37,933	**20,243**	41,039
Bank deposit certificates	70% to 101% CDI	**172,839**	488,084	**184,085**	499,493
Non-exclusive investment funds	102% CDI	**275**	648	**23,512**	22,540
Total cash and cash equivalents		**230,181**	562,728	**265,061**	599,141

6 Securities and other financial assets

		Parent Company and Consolidated	
Financial assets	**Rates**	**06/30/2017**	**12/31/2016**
Securities			
Non-exclusive investment funds	98% CDI	**10,594**	10,069
Exclusive investment funds	(a)		
Debentures		**-**	773
Federal government securities and repo operations		**580,996**	789,366
Time deposits and other securities		**4,198**	5,041
	Note 9.a	**585,194**	795,180
Total securities		**595,788**	805,249
Other financial assets measured at fair value through profit or loss			
Swap receivables - Fair value hedge	(b)	**1,194**	13,906
Total securities and other financial assets		**596,982**	819,155
Current		**596,982**	818,984
Noncurrent		-	171

The average term to receive trade receivables is 13 days as at June 30, 2017 and 14 days as at December 31, 2016, Parent Company and Consolidated. Receivables were assigned to secure borrowings in the amount of R$ 93,077 as at June 30, 2017 (R$ 109,445 as at December 31, 2016), represented by credit card receivables.

(a) Considers the exclusive fixed income investment funds. As at June 30, 2017 and December 31, 2016, the portfolio was distributed into the types of investment described in the table above, which are linked to financial operations and securities, indexed to the monthly variation of CDI rate, to return the average profitability of 103% of the CDI to the Company.

(b) Fair value hedge accounting, as detailed under Note 27

The credit risk analysis and sensitivity analysis are presented under Note 27.

7 Trade receivables

	Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Trade receivables:				
Credit cards (a)	**239,641**	272,502	**240,627**	276,206
Debit cards (a)	**5,037**	11,474	**5,037**	11,474
Installment plan (b)	**121,965**	118,171	**122,047**	118,226
Additional warranty agreements and other insurance (c)	**62,010**	60,155	**62,010**	60,155
Total trade receivables	**428,653**	462,302	**429,721**	466,061
Receivables from commercial agreements (d)	**133,382**	170,010	**135,018**	171,984
Allowance for doubtful accounts	**(30,237)**	(29,535)	**(30,260)**	(29,535)
Adjustment to present value	**(26,358)**	(23,873)	**(26,367)**	(23,939)
Total trade receivables	**505,440**	578,904	**508,112**	584,571
Current assets	**501,177**	575,334	**503,849**	581,001
Noncurrent assets	**4,263**	3,570	**4,263**	3,570

The average term to receive trade receivables is 13 days as at June 30, 2017 and December 31, 2016, Parent Company and Consolidated. Receivables were assigned to secure borrowings in the amount of R$ 93,077 as at June 30, 2017 (R$ 109,445 as at December 31, 2016), represented by credit card receivables.

(a) Refers to credit and debit card receivables, which the Company receives from credit card operators in amounts, term and number of installments defined at the moment the product is sold. As at June 30, 2017 the Company had credits granted to financial institutions in the amount of R$ 1,699,407 (R$ 1,587,544 as at December 31, 2016) and Consolidated R$ 1,713,916 (R$ 1,587,544 as at December 31, 2016), where a discount between 105.0% and 109.0% of the CDI is applied, which is recognized in profit or loss under “financial expenses”. The Company, through card sale transactions, transfers to the credit card operators and financial institutions all risks of receiving from customers and, therefore, settles receivables related to these credits, and the respective financial charges are registered under profit or loss at the time of settlement.

(b) Refers to receivables from sales financed by the Company and by other financial institutions

(c) These sales are intermediated by the Company on behalf of Luizaseg and Cardif. The Company allocates to its partners the extended warranty amount, in full, in the month following the sale and receives from customers in accordance with the transaction term.

(d) Refers to bonuses on production to be received from suppliers, arising from the fulfillment of the purchase volume, as well as from agreements that define the participation of suppliers in disbursements related to advertising and marketing (joint advertising).

Change in allowance for doubtful accounts:

	Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Balance at the beginning of the period/year	**(29,535)**	(46,640)	**(29,535)**	(46,640)
(+) Additions	**(21,517)**	(43,200)	**(21,546)**	(43,287)
(-) Write-off	**20,815**	60,305	**20,821**	60,392
Balance at the end of the period/year	**(30,237)**	(29,535)	**(30,260)**	(29,535)

The aging list of trade receivables and receivables from commercial agreements is demonstrated below:

	Trade receivables				Commercial agreements			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Falling due::								
Up to 30 days	**51,053**	76,846	**51,597**	77,492	**48,682**	56,032	**50,318**	58,006
Between 31 to 60 days	**42,957**	45,242	**43,122**	45,407	**53,438**	88,776	**53,438**	88,776
Between 61 to 90 days	**30,596**	26,308	**30,654**	27,117	**8,734**	11,740	**8,734**	11,740
Between 91 to 180 days	**55,354**	51,629	**55,552**	52,910	**13,929**	9,173	**13,929**	9,173
Between 181 to 360 days	**221,804**	233,649	**221,907**	234,507	**6**	3	**6**	3
Over 361 days	**7,702**	7,424	**7,702**	7,424	**-**	-	**-**	-
	409,466	441,098	**410,534**	444,857	**124,789**	165,724	**126,425**	167,698
Past due:								
Up to 30 days	**5,673**	5,979	**5,673**	5,979	**3,232**	3,138	**3,232**	3,138
Between 31 to 60 days	**3,188**	4,814	**3,188**	4,814	**1,323**	509	**1,323**	509
Between 61 to 90 days	**2,678**	2,650	**2,678**	2,650	**2,702**	29	**2,702**	29
Between 91 to 180 days	**7,648**	7,761	**7,648**	7,761	**1,336**	610	**1,336**	610
	19,187	21,204	**19,187**	21,204	**8,593**	4,286	**8,593**	4,286
Total	**428,653**	462,302	**429,721**	466,061	**133,382**	170,010	**135,018**	171,984

The credit risk analysis is presented under Note 27.

8 Inventories

	Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Resale goods	**1,480,293**	1,616,710	**1,490,623**	1,626,787
Consumption material	**9,830**	11,483	**9,830**	11,483
Provision for inventory losses	**(69,384)**	(40,894)	**(70,121)**	(41,527)
Total	**1,420,739**	1,587,299	**1,430,332**	1,596,743

As at June 30, 2017, the Company has revolving inventories assigned as guarantee in legal lawsuits in progress, totaling approximately R$13,416 (R$2,353 as at December 31, 2016).

Changes in the provision for loss and adjustment to net realizable value are as follows:

	Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Balance at the beginning of the period/year	**(40,894)**	(30,391)	**(41,527)**	(30,391)
Provision	**(38,535)**	(55,289)	**(38,639)**	(55,922)
Written-off or sold inventories	**10,045**	44,786	**10,045**	44,786
Final balance	**(69,384)**	(40,894)	**(70,121)**	(41,527)

9 Related parties

a. Balance from related parties

	Parent Company		Consolidated	
Current assets	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Commissions for services rendered				
Jointly-held subsidiaries:				
Luizacred (i)	**8,014**	10,843	**8,014**	10,843
Luizaseg (ii)	**26,039**	28,722	**26,039**	28,722
	34,053	39,565	**34,053**	39,565
Subsidiaries:				
Luiza Administradora de Consórcios (“LAC”) (iii)	**858**	828	**-**	-
Campos Floridos Comércio de Cosméticos Ltda (“Época Cosméticos”) (viii)	**9**	-	**-**	-
	867	828	**-**	-
Expenses with consortium draws				
Grupo de Consórcios (“LAC”) (iii)	**279**	146	**279**	146
Dividends receivable:				
Luizaseg (ii)	**-**	2,830	**-**	2,830
Luiza Administradora de Consórcios (“LAC”) (iii)	**-**	1,447	**-**	-
	-	4,277	**-**	2,830
Balance receivable from credit card sales and receivables through CDC:				
Luizacred - CDC (i)	**1,457**	2,834	**1,457**	2,834
Luizacred - Credit cards (i)	**11,354**	18,646	**11,354**	18,646
	12,811	21,480	**12,811**	21,480
Total	**48,010**	66,296	**47,143**	64,021
Securities (Note 6)				
Investment funds (vii)	**585,194**	795,180	**585,194**	795,180

	Parent Company		Consolidated	
Current liabilities	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Transfer of receivables from services and accounts payable:				
Jointly-held subsidiaries:				
Luizacred (i)	**17,807**	27,853	**17,807**	27,853
Luizaseg (ii)	**36,870**	38,605	**36,870**	38,605
	54,677	66,458	**54,677**	66,458
Subsidiaries:				
Grupo de Consórcios (“LAC”) (iii)	**803**	1,087	**803**	1,087
Rent payable and other transfers				
Controlled by controlling shareholders of the Company:				
MTG Administração, Assessoria e Participações S.A. (iv)	**1,146**	1,979	**1,149**	1,981
PJD Agropastoril Ltda. (vi)	**43**	43	**75**	73
	1,189	2,022	**1,224**	2,054
Payables relating to advertising campaigns:				
ETCO - Sociedade em Conta de Participação (v)	**3,555**	3,356	**3,555**	3,356
Total	**60,224**	72,923	**60,259**	72,955

	Six-month periods ended				**Three-month periods ended**			
	Parent Company		**Consolidated**		**Parent Company**		**Consolidated**	
Profit or loss	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**
Income from service intermediation commission								
Jointly-held subsidiaries								
Luizacred (i)	**62,167**	60,265	**62,167**	60,265	**30,870**	28,695	**30,870**	28,695
Luizaseg (ii)	**124,228**	117,097	**124,228**	117,097	**63,647**	55,862	**63,647**	55,862
	186,395	177,362	**186,395**	177,362	**94,517**	84,557	**94,517**	84,557
Subsidiaries:								
Luiza Administradora de Consórcio (“LAC”) (iii)	**5,861**	4,411	**-**	-	**2,900**	2,233	**-**	-
Campos Floridos Comércio de Cosméticos Ltda. (“Época Cosméticos”) (viii)	**55**	-	**-**	-	**38**	-	**-**	-
	5,916	4,411	**-**		**2,938**	2,233	**-**	-
Revenue from return on exclusive fund								
Investment funds (vii)	**22,104**	17,257	**22,104**	17,257	**8,593**	7,574	**8,593**	7,574
Reimbursement of shared expenses								
Jointly-held subsidiaries:								
Luizacred (i)	**29,558**	26,371	**29,558**	26,371	**14,834**	13,204	**14,834**	13,204
Total revenue	**243,973**	225,401	**238,057**	220,990	**120,882**	107,568	**117,944**	105,335

	Six-month periods ended				**Three-month periods ended**			
	Parent Company		**Consolidated**		**Parent Company**		**Consolidated**	
	06/30/2017	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2017**
Costs related to the acquisition of goods								
Campos Floridos Comércio de Cosméticos Ltda. (viii)	-	(3,478)	-	-	-	(829)	-	-
Total costs	-	(3,478)	-	-	-	(829)	-	-

	Six-month periods ended				Three-month periods ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Commercial building rental expenses								
Controlled by controlling shareholders of the Company:								
MTG Administração, Assessoria e Participações S.A. (iv)	**(10,962)**	(10,028)	**(10,982)**	(10,041)	**(5,350)**	**(4,886)**	**(5,330)**	**(4,899)**
PJD Agropastoril Ltda. (vi)	**(259)**	(242)	**(447)**	(419)	**(130)**	**(122)**	**(225)**	**(293)**
	(11,221)	(10,270)	**(11,429)**	(10,460)	**(5,480)**	**(5,008)**	**(5,555)**	**(5,192)**
Freight charges								
PJD Agropastoril Ltda. (vi)	**(730)**	(1,104)	**(900)**	(1,104)	**(509)**	**(498)**	**(509)**	**(412)**
Charges from credit card advance:								
Luizacred (i)	**(84,355)**	(64,365)	**(84,355)**	(64,365)	**(42,500)**	**(33,477)**	**(42,500)**	**(33,477)**
Advertising campaign expenses								
Controlled by controlling shareholders of the Company:								
ETCO - Sociedade em Conta de Participação (v)	**(105,474)**	(76,151)	**(105,474)**	(76,151)	**(61,123)**	**(35,974)**	**(61,123)**	**(35,974)**
Total expenses	**(201,780)**	(151,890)	**(202,158)**	(152,080)	**(109,612)**	**(74,957)**	**(109,687)**	**(75,055)**

(i) Transactions with Luizacred, a subsidiary jointly controlled with Banco Itaúcard S.A., refer to the following activities:

(a) Financial expenses on the advance of receivables from such cards;

(b) Receivables from sales of products financed to customers by Luizacred, received by the Company on the following day (“D+1”);

(c) Commissions on the services provided monthly by the Company, which include the attraction of customers, management and administration of consumer credit transactions, control and collection of financing granted, referral of insurance linked to financial services and products, access to telecommunication systems and network, in addition to storage and availability of physical space in the points-of-sale. The amounts payable (current liabilities) refer to the receipt of customers’ installments by the Company’s store cashiers, which are transferred to Luizacred on D+1;

(d) Balance receivable referring to Luizacred’s dividend proposal, which were received in the period.

(ii) The amounts receivable (current assets) and revenues of Luizaseg, subsidiary jointly controlled with NCVP Participações Societárias S.A., a subsidiary of Cardif do Brasil Seguros e Previdência S.A., arise from commissions on services monthly provided by the Company, relating to the sale of extended warranties and proposed dividends. The amounts payable (current liabilities) refer to the transfers of extended warranties sold to Luizaseg, in full, in the month following the sale.

(iii) The amounts receivable (current assets) of LAC, wholly-owned subsidiary, refers to proposed dividends, commissions and sales made by the Company as the agent of consortium transactions. The amounts payable (current liabilities) refer to the transfers to be made to LAC relating to the installments of consortiums received by the Company through the cashiers of its points-of-sale.

(iv) Transactions with MTG Administração, Assessoria e Participações S.A. (“MTG”), controlled by the Company’s controlling shareholders, refer to expenses with rental of office buildings for the installation of its stores, distribution centers and head office.

(v) Transactions with ETCO, a special partnership which has as partner an entity controlled by the Vice Chairman of the Company’s Board of Directors, refer to advertising and marketing service contracts, also including transfers relating to placement, media production and graphic design services.

(vi) Transactions with PJD Agropastoril Ltda., an entity controlled by the Company’s indirect controlling shareholders, refer to expenses with rental of commercial buildings for installation of stores and truck rental for freight of goods.

(vii) Refers to investments and redemptions, and income from exclusive investment funds (ML Renda Fixa Crédito Privado FI and FI Caixa ML RF Longo Prazo - see Note 6 - Securities).

(viii) Transactions with Campos Floridos Comércio de Cosméticos Ltda., a wholly-owned subsidiary, refer to the following activities.

(a) Sale of products for resale by the Parent Company;

(b) Commission expenses with Marketplace from the sales made on the platform of the site of the Parent Company.

b. Management compensation

	06/30/2017		06/30/2016	
	Board of Directors	**Executive Officers**	**Board of Directors**	**Executive Officers**
Fixed and variable compensation	**1,398**	**4,222**	1,294	3,349
Share option plan	**94**	**195**	1,227	431

The Company does not grant post-employment benefits, severance benefits, or other long-term benefits. Short-term benefits to the Board of Executive Officers are the same as those extended to other employees of the Company. It is an internal public policy of the Company to pay Profit Sharing to its employees. These amounts are provisioned on a monthly basis by the Company, according to estimates for meeting targets. The Company’s Board of Directors approved on April 20, 2017, the management’s overall compensation for the year ended at December 31, 2017, where a maximum limit for management’s overall compensation was estimated at R$19,447.

10 Taxes recoverable

	Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
ICMS Recoverable VAT (a)	**357,975**	406,068	**357,975**	406,068
Recoverable income tax and social contribution	**319**	1,160	**461**	1,380
Recoverable withholding income tax	**1,948**	21,388	**1,991**	21,405
PIS - Social Integration Program and COFINS - Social Security Financing recoverable	**42**	4,163	**1,481**	5,420
Other	**2,515**	1,482	**2,515**	1,482
	362,799	434,261	**364,423**	435,755
Current assets	**181,090**	210,657	**182,714**	212,151
Noncurrent assets	**181,709**	223,604	**181,709**	223,604

(a) These refer to ICMS accumulated credits and credits arising from the tax substitution regime deriving from the application of different rates in the inflow and outflow of interstate goods. Referred credits are being realized by refund request and offset from debts of a similar nature with the States of origin of the credit

11 Income tax and social contribution

a. Reconciliation of the tax effect on income before income tax and social contribution

	Six-month period ended				Three-month period ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Income (loss) before income tax and social contribution	**158,756**	5,431	**158,643**	7,001	**91,901**	6,915	**91,606**	7,712
Statutory rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Expected income tax and social contribution credit (debit) at statutory rates	**(53,977)**	(1,847)	**(53,939)**	(2,380)	**(31,246)**	(2,351)	**(31,146)**	(2,622)
Reconciliation to effective rate (effect of applying tax rates):								
Effect of government tax incentive	**12,620**	-	**12,620**	-	**6,012**	-	**6,012**	-
Exclusion - Equity in the earnings of investees	**14,414**	12,297	**13,878**	10,409	**6,066**	6,378	**5,929**	5,416
Other permanent exclusions, net	**(894)**	(208)	**(283)**	643	**(377)**	(523)	**(45)**	(87)
Debit/Credit from income tax and social contribution	**(27,837)**	10,242	**(27,724)**	8,672	**(19,545)**	3,504	**(19,250)**	2,707
Current	**(20,851)**	-	**(22,263)**	(1,667)	**(17,200)**	-	**(17,810)**	(843)
Deferred	**(6,986)**	10,242	**(5,461)**	10,339	**(2,345)**	3,504	**(1,440)**	3,550
Total	**(27,837)**	10,242	**(27,724)**	8,672	**(19,545)**	3,504	**(19,250)**	2,707
Effective tax rate	**17.5%**	188.6%	**17.5%**	123.9%	**21.3%**	50.7%	**21.0%**	35.1%

b. Breakdown of deferred income tax and social contribution assets and liabilities

	Parent Company		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Deferred income tax and social contribution assets				
Tax losses and social contribution tax loss carryforwards	**138,344**	147,479	**140,328**	147,907
Allowance for doubtful accounts	**10,281**	10,042	**10,289**	10,042
Provision for inventory loss	**23,591**	13,904	**23,842**	14,120
Provision for present value adjustments	**7,051**	5,890	**7,054**	5,913
Provision for tax, civil and labor contingencies	**95,063**	93,518	**95,263**	93,722
Foreign exchange variations	**5,400**	14,895	**5,400**	14,895
Other provisions	**5,639**	4,553	**5,639**	4,603
	285,369	290,281	**287,815**	291,202
Deferred income tax and social contribution liabilities:				
Amortization of intangible assets	**(41,679)**	(40,788)	**(41,679)**	(40,788)
Update of escrow deposits	**(6,753)**	(6,203)	**(6,753)**	(6,203)
Other	**(2,834)**	(2,201)	**(2,834)**	(2,201)
	(51,266)	(49,192)	**(51,266)**	(49,192)
Deferred income tax and social contribution	**234,103**	241,089	**236,549**	242,010

12 Investments in subsidiaries

Donatelo Desenvolvimento de Software e Marketing Digital Ltda - "Integra Commerce"

On April 3, 2017 the contract for the acquisition of the technology startup Donatelo Desevolvimento de Software e Market Digital Ltda. was executed, a limited liability company with its head office located at the city of Itajubá, State of Minas Gerais, specialized in the integration and management of the relationship between stores and the marketplaces.

The acquisition of Integra Commerce accelerates the execution of the main business strategy of the Parent Company in 2017: the development of a profitable open digital platform - marketplace, with the lowest costs in the market for the stores that wish to be a part.

The fair value of the intangible assets identified in the business combination is of R$ 2,020. No other relevant assets or liabilities were identified in the transaction.

Changes in ownership interest in subsidiaries, stated in the Company's interim financial information, are as follows:

	Época		LAC		Integra Commerce
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**	**06/30/2017**
Equity interest held - in thousands of shares	**12,855**	12,855	**6,500**	6,500	**100**
Current assets	**14,399**	19,235	**35,596**	34,572	**42**
Noncurrent assets	**9,532**	6,803	**4,221**	3,967	**2,025**
Current liabilities	**9,831**	11,469	**9,475**	11,288	**172**
Noncurrent liabilities	**6,399**	8,473	**3,338**	3,152	**-**
Capital stock	**14,855**	12,255	**6,500**	6,500	**330**
Shareholders' equity	**7,701**	6,096	**27,004**	24,099	**1,895**
Net revenue	**30,185**	60,177	**30,762**	53,530	**168**
Net income for the period/year	**(995)**	4,469	**2,905**	6,095	**(335)**

Changes in investments	**Época**		**LAC**		**Integra Commerce**
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**	**06/30/2017**
Balance at the beginning of the period/year	**42,923**	37,454	**24,099**	19,451	**-**
Advance for future capital increase(“AFAC”)	**2,600**	1,000		-	**230**
Assets identified from business combinations	**-**	-	**-**	-	**2,020**
Negative equity on the date of acquisition of subsidiary	**-**	-	**-**	-	**(20)**
Proposed dividends		-		(1,447)	
Equity in investments	**(995)**	4,469	**2,905**	6,095	**(335)**
Balance at the beginning of the period/year	**44,528**	42,923	**27,004**	24,099	**1,895**

Total investments in subsidiaries	**06/30/2017**	**12/31/2016**
Época Cosméticos	**7,701**	6,096
Época Cosméticos – goodwill	**36,827**	36,827
Consortium Group (“LAC”)	**27,004**	24,099
Integra Commerce	**1,895**	-
	73,427	67,022

13 Investments in joint ventures

	Luizacred (a)		**Luizaseg (b)**	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Total shares - in thousands	**978**	978	**133,883**	133,883
Direct equity interest percentage	**50%**	50%	**50%**	50%
Current assets	**4,286,546**	4,006,492	**152,548**	142,886
Noncurrent assets	**476,590**	441,504	**319,380**	320,370
Current liabilities	**4,043,520**	3,769,476	**358,214**	177,788
Noncurrent liabilities	**131,890**	127,566	**77,748**	75,650
Capital stock	**291,700**	274,624	**133,884**	133,884
Equity	**587,726**	550,954	**209,078**	209,818
Net revenue	**842,440**	1,669,580	**184,496**	364,902
Net income for the period/year	**66,522**	101,572	**15,116**	23,832

Changes in investments	**Luizacred (a)**		**Luizaseg (b)**	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Balance at the beginning of the period	**275,477**	281,630	**18,353**	15,839
Proposed dividends	**(14,875)**	(56,939)	**(8,550)**	(12,232)
Equity valuation adjustment	**-**	-	**622**	2,830
Equity in investments	**33,261**	50,786	**7,558**	11,916
Balance at the end of the period	**293,863**	275,477	**17,983**	18,353

Total investments in joint ventures

	06/30/2017	**12/31/2016**
Luizacred (a)	**293,863**	275,477
Luizaseg (b)	**104,539**	104,909
Luizaseg - Unrealized profits (c)	**(86,556)**	(86,556)
Total investments in joint ventures	**311,846**	293,830

a) Interest of 50% of voting capital representing the contractually agreed sharing, the control of business, requiring the unanimous consent of the parties about significant decisions, financial and operating activities. Luizacred is jointly controlled by Banco Itaúcard S.A., the purpose of which is the supply, distribution and trade of financial products and services to customers at the Company's stores chain.

(b) 50% interest in the voting capital representing the contractually agreed sharing, the control of business, requiring the unanimous consent of the parties about significant decisions, guarantees and operating activities. Luizaseg is jointly controlled by NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., the purpose of which is the development, sale and administration of extended warranties for any type of product sold in Brazil through the Company's stores chain.

(c) Unrealized profits on downstream transaction of intermediation revenue from sales of extended warranties to the jointly-held subsidiary Luizaseg.

14 Property and equipment

Changes in property and equipment during the six-month period ended March 31, 2017 were as follows:

	Parent Company	Consolidated
Net property and equipment as at December 31, 2016	559,320	560,067
Additions	**42,482**	**43,060**
Addition from business combination	**-**	**3**
Write-off	**(380)**	**(380)**
Depreciation	**(45,257)**	**(45,388)**
Net property and equipment as at June 30, 2017	**556,165**	**557,362**
Breakdown of property and equipment as at June 30, 2017:		
Cost of property and equipment	**1,157,522**	**1,160,600**
Accumulated depreciation	**(601,357)**	**(603,238)**
Net property and equipment as at June 30, 2017	**556,165**	**557,362**

	Parent Company	Consolidated
Net property and equipment as at December 31, 2015	577,811	578,571
Additions	28,215	28,304
Write-off	(2,166)	(2,166)
Depreciation	(42,181)	(42,305)
Net property and equipment as at June 30, 2016	561,679	562,404
Breakdown of property and equipment as at June 30, 2016		
Cost of property and equipment	1,095,693	1,098,038
Accumulated depreciation	(534,014)	(535,634)
Net property and equipment as at June 30, 2016	561,679	562,404

In the reporting periods, we did not identify any event indicating impairment of property and equipment.

15 Intangible assets

Changes in intangible assets for the six-month periods ended June 30, 2017 and 2016 were as follows:

	Parent Company	Consolidated
Net intangible assets as at December 31, 2016	469,724	513,049
Additions	**33,760**	**34,833**
Addition from business combination	**-**	**2,020**
Amortization	**(23,714)**	**(23,971)**
Net intangible assets as at June 30, 2017	**479,770**	**525,931**
Breakdown of intangible assets as at June 30, 2017		
Cost value of intangible assets	**772,745**	**820,740**
Accumulated amortization	**(292,975)**	**(294,809)**
Net intangible assets as at June 30, 2017	**479,770**	**525,931**

	Parent Company	Consolidated
Net intangible assets as at December 31, 2015	463,726	506,720
Additions	20,856	21,554
Write-off	(283)	(283)
Amortization	(19,374)	(19,570)
Net intangible assets as at June 30, 2016	464,925	508,421
Breakdown of intangible assets as at June 30, 2016		
Cost value of intangible assets	714,074	758,926
Accumulated amortization	(249,149)	(250,505)
Net intangible assets as at June 30, 2016	464,925	508,421

In the reporting periods, we did not identify any event indicating impairment of property and equipment.

16 Trade payables

	Parent Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Goods for resale - internal market	**1,857,519**	2,375,873	**1,864,315**	2,383,961
Other trade payables	**22,067**	21,764	**24,987**	25,380
Adjustment to present value	**(28,659)**	(44,164)	**(28,778)**	(44,382)
Total trade payables	**1,850,927**	2,353,473	**1,860,524**	2,364,959

The Company has agreements signed with partner banks to structure with its main suppliers the operation of anticipation of receivables. In this operation, the suppliers transfer the right to receiving the notes to the Bank in exchange for anticipated receipt of the notes. The Bank, in turn, becomes the creditor of the operation, and the Company settles the note on the same date originally agreed-to with its supplier and receives, subsequently, a commission from the Bank for this intermediation and confirmation of the notes payable. This commission is registered as financial income.

The above operation performed by the Company does not alter the terms, prices and conditions previously established with the suppliers and, therefore, the Company classifies it under Trade payables.

As at June 30, 2017 the balance payable negotiated by trade payables, and with the acceptance of Magazine Luiza, totaled R$ 395,848 (R$ 505,114 as at December 31, 2016).

Accounts payable to Trade payables are initially recorded at present value with the counterentry in “Inventories”. The reversal of the adjustment to present value is registered under “Cost of resold goods and services rendered” for the benefit of the term.

17 Borrowings, financing and other financial liabilities

Modality	Charges	Guarantees	Final maturity	Parent Company 06/30/2017	Parent Company 12/31/2016	Consolidated 06/30/2017	Consolidated 12/31/2016
Working capital in foreign currency (a)	1.43% p.a. to 6.41% p.a. +Exch var	N/A	Mar/18	**119,764**	333,503	**119,764**	333,503
Working capital in local currency	110.7% to 125.32% of CDI	Aval guarantee	Dec/19	**322,558**	362,558	**322,626**	362,696
Debentures - restricted offer (e)	112.0% to 125,9% of CDI	Credit card receivables	Mar/20	**675,822**	1,069,633	**675,822**	1,069,633
Promissory notes (f)	109.0% to 112.0% of CDI	Clean	May/19	**203,200**	-	**203,200**	-
Financial leases (b)	2.5% p.a. of CDI + 2.88%	Statutory lien	Dec/19	**14,074**	17,676	**14,074**	17,676
Innovation financing - FINEP (c)	4% p.a.	Bank guarantee	Dec/22	**40,722**	44,429	**40,722**	44,429
Expansion financing - BNB (d)	7% p.a.	Bank guarantee	Dec/22	**4,038**	4,404	**4,038**	4,404
				1,380,178	1,832,203	**1,380,246**	1,832,341
Other financial liabilities							
Swap payable -fair value hedge (a)				**1,400**	16,435	**1,400**	16,435
Total Borrowings, financing and other financial liabilities				**1.381.578**	1.848.638	**1,381,646**	1,848,776
Current liabilities				**718,582**	837,878	**718,650**	838,016
Noncurrent liabilities				**662,996**	1,010,760	**662,996**	1,010,760

a. A portion of the funds was contracted in foreign currency, over which fixed interest and exchange rate change are levied. In order to hedge its transactions against exchange rate change risks, the Company entered into swap transactions. Due to the increased number of funding with these characteristics, this year the Company started the hedge accounting of said operations. Further details are disclosed in Note 27.

b. Refers to financial lease contracts related to IT hardware and software for which the contracts have final maturity in 2019

c. Refers to financing with the Study and Projects Financing Agency - FINEP, with the purpose of investing in technological innovation research and development projects.

d. The Company signed a financing contract with Banco do Nordeste do Brasil - BNB, with the purpose of modernizing, refurbishing the stores in the northeastern region and build a new Distribution Center in the municipality of Candeias (BA), in the amount of R$ 68,103. As at June 30, 2017 the first installment was released in the amount of R$ 4,383.

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(l) The Company issued the following simple debentures, non-convertible into shares:

Issue	Guarantee	Principal R$	Date of issue	Final maturity	Outstanding securities	Financial charges	Parent Company and Consolidated 06/30/2017	12/31/2016
1st issue-single series	Clean	200,000	12/26/2011	06/16/2017	-	113.0% of CDI	-	149,383
3rd issue-single series	Clean	200,000	10/21/2013	07/21/2018	20,000	125.9% of CDI	**52,698**	55,439
4th issue-single series	Clean	400,000	05/30/2014	05/30/2019	40,000	112.0% of CDI	**266,405**	402,451
5th issue-single series	(i)	350,000	03/17/2015	03/17/2020	35,000	113.2% of CDI	**307,046**	362,492
6th issue-single series	Clean	100,000	06/20/2016	06/20/2018	10,000	125.2% of CDI	**49,673**	99,868
							675,822	1,069,633

(i) The 5th issue of nonconvertible debentures has a credit card receivables guarantee, where, until the maturity date of debentures, should account for 30% of the issue's outstanding balance. See Note 7.

(m) The Company issued the following promissory notes:

Issue	Guarantee	Principal R$	Date of issue	Final maturity	Outstanding securities	Financial charges	Parent Company and Consolidated 06/30/2017	31/12/2016
3rd issue - 1st series	Clean	100,000	05/10/2017	05/10/2018	20	109.0% of CDI	**101,578**	-
3rd issue - 2nd series	Clean	100,000	05/10/2017	05/10/2019	20	112.0% of CDI	**101,622**	-
							203,200	-

Amortization schedule

The amortization schedule for the payment of borrowings and financing is demonstrated below:

	Parent Company			Consolidated		
Year of maturity	**Debt including hedge accounting**	**Fair value hedge Notes 6 and 17**	**Debt excluding hedge accounting”**	**Debt including hedge accounting**	**Fair value hedge Notes 6 and 17**	**Debt excluding hedge accounting”**
2017	165,574	206	165,780	165,642	206	165,848
2018	770,299	-	770,299	770,299	-	770,299
2019	370,687	-	370,687	370,687	-	370,687
2020	57,804	-	57,804	57,804	-	57,804
2021	7,907	-	7,907	7,907	-	7,907
2022 onward	7,907	-	7,907	7,907	-	7,907
Total	1,380,178	206	1,380,384	1,380,246	206	1,380,452

The Company maintains some loan agreements with covenants. The clauses relating to financial indexes refer to:

(i) Caixa Econômica Federal: maintenance of adjusted debt equity/adjusted EBITDA ratio below 3.0

(ii) 3rd, 5th and 6th Issue of Debentures: maintenance of the adjusted debt equity/adjusted EBITDA ratio below 3.0.

The adjusted net debt is understood as the sum of all loans and borrowings, including debentures, excluding cash and cash equivalents, financial investments, marketable securities, credit card receivables not anticipated. The adjusted EBITDA is calculated in accordance with CVM Rule No. 527 of October 4, 2012, excluding non-recurring operational events (revenue/expenses).

As at June 30, 2017 and December 31, 2016 the Company is in compliance with the restrictive clauses (covenants) described above.

18 Deferred revenue

	Parent Company and Consolidated	
	06/30/2017	**12/31/2016**
Deferred revenue with third parties:		
Exclusivity agreement with Cardif (a)	**161,836**	166,121
Exclusivity agreement with Banco Itaúcard S.A. (b)	**127,750**	134,000
Other contracts	**4,239**	2,323
	293,825	302,444
Deferred revenue with related parties:		
Exclusivity agreement with Luizacred (b)	**138,485**	144,029
Exclusivity agreement with Luizaseg (a)	**99,500**	103,000
	237,985	247,029
Total Deferred revenue	**531,810**	549,473
Current liabilities	**42,814**	40,318
Noncurrent liabilities	**488,996**	509,155

(a) On December 14, 2015, Luizaseg entered into a new Strategic Partnership Agreement with the Cardif group's companies, aiming to extend the rights and obligations set forth in the agreements between the parties that expired on December 31, 2015, for an additional 10-year period, effective from January 1, 2016 to December 31, 2025. This agreement enabled a cash inflow of R$330,000 into the Company. Of this amount, R$42,000 were allocated to the jointly-owned subsidiary Luizacred, since it had exclusive rights over credit card insurance. The Company's revenue recognition deriving from this agreement will be recognized in profit (loss) over the term of the agreement, part of which is subject to the achievement of certain targets.

(b) On September 27, 2009, the Company entered into a partnership agreement with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaucard S.A., under which the Company grants to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its store chain for a 20-year period. In consideration for the aforementioned alliance, Itaú group companies paid in cash R$ 250,000, of which: (i) R$ 230,000 relating to the completion of the negotiation, without right of recourse; and (ii) R$ 20,000 subject to the achievement of profitability targets in Luizacred. Said targets had been fully achieved at the end of 2014.

On December 29, 2010, the parties entered into a partnership agreement with Luizacred, extending the exclusive right to offer, distribute and sell financial products and services at the chain of stores then acquired in the Northeast of Brazil (Lojas Maia) for a 19-year period. As consideration, Luizacred paid R$160,000 to the Company, which is recognized in profit (loss) over the term of the agreement. As part of this partnership agreement, the amount of R$20,000, mentioned in the paragraph above was increased to R$55,000.

On December 16, 2011, the Company entered into a second amendment to the partnership agreement with Luizacred, due to acquisition of New-Utd ("Lojas do Baú"). As consideration, Luizacred paid R$48,000 to the Company, which will be allocated to profit (loss) over the remaining term of the agreement.

19 Provision for tax, civil and labor contingencies

For labor, civil and tax claims in progress, on which the opinion of the legal advisors is unfavorable, the Company recognized a provision, which is the Group's management best estimate of future disbursement. Changes in the provision for tax, civil and labor contingencies are as follows:

Parent Company

	Tax	Civil	Labor	Total
Balance as at December 31, 2016	220,056	17,105	37,893	275,054
Additions	**62,975**	**6,435**	**5,360**	**74,770**
Reversal	**(55,042)**	**(1,994)**	**-**	**(57,036)**
Payments	**(3,547)**	**(7,279)**	**(7,128)**	**(17,954)**
Adjustments	**4,763**	**-**	**-**	**4,763**
Balance as at June 30, 2017	**229,205**	**14,267**	**36,125**	**279,597**

Consolidated

	Tax	Civil	Labor	Total
Balance as at December 31, 2016	227,601	17,397	39,128	284,126
Additions	**62,975**	**6,625**	**5,428**	**75,028**
Reversal	**(56,652)**	**(2,178)**	**(464)**	**(59,294)**
Payments	**(3,547)**	**(7,353)**	**(7,138)**	**(18,038)**
Adjustments	**4,763**	**-**	**-**	**4,763**
Balance as at June 30, 2017	**235,140**	**14,491**	**36,954**	**286,585**

As at June 30, 2017, the Company's main lawsuits classified by Management as probable loss based on the opinion of its legal advisors, as well as legal obligations which amounts are deposited in court, for which the amounts were included in the provision for contingencies, are as follows:

a. Tax claims

The Company is party to several administrative and legal tax proceedings which management has deemed to be probable losses, therefore provisions have been accrued. They involve federal taxes, as at June 30, 2017 totaling R$ 37,558 (R$14,669 as at December 31, 2016), state taxes, as at June 30, 2017 totaling R$64,132 (R$30,273 as at December 31, 2016), and municipal taxes totaling R$60 (R$60 as at December 31, 2016).

The Company also has accured provisions for other legal discussions to which escrow deposits are made, as well as other provisions related to business combinations, which involve federal taxes, totaling R$ 127,455 as at June 30, 2017 (R$175,054 as at December 31, 2016) and state taxes, totaling R$ 5,935 as at June 30, 2017 (R$ 7,545 as at December 31, 2016). No provision of this type was recorded for municipal taxes in this period.

b. Civil claims

Consolidated civil contingencies of R$ 14,491 as at June 30, 2017 ($17,397 as at December 31, 2016) are related to claims filed by customers on possible product defects.

c. Labor lawsuits

At the labor courts, the Company is a party to various labor claims, mostly in relation to overtime.

The amount provisioned of R$ 36,954 as at June 30, 2017 (R$ 39,128 as at December 31, 2016), consolidated, reflects the risk of probable loss assessed by the Company's Management jointly with its legal advisors.

In August 2015, the Superior Labor Court (TST) issued a decision changing its position on the inflation adjustment index of labor claims. As a result, labor liabilities related to claims in progress since June 30, 2009 were no longer adjusted by the Reference Rate (TR), but by the Special Extended Consumer Price Index (IPCA-E). However, this decision was suspended by the Federal Supreme Court (STF) in October 2015. The Company's Management, supported by the opinion of its legal advisors that the obligation to settle said liabilities adjusted by the IPCA-E is not final and, therefore, classifies as a contingent liability with a risk of possible loss, decided not to record the impact of the adjustment by the IPCA-E, estimated at R$ 2,608, and maintain the TR as the adjustment index of labor liabilities. The Company will monitor any developments on this issue in order to reassess its conclusion at the end of each reporting period.

In order to address the tax, civil and labor contingencies, the Company has a balance in escrow deposits of R$ 296,976 as at June 30, 2017 (R$292,189 at December 31, 2016).

d. Contingent liabilities - possible loss

The Company is a party to other claims that were assessed by Management, based on the opinion of its legal advisors, as possible losses and, therefore, no provision was recognized for such claims. The amounts related to claims involving federal taxes totaled R$ 768,596 as at June 30, 2017 (R$ 603,615 as at December 31, 2016), in relation to state taxes these amounts totaled R$ 274,308 as at June 30, 2017 (R$186,278 as at December 31, 2016) and as to municipal taxes these amounts totaled R$ 1,280 as at June 30, 2017 (R$ 821 at December 31, 2016).

Among the main claims of a tax nature, classified as of possible loss, we highlight: (i) Administrative Process in which the Company discusses with the tax authorities the nature/concept of the bonuses/reimbursements of its trade payables for the purpose of PIS/COFINS taxation, as well as the characterization of some expenses related to its core activity as inputs for the purpose of PIS/COFINS credits; (ii) Legal process in which the Company discusses the violation of various legal principles of Law 13241/2015, which extinguished the exemption of PIS and COFINS contribution over income from the sale of eligible products to the Basic Production Process. According to the analysis of the Company’s internal and external legal advisors the chances of loss are possible maybe remote; (iii) Administrative Process in which the Company discusses with the state tax authorities supposed ICMS credit for lack of the original invoice; (iv) Administrative Process in which the Company discusses with the state tax authorities assessments for ICMS tax credits appropriated on the purchase of goods from trade payables subsequently declared as inapt; (v) Administrative Process in which the Company discusses with the tax authorities the increase in the RAT rate; (vi) Sundry tax assessments in which the Company discusses the collection of ICMS credits appropriated on the acquisition of goods from some of its Trade payables, once these were granted tax benefits by other States of the Federation. The Company accompanies the evolution of all the discussions at each reporting period and when there are alterations to the scenario, the risk evaluations and eventual loss are also re-evaluated.

The risks of claims are continuously assessed and reviewed by Management. Additionally, the Company also challenges civil and labor administrative claims, with chances of possible loss, with immaterial amounts for disclosure.

Due to uncertainties regarding the outflow of resources for said provisions, Management believes it is not possible to reliably plan a settlement schedule.

e. Contingent assets

The Company is a plaintiff in other tax claims of various natures, in other words, filled lawsuits against various taxing entities in order to recover taxes paid and/or collected unduly by such entities. Among the main lawsuits, there is the (i) the legal discussion on the exclusion of ICMS from the calculation base of the PIS and COFINS contribution, which for the Company reaches the amount of R$ 375,558 (R$ 368,776 as at December 31, 2016) of taxes already paid. On March 15, 2017 the Supreme Federal Court concluded judgment, in the systematic of general repercussion, declaring unconstitutional the inclusion of ICMS in the calculation base of these contributions. Thus the Company is evaluating with its legal advisors the verification and monetary adjustment of the credits covered by its lawsuits; (ii) legal discussion on the right recognized by the Supreme Federal Court for the taxpayers to recover the ICMS tax overpaid in the tax substitution systematic corresponding to the difference of the margin practiced in comparison to the deemed margin of the States (MVA - Added Value Margin). The Company is evaluating with its legal advisors the effects and amounts involved.

20 Equity

a. Capital stock

As at June 30, 2017 the ownership structure of the Company is presented as follows, where all the shares are common, nominative, registered and without par value:

At September 4, 2017, an Extraordinary General Assembly (AGE) approved a stock split proposed by the Company's Management, in proportion to one common share for eight common shares, as described in note 30 - Subsequent events.

	Before the stock split		After the stock split	
	Number of shares	**Equity interest %**	**Number of shares**	**Equity interest %**
Controlling shareholders	**15,953,070**	**73.77**	**127,624,560**	**73.77**
Outstanding shares	**5,320,863**	**24.61**	**42,566,904**	**24.61**
Treasury shares	**350,000**	**1.62**	**2,800,000**	**1.62**
Total	**21,623,933**	**100.00**	**172,991,464**	**100.00**

Shares held by controlling shareholders who are members of the Board of Directors and/or Board of Executive Officers are included under controlling shareholders.

According to Article 7 of the Bylaws, the Company may increase its capital stock, pursuant to Article 168 of Law 6.404/76, by means of the issue of up to 50,000,000 (fifty thousand) common shares.

b. Capital reserve

As at June 30, 2017 the Company has the amount of R$ 22,228 (R$ 19,030 as at December 31, 2016) registered under Capital Reserve.

Share-based incentive plan - "share matching"

On April 20, 2017 the Company approved in an Extraordinary General Assembly (AGE) the concession of a share-based incentive plan. The plan has the purpose of regulating the concession of incentives linked to common shares issued by the Company through programs to be implemented by the Board of Directors, with eligibility for management, employees or service providers or from its controlled societies or jointly-controlled companies**.**

The main objectives of the plan re to: (a) increase the capacity to attract and withhold talents; (b) reinforce the sustainable performance and the quest for the development of management, employee and service providers, aligning the interests of our shareholders to those of the eligible parties; and (c) stimulate the expansion of the Company in order to reach and surpass business targets and the fulfillment of the social objectives, aligned to the interests of the shareholders, through log-term commitments of the benefited parties.

The plan will feature in the share matching model, where for each common share acquired by the beneficiary in the adhesion to the program, the Company will grant the right of receiving, free of charge, 3 common shares of the Company. The transfer of ownership of the shares shall occur within a minimum four year and ten-month grace period as of June 30, 2017.

A total amount of 66,456 shares (531,648 after the stock split) were granted as "matching" to the benefitting parties, through adhesion to the program. The fair value of the granted shares was estimated on the date of concession of the right to the beneficiary, based on the market value of the common shares of the Company negotiated at BMF&BOVESPA (B3), in other words, R$ 248.48 per share (R$ 31.06 after the stock split). The effects of the transaction with share-based payment shall be recognized in the reporting period considering the terms and grace period described in the program.

c. Legal reserve

As at June 30, 2017 the Company has the amount of R$ 20,471 (R$ 20,471 as at December 31, 2016) registered under Legal Reserve.

d. Other comprehensive income (losses)

As at June 30, 2017 the Company has the amount of R$ 1,824 (R$ 1,202 as at December 31, 2016) registered under Other comprehensive income (losses).

e. Earnings per share

The calculations of earnings per basic and diluted shares are disclosed below:

Before the stock split	**Basic earnings**		**Diluted earnings**	
	Jun/17	**Jun/16**	**Jun/17**	**Jun/16**
Average common shares	**21,623,933**	**21,844,541**	**21,623,933**	**21,844,541**
Effect of treasury shares	**(350,000)**	**(30,000)**	**(350,000)**	**(30,000)**
Dilutive effect on shares (a)	**-**	**-**	**156,942**	**-**
Weighted average of common shares in circulation	**21,273,933**	**21,814,541**	**21,430,875**	**21,814,541**
Net earnings in thousands	**130,919**	**15,673**	**130,919**	**15,673**
Earnings per share in Brazilian reais	**6.154**	**0.718**	**6.109**	**0.718**

After the stock split	Basic earnings		Diluted earnings	
	Jun/17	**Jun/16**	**Jun/17**	**Jun/16**
Average common shares	**172,991,464**	**174,756,328**	**172,991,464**	**174,756,328**
Effect of treasury shares	**-2,800,000**	**-240,000**	**-2,800,000**	**-240,000**
Dilutive effect on shares (a)	**-**	**-**	**1,255,536**	**-**
Weighted average of common shares in circulation	**170,191,464**	**174,516,328**	**171,447,000**	**174,516,328**
Net earnings in thousands	**130,919**	**15,673**	**130,919**	**15,673**
Earnings per share in Brazilian reais	**0.769**	**0.090**	**0.764**	**0.090**

a) Considers the effect of exercisable shares according to the share-based incentive plan, disclosed above. For the six-month period ended June 30, 2016 there was not dilutive effect on earnings per share.

21 Net sales revenue

	Six-month period ended				Three-month period ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**	**30/06/2017**	**30/06/2017**
Gross revenue:								
Retail - resale of goods	**6,223,301**	5,006,882	**6,259,432**	5,034,252	**3,040,028**	2,423,187	**3,060,268**	2,437,833
Retail - services rendered	**259,299**	210,589	**275,673**	223,435	**134,106**	104,467	**139,947**	109,808
Consortium management	**-**	-	**33,121**	27,458	**-**	-	**17,013**	13,892
	6,482,600	5,217,471	**6,568,226**	5,285,145	**3,174,134**	2,527,654	**3,217,228**	2,561,533
Taxes and returns:								
Retail - resale of goods	**(1,019,389)**	(840,240)	**(1,025,335)**	(844,012)	**(495,700)**	(396,909)	**(499,020)**	(399,062)
Retail - services rendered	**(34,358)**	(28,128)	**(34,376)**	(28,128)	**(17,740)**	(14,082)	**(17,758)**	(14,082)
Consortium management	**-**	-	**(2,359)**	(2,267)	**-**	-	**(1,219)**	(1,125)
	(1,053,747)	(868,368)	**(1,062,070)**	(874,407)	**(513,440)**	(410,991)	**(517,997)**	(414,269)
Net sales revenue	**5,428,853**	4,349,103	**5,506,156**	4,410,738	**2,660,694**	2,116,663	**2,699,231**	2,147,264

22 Cost of goods resold and services rendered

	Six-month period ended				Three-month period ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**	**06/30/2017**	**06/30/2016**
Costs:								
Goods resold	**(3,808,786)**	(3,025,904)	**(3,823,032)**	(3,034,702)	**(1,847,733)**	(1,454,862)	**(1,856,344)**	(1,459,499)
Retail - services rendered	**-**	-	**(15,739)**	(9,986)	**-**	-	**(7,949)**	(5,279)
	(3,808,786)	(3,025,904)	**(3,838,771)**	(3,044,688)	**(1,847,733)**	(1,454,862)	**(1,864,293)**	(1,464,778)

23 Information on the nature of expenses and other operating income

The Company's statement of income is presented based on the classification of the expenses according to their functions. Information on the nature of expenses recognized in the statement of income is as follows:

	Six-month period ended				Three-month period ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Personnel expenses	**(586,238)**	(517,363)	**(589,153)**	(519,877)	**(301,001)**	(245,137)	**(302,849)**	(246,358)
Expenses with service providers	**(285,897)**	(258,985)	**(294,934)**	(264,348)	**(125,980)**	(136,147)	**(130,838)**	(138,890)
Other	**(328,641)**	(280,945)	**(340,685)**	(291,893)	**(166,126)**	(138,823)	**(172,744)**	(144,451)
	(1,200,776)	(1,057,293)	**(1,224,772)**	(1,076,118)	**(593,107)**	(520,107)	**(606,431)**	(529,699)
Classified by function as:								
Selling expenses	**(987,567)**	(839,513)	**(997,835)**	(844,550)	**(483,556)**	(415,205)	**(489,248)**	(417,773)
General and administrative expenses	**(230,457)**	(213,761)	**(246,284)**	(229,509)	**(117,320)**	(110,442)	**(126,165)**	(118,446)
Other operating income (expenses), net (Note 24)	**17,248**	(4,019)	**19,347**	(2,059)	**7,769**	5,540	**8,982**	6,520
	(1,200,776)	(1,057,293)	**(1,224,772)**	(1,076,118)	**(593,107)**	(520,107)	**(606,431)**	(529,699)

Freight expenses related to the transportation of goods from distribution centers (DCs) to physical stores and the delivery of products resold to customers are classified as selling expenses.

24 Other operating income (expenses), net

	Six-month period ended				Three-month period ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Gain (loss) from the sale of property and equipment	**2,303**	(348)	**2,303**	(348)	**(311)**	(168)	**(311)**	(168)
Recognition of deferred revenue (a)	**21,413**	20,237	**21,413**	20,237	**11,333**	10,329	**11,333**	10,329
Provision for tax loss	**(4,746)**	(742)	**(3,205)**	1,216	**(3,488)**	189	**(2,433)**	1,168
Non-recurring expenses (b)	**(1,927)**	(24,302)	**(1,927)**	(24,302)	**(1,371)**	(5,301)	**(1,371)**	(5,301)
Other	**205**	1,136	**763**	1,138	**1,606**	491	**1,764**	492
Total	**17,248**	(4,019)	**19,347**	(2,059)	**7,769**	5,540	**8,982**	6,520

(a) Refers to the allocation of deferred revenue from the assignment of exclusivity rights, as described in Note 18.
(b) Refers to pre-operating expenses of stores. In 2016 refers substantially to expenses with restructuring and adjustment of administrative personnel.

25 Financial result

	Six-month period ended				Three-month period ended			
	Parent Company		Consolidated		Parent Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Financial income:								
Interest on sales with extended guarantees	**23,668**	18,034	**23,668**	18,034	**13,140**	9,249	**13,140**	9,249
Income from financial investments and securities	**27,013**	24,091	**6,603**	8,473	**9,236**	10,312	**1,408**	3,605
Interest on sale of goods - interest in arrears from receivables	**1,905**	2,359	**1,905**	2,359	**1,021**	1,093	**1,021**	1,093
Discounts obtained and monetary adjustments	**18,327**	23,712	**18,327**	23,712	**11,834**	10,344	**11,834**	10,344
Other	**581**	841	**581**	841	**158**	515	**158**	515
	71,494	69,037	**51,084**	53,419	**35,389**	31,513	**27,561**	24,806
Financial expenses:								
Interest on Borrowings and financing	**(120,628)**	(131,579)	**(120,641)**	(131,594)	**(52,671)**	(65,176)	**(52,677)**	(65,186)
Charges on credit card advances	**(150,216)**	(140,404)	**(151,023)**	(141,210)	**(75,728)**	(75,217)	**(76,115)**	(75,724)
Provision for loss on interest over extended guarantees	**(5,779)**	(8,628)	**(5,779)**	(8,628)	**(2,379)**	(3,808)	**(2,379)**	(3,808)
Other	**(13,091)**	(10,277)	**(13,304)**	(10,422)	**(5,546)**	(4,516)	**(5,638)**	(4,592)
	(289,714)	(290,888)	**(290,747)**	(291,854)	**(136,324)**	(148,717)	**(136,809)**	(149,310)
Financial result	**(218,220)**	(221,851)	**(239,663)**	(238,435)	**(100,935)**	(117,204)	**(109,248)**	(124,504)

26 Segment reporting

To manage its business taking into consideration financial and operating activities, the Company classified its business into Retail, Credit, Insurance and Consortium management operations. These classifications are considered as the primary segments for disclosure of information. The characteristics of these divisions are described below:

- Retail - mainly resale of goods and provision of services in the Company's stores and e-commerce (traditional e-commerce and marketplace);

- Financial operations - through the joint venture Luizaseg, mainly engaged in granting of credit to the Company's customers for acquisition of products;

- Insurance operations - through the jointly-held subsidiary Luizaseg, mainly engaged in the offer of extended warranties of products purchased by the Company's customers;

- Consortium management - through the subsidiary LAC, mainly engaged in the management of consortia to the Company's customers for purchase of products.

The Company's sales are fully made in the Brazilian territory and, considering retail operations, there is no concentration of customers, or of products and services offered by the Group.

Statement of income

	06/30/2017					
	Retail (a)	**Financial operations**	**Insurance operations**	**Consortium management**	**Eliminations (b)**	**Consolidated**
Gross revenue	**6,540,966**	**421,220**	**92,248**	**33,121**	**(519,329)**	**6,568,226**
Deductions from revenue	**(1,059,711)**	**-**	**-**	**(2,359)**	**-**	**(1,062,070)**
Net revenue of the segment	**5,481,255**	**421,220**	**92,248**	**30,762**	**(519,329)**	**5,506,156**
Costs	**(3,828,893)**	**(50,337)**	**(12,093)**	**(15,739)**	**68,291**	**(3,838,771)**
Gross profit	**1,652,362**	**370,883**	**80,155**	**15,023**	**(451,038)**	**1,667,385**
Sales expenses	**(997,835)**	**(161,485)**	**(62,456)**	**-**	**223,941**	**(997,835)**
General and administrative expenses	**(233,731)**	**(1,250)**	**(10,019)**	**(12,553)**	**11,269**	**(246,284)**
Allowance for doubtful accounts	**(15,767)**	**(137,989)**	**-**	**-**	**137,989**	**(15,767)**
Depreciation and amortization	**(69,169)**	**(2,984)**	**(2,325)**	**(190)**	**5,309**	**(69,359)**
Equity in investments	**43,724**	**-**	**-**	**-**	**(2,905)**	**40,819**
Other operating income	**18,800**	**(6,677)**	**(1,421)**	**547**	**8,098**	**19,347**
Financial income	**(241,207)**	**-**	**9,435**	**1,544**	**(9,435)**	**(239,663)**
Income tax and social contribution	**(26,258)**	**(27,237)**	**(5,811)**	**(1,466)**	**33,048**	**(27,724)**
Net income for the period	**130,919**	**33,261**	**7,558**	**2,905**	**(43,724)**	**130,919**

Equity accounting reconciliation	
Equity in investment LAC (Note 12)	**2,905**
Equity in investment Luizacred (Note 13)	**33,261**
Equity in investment Luizaseg (Note 13)	**7,558**
(=)Equity in investments for the retail segment	**43,724**
(-) Elimination effect LAC	**(2,905)**
(=)Consolidated equity in investments	**40,819**

(a) The retail segment is represented by consolidated amounts contemplating the results of Magazine Luiza S.A., Época Cosméticos and Integra Commerce . In the retail segment, the equity in investments line contemplates the net income from financial operations, insurance and consortium management, once this amount is contained in the profit or loss amounts of the segment used by the main management of the operations.

(b) Eliminations are represented mainly by the effects of the segments of financial operations and insurance operations, which are presented in a proportional manner above, nevertheless are included only in one line of equity in investments in the consolidated financial statements of the Company.

	06/30/2016					
	Retail (a)	**Financial operations**	**Insurance operations**	**Consortium management**	**Eliminations (b)**	**Consolidated**
Gross revenue	5,262,098	413,986	92,651	27,458	(511,048)	5,285,145
Deductions from revenue	(872,140)	-	-	(2,267)	-	(874,407)
Net revenue of the segment	4,389,958	413,986	92,651	25,191	(511,048)	4,410,738
Costs	(3,039,113)	(60,124)	(15,321)	(9,986)	79,856	(3,044,688)
Gross profit	1,350,845	353,862	77,330	15,205	(431,192)	1,366,050
Sales expenses	(844,550)	(147,133)	(63,377)	-	210,510	(844,550)
General and administrative expenses	(217,275)	(984)	(12,067)	(12,234)	13,051	(229,509)
Allowance for doubtful accounts	(13,236)	(158,320)	-	-	158,320	(13,236)
Depreciation and amortization	(61,701)	(3,032)	(2,364)	(174)	5,396	(61,875)
Equity in investments	33,493	-	-	-	(2,878)	30,615
Other operating income	(2,062)	3,078	382	3	(3,460)	(2,059)
Financial income	(239,937)	-	9,541	1,502	(9,541)	(238,435)
Income tax and social contribution	10,096	(21,799)	(4,502)	(1,424)	26,301	8,672
Net income for the period	15,673	25,672	4,943	2,878	(33,493)	15,673

Equity accounting reconciliation	
Equity in investment LAC	2,878
Equity in investment Luizacred	25,672
Equity in investment Luizaseg	4,943
(=)Equity in investments for the retail segment	33,493
(-) Elimination effect LAC	(2,878)
(=)Consolidated equity in investments	30,615

(a) The retail segment is represented by consolidated amounts contemplating the results of Magazine Luiza S.A. and Época Cosméticos. In the retail segment, the equity in investments line contemplates the net income from financial operations, insurance and consortium management, once this amount is contained in the profit or loss amounts of the segment used by the main management of the operations.

(b) Eliminations are represented mainly by the effects of the segments of financial operations and insurance operations, which are presented in a proportional manner above, nevertheless are included only in one line of equity in investments in the consolidated financial statements of the Company.

Balance sheets

	06/30/2017			
	Retail(*)	**Financial operations**	**Insurance operations**	**Consortium management**
Assets				
Cash and cash equivalents	**230,717**	**2,458**	**128**	**34,344**
Securities and other financial assets	**596,982**	**5,848**	**164,528**	**-**
Trade receivables	**508,112**	**2,169,266**	**-**	**-**
Inventories	**1,430,332**	**-**	**-**	**-**
Investments	**338,850**	**-**	**-**	**-**
Property and Equipment and intangible assets	**1,082,071**	**72,966**	**47,831**	**1,222**
Other	**1,072,781**	**131,030**	**23,477**	**4,251**
	5,259,845	**2,381,568**	**235,964**	**39,817**
Liabilities				
Trade payables	**1,858,748**	**-**	**1,923**	**1,811**
Borrowings, financing and other financial liabilities	**1,381,646**	**-**	**-**	**-**
Interbank deposits	**-**	**997,103**	**-**	**-**
Credit card operations	**-**	**984,171**	**-**	**-**
Insurance reserves	**-**	**-**	**194,054**	**-**

	06/30/2017			
Provision for tax, civil and labor contingencies	**285,996**	**46,329**	**1,078**	**589**
Deferred revenue	**531,810**	**19,616**	**-**	**-**
Other	**454,627**	**40,486**	**20,926**	**10,413**
	4,512,827	**2,087,705**	**217,981**	**12,813**
Shareholders' equity	**747,018**	**293,863**	**17,983**	**27,004**
Investment reconciliation				
Investments in subsidiaries				
Investment LAC (Note 12)	**27,004**			
Investments in jointly-held subsidiaries				
Investment Luizacred (Note 13)	**293,863**			
Investment Luizaseg (Note 13)	**17,983**			
	311,846			
Total investments	**338,850**			
(-) Elimination effect LAC	**(27,004)**			
(=) Total consolidated investment	**311,846**			

(*) Consolidated balances contemplating the results of Magazine Luiza S.A, Época Cosméticos and Integra Commerce.

	12/31/2016			
	Retail(*)	**Financial operations**	**Insurance operations**	**Consortium management**
Assets				
Cash and cash equivalents	565,327	2,999	107	33,814
Securities and other financial assets	819,155	6,020	162,017	-
Trade receivables	584,571	2,001,796	-	-
Inventories	1,596,743	-	-	-
Investments	317,929	-	-	-
Property and Equipment and intangible assets	1,072,005	75,944	50,101	1,111
Other	1,132,712	137,239	19,403	3,614
	6,088,442	2,223,998	231,628	38,539
Liabilities				
Trade payables	2,363,164	-	1,361	1,795
Borrowings and financing	1,848,776	-	-	-
Interbank deposits	-	900,241	-	-
Credit card operations	-	948,340	-	-
Insurance reserves	-	-	105,036	-
Provision for contingencies	283,527	43,549	709	599
Deferred revenue	549,473	20,122	-	-
Other	421,916	36,269	19,613	12,046
	5,466,856	1,948,521	126,719	14,440
Shareholders' equity	621,586	275,477	104,909	24,099
Investment reconciliation				
Investments in subsidiaries				
Investment LAC (Note 12)	24,099			
Investments in jointly-held subsidiaries				
Investment Luizacred (Note 13)	275,477			
Investment Luizaseg (Note 13)	104,909			
Unrealized profit - Luizaseg (Note 13)	(86,556)			
	293,830			
Total investments	317,929			
(-) Elimination effect LAC	(24,099)			
(=)Total consolidated investments	293,830			

(*) Consolidated balances contemplating the results of Magazine Luiza S.A and Época Cosméticos.

27 Financial instruments

Capital risk management

The objectives of the Company through capital management are to safeguard the going concern capacity to offer continuous return to the Company's shareholders and benefits to other related parties, and to maintain an ideal capital structure to reduce this cost and maximize its funds allowing for the opening and remodeling of stores, new technologies, process improvement and advanced management methods.

The Company's capital structure comprises financial liabilities, cash and cash equivalents, securities and equity. Periodically, Management reviews the capital structure and its ability to settle its liabilities, as well as monitors, on a timely basis, the average term of Trade payables in relation to the average term of inventory turnover, taking prompt actions these balance ratios pose significant imbalance.

The Company uses the non-GAAP performance measure adjusted net debt/adjusted EBITDA, as they believe such measure is a relevant metric for monitoring the Company's level of indebtedness, since it reflects the net consolidated funds available from the Company's operating cash flow for payment of its financial obligations. The Company defines adjusted EBITDA as profit before income tax and social contribution, finance income and expenses, depreciation and amortization and non-recurring operating events. Adjusted EBITDA is not a defined performance measure under IFRS. The Company's definition of adjusted EBTIDA may not be comparable with similarly titled performance measures and disclosures by other entities.

The Company's capital structure is broken down as follows:

	Parent Company		**Consolidated**	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Borrowings, financing and other financial liabilities	**1,381,578**	1,848,638	**1,381,646**	1,848,776
(-) Cash and cash equivalents	**(230,181)**	(562,728)	**(265,061)**	(599,141)
Securities and other financial assets	**(596,982)**	(819,155)	**(596,982)**	(819,155)
(-) Third-party credit cards	**(239,641)**	(272,502)	**(240,627)**	(276,206)
(-) Related party credit cards	**(11,354)**	(18,646)	**(11,354)**	(18,646)
Adjusted net debt	**303,420**	175,607	**267,622**	135,628
Equity	**747,018**	621,586	**747,018**	621,586

Category of financial instruments

	Parent Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Financial assets				
Loans and receivables				
Cash and banks	**57,067**	73,996	**57,464**	77,108
Escrow deposits	**296,974**	292,187	**296,976**	292,189
Trade receivables	**505,440**	578,904	**508,112**	584,571
Related parties	**48,010**	66,296	**47,143**	64,021
At fair value through profit or loss:				
Held for trading - Cash equivalents and securities	**768,902**	1,293,981	**803,385**	1,327,282
Initial recognition other financial assets	**1,194**	13,906	**1,194**	13,906
Financial liabilities				
Amortized cost				
Trade payables	**1,850,927**	2,353,473	**1,860,559**	2,364,959
Borrowings and financing	**1,260,414**	1,498,700	**1,260,482**	1,498,838
Related parties	**60,224**	72,923	**60,259**	72,955
At fair value through profit or loss:				
Held for trading - Borrowings and financing	**119,764**	333,503	**119,764**	333,503
Initial recognition - other financial liabilities	**1,400**	16,435	**1,400**	16,435

Fair value measurement

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level of information that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest and significant level of information to measure the fair value directly or indirectly observable. The Company uses the discounted cash flow technique for measurement.

Level 3 - Valuation techniques for which the lowest and significant level of information to measure the fair value is unobservable.

The measurement of assets and liabilities of the Company at fair value is demonstrated below:

	Parent Company		Consolidated		Measured at fair value
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	Level
Financial assets					
At fair value through profit or loss:					
Cash equivalents and securities	**768,902**	1,293,981	**803,385**	1,327,282	**Level 2**
Other financial assets	**1,194**	13,906	**1,194**	13,906	**Level 2**
Financial liabilities					
At fair value through profit or loss:					
Borrowings and financing	**119,764**	333,503	**119,764**	333,503	**Level 2**
Other financial liabilities	**1,400**	16,435	**1,400**	16,435	**Level 2**

Valuation techniques and significant unobservable inputs.

Detailed below are the valuation techniques used in the measurement of Level 2 fair value, as well as significant unobservable inputs used.

Borrowings and financing: This category includes borrowings and financing linked to the CDI. The fair value was determined based on the present value of future cash flows, discounted at the average future CDI rate, plus the credit risk, corresponding to all the loans with maturities between 2017 and 2022, calculated on the reporting date of the financial statements.

Borrowings and financing allocated to Hedge Accounting: This category included loans and financing related to the hedge risk, in other words, to the swaps contracted by the Company that satisfy the classification criteria defined by CPC 38 - Financial Instruments: Recognition and Measurement.

The fair value of these liabilities is based on broker quotations. These quotations are tested as to their reasonableness through the discount of future cash flows estimated based on the conditions and maturities of each contract and using the exchange coupon pus a spread which reflects changes in the risk scenario of the Company in the discounted period.

Borrowings at fair value: This category included borrowings and financing assigned from its initial contracting at fair value satisfying the classification criteria defined by CPC 38 - Financial Instruments: Recognition and Measurement.

The fair value of these liabilities is based on estimated future cash flows based on conditions and maturities of each contract and using the exchange coupon plus a spread which is obtained in quotation with financial institutions to reflect the credit risk of the Company in the contracted period.

Liquidity risk management
The Company's Management has the ultimate responsibility for the management of the liquidity risk and prepares an appropriate liquidity risk management model to manage funding requirements and short, medium and long-term liquidity management. The Group manages the liquidity risk through the continuous monitoring of estimated and actual cash flows, the combination of the maturity profiles of financial assets and liabilities and the maintenance of a close relationship with financial institutions, with regular disclosure of information to support credit decisions when external funds are necessary.

The table below details the remaining contractual maturity of the Group's financial liabilities and the contractual amortization terms. This table was prepared using the undiscounted cash flows of financial liabilities.

Contractual maturity is based on the most recent date on which the Group should settle the related obligations:

	Under one year	One to three years	Over three years	Total
Trade payables	**1,860,524**	**-**	**-**	**1,860,524**
Borrowings, financing and other liabilities	**718,650**	**643,228**	**19,768**	**1,381,646**
Related parties	**60,259**	**-**	**-**	**60,259**
Other s payable - Ex-quotaholders (Integra)	**1,000**	**-**	**-**	**1,000**

Considerations on risks

The Group’s business comprises mainly the retail sale of consumer goods, mainly home appliances, electronics, furniture and financial services, consumer financing for purchase of these assets and consortium-related activities, created to purchase vehicles, motorcycles, home appliances and real properties. The main market risk factors affecting the Company’s business are as follows:

Credit risk: the risk arises from the possibility that the Group may incur losses due to non-receipt of amounts billed to their customers, the consolidated balance of which amounts to R$429.721 as at June 30, 2017 (R$466,061 as at December 31, 2016). A large part of the sales of the Company are made using the credit card as a form of payment, which is substantially securitized with the credit card administrators. For other receivables the Company evaluates also the risk as being low, due to the widespread sales, as a result of the large number of customers; however, there are no guarantees of actual receipt of the total balance of trade receivables due to the nature of the Group’s activities. Even so, the risk is managed by means of periodic analysis of default rate and the adoption of more efficient collection measures. As at June 30, 2017, the Group recorded past-due or uncollectible balances under “trade receivables,” which terms were renegotiated, in the amount of R$4,410 (R$ 4,672 as at December 31, 2016), which are included in the Group’s analysis on the need to recognize an allowance for doubtful accounts. Further information on trade receivables is disclosed under Note 7.

The policy of the Company for investments in debt securities (financial investments) is to invest in securities that have ratings attributed by the main credit risk agencies, of at least AAA. As at June 30, 2017, 100% (one hundred percent) of investments held by the Company have such rating level. It is also important to observe that the great majority of these securities are securities with sovereign risk (Brazilian public securities).

Market risk: arises from the slowdown of retail sales in the Brazilian economic environment. The risks involved in these transactions are managed by establishing operational and commercial policies, determining limits for derivative transactions, and constantly monitoring assumed positions. The main related risks are variations in the interest and foreign exchange rates.

Interest rate risk: the Group is exposed to floating interest rates tied to the “Interbank Deposit Certificate (CDI)”, relating to financial investments and borrowings and financing in Brazilian reais, for which it performed a sensitivity analysis, as described in the below.

At June 30, 2017, Management carried out a sensitivity analysis, considering a probable scenario and scenarios of 25% and 50% increases in the expected interest rates. The probable scenario was measured using the future interest rates disclosed by BM&FBOVESPA and/or BACEN. The expected effects of interest expenses net of financial income from financial investments for the next three months are as follows:

	Parent Company	Consolidated
	06/30/2017	06/30/2017
Bank deposit certificates (Note 5)	172,839	184,085
Non-exclusive investment funds (Note 5)	275	23,512
Cash equivalents	173,114	207,597
Securities and other financial assets (Note 6)	596,982	596,982
Total cash equivalents, securities and other financial assets	770,096	804,579
Borrowings, financing and other financial liabilities (Note 18)	(1,381,578)	(1,381,646)
Variation	(611,482)	(577,067)
Interest to incur exposed to the CDI	9.14%	9.14%
Impact on financial income, net of taxes:		
Scenario I Probable	25,471	24,339
Scenario II Above 25%	31,839	30,424
Scenario III Above 50%	38,206	36,508

Foreign exchange rate risk management: the Company uses derivative financial instruments to meet its market risk management requirements, arising from mismatching between currencies and indexes. Derivative transactions are carried out through the Finance Department, pursuant to the strategies previously approved by the Company's Board of Directors. Upon initial recognition of hedge, the Company formally classifies and reports the hedge ratio to which the Company intends to apply the hedge accounting, as well as the objective and the Management's risk management strategy to materialize the hedge.

Documentation includes the identification of the hedge instrument, the hedged item or transaction, the nature of the hedged risk, the nature of risks excluded from the hedge ratio, the prospective statement of effective hedge ratio and how the Company will assess the hedge instrument's efficacy for the purposes of offsetting the exposure to changes in the fair value of the hedged item or cash flows related to the hedged risk.

In this scenario, the Company raised foreign currency-denominated loans bearing interest, for which it entered into swap transactions to hedge against exchange rate variation, swapping contracted interest rate and foreign currency exchange rate for CDI plus fixed rate. For the purposes of hedge accounting, these instruments are classified as fair value hedge and initially are recognized at fair value on the date the derivative agreement is contracted, and subsequently revalued also at fair value. Any gains or losses resulting from changes in fair value, both of the hedging derivatives (*swap*) and the hedge purpose (loans) during the year are recorded directly in the statement of income, as financial income (expense).

A breakdown of the agreements that affected profit or loss as at June 30, 2017 is demonstrated below:

Fair value hedge

Hedge instrument

	Swaps			Average Indexes
	Financial position	**MTM adjustment**	**Fair value(a)**	
Assets (long leg)	118,184	1,580	119,764	**US$+3.21%**
Liabilities (short leg)	119,969	1	119,970	**114.49%CDI**
Total	(1,785)	1,579	(206)	

Hedge purpose

	Working capital in USD			Average indexer
	Financial position	**MTM adjustment**	**Fair value(a)**	
Liabilities	**118,184**	**1,580**	**119,764**	**US$+3.21%**

Reconciliation	
Other financial assets (Note 6)	**1,194**
Other financial liabilities (Note 17)	**(1,400)**
(=)Fair value of the derivative financial instrument	**(206)**

As discussed above, the Group's management understands that there is no market risk arising from foreign exchange fluctuations since all significant financial liabilities recorded in foreign currency are pegged to swap transactions, so that the accounting and financial treatment of these loans is denominated in domestic currency. Accordingly, changes in swap derivative financial instruments and loans and borrowings are offset.

In the periods presented herein there were no operations that were not qualified as equity protection operations, and there are no future commitments object of equity protection of cash flows

28 Statements of cash flows

Changes to equity that do not affect the cash flows of the Company are as follows:

	Parent Company		Consolidated	
	06/30/2017	**06/30/2016**	**06/30/2017**	**06/30/2016**
Net change in fair value of available for sale financial instruments	**622**	2,575	**622**	2,575
Other accounts payable - Ex-quotaholders "Integra Commerce"	**1,000**	-	**1,000**	-

29 Insurance coverage

The Company has insurance contracts with coverage determined following the advice of experts, taking into account the nature and degree of risk, in amounts considered sufficient to cover any losses on its assets and/or obligations.

The insurance coverage, in values as at June 30, 2017 and December 31, 2016 are as follows:

	06/30/2017	**12/31/2016**
Civil responsibility and D&O	**65,000**	42,000
Sundry risks - inventory and property and equipment	**2,031,555**	2,014,174
Vehicles	**14,162**	17,285
	2,110,717	2,073,459

30 Subsequent events

30.1 Share purchase option

During the month of July 2017 there was the exercise of the share purchase option related to the programs of the 1st and 2nd assignments, described under Note 21 to the financial statements for the year ended December 31, 2016. In order to address such options, treasury shares were used, in the amount of approximately 0.21% of the total common shares of the Company.

30.2 Issue of debentures

On July 31, 2017 the Parent Company made the 7th issue of debentures, in public distribution with restricted placement efforts under terms of CVM Instruction476 of 2009. There were 300,000 debentures issued in a total amount of R$ 300,000 thousand, at a nominal value of R$ 1,000.00 (one thousand Brazilian reais) each. The debentures will have a validity of three years, and will be amortized in one sole payment on maturity and will have interest remuneration equivalent to 113.5 % of the daily variation of the Interbank Deposit (ID) rates, to be paid every six-months after the date of issue.

30.3 Stock split

At September 4, 2017, through the Extraordinary General Assembly (AGE), a total of 21,623,933 common shares, all registered, with no par value, issued by the Company, were approved, in the proportion of one shares to eight shares of the Company, for a total of 172,991,464 shares, without modification of the capital stock, pursuant to article 17, item (i), of the Company's Bylaws and article 12 of the Brazilian Corporate Law. These stock split is reflected in all the information about shares presented and for all periods.