(Convenience Translation into English from the Original Previously Issued in Portuguese)

Magazine Luiza S.A.

Interim Individual and Consolidated Financial Statements for the Period Ended September 30, 2011 and Independent Auditor's Report

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Magazine Luiza S.A. and its subsidiaries and jointly owned subsidiaries (the "Company"), included in the Interim Financial Information Form (ITR), which comprises the balance sheets as of September 30, 2011, and the related income statements for the three and nine months period then ended and statements of changes in equity and statements of cash flows for the nine months period then ended, and a summary of significant accounting policies and other selected explanatory notes.

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

Scope of review

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

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added (“DVA”), for the nine months period ended September 30, 2011, prepared under Management´s responsibility, the presentation of which is required by the standards issued by the Brazilian Securities Commission applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in accordance with interim financial information.

Financial statements translated to English language

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Campinas, November 10, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edgar Jabbour
Engagement Partner

1. OPERATIONS

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

At September 30, 2011, the Company had 683 stores and 8 distribution centers located in Brazil's southern, southeastern, mid-western and northern regions.

The Company holds ownership interest in other companies, as described below:

a) Luizacred S.A. - Companhia de Crédito, Financiamento e Investimento ("Luizacred") - Subsidiary jointly controlled with Banco Itaúcard S.A., engaged in the offer, distribution and sale of financial products and services to the customers of Magazine Luiza's store chain;

b) Luizaseg Seguros S.A. ("Luizaseg") - Subsidiary jointly controlled with NCVP Participações Societárias S.A., a subsidiary of Cardif do Brasil Seguros e Previdência S.A., engaged in the development, sale and management of extended warranties for any kind of product sold in Brazil, to the customers of Magazine Luiza's store chain;

c) Luiza Administradora de Consórcios Ltda. ("LAC") - Wholly-owned subsidiary engaged in the management of consortium groups created to purchase vehicles, motorcycles, home appliances and furniture;

d) F.S. Vasconcelos & Cia Ltda. ("Lojas Maia") - Wholly-owned subsidiary, represented by a store chain, operating in the same business segment as Magazine Luiza in the Northeast region, acquired in July 2010;

e) NEW UTD Utilidades Domésticas S.A. ("New-Utd") - Wholly-owned subsidiary, represented by a store chain, operating in the same business segment as Magazine Luiza, acquired this year.

Magazine Luiza S.A. and its subsidiaries and jointly-owned subsidiaries are hereinafter referred to as "Group" for purposes of this report, unless otherwise indicated through specific information.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Accounting policies

The Company's and its subsidiaries' information for the period ended September 30, 2011 has been prepared in accordance with CVM Resolution 581, of July 31, 2009, which approved technical pronouncement CPC 21 ("CPC 21") and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

The accounting policies adopted in preparing the individual and consolidated interim information are consistent with those adopted and disclosed in the financial statements for the year ended December 31, 2010 and, therefore, should be read together.

The individual financial statements present the valuation of investments in subsidiaries and jointly-owned subsidiaries under the equity method. Therefore, these individual financial statements are not considered fully compliant with IFRS, which require these investments to be stated at fair value or cost in the Company's individual financial statements.

There is no difference between the consolidated shareholders' equity and the consolidated net income attributable to the Company's shareholders, disclosed in the consolidated financial statements prepared in accordance with IFRS and with the accounting practices adopted in Brazil, and the Company's shareholders' equity and net income, disclosed in the individual financial statements prepared in accordance with accounting practices adopted in Brazil. Accordingly, the Company opted for presenting these individual and consolidated financial statements in a single set.

The income statement, statement of changes in equity and statement of cash flows disclosed as an integral part of the interim financial statements for the period ended September 30, 2010, prepared and presented by the Company for the first time for comparative purposes only, have been prepared in accordance with the Brazilian and IFRS practices, based on the same accounting policies adopted for the year ended December 31, 2010 and are consistent with the accounting practices used for the period ended September 30, 2011.

The purpose of the statement of value added (DVA) is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information to the consolidated financial statements, since this statement is not required by IFRS.

2.2. Standards, interpretations and alterations of existing policies taking effect on September 30, 2011 and which did not have relevant impact on the financial statements of the Company.

The interpretations and alterations of the existing standards below were edited until September 30, 2011. However, they did not have relevant impact on the financial statements of the Company:

Standard	Main requirements	Enter into force date
Improvements in IFRS - 2010	Several accounting declaration changes	Applicable to annual periods beginning on or after January 1st, 2011
Amendments to IFRS 1	Limited exemption of comparative disclosures of IFRS 7 for early users	Applicable to annual periods beginning on or after July 1st, 2010
Amendments to IAS 24	Related parties disclosure	Applicable to annual periods beginning on or after January 1st, 2011
Amendments to IFRIC 14	Prepayment of minimum loan requirements	Applicable to annual periods beginning on or after January 1st, 2011

Standard	Main requirements	Enter into force date
Amendments to IAS 32	Issuing rights rating	Applicable to annual periods beginning on or after February 1st, 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	Applicable to annual periods beginning on or after July 1st, 2010

2.3. Standards, interpretations and changes of existing policies which are not in force yet and were not adopted previously by the Company.

The following standards and changes to policies were published and are compulsory for the accounting periods of the Company as of April 1st, 2011 or after this date or for subsequent periods. However, the Company has not previously adopted these standards and changes of policies.

Standard	Main requirements	Date of effectiveness
IFRS 9 (as amended in 2010)	Financial instruments	Applicable to annual periods beginning on or after January 1st, 2013
Amendments to IFRS 1	Elimination of fixed dates for IFRS early adopters	Applicable to annual periods beginning on or after July 1st, 2011
Amendments to IFRS 7	Disclosures - transfers of financial assets	Applicable to annual periods beginning on or after July 1st, 2011
Amendments to IAS 12	Deferred taxes - recovery of underlying assets when the asset is measured by the fair value model according to IAS 40	Applicable to fiscal years beginning on or after January 1st, 2012
IAS 28 (Revised in 2011) "Investments in Related Companies and Entities with Shared Control "	Revision of IAS 28 to include the changes introduced by IFRS 10, 11 and 12	Applicable to fiscal years beginning on or after January 1st, 2013
IAS 27 (Revised in 2011), "Separate Financial Statements"	Requirements of IAS 27 related to consolidated financial statements are replaced by IFRS 10. Requirements for separate financial statements are maintained.	Applicable to fiscal years beginning on or after January 1st, 2013
IFRS 10 "Consolidated Financial Statements"	Replaces IAS 27 in relation to the requirements applicable to consolidated financial statements and to SIC 12. IFRS 10 determined one single consolidation model based on control, regardless of the nature of the investment.	Applicable to fiscal years beginning on or after January 1st, 2013
IFRS 11 "Shared Contracts"	Eliminated the proportional consolidation model for the entities with shared control, maintaining the model only by the equity method. Also eliminated the concept of "assets with shared control", maintaining only "operations with shared control" and "entities with shared control".	Applicable to fiscal years beginning on or after January 1st, 2013
IFRS 12 "Disclosure of Interest in Other Entities"	Improves the reporting requirements of the entities which are or not consolidated in which the entities have influence.	Applicable to fiscal years beginning on or after January 1st, 2013

Standard	Main requirements	Date of effectiveness
IFRS 13 "Measurements of Fair Value"	Replaces and consolidates all the guidelines and requirements related to measurement of fair value contained in other IFRS pronouncements into one single pronouncement. IFRS 13 defines fair value, advises how to determine fair value and the reporting requirements related to measurement of the fair value. However, it does not introduce any new requirement or change in relation to items which must be measured to fair value, which remain in the original pronouncements.	Applicable to fiscal years beginning on or after January 1st, 2013
Amendments to IAS 19 "Employee Benefits"	Elimination of the "corridor approach", being the actuarial gains or losses recognized as other comprehensive income in pension plans and results for other long term benefits, when incurred, among other changes.	Applicable to fiscal years beginning on or after January 1st, 2013

The Company's Management will evaluate the impact of the adoption of these pronouncements and interpretations on the financial statements and will adopt them in accordance with the respective effectiveness.

The Accounting Declarations Committee ("CPC") has not yet edited the respective pronouncements and modifications related to the new and reviewed IFRS which were presented previously. Due to the commitment of the CPC and of the Brazilian Securities and Exchange Commission (CVM in Portuguese) to maintain updated the collection of standards issued based on the updates made by the International Accounting Standards Board ("IASB"), it is expected that these pronouncements and modifications will be edited by the CPC and approved by the CVM by the date of their compulsory application.

3. UNDISCLOSED NOTES INCLUDED IN THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010, NOT PRESENTED IN THIS INTERIM FINANCIAL INFORMATION

The interim statements are presented in accordance with technical pronouncement CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). The preparation of these interim statements requires management to make judgment on the relevance and changes to be disclosed in the explanatory information. Accordingly, these interim statements include selected explanatory information and do not comprise all the explanatory information for the year ended December 31, 2010. As permitted by Circular Letter 03/2011 issued by the CVM, the following explanatory information is no longer presented:

- Recoverable taxes (Note 8);
- Taxes payable (Note 17);

- Taxes in installments (Note 18);
- Information on the nature of the expenses recognized in the income statement (Note 24);
- Employee benefits (Note 27);
- Profit sharing (Note 28);
- Commitments (Note 33);
- Statement of cash flows (Note 34); and
- Insurance (Note 35).

4. CASH AND CASH EQUIVALENTS AND SECURITIES

4.1. CASH AND CASH EQUIVALENTS

		Company		Consolidated	
	Average rates	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Cash and cash equivalents		10,590	8,806	12,734	10,292
Banks		16,006	147,629	42,996	255,702
Financial assets measured at fair value through profit or loss:					
Held-for-Trading Securities					
Bank Deposit Certificates	100.34% CDI	6,707	4,155	16,121	11,148
Non-exclusive Investment Funds	90.5% CDI	487	20,673	6,117	51,723
Total Cash and cash equivalents		33,790	181,263	77,968	328,865

4.2. SECURITIES

Financial assets measured at fair value through profit or loss:	Average rates	Company 9/30/2011	Company 12/31/2010	Consolidated 9/30/2011	Consolidated 12/31/2010
Held-for-Trading Securities					
Non-exclusive investment funds	105% CDI	-	-	30,340	30,458
Exclusive investment funds:					
Investment fund quotas	(a)	44,158	-	44,158	-
Public securities	(a)	67,790	-	67,790	-
Repo operations	(a)	22,723	-	22,723	-
Time deposits and other securities	(a)	73,437	-	73,437	-
Available-for-Sale Securities					
Public fixed income securities - LFT	100% Selic	-	-	56,390	48,225
Total Securities		208,108	-	294,838	78,683
Current assets		208,108	-	259,474	46,732
Noncurrent assets		-	-	35,364	31,951
Total		208,108	-	294,838	78,683

(a) Considers the exclusive fixed income investment fund. On September 30, 2011 the portfolio was distributed into the four categories listed above, which are linked to financial operations securities, indexed to the Interbank Deposit Rate (CDI), to return the average profitability of 103% of the CDI to the Company.

5. ACCOUNTS RECEIVABLE

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Trade accounts receivable:				
Debit and credit cards (a)	262,983	273,503	331,297	306,200
Own financed accounts receivable	54,572	60,076	63,474	121,406
Complementary warrant agreements	27,739	27,494	27,789	27,494
Loan operation	-	-	1,505,865	1,179,822
Others	-	-	-	844
Total trade accounts receivable	345,294	361,073	1,918,425	1,635,766
Arising from sales agreements (b)	100,188	103,651	114,623	105,765
Allowance for doubtful accoutns	(23,921)	(28,172)	(251,755)	(182,924)
Adjustment to present value	(14,465)	(12,189)	(16,747)	(15,222)
Total trade accounts receivable	407,096	424,363	1,764,546	1,543,385
Current assets	405,806	422,702	1,758,287	1,524,671
Noncurrent assets	1,290	1,661	6,259	18,714

Trade accounts receivable described above are classified as receivables and, consequently, measured at amortized cost.

Trade accounts receivable were assigned to secure borrowings in the amount of R$ 183,851 as of September 30, 2011 (R$ 231,284 as of December 31, 2010), represented by credit card receivables.

(a) As to the balance receivable from credit card sales, the Company and its subsidiaries Lojas Maia and New-Utd, receive amounts from credit card companies in two ways: i) on the same dates and in the number of installments selected when the product is sold, and ii) in cash, as advances from credit cards, which amounted to R$ 344,878 as of September 30, 2011 (R$ 235,007 as of December 31, 2010), over which a discount between 105.5% and 107% of CDI is applied, which is recognized in income (loss) under “financial expenses”. The Company, through advances from credit cards, transfers to the credit card companies and financial institutions all risks of default by customer.

(b) Refer to bonuses on products to be receiver from suppliers, arising from the fulfillment of the volume of purchase and a portion of agreements defining the supplier´s interest in the disbursement related to advertising and marketing (joint advertising).

Changes in allowance for doubtful accounts are as follows:

	Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Balance in the beginning of the period	(28,172)	(29,698)	(182,924)	(186,636)
(+) Additions	(12,665)	(8,076)	(177,134)	(117,093)
(-) Write-offs	16,916	4,915	108,303	125,602
Balance in the end of the period	(23,921)	(32,859)	(251,755)	(178,127)

The aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Current:				
Up to 30 days	63,681	44,927	506,418	288,252
Between 31 and 60 days	32,745	57,521	292,362	293,166
Between 61 and 90 days	26,646	50,286	199,980	185,258
Between 91 and 180 days	114,792	101,698	380,871	376,952
Between 181 and 360 days	87,378	91,398	252,358	275,649
Over 361 days	3,844	3,442	9,156	20,939
	329,086	349,272	1,641,145	1,440,216
Past due:				
Up to 30 days	4,728	3,067	30,502	30,050
Between 31 and 60 days	2,903	2,086	17,345	29,068
Between 61 and 90 days	2,245	1,624	26,049	18,068
Between 91 and 180 days	6,332	4,752	79,080	44,186
Between 181 and 360 days	-	240	124,295	74,141
Over 361 days	-	32	9	37
	16,208	11,801	277,280	195,550
Total	345,294	361,073	1,918,425	1,635,766

6. INVENTORIES

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Goods for resale (a)	812,041	721,936	989,031	843,376
Material for consumption	4,672	3,310	8,043	3,522
Advances to suppliers	3,774	2,901	3,945	2,901
Total	820,487	728,147	1,001,019	849,799

(a) The balance of goods for resale includes reverse charge State VAT (ICMS) in the amount of R$ 224,987 on September 30, 2011 (R$ 148,990 on December 31, 2010), which are basis to calculate the acquisition cost of goods. This tax will be realized when inventories are resold and corresponding entry is recorded under "cost of goods sold". The balance still includes the adjustments to present value on the balance of trade accounts payable, in the amount of R$ 12,229 on September 30, 2011 (R$ 11,402 on December 31, 2010) for the Company and R$ 14,428 on September 30, 2011 (R$ 13,670 on December 31, 2010) for the Consolidated.

Changes in the provision for losses and adjustment to net realizable value of goods for resale, which reduced the balance of inventories, are as follows:

	Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Balance as of December 31, 2010	(18,597)	(31,519)	(32,629)	(31,519)
Inventories, written-off or sold	8,619	11,837	16,519	11,837
Recognition of provision	(1,187)	(1,789)	(1,336)	(1,789)
Balance as of September 30, 2011	(11,165)	(21,471)	(17,446)	(21,471)

7. RELATED-PARTY TRANSACTIONS

a) Related-party balance:

Current Assets	Company 9/30/2011	Company 12/31/2010	Consolidated 9/30/2011	Consolidated 12/31/2010
Commissions for services provided				
Jointly-owned subsidiaries:				
Luizacred (i)	27,132	24,105	23,611	13,069
Luizaseg (ii)	7,934	11,867	4,020	5,934
	35,066	35,972	27,631	19,003
Wholly - owned subsidiary:				
Group of Consortia (“LAC”) (iii)	1,227	405	-	-
Reimbursement of expenses and expenditures on consortium winning				
Wholly - owned subsidiary:				
Group of Consortia (“LAC”) (iii)	16	98	278	98
New-Utd (ix)	13,975	-	-	-
Lojas Maia (iv)	18,072	3,664	-	-
	32,063	3,762	278	98
Reimbursement of expenses related to the IPO				
Selling shareholders	3,290	-	3,290	-
Receivable for the sale by credit cards				
Luisa Cred (i)	10.846	-	10.846	-
Sales to related parties				
New-Utd (ix)	28,698	-	-	-
Joint controlling shareholder of Luizacred:				
Itaúcard S.A. (v)	-	-	-	497
Controlled by the Company’s controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (vi)	-	-	-	16,420
	26,698-	-	-	16,917
Total current assets	111,190	40,139	42,045	36,018

Current Liabilities	Company 9/30/2011	Company 12/31/2010	Consolidated 9/30/2011	Consolidated 12/31/2010
Service receipt transfers				
Jointly-owned subsidiaries:				
Luizacred (i)	8,436	4,676	7,747	2,338
Luizaseg (ii)	12,734	19,567	6,369	9,783
	21,170	24,243	14,116	12,121
Wholly - owned subsidiary:				
Group of Consortia (“LAC”) (iii)	432	493	403	493
Rentals payable and other transfers				
Controlled by the Company’s controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (vi)	826	607	826	607
PJD Agropastoril Ltda. (viii)	30	-	295	-
Other related parties	-	-	-	13
	856	607	1,121	620
Publicity and advertising service contracts payable				
Controlled by the Company’s controlling shareholders:				
ETCO - Empresa Técnica de Comunicação Ltda. (vii)	5,329	8,432	5,329	8,432
Total current liabilities	27,787	33,775	20,969	21,666

b) Related-party transactions

	Nine-month period ended on				Quarter ended on			
	Company		Consolidated		Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Income from service intermediation commissions								
Jointly-owned subsidiaries:								
Luizacred (i)	91,718	56,923	45,859	28,462	31,897	23,452	15,948	11,726
Luizaseg (ii)	62,318	53,113	31,159	26,557	22,648	19,132	11,324	9,566
	154,036	110,036	77,018	55,019	54,545	42,584	27,272	21,292
Wholly - owned subsidiary:								
LAC - Group of Consortia (iii)	3,609	2,489	-	-	1,214	998	-	-
Reimbursement of shared expenses								
Joint-ventures								
Luizacred (i)	35,030	27,948	17,515	13,974	11,201	13,552	5,600	6,776
Profit on sale of fixed assets								
Controlled by the Company's controlling shareholders:								
MTG Administração, Assessoria e Participações S.A. (vi)	10,661	-	10,661	-	-	-	-	-
Total revenues	203,336	140,473	105,194	68,993	66,960	57,134	32,872	28,068
Rental of commercial buildings expenses								
Controlled by the Company's controlling shareholders:								
MTG Administração, Assessoria e Participações S.A. (vi)	(4,530)	(3,766)	(4,530)	(3,766)	(969)	(1,338)	(969)	(1,338)
PJD Agropastoril Ltda. (viii)	(436)	(635)	(436)	(635)	(38)	(219)	(38)	(219)
	(4,966)	(4,419)	(4,966)	(4,419)	(1,007)	(1,557)	(1,007)	(1,557)
Advertising expenses								
Controlled by the Company's controlling shareholders:								
ETCO - Empresa Técnica de Comunicação Ltda. (vii)	(64,320)	(94,857)	(64,320)	(94,857)	(20,769)	(21,211)	(20,769)	(21,211)
Total expenses	(69,286)	(99,276)	(69,286)	(99,276)	(21,776)	(22,768)	(21,776)	(22,768)

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

   a) Commissions on the issuance and activation of own branded credit cards ("Cartão Luiza") and financial expenses on the advance of receivables from these cards;

   b) Balance receivable from sales of products financed to customers by Luizacred, received by the Company on the following day ("D+1");

   c) Commissions on services provided by the Company on a monthly basis that include the capture of customers, management and operation of consumer credit transactions, control over and collection of financing granted, 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 in the Company's store cashiers, which are transferred to Luizacred on D+1.

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 additional warranties (extended warranties). 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 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 consortia received by the Company in the cashiers of its points of sale.

iv. The balance receivable of Lojas Maia, wholly-owned subsidiary refers to the agreement for reimbursement of advertising expenses assumed by the Company, based on a formal agreement among the parties. Additionally, the Company is the guarantor of this subsidiary in two loan transactions, whose contracts amount to R$ 124,180 as of September 30, 2011 (R$ 125,540 on December 31, 2010), through co-obligation under assignment of receivables from credit cards and sureties.

v. Balances and transactions with Itaúcard S.A., joint controlling shareholder of Luizacred, refers to amounts receivable by Luizacred arising from its interest in the income from the sale of financial products of Itaúcard portfolio, offered by Luizacred to customers in the Company's points of sale.

vi. Transactions with MTG Administração, Assessoria e Participações S.A. ("MTG"), controlled by Luiza Participações S.A. and Wagner Garcia Participações S.A., as well as indirect controlling shareholders of the Company, refer to expenses on rental of office buildings for installation of stores, distribution centers and head office, as shown in Note 11.

vii. Transactions with ETCO - Empresa Técnica de Comunicação Ltda., an entity indirectly controlled by the 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.

viii. Transactions with PJD Agropastoril Ltda., an entity controlled by the Company's indirect controlling shareholders, refer to expenses on rental of office buildings for installation of stores.

ix. The balances with New Utd Utilidades Domésticas S.A. refer to sales of products to the subsidiary for its startup. Other balances refer to reimbursement of expenses paid by Magazine Luiza.

Additionally, the Company has balances relating to deferred revenue with related parties, which were maintained in a specific item for reporting purposes, as described in Note 16.

c) Management compensation:

	9/30/2011	9/30/2010
Board of Directors	150	135
Board of Executive Officers	4,063	3,314
Total	4,213	3,449

As of September 30, 2011, the Company does not offer post-employment benefits, severance pay benefits or other long-term benefits for its Management or employees. On April 1, 2011, the Board of Directors approved the share-based compensation, but no plan has been signed until September 30, 2011.

8. INCOME TAX AND SOCIAL CONTRIBUTION

a) The table below shows the reconciliation of the tax effect on income before income tax and social contribution by applying the rates in effect for the Company and the consolidated effects in force in corresponding periods.

	Nine-month period ended on				Quarter ended on			
	Company		Consolidated		Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Income (loss) before income tax and social contribution	26,721	57,347	56,946	80,274	9,611	25,673	31,956	37,383
Statutory interest rate	34%	34%	34%	34%	34%	34%	34%	34%
Expected credit (debit) of income tax and social contribution at statutory rates	(9,085)	(19,498)	(19,362)	(27,293)	(3,268)	(8,729)	(10,865)	(12,710)
Effect of deferred tax balances due to change in tax rate of CSSL of financial institutions from 9% to 15%	-	-	45	(2,027)	-	-	(595)	(626)
Reconciliation with effective rate (effects of adoption of tax rates):								
Exclusion - equity in subsidiaries	11,223	11,469	-	-	5,383	5,654	-	-
Other permanent (additions) exclusions, net	(301)	(995)	(9,071)	(2,631)	(45)	500	(8,815)	(949)
Debit of income tax and social contribution	1,837	(9,024)	(28,388)	(31,,951)	2,070	(2,575)	(20,275)	(14,285)
Current	-	(9,024)	(35,968)	(31,951)	-	(5,389)	(14,703)	(16,106)
Deferred	1,837	-	6,788	-	2,070	2,814	5,572	1,821
Total	1,837	(9,024)	(28,388)	(31,951)	2,070	(2,575)	(20,275)	(14,285)

b) Breakdown of the deferred income tax and social contribution, asset and liabilities balances:

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Deferred income tax and social contribution asset:				
Fiscal loss and negative social contribution - Asset	82,737	64,053	86,408	65,010
Temporary differences due to adoption of RTT[(1)]	5,312	14,213	5,312	14,213
Provision for loan losses	8,133	9,578	39,748	39,622
Provision for inventory losses	3,796	6,323	3,748	6,323
Provision for contingencies	26,265	19,817	27,511	19,817
Provision for contingencies in business combination	-	-	4,489	18,543
Other provisions	924	474	16,461	4,697
	127,167	114,458	183,677	168,225
Deferred income tax and social contribution liability:				
Amortization of intangibles in business combination	-	-	11,455	13,746
Others	-	-	83	-
	-	-	11,538	13,746

(1) The Company adopted the Transitory Tax Regime (RTT), permitted by Law 11,941/09 which, from the adoption of new accounting practices, enables temporary differences for fiscal purposes.

9. INVESTMENTS IN SUBSIDIARIES

Below, the description of the Company's subsidiaries at the end of each period:

Subsidiary	Main activity	Equity interest - %	
		9/30/2011	12/31/2010
Lojas Maia	Retail trade - consumer goods	100%	100%
New-Utd	Retail trade - consumer goods	100%	-
LAC - Group of Consortia	Consortium management company	100%	100%

Changes in ownership interest in subsidiaries, stated in the individual financial statements, are as follows:

	Group of Consortia ("LAC")		Lojas Maia		New-Utd
	9/30/2011	12/31/2010	9/30/2011	12/31/2011	9/30/2011
Shares/quotas held	6,500	6,500	5,000	5,000	18,542
Capital	6,500	6,500	5,000	5,000	18,542
Shareholders' equity (shareholders' deficit)	9,199	10,125	(166,409)	(134,562)	12,288
Net income (loss) for the year/period	(926)	935	23,310	(2,264)	(14,525)
Changes in investments (provision for loss):	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011
Balance at the beginning of the year	10,125	9,190	96,017	-	-
Goodwill on acquisition of investments	-	-	-	230,579	57,951
Shareholders' equity (shareholders' deficit) on acquisition date of subsidiary	-	-	-	(132,304)	22,338
Share subscription loss (a)	-	-	(55,157)	-	-
Equity in subsidiaries	(926)	505	23,310	(1,310)	(14,525)
Balance at the end of the year	9,199	9,695	64,170	96,965	65,764

(a) See Note 10.

Total investment in subsidiaries	9/30/2011	12/31/2010
LAC - Group of Consortia	9,199	10,125
New-Utd	65,764	-
Lojas Maia	64,170	96,017
	139,133	106,142

10. INVESTMENTS IN JOINTLY-OWNED SUBSIDIARIES (JOINT VENTURES)

	Luizacred		Luizaseg	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Shares held	847	688	13,883	13,883
Interest percentage	40.55%	50%	50%	50%
Current assets	2,673,406	2,087,261	107,062	106,486
Noncurrent assets	282,910	310,074	78,048	74,179
Current liabilities	2,633,758	2,280,594	72,378	61,669
Noncurrent liabilities	10,298	13,137	36,440	41,668
Capital	226,624	66,623	13,884	13,883
Shareholders' equity	312,260	103,604	76,292	77,328
Net income for the period	48,730	70,526	10,900	12,391

Changes in investments	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Balance at the beginning of the period	51,802	23,597	38,665	34,586
Gain from relative ownership interest (see statement presented thereafter)	55,157	-	-	-
Dividends paid	(37)	-	(5,969)	(2,111)
Equity in subsidiaries	19,699	30,057	5,450	4,479
Balances at the end of period	126,621	53,654	38,146	36,954

Total investments in Jointly-owned subsidiaries	9/30/2011	12/31/2010
Luizacred	126,621	51,802
Luizaseg	38,146	38,665
	164,767	90,467

As approved at the Annual Shareholders' Meeting of the jointly-owned subsidiary Luizacred held on March 11, 2001, capital was increased by R$ 160,000, in cash, through the issuance of 160,000 new shares, of which 80,000 preferred shares and 80,000 common shares. The funds were equally contributed by Banco Itaúcard S.A. and the wholly-owned subsidiary Lojas Maia, so that the latter became a shareholder of Luizacred, as follows:

Shareholder	Preferred shares	Common shares	% of capital
Itaúcard	211,691	211,691	50.00%
Magazine Luiza	171,691	171,691	40.55%
Lojas Maia	40,000	40,000	9.45%
Total	423,382	423,382	100.00%

On the same date, the shareholders' agreement entered into between the Company and Banco Itaúcard to incorporate Lojas Maia in Luizacred's ownership structure was amendment. However, the shared control between the Company and Banco Itaúcard was maintained, so that the Company held direct and indirect interest of 50% in Luizacred.

Capital was increased to meet cash requirements for the payment of the exclusiveness right to Lojas Maia, as described in Note 16. As a result, Luizacred continues meeting the minimum capital requirements required by the Brazilian Central Bank.

The effects of the capital increase in the individual balance sheets of the Company and its subsidiary Lojas Maia are shown below. No effects were recorded in the consolidated as there were no changes in Magazine Luiza's ownership interest in Luizacred:

	Before the capital increase	After the capital increase	Effect of the capital increase
Luizacred's ownership interest			
Shareholders' equity	102,940	262,940	160,000
Total shares	686,764	846,764	160,000
Gain on interest of Magazine Luiza			
Number of shares held by Magazine Luiza	343,382	343,382	-
Change in interest	50.00%	40.55%	(9.45%)
Direct investment -Magazine Luiza	51,470	106,627	55,157
Gain on interest (change in investment - capital invested)			55,157
Loss on share subscription of Lojas Maia			
Shares held by Lojas Maia	-	80,000	80,000
Change in interest	0.00%	9.45%	9.45%
Direct investment - Lojas Maia	-	24,843	(24,843)
Investment loss (change in investment - capital invested)			(55,157)

11. PROPERTY, PLANT AND EQUIPMENT (FIXED ASSETS)

Changes in property, plant and equipment for the nine-month period ended September 30, 2011 are as follows:

	Company	Consolidated
Property, plant and equipment, net as of December 31, 2010	331,306	358,841
Additions	73,491	91,219
Addition by acquisition of subsidiary	-	6,103
Write-offs	(4,925)	(5,585)
Depreciation	(40,160)	(43,999)
Property, plant and equipment, net as of September 30, 2011	359,712	406,579
Balance of property, plant and equipment as of September 30, 2011:		
Cost of property, plant and equipment	634,695	700,310
Accumulated depreciation	(274,983)	(293,731)
Property, plant and equipment, net as of September 30, 2011	359,712	406,579

In February 2011, the Company sold its buildings to MTG Administração Acessória e Participações S.A. The net balance of these assets totaled R$ 4,868 on the transaction date, which were sold for R$ 15,520, generating a gain of R$ 10,652, recorded in other operating revenue, according to Note 21.

12. INTANGIBLE ASSETS

Changes in intangible assets for the nine-month period ended September 30, 2011 are as follows:

	Company	Consolidated
Intangible assets, net as of December 31, 2010	95,149	374,619
Additions	17,812	21,420
Addition by acquisition of subsidiary:		
Relationship with customers	-	16,235
Goodwill	-	57.951
Amortization	(13,865)	(21,673)
Intangible assets, net as of September 30, 2011	99,096	448,552
Balance of intangible assets as of September 30, 2011:		
Cost of intangible assets	190,450	565,458
Accumulated amortization	(91,354)	(120,296)
Intangible assets, net as of September 30, 2011	99,096	445,162

13. SUPPLIERS

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Goods for resale - domestic market	834,711	977,146	990,497	1,134,515
Goods for resale - international market	2,123	633	2,123	633
Other suppliers	10,623	10,980	10,623	10,977
Present value adjustment	(12,740)	(11,586)	(15,106)	(13,836)
	834,717	977,173	988,137	1,132,289

14. LOANS AND FINANCING

Type	Charge	Collaterals	Final Maturity	Company 9/30/2011	Company 12/31/2010	Consolidated 9/30/2011	Consolidated 12/31/2010
BNDES (a)	TJLP + 2.38% p.a. (i) IPCA + 8.91% p.a. (ii)	Bank guarantee	Dec/13	41,818	50,338	41,818	50,338
Working capital (b)	107,5% to 118.8% of CDI p.a.	Credit Card Receivables/Suretyship/Pledge/Bank Guarantee	Jun/15	573,372	569,189	697,552	709,876
Finance leases (c)	CDI/TJLP/LIBOR	Fiduciary sale / Escrow deposits	Jan/2016	18,439	14,217	18,574	14,659
				633,629	633,744	757,944	774,873
Current liabilities				118,943	88,876	140,795	108,758
Noncurrent liabilities				514,686	544,868	617,149	666,115

(a) Loans contracted with BNDES comprise: i) financing for the opening of new stores and ii) purchase of facilities and equipment. Principal and interest on these contracts are paid on a monthly basis.

(b) This financing is collateralized by suretyship, bank guarantee, mortgages on properties owned by controlling shareholders and part of receivables from credit cards, as described in Note 5.

Part of the funds was contracted in foreign currency, and fixed interest rates and exchange rate variation are incurred. In order to hedge its operations against exchange rate variation risks, the Company entered into swap transactions to replace the charges contracted by CDI-indexed floating rates. This is a perfectly matched operation that does not expose the Company to exchange risks or foreign interest rates. The effect of this transaction is stated in Note 25.

(c) The Company has finance lease contracts relating to: (i) aircraft, whose contract was entered into in 2005 and expires in 2016. For this contract, R$ 1,231 (equivalent to US$ 664,000) were deposited as collateral, recorded under "Other noncurrent assets", which will be redeemed on the final maturity of the contract. This deposit, equivalent to 15% of the total asset amount, is adjusted by exchange rate variation, whose corresponding entry is recorded in income (loss) for the period; (ii) IT equipment and software, whose contracts expire in 2011.

On August 19, 2011 the Company entered into a debt consolidation and ratification by the Banco do Brasil SA. The contract aimed to consolidate all outstanding debt with Banco do Brasil SA from five contracts for a single contract. Thus the entire balance at this financial institution amounting to R$ 431,738 on July 31, 2011 (base date of the contract) was consolidated with charges 105% of CDI and maturing on August 17, 2015. This agreement modified the covenants related to previously existing under the following clauses:

i. Maintain the Adjusted Net Financial Debt / EBITDA ratio below 3.0 times, to be calculated on semi-annual basis, taking into account, for calculation of EBITDA, the accumulated performance over the last 12 months as from the date of closing of the statements. Net Financial Debt means the sum of any and all bank loans, excluding Compror and Vendor, less cash and cash equivalents;

ii. Provide information and financial statements to the lender;

iii. Maintain the receivables rights an amount equal to at least 25% of the outstanding balance of this agreement from sales receivables of credit cards with the Visa brand.

The other restrictive contractual clauses ("covenants") of the Company are unchanged compared to December 31, 2010 and September 30, 2011, the Company is compliant with these covenants.

15. INTERBANK DEPOSITS

		Consolidated (IFRS and BR GAAP)	
Type	Charges	9/30/2011	12/31/2010
Interbank deposits	103,9% of CDI	928,064	856,725
Current liabilities		928,064	852,680
Noncurrent liabilities		-	4,045

Interbank Deposits are securities issued by financial institutions and their trading is restricted to the interbank market. Refer to interbank deposits made by Luizacred with Itaú Unibanco Holding S.A., whose maturities are as follows:

	Consolidated
Up to 90 days	923,666
From 91 to 365 days	4,398
Over 365 days	-
	928,064

16. DEFERRED REVENUE

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Deferred revenue from third parties:				
Exclusiveness agreement with Banco Itaucard (a)	183,500	209,000	183,500	209,000
Exploration right agreement - payroll (b)	6,126	8,882	6,126	8,882
Sales agreement - Cardif (c)	-	-	17,275	19,000
	189,626	217,882	206,901	236,882
Deferred revenue with related parties:				
Exclusiveness agreement with Luizacred (d)	-	-	76,842	80,000
Exclusiveness agreement with Luizaseg (e)	2,568	10,272	1,291	5,136
	2,568	10,272	78,133	85,136
Total deferred revenue	192,194	228,154	285,034	322,018
Current liabilities	20,686	20,686	25,598	25,956

	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Noncurrent liabilities	171,508	207,468	259,436	296,062

a) On November 27, 2009, the Company entered into a "Aliance Agreement" entered into with financial institutions 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 period of 20 years.

   In consideration for the aforementioned joint venture, Itaú group companies paid in cash the amount of R$ 250,000, of which: i) R$ 230,000 relating to the consummation of the negotiation, without right of reimbursement, to be allocated to net income (loss) over the contract term, i.e., 20 years, and; ii) R$ 20,000 subject to the attainment of profitability goals in Luizacred, subject to refund of a portion or all the amount, if targets are not attained.

b) On June 30, 2008, the Company entered into a payroll use exclusive assignment contract for a period of 5 years for the provision of banking services to employees, with a financial institution. This partnership allowed the inflow of R$ 20,250 to the Company's cash. The recognition of the revenue arising from the funds received is allocated to income (loss) over the contract term.

c) Subsidiary Lojas Maia entered into a 6-year sales agreement with Cardif do Brasil Seguros e Garantias S.A. in order to sell insurance products such as extended warranty, financial protection and other. Under this agreement, the subsidiary Lojas Maia received R$ 23,000, which is recognized in income (loss) over the contract term.

d) On December 29, 2010, subsidiary Lojas Maia entered into a partnership agreement with Luizacred, a jointly-owned subsidiary, through which it has granted exclusiveness in the right to offer, distribute and sell financial products and services in its store chain, for a period of 19 years, to the financial institution. As a result of this partnership, Luizacred paid in cash R$ 160,000 to Lojas Maia (R$ 80,000 in the consolidated refer to the 50% interest of Magazine Luíza in the subsidiary), which will be recognized in income (loss) over the contract term.

   As part of this partnership agreement, the amount of R$ 20,000, mentioned in item "(a) ii" above was increased to R$ 55,000.

e) On December 13, 2005, the Company entered into a strategic partnership with Cardif do Brasil Seguros e Previdência S.A., through which it has granted to the jointly-owned subsidiary Luizaseg, the right to explore and exclusivity in the offer, distribution and sale of additional insurance products, mainly extended warranties of the products sold in the Company's store chain, for a period of 10 years. This partnership allowed the inflow of R$ 50,000 to the Company's cash, without definition of goals to be attained or right of reimbursement of the amount.

   The recognition of the revenue arising from the funds received is allocated to income (loss) over the contract term.

17. PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Company and its subsidiaries and jointly-owned subsidiaries are parties to labor, civil and tax lawsuits in progress to which they filed administrative or legal defense. In cases where the opinion of the legal counsel is unfavorable, the Company recognized a reserve for tax, civil and labor contingencies in noncurrent liabilities, as of September 30, 2011 and and December 31, 2010, which corresponds to Management's best estimate of future disbursement. Changes in the reserve for tax, civil and labor contingencies, are as follows:

Company:

	12/31/2010	Additions	Write-offs	Adjustment	9/30/2011
Tax	27,982	12,745	-	2,907	43,634
Civil	8,644	1,353	(1,255)	-	8,742
Labor	21,659	4,365	(1,342)	191	24,873
	58,285	18,463	(2,597)	3,098	77,249

Consolidated:

	12/31/2010	Additions	Write-offs	Adjustment	9/30/2011
Tax	142,711	16,907	(42,853)	2,906	119,670
Civil	14,377	5,038	(2,537)	224	17,102
Labor	24,932	6,732	(2,821)	192	29,036
	182,020	28,677	(48,221)	3,322	165,808

As of September 30, 2011, the main lawsuits classified by management as probable loss based on the opinion of its legal counsels, as well as legal liabilities for which judicial deposits were included in the reserve for contingencies are as follows:

a) Tax lawsuits:

(i) The Company is challenging fifteen tax deficiency notices filed by the Department of Finance of São Paulo, which claims underpayment of the State VAT (ICMS), allegedly due to incorrect application of rates. The Company recorded a reserve for risks assessed as probable loss by its legal counsels. These tax deficiency notices amounted to R$ 15,300 on September 30, 2011 (R$ 12,234 on December 31, 2010).

(ii) Lawsuit challenging the constitutionality of the Contribution to the National Institute of Rural Settlement and Agrarian Reform (INCRA), for which an escrow deposit was made totaling R$ 3,102 on September 30, 2011 (R$ 2,321 on December 31, 2010).

(iii) The Company is challenging the increase in the Occupational Accident Risk rate (RAT). Therefore, it filed a lawsuit and deposited the amounts corresponding to the increased rate in an escrow account. The amount of the escrow deposit totals R$ 13,919 as of September 30, 2011 (R$ 6,843 on December 31, 2010).

(iv) The Company challenges at administrative level the FAP (Accident Prevention Factor) index which was prescribed by MPS/CNPS Resolution 1269/06, whose provision totals R$ 11,313 as of September 30, 2011 (R$ 6,584 on December 31, 2010).

(v) Other tax claims assessed by the management of the Parent Company and subsidiary Lojas Maia and their legal counsels as probable loss amount to R$ 42,595 as of September 30, 2011 (R$ 41,234 on December 31, 2010), for which a reserve has been recognized. The tax claims are related to tax deficiency notices allegedly due to the incorrect application of ICMS rates, as well as to risks related to PIS/COFINS on debits on interest income, tax incentives received and credits subject to challenge with the tax authorities.

(vi) Subsidiary Lojas Maia does not acknowledge the mandatory collection of PIS/COFINS on ICMS tax base, depositing in an escrow account the amount of the related provision, in the total amount of R$ 30,167 on June 30, 2011 (R$ 15,580 on December 31, 2010).

(vii) During the business combination process of subsidiary Lojas Maia, other tax risks relating to ICMS, IRPJ, CSSL and ISS were identified by the Company and weighted in the context of calculation of the related fair values, and an additional reserve was recognized in the total amount of R$ 3,274 on September 30, 2011 (R$ 41,038 on December 31, 2010). The balances variation refers to risks identified as possible, in the business combination process which were mitigated by subsequent events.

b) Civil lawsuits: Civil contingencies of R$ 8,742 (Company) on September 30, 2011 (R$ 8,644 on December 31, 2010) are related to claims filed by customers on possible product defects; the subsidiary Lojas Maia, since it also operates in the retail industry, is party to lawsuits of the same nature in the amount of R$ 5,652 on September 30, 2011 (R$ 5,733 on December 31, 2010). Other non-relevant balances are recorded in the Company's other investees.

c) Labor lawsuits:

i. At the labor courts, the Company is a party to various labor lawsuits, mostly claiming overtime. The accrued amount of R$ 21,958 (company) on September 30, 2011 (R$ 19,990 on December 31, 2010), reflects the likelihood of probable loss assessed by the Company's management and its legal counsels.

ii. The Company is also challenging the payment of social security contribution on paid prior notice, which is being fully deposited in escrow and totals R$ 2,915 (parent company) on September 30, 2011 (R$ 1,759 on December 31, 2010), the total balance recognized at the parent company.

The Company is a party to other lawsuits that were assessed by management, based on the opinion of its legal counsels, as possible losses and, therefore, no reserve was recognized for such lawsuits. The amounts of the main lawsuits where the Company is the defendant are as follows:

a) Tax lawsuits: There are tax lawsuits where the Company and its subsidiaries and jointly-owned subsidiaries are the defendants. The amount estimated by Management and its legal counsels relating to these lawsuits, which are at the administrative or judicial level, is R$ 324,458 at September 30, 2011 (R$ 132,245 on December 31, 2010).

b) Civil and labor lawsuits: The Company challenges civil and labor administrative lawsuits, with likelihood of possible loss, whose amounts are immaterial for disclosure.

Contingent assets

The Company is party to other tax lawsuits of diverse nature as plaintiff. The estimated amounts of these lawsuits total approximately R$ 302,580 on September 30, 2011 (R$ 233,602 on December 31, 2010), which were not recorded since they refer to contingent assets. These credits refer primarily to the lawsuit filed to exclude the ICMS from the PIS/COFINS tax base, totaling approximately R$ 175,615. Other credits may be obtained from lawsuits that address the increase in the PIS tax basis, the exclusion of ISS from the PIS/COFINS tax basis, among others.

18. SHAREHOLDERS' EQUITY

The Company approved at the Extraordinary Shareholders' Meeting held on December 17, 2010, the reduction of the capital in the amount of R$ 177,000 to absorb accumulated losses. On April 1, 2011, the Extraordinary Shareholders' Meeting approved the split of all common shares representing the Company's capital, so that each common share was represented by 3.10666710436154 new common shares, resulting in 150,000,000 common shares.

Tender Offer

On April 5, 2011, the Company entered into the Novo Mercado Listing Agreement with BM&FBOVESPA, whereby it agreed to abide by the Novo Mercado Differentiated Corporate Governance Practices, a special securities trading segment of BM&FBOVESPA, governed by the Novo Mercado Listing Rules, which establishes differentiated corporate governance practices to be adopted by the Company, that are stricter than those set forth in the Brazilian Corporate Law.

On May 2, 2011, Magazine Luiza conducted a primary and secondary public offering of common shares held by the Selling Shareholders, at the offering price of R$ 16.00 per share. Additional shares, defined as "Over-allotment Option" was also subscribed at the final offering memorandum. Additional shares were sold under the same conditions and prices of those originally offered. The Tender Offer process was concluded on June 3, 2011.

Summary of the amounts involved in the operation:

	Initial lot	Over-allotment	Total
Primary offering:			
Number of shares	33,750,000	2,744,467	36,494,467
Amounts in R$'000	540,000	43,911	583,911
Secondary offering:			
Number of shares	16,564,432	2,339,897	18,904,329
Amounts in R$'000	265,031	37,438	302,469
Total shares	50,314,432	5,084,364	55,398,796
Total offering price	805,031	81,349	886,380

The Company's total shares after the offering will be 186,494,467 common shares, and the ownership structure will be distributed as follows:

	Number of shares	Interest - %
LTD Administração e Participações S.A.	113,035,011	60.61
Wagner Garcia Participações S.A.	8,411,383	4.51
Brasil Zia I, LLC	3,672,546	1.97
Brazil Zia II, LLC	963,698	0.52
Shares outstanding	55,398,796	29.70
Other	5,013,033	2.69
Total	186,494,467	100.00

Net proceeds from the Primary Offering will be used to (i) open new stores, (ii) acquire companies in the retail and e-commerce segments, (iii) remodel stores and (iv) increase working capital.

Expenses related to the tender offer amounted to R$ 20,406, net of fiscal effects, of which R$ 14,932 refer to Banks and Brokers commissions.

The Company's shares started to be traded on May 2, 2011.

19. NET OPERATING REVENUE

	Nine-month period ended on				Quarter ended on			
	Company		Consolidated		Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Gross revenue:								
Retail - goods for resale	4,077,152	3,296,310	4,809,192	3,397,446	1,451,905	1,170,663	1,699,721	1,271,799
Retail - services provided	171,824	125,210	102,481	110,603	60,853	48,867	37,205	69,478
Loan operations	-	-	350,286	230,235	-	-	129,768	52,967
Insurance operations	-	-	50,260	42,310	-	-	17,853	14,685
Consortium management	-	-	19,892	14,713	-	-	7,211	5,319
	4,248,976	3,421,520	5,332,111	3,795,307	1,512,758	1,219,530	1,891,758	1,414,248
Taxes and refunds:								
Goods for resale	(654,026)	(541,152)	(814,768)	(566,276)	(227,049)	(184,804)	(279,733)	(209,930)
Services provided	(22,970)	(16,302)	(25,830)	(17,562)	(8,191)	(6,359)	(9,367)	(6,923)
	(676,996)	(557,454)	(840,598)	(583,838)	(235,240)	(191,163)	(289,100)	(216,853)
Net sales revenue	3,571,980	2,864,066	4,491,513	3,211,469	1,227,518	1,028,367	1,602,658	1,197,395

20. COST OF GOODS SOLD, SERVICES PROVIDED AND FUNDING FOR FINANCIAL OPERATIONS

	Nine-month period ended on				Quarter ended on			
	Company		Consolidated		Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Costs:								
Goods resold	(2,515,477)	(1,989,544)	(2,932,665)	(2,042,773)	(901,263)	(712,155)	(1,047,184)	(765,384)
Services provided	-	-	(10,622)	(6,378)	-	-	(4,403)	(2,425)
Funding for financial transactions	-	-	(72,100)	(41,799)	-	-	(27,460)	(16,536)
	(2,515,477)	(1,989,544)	(3,015,387)	(2,090,950)	(901,263)	(712,155)	(1,079,047)	(784,345)

21. OTHER OPERATING REVENUES, NET

	Nine-month period ended on				Quarter ended on			
	Company		Consolidated		Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Gain (loss) on sale of property, plant and equipment (a)	10,600	1,050	10,600	1,050	52	1,096	637	1,096
Recognition of deferred revenue - Assignment of receivables from right of use (b)	35,960	41,210	36,984	37,074	11,986	13,737	12,355	12,699
Reversal of eventual tax losses - business combination (c)	-	-	32,618	-	-	-	32,618	-
Tax refund (d)	-	9,611	-	9,611	-	-	-	-
Provision for tax contingencies	(1,927)	(5,400)	(1,927)	(5,400)	-	1,300	-	1,300
Management compensation	(4,213)	(3,449)	(4,213)	(3,449)	(1,281)	(1,168)	(1,281)	(1,168)
Employee profit sharing	(958)	(1,415)	(958)	(1,415)	(55)	(34)	(55)	(34)
Pre-operating expenses (e)	-	-	(11,390)	-	-	-	(11,390)	-
Sale of Structure of disclosure mark (f)	-	-	21,454	-	-	-	21,454	-
Expenses with financial claims (g)	-	-	(5,958)	(3,231)	-	-	(2,443)	(1,411)
Others	470	(5,114)	(5,904)	7,493	(2,271)	(4,454)	(5,478)	314
Total	39,932	34,393	71,306	40,163	8,327	8,285	46,417	10,604

a) The balance refers to the sale of properties to related parties, as described in Note 11.

b) Refers to the recognition of deferred revenue from the assignment rights of use, according to Note 16.

c) Refers to the reversal of provision for eventual tax losses, previously measured for the purposes of Lojas Maia business combination, which according to subsequent legal forecasts, they no longer exist, according to note 17

d) Refers to tax credits pegged to temporary credits on social security contributions of indemnity nature.

e) Refers to expenses incurred prior to the opening of stores acquired from New Utd (Lojas do Baú).

f) Refers to revenue from the sale of the LuizaCred disclosure structure in order to promote the brand Itaucard.

g) Refers to expenses claims operations with credit cards LuizaCred.

22. FINANCIAL RESULT

	Nine-month period ended on				Quarter ended on			
	Company		Consolidated		Company		Consolidated	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Financial income:								
Interest on extended warrant sales	9,059	8,625	9,059	8,625	3,266	3,027	3,266	3,027
Income from short-term financial investments and securities	17,182	620	26,789	5,710	7,523	30	10,449	2,006
Interest on sale of goods - interest on delay in collections	1,420	1,286	1,677	1,310	331	330	862	398
Discounts obtained	1,420	10,898	1875	10,942	849	8,264	1,304	8,308
Exchange gains	214	233	214	233	49	233	49	233
Other	311	30	436	49	7	-	93	19
	29,606	21,692	40,050	26,869	12,026	11,884	15,569	13,947
Financial expenses:								
Interest on loans and financing	(92,178)	(67,796)	(108,416)	(71,892)	(28,262)	(24,811)	(33,849)	(28,907)
Charges on credit card advances	(50,444)	(36,849)	(39,546)	(23,759)	(16,423)	(12,142)	(12,945)	(9,436)
Provision of interest on extended warranty	(5,379)	(8,828)	(5,379)	(8,828)	(1,128)	(3,181)	(1,128)	(3,181)
Exchange loss	(486)	(309)	(486)	(309)	(486)	-	(486)	-
Other	(10,822)	(16,239)	(11,700)	(16,536)	(4,281)	(10,936)	(4,583)	(11,233)
	(159,309)	(130,021)	(165,527)	(121,324)	(50,580)	(51,070)	(52,991)	(52,757)
Net financial result	(129,703)	(108,329)	(125,477)	(94,455)	(38,554)	(39,186)	(37,422)	(38,810)

23. SEGMENT REPORTING

CPC 22 and IFRS 8 - Segment Reporting require the operating segments to be identified based on internal reports related to the Company's components periodically reviewed by the CEO, the chief operating decision maker, so that funds are allocated to segments and their performance are evaluated.

To manage its business taking into consideration its 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;
- Financial transactions - through the jointly-owned subsidiary Luizacred, mainly engaged in the granting of credit to the Company's customers for acquisition of products;
- Insurance - through the jointly-owned 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 consortiums 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, as well as of products and services offered by the Group.

Statement of income

	9/30/2011						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Gross revenue from third parties	4,911,673	350,286	50,260	19,892	5,332,111	-	5,332,111
Gross revenue from related parties	80,627	17,925	-	-	98,552	(98,552)	-
Revenue deductions	(839,257)	-	-	(1,341)	(840,598)	-	(840,598)
Net revenues by segment	4,153,043	368,211	50,260	18,551	4,590,065	(98,552)	4,491,513
Costs of goods resold, services provided and funding for financial operations	(2,932,665)	(72,100)	(3,604)	(10,627)	(3,018,996)	3,609	(3,015,387)
Gross profit	1,220,378	296,111	46,656	7,924	1,571,069	(94,943)	1,476,126
Selling expenses	(843,994)	(48,828)	(982)	-	(892,758)	-	(892,758)
Selling expenses - related parties	-	(45,859)	(31,159)	-	(77,018)	77,018	-
General and administrative expenses	(214,071)	(2,686)	(8,232)	(9,836)	(234,825)	-	(234,825)
Income (loss) from provision for loan losses	(7,285)	(164,469)	-	-	(171,754)	-	(171,754)
Depreciation and amortization	(64,599)	(4,024)	(3,855)	(204)	(72,682)	7,010	(65,672)
Equity in subsidiaries	28,889	-	-	-	28,889	(28,889)	-
Other operating income	69,990	9,575	(107)	(96)	78,316	(7,010)	71,306
Financial result (loss)	(132,899)	-	6,744	678	(125,477)	-	(125,477)
Financial result (loss) from related parties	(17,925)	-	-	-	(17,925)	17,925	-
Income tax and social contribution	(9,926)	(15,455)	(3,615)	608	(28,388)	-	(28,388)
Net income (loss) for the period	28,558	24,365	5,450	(926)	57,447	(28,889)	28,558

	9/30/2010						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Gross revenue from third parties	3,465,787	272,497	42,310	14,713	3,795,307	-	3,795,307
Gross revenue from related parties	57,507	15,245	-	-	72,752	(72,752)	-
Revenue deductions	(582,781)	-	-	(1,057)	(583,838)	-	(583,838)
Net revenues by segment	2,940,513	287,742	42,310	13,656	3,284,221	(72,752)	3,211,469
Cost of goods resold, services provided and funding for financialoperations	(2,042,773)	(41,799)	(2,258)	(6,609)	(2,093,439)	2,489	(2,090,950)
Gross profit	897,740	245,943	40,052	7,047	1,190,782	(70,264)	1,120,519
Selling expenses	(605,309)	(64,453)	(64)	-	(669,698)	-	(669,698)
Selling expenses - related parties	-	(28,462)	(26,557)	-	(55,019)	55,019	-
General and administrative expenses	(132,674)	(2,107)	(6,856)	(7,207)	(148,844)	-	(148,844)
Income (loss) from provision for loan losses	(8,076)	(109,017)	-	-	(117,093)	-	(117,093)
Depreciation and amortization	(49,302)	(834)	(3,852)	(183)	(54,171)	3,853	(50,318)
Equity in subsidiaries	35,041	-	-	-	35,041	(35,041)	-
Other operating income	34,712	8,629	-	675	44,016	(3,853)	40,163
Financial result (loss)	(99,540)	-	4,608	477	(94,455)	-	(94,455)
Financial result from related parties	(15,245)	-	-	-	(15,245)	15,245	-
Income tax and social contribution	(9,024)	(19,642)	(2,980)	(304)	(31,951)	-	(31,951)
Net income (loss) for the period	48,323	30,057	4,479	505	83,364	(35,041)	48,323

	9/30/2011						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Assets							
Cash and cash equivalents	42,466	23,826	24	11,652	77,968	-	77,968
Securities	208,108	5,215	81,515	-	294,838	-	294,838
Accounts receivable	497,515	1,278,031	-	-	1,764,546	-	1,764,546
Inventories	1,001,019	-	-	-	1,001,019	-	1,001,019
Investments	44,879	-	-	-	44,879	(44,879)	-
Property, plant and equipment and intangible assets	846,611	84,465	1,332	849	933,257	(78,126)	855,131
Other assets	440,573	86,621	9,684	2,197	539,075	(93,139)	445,936
	3,070,220	1,478,158	92,555	14,698	4,655,582	(216,144)	4,439,438
Liabilities							
Suppliers	986,511	-	1,048	578	988,137	-	988,137
Loans and financing	757,944	-	-	-	757,944	-	757,944
Interbank deposits	-	928,064	-	-	928,064	-	928,064
Operations with credit cards	-	349,073	-	-	349,073	-	349,073
Technical insurance provisions	-	-	48,076	-	48,076	-	48,076
Provision for tax, civil and labor risks	160,090	5,066	63	589	165,808	-	165,808
Deferred revenue	363,154	-	-	-	363,154	(78,120)	285,034
Other accounts payable	321,563	39,825	5,222	4,332	370,942	(93,139)	277,803
	2,589,262	1,322,028	54,409	5,499	3,971,198	(171,259)	3,799,939

	12/31/2010						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Assets							
Cash and cash equivalents	319,359	249	31	9,226	328,865	-	328,865
Securities	-	5,029	73,654	-	78,683	-	78,683
Accounts receivable	518,153	1,025,101	-	131	1,543,385	-	1,543,385
Inventories	849,799	-	-	-	849,799	-	849,799
Investments	(28,837)	-	-	-	(28,837)	28,837	-
Property, plant and equipment and intangible assets	724,766	87,750	5,139	941	818,596	(85,136)	733,460
Other assets	335,047	80,541	11,510	1,683	428,781	(35,193)	393,588
	2,718,287	1,198,670	90,334	11,981	4,019,272	(91,492)	3,927,780
Liabilities							
Suppliers	1,139,807	-	733	184	1,140,724	-	1,140,724
Loans and financing	774,873	-	-	-	774,873	-	774,873
Interbank deposits	-	856,725	-	-	856,725	-	856,725
Credit cards operations	-	220,230	-	-	220,230	-	220,230
Technical insurance provisions	-	-	43,695	-	43,695	-	43,695
Provision for tax, civil and labor risks	179,165	2,524	76	255	182,020	-	182,020
Deferred revenue	407,154	-	-	-	407,154	(85,136)	322,018
Other accounts payable	299,175	67,388	7,165	1,424	375,152	(35,193)	339,959
	2,800,174	1,146,867	51,669	1,863	4,000,573	(120,329)	3,880,244

24. EARNINGS PER SHARE

As established by CPC 21 and IAS 33, "Earnings per Share", the reconciliation of net income for the period to the amounts used to calculate the basic and diluted earnings per share is as follows:

	Period ended		Quarter ended	
	9/30/2011	9/30/2010	9/30/2011	9/30/2010
Net income for the period	28,558	48,323	11,681	23,098
Weighted average of outstanding shares in the period	170,389	150,000	186,494	150,000
Basic/diluted earnings per share	0.17	0.32	0.06	0.15

25. FINANCIAL INSTRUMENTS

Capital risk management

The Company's funds are managed in a way to ensure the continuity of the Company as a going concern and to maximize its funds to allow for investments in new stores, refurbishment and redesign of existing stores and provide return to shareholders.

The Company's capital structure comprises financial liabilities, cash and cash equivalents, securities and shareholders' equity, including capital and retained earnings.

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 suppliers in relation to the average term of inventory turnover. Actions are promptly taken when the assets resulting from this ratio are higher than the liabilities.

The objectives of capital management are to safeguard the capacity of continuing as a going concern in order to offer return to the Company's shareholders and benefits to other related parties, and maintain an ideal capital structure to reduce this cost and maximize its funds to allow for investments in new stores, refurbishment and redesign of existing stores.

The Company also uses the Net Debt/EBITDA ratio, which in its opinion, represents the most adequate manner to measure its indebtedness, since it reflects the consolidated financial obligations less cash and cash equivalents for payment, considering its cash from operating activities.

Net Debt means the sum of Borrowings and Financing in current and noncurrent liabilities, less cash and cash equivalents in current assets. EBITDA means net income before income tax and social contribution, financial income and expenses, depreciation and amortization.

Categories of financial instruments

	Company		Consolidated	
Financial assets	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Loans and receivables (including cash and banks):				
Cash and banks	26,596	156,435	55,730	265,994
Escrow deposits	32,785	24,175	32,785	24,175
Trade accounts receivable	407,096	424,363	1,764,546	1,543,385
Related parties	111,190	40,139	42,045	36,018
Held for trading:				
Cash and cash equivalents and securities	215,302	24,828	260,686	93,329
Available for sale:				
Securities	-	-	56,390	48,225

Financial liabilities	Company		Consolidated	
	9/30/2011	12/31/2010	9/30/2011	12/31/2010
Amortized cost:				
Loans, financing and interbank deposits	633,629	633,744	1,686,008	1,631,598
Credit card operations	-	-	349,073	220,230
Suppliers	834,717	977,173	988,137	1,132,289
Related parties	27,787	33,775	20,969	21,666

In the opinion of the Company's Management, the carrying amounts of the financial instruments recognized in the individual and consolidated financial statements approximate their respective fair values, as the maturity dates of most balances are close to the balance sheet date. Loans and financing are adjusted for inflation based on inflation indices and variable interest rates according to market conditions and, therefore, the outstanding balance recorded at the balance sheet dates approximates the fair value.

However, considering that there is no active market for these instruments, differences may arise should these amounts be settled in advance.

Fair value measurement

Consolidated assets and liabilities at fair value are summarized as follows:

Cash and cash equivalents are classified in Level 2 and the fair value is estimated based on reports from brokerage firms making use of market prices quoted for similar instruments.

The fair value of other financial instruments described above allows approximating their carrying amounts based on the existing payment conditions. The Company has no outstanding assets or liabilities where the fair value could be measured by using non-observable significant information (Level 3) as of December 31, 2010.

Liquidity risk management

The Company's management has ultimate responsibility for the management of the liquidity risk and has prepared 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 on September 30, 2011 and the contractual amortization periods. This table was prepared using the undiscounted cash flows of financial liabilities, based on the closest date when the Group should settle the related obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at year-end. Contractual maturity is based on the most recent date when the Company should settle the related obligations.

	Less than one year	From one to three years	From three to five years	Total
Suppliers	988,137	-	-	988,137
Loans and financing	140,795	368,516	252,790	762,101
Related parties	21,736	-	-	21,736

Considerations on risks

The Company's and its subsidiaries' businesses mainly comprise the retail sale of consumer goods, mainly home appliances, electronic equipment, furniture and financial services, consumer financing for purchase of these assets and consortium-related activities, created to purchase vehicles, motorcycles, home appliances and furniture. The main market risk factors affecting the Company's business are as follows:

Credit risk: credit risk arises from the possibility of the Group incurring losses resulting from the non-receipt of amounts billed to its customers. As of September 30, 2011 the balance of credit risks is R$ 1,764,546 (R$ 1,543,385 on December 31, 2010). This risk is assessed by the Company as low, due to the normal dispersion of sales as a result of the large number of customers; however, there are no guarantees of collection of trade accounts receivable due to the nature of the Group's activities. In cases where the concentration of billed amounts is greater, the risk is managed by periodically analyzing the default rate and adopting more efficient collection measures.

As of September 30, 2011, the Group recorded past-due balances under "trade accounts receivable", whose terms were renegotiated, in the amount of R$ 11,453, (R$ 11,584 on December 31, 2010), which are included in the Group's analysis on the need to recognize provision for loan losses.

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.

Interest rate risk: the Group is exposed to floating interest rates indexed to the "Long-term Interest Rate (TJLP)" and "Interbank Deposit Rate (CDI)", relating to financial investments and loans and financing in Brazilian reais, for which it performed a sensitivity analysis, describe as follows:

Foreign exchange rate and price risk: the Company uses derivatives, recorded in balance sheet and income statement accounts, to meet its market risk management requirements, arising from mismatching between currencies and indices. Derivative transactions are carried out through the Finance Department, pursuant to the strategies previously approved by the Group's Board of Directors. 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. This is a matched transaction which consists formally of a loan agreement and a swap transaction entered into on the same date, with the same maturity and counterparty and that should be settled by its net value. Thus, Management believes that, in substance, this is a loan transaction denominated in domestic currency, subject to a certain interest rate; accordingly, the accounting treatment and related disclosures reflect the substance of the transaction.

Below is the description of contracts, whose transactions are registered with the CETIP - Financial Risk Protection System (SPR), affecting income for the year ended September 30, 2011:

			Bank index		Company index	
Bank	Reference value (notional)	Fair value through swap gain (loss)	Index	Interest	Index	Interest
Unibanco	33,050	(4,069)	US$	6.25% p.a.	CDI	108.30%
Bradesco	104,257	6,812	US$	4.08% p.a.	CDI	118.80%
Brasil	124,180	16,007	US$	4.79% p.a.	CDI	116.00%
	261,487	18,750				

(a) The fair value of derivatives is determined by using a methodology normally used by market players; the present value of payments is estimated by using market curves disclosed by BM&FBOVESPA.

In addition to outstanding transactions, the company retained other operations settled during the nine months ended September 30, 2011, as follows:

Bank	Reference value (notional)	Settled Amount Paid (loss)	Settlement Date	Bank index		Company index	
				Index	Interest	Index	Interest
Santander	70,000	5,178	05/12/2011	US$	2.60% p.a.	CDI	107.00%
Itaú/Unibanco	50,000	5,024	08/08/2011	US$	3.61% p.a.	CDI	114.80%
Safra	50,000	3,400	08/08/2011	US$	3.61% p.a.	CDI	114.80%

There were no transactions, in the reporting period, no longer classified as hedging transactions and no future commitments subject to cash flow hedge.

Sensitivity analysis of financial instruments

The sensitivity analysis was determined based on the exposure to interest rates of derivatives and non-derivatives instruments at the end of the reporting period. For derivatives with fixed rates, the analysis is prepared by assuming that the amount of the outstanding liability at the end of the reporting period remained outstanding over the period. A 10% increase or decrease is used to internally present the interest rate risks to Management's key personnel and corresponds to Management's assessment of the possible changes in interest rates.

If interest rates were 10% higher or lower and the other variables remained stable, the income for the period ended September 30, 2011 would decrease or increase by R$ 6,642, primarily due to the Group's exposure to interest on borrowings at fixed rates.

Additional sensitivity analysis on financial instruments, pursuant to ICVM 475/08

As of September 30, 2011, Management carried out a sensitivity analysis, taking into account a 25% and 50% increase or decrease in the expected interest rates (probable scenario), using future interest rates disclosed by BM&FBOVESPA, on the balances of borrowings and financing, net of short-term investments, as follows:

	Scenario I Probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Interest to be incurred exposed to:					
CDI	85,943	107,429	64,457	128,914	42,971
TJLP	2,261	2,396	2,041	2,574	1,863
IPCA	2,658	2,934	2,190	3,306	1,818
Total	90,862	112,759	68,688	134,794	46,653

As discussed above, the Group's management understands that there is no significant market risk arising from changes in exchange rates since all financial liabilities recorded in foreign currency are indexed to swap transactions, except for trade accounts payable - foreign and lease of aircraft, so that these borrowings are denominated in local currency. Accordingly, changes in swap instruments and borrowings and financing are offset, based on the sensitivity analysis described below.

The sensitivity analysis was determined based on the exposure to exchange rates of derivatives at the end of the reporting period of this financial statement. A 25% and 50% increase or decrease in expected exchange rates (probable scenario) was taken into consideration, based on U.S. dollar forward exchange rates, as disclosed by BM&FBOVESPA.

Sensitivity analysis of derivatives - “swap”:

	Reference value (notional)	Exposed amount US$ (a)	Scenario I Probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Loans and financing	261,487	141,009	9,564	75,302	(56,173)	141,039	(121,911)
Swap	(261,487)	(141,009)	(9,564)	(75,302)	56,173	(141,039)	121,911
Total	-	-	-	-	-	-	-

Sensitivity analysis of trade accounts payable to foreign suppliers and lease of aircraft:

	Reference Value (notional)	Exposed amount US$ (a)	Scenario I Probable	Scenario II	Scenario III	Scenario IV	Scenario V
Foreign suppliers	2,122	1,144	2,002	2,503	1,502	3,003	1,001
Leases - aircrafts	3,100	1,672	2,926	3,658	2,195	4,389	1,463
Total	5,222	2,816	4,928	6,161	3,697	7,392	2,464

(a) Amount translated into US dollars based on the rate disclosed by Brazilian Central Bank on September 30, 2011, of R$ 1.8544 per US$ 1.00

26. BUSINESS COMBINATIONS

26.1 Conclusion of business combination - Lojas Maia

In July 2011, the Company measured the amounts recognized in business combination, involving the acquisition of Lojas Maia, pursuant to technical pronouncement CPC 15 and IFRS 3 - Business Combination, any change after the measurement period should be treated as error correction and disclosed in accordance with the technical pronouncement CPC 23 (IAS 8) - Accounting Policies, Changes in Accounting Estimates and Errors.

26.2 Acquired subsidiary - New-Utd

The Company signed on July 21, 2011 a purchase and sale contract with BF Utilidades Domésticas Ltda., BF PAR Utilidades Domésticas Ltda., companies of Silvio Santos Group, which sets out the terms and conditions for the acquisition by the Company of the electro-electronic and furniture retail businesses explored by “Baú da Felicidade” chain through 121 stores located in the states of Paraná, São Paulo and Minas Gerais.

The deal was carried out with the creation of a company, named “New-Utd Utilidades Domésticas S.A.”, which will have as its net assets 121 Baú da Felicidade stores, the respective rental contracts, furniture, equipment and facilities of the stores, as well as the IT systems (hardware and software) and ownership of the customer base.

26.2.1. Counterpart Transferred:

Cash	80,289
Abatement of purchase price	2,711
Total negotiated	83,000

The counterpart transferred was R$ 80,289, paid in full on July 29, 2011. The value for the abatement of the purchase price relates to amounts paid by the Company for the renegotiation of certain leases.

26.2.2 Assets acquired and liabilities assumed at the acquisition date:

	Fair value
Non-current assets:	
Property, plant and equipment	6,103
Intangible	16,235
Total noncurrent assets	22,338
Shareholders' equity:	
Capital stock	22,338
Total liabilities and shareholders' equity	22,338

The company evaluated the Company's intangible assets acquired at fair value at acquisition date. The adjustments determined by the evaluation at fair value are reflected on the goodwill

26.2.3 Goodwill generated on acquisition

Consideration transferred	80,289
Fair value of shareholders' equity	22,338
Goodwill generated on acquisition	57,951

Goodwill was generated on the acquisition of New-Utd, since the business combination cost included the amount paid by the control premium. In addition, the consideration paid due to business combination effectively included amounts in relation to the benefit of expected synergies, revenues growth, future development of markets and New-Utd's workforce. These benefits are not recognized separately from goodwill, as they do not meet the identifiable intangible assets recognition criteria.

Pursuant to tax laws, only the goodwill generated on acquisition would be deductible, until the limit of amount paid for control of investee. On a tax basis, this goodwill was classified as: a) R$ 57,951 supported by future profitability of the acquired investment, which will be amortized for tax purposes, after merging the investment. For deductibility purposes, only item b, when amortized, will generate effective reduction in the income tax and social contribution assessment.

26.2.4 Impacts of Acquisition in the Group´s Result

In consolidated financial statements for the nine months ended September 30, 2011, is included a loss of R$ 14,525 and net income of R$ 8.031, attributable to the additional business generated by the New-Utd in the period between the date of acquisition and the base date of September 30, 2011.

If the business combination had been effected on 1 January 2011, the increase in the consolidated net income would be R$ 232,656 and the increase in consolidated profit would be R$ 344. The Administration of the Company believes that these values "pro-forma" represents an approximate measure of the performance of the combined group in a bas annualized weighted and serve as reference for comparison in future years.

27. COMMITMENTS

During the last quarter, the subsidiary "Lojas Maia" in order to continue its expansion in the northeastern states of the country, signed an addendum to the contract of special taxation regime in the state of Paraiba, which assumes as part of the agreement some compromises future for which to administering the company estimates that it paid the estimated amount of R$ 30,000 until the end of 2013, as well as the maintenance of a income about $ 300,000 and the maintenance of approximately 400 direct employees, once completed the investments.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The disclosure of the financial statements was approved and authorized by the Board of Directors on November 10, 2011.

Magazine Luiza S.A.
Third Quarter of 2011 Earnings Release

São Paulo, November 10, 2011 - Magazine Luiza S.A. (BM&FBOVESPA: MGLU3), one of the largest retailer network focused on durable goods, actively engaged on Brazil's popular classes, discloses its results for the Third Quarter of 2011 (3Q11) and the Nine Months period ended on September 30, 2011 (9M11). The Company's accounting information is based on consolidated numbers, in million of reais (except when otherwise indicated), according to the International Financial Reporting Standard (IFRS).

HIGHLIGHTS FOR THE THIRD QUARTER OF 2011 (3Q11) - Consolidated

- 33.8% increase in Gross Sales and Net Sales
- 20.0% growth in Same Store Sales
- 58.2% growth in Lojas Maia's Gross Sales
- EBITDA of R$92.2 million, with margin of 5.8%
- Net Income of R$11.7 million and net margin of 0.7%
- Credit card base expanded to 4.2 million

HIGHLIGHTS FOR THE NINE MONTHS OF 2011 (9M11) - Consolidated

- 40.5% increase in Gross Sales and 39.9% growth in Net Sales
- 19.8% growth in Same Store Sales
- 72.5% growth in Lojas Maia's Gross Sales
- EBITDA of R$248.1 million, with margin of 5.5%
- Net Income of R$28.6 million, with net margin of 0.6%

KEY INDICATORS

R$ million (except when otherwise indicated)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Total Gross Revenue	1,891.8	1,414.2	33.8%	5,332.1	3,795.3	40.5%
Total Net Revenue	1,602.7	1,197.4	33.8%	4,491.5	3,211.5	39.9%
EBITDA	92.2	94.0	-2.0%	248.1	225.0	10.2%
EBITDA Margin	5.8%	7.9%	-2.1 pp	5.5%	7.0%	-1.5 pp
Net Income	11.7	23.1	-49.4%	28.6	48.3	-40.9%
Net Margin	0.7%	1.9%	-1.2 pp	0.6%	1.5%	-0.9 pp
Same Store Sales Growth	20.0%	30.0%	-	19.8%	31.2%	-
Same Physical Store Sales Growth	16.6%	26.3%	-	16.3%	26.8%	-
Internet Sales Growth	48.0%	66.1%	-	48.2%	80.7%	-
Number of Stores - End of Period	684	591	15.7%	684	591	15.7%
Sales Area - End of Period (M2)	441,256	390,934	12.9%	441,256	390,934	12.9%
Average Area per Store - End of Period (M2)	645	661	-2.5%	645	661	-2.5%
Credit Card Base - Luizacred (thousand)	4,174	2,642	58.0%	4,174	2,642	58.0%

MGLU3: R$12.70 per share	**Conference call: November 11, 2011 (Friday)**	Investor Relations: Phone: +55 11 3504-2727
Total Shares: 186.494.467	11:00AM in US time (EST): + 1 516-300-1066	www.magazineluiza.com.br/ir
Market Cap: R$2.4 billions	14:00PM in Brazil time: +55 11 3217-4971	ri@magazineluiza.com.br

EXECUTIVE SUMMARY

Sales Growth

In 3Q11, Magazine Luiza grew significantly above the average market growth and registered consolidated gross revenue of R$1.89 billion, up 33.8% over 3Q10 and 8.5% over 2Q11. In 9M11, revenue stood at R$5.33 billion, up 40.5% over 9M10. In this quarter, the Company accelerated its growth in same store sales from 14.4% in 2Q11 to 20.0% in 3Q11, over the same period of last year. Even after excluding Lojas Maia, the Company posted same store sales growth of 18.2% in 3Q11. Same store sales growth was also quite impressive in 9M11, at 19.8%.

Internet Expansion

Magazine Luiza, with its multichannel strategy, continues investing in the internet segment and increasing its market share. **Internet sales increased 48.0% in 3Q11** for a total of R$214.4 million. In August 2011, Magazine Luiza announced the launch of *Magazine Você* (Magazine and You) project, one of the first real Social Commerce initiatives in Brazil and worldwide. The project will increase brand awareness in social media (Facebook and Orkut) and drive online sales through a network of announcers that receive commissions between 2.5% and 4.5% of sales.

Lojas Maia

Magazine Luiza initiated the effective brand name transition in the stores located in the Northeastern region. In October 2011, the Company organized the first big reopening party, starting with the metropolitan area of Recife, when 14 stores were remodeled to Magazine Luiza's format pattern. Stores became more attractive, with a new mix of products and with a much more modern atmosphere, contributing to a significant increase in sales. The Company will still remodel this year another 14 stores in the Great Fortaleza area and 8 stores in the Maceió region. By the end of 2012, all Northeastern stores will be turned into Magazine Luiza's brand name.

Employees Town Hall and reopening of one store in the city of Recife.

Lojas do Baú

The operational integration process of Baú stores will be one of the fastest in Magazine Luiza's timeline. In August 2011, the Company took control of the 121 Baú stores, reinforcing the strategy of consolidating its presence in the existing markets and the expansion of virtual stores. The majority of the stores remained closed along 3Q11, but during the month of August, and specially at the end of September, 69 conventional stores were opened, 34 in the state of Paraná, 34 in the state of São Paulo (8 in Greater São Paulo) and 1 in Minas Gerais. **Both the stores' facade and the employees' uniforms were already turned into Magazine Luiza's brand name.**

Additionally, 35 virtual stores will be inaugurated in Paraná till the end of November 2011. Out of these 35 virtual stores, 11 were opened in October 2011. These stores were totally remodeled to Magazine Luiza's format pattern, achieving another great success in sales. Finally, 4 conventional stores are being remodeled and will be extended to the existing Company´ stores (2 in Greater São Paulo), while 13 stores will be divested. It is important to note that Baú's administrative activities were already incorporated to Magazine Luiza's.

Organic Growth

In 3Q11, the Company's organic growth involved the inauguration of 2 conventional stores in Southern and Southeastern Brazil (Blumenau/SC and Indaiatuba/SP), totaling 11 inaugurations as of September 2011. At the end of 3Q11, Magazine Luiza had a total of 684 stores. **Additionally, the Company is investing in the opening of 9 stores in the South and Southeast and another 4 in the Northeast, all of which should be inaugurated by the year end.**

Luizacred Growth

Cartão Luiza (Luiza Card) continues growing significantly, even with a conservative credit rate approval, in accordance with Itaú Unibanco's credit policies. **The card base reached 4.2 million** and credit overdue indicators in Luizacred portfolio have improved in recent months. The total overdue portfolio decreased 100 bps from June 2011 to September 2011, led by overdue portfolio between 15 and 90 days, as a result of conservative approval rates.

Results

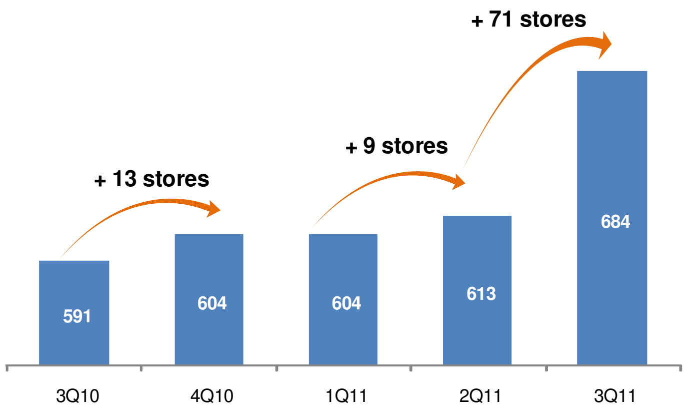
In 3Q11, earnings before interests, taxes, depreciation and amortization (Consolidated EBITDA) stood at R$92.2 million, with margin of 5.8%. **This result was due to the impressive sales growth**, despite the several pre-operational expenses related to the opening of Baú stores, remodeling of stores in Northeastern Brazil, the inauguration of 2 stores in this quarter and the 13 stores to be inaugurated by the year-end.

Finally, the performance of same store sales is still high. The Company believes that accumulated results and perspectives for the year-end indicate a solid and sustainable path to growth and profitability.

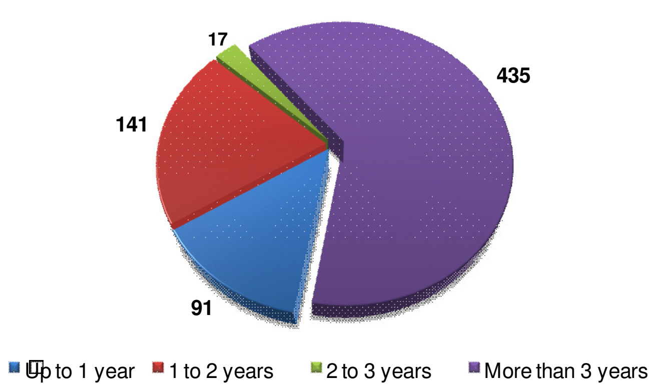
OPERATING PERFORMANCE

At the end of 3Q11, Magazine Luiza had a total of 684 stores, divided among 614 conventional stores, 69 virtual stores and one website. In 3Q11, the Company's organic growth involved the inauguration of 2 conventional stores in Southern and Southeastern Brazil (Blumenau/SC and Indaiatuba/SP), totaling 11 inaugurations up to September 2011 (4 in Greater São Paulo, 2 in the Northeast, 1 in Mato Grosso do Sul, 2 virtual stores in São Paulo state in addition to the aforementioned inaugurations). The Company is investing in the opening of 9 more stores in the South and Southeast and 4 stores in the Northeast of Brazil, which should be inaugurated by the end of the year, as well as 35 virtual Baú stores. Note that one third of all stores (around 250 stores) are less than 3 years old and have not yet reached full maturation.

Number of Stores

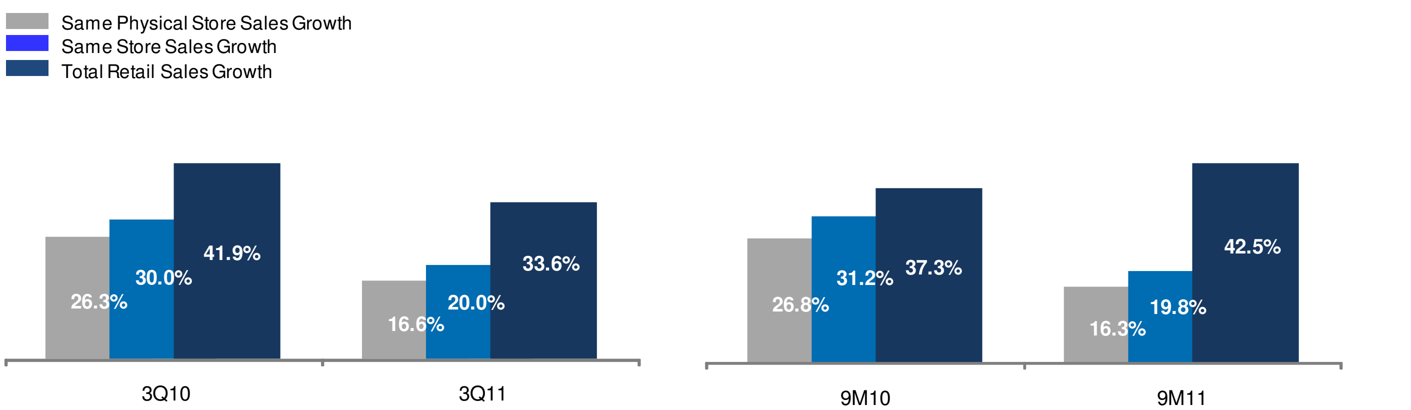


Average Age of Stores (number of stores)



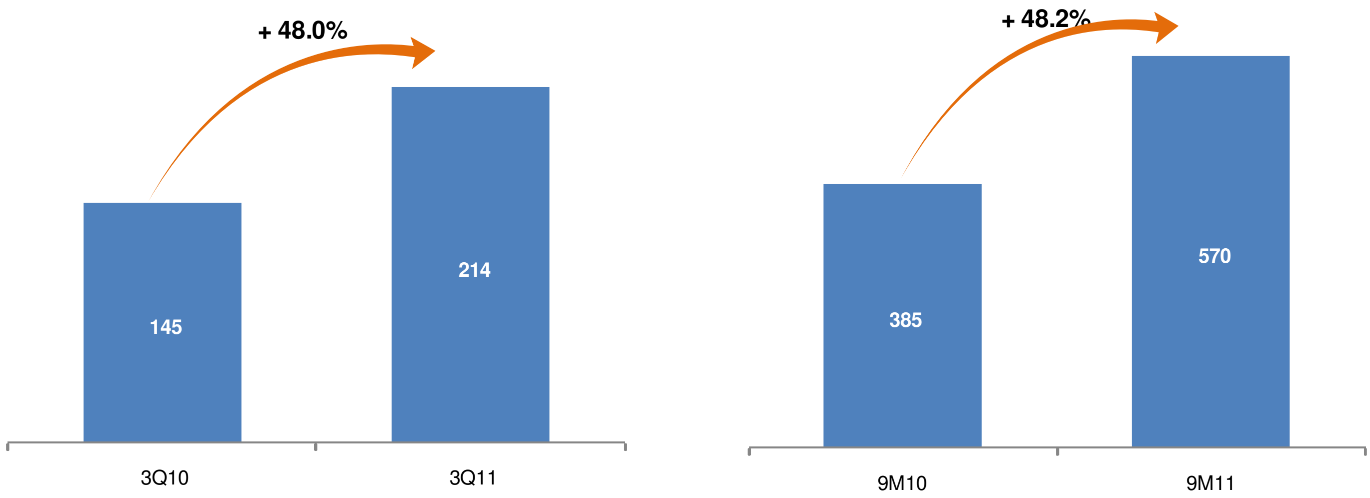
In 3Q11, Magazine Luiza grew significantly above the average market growth. In this quarter, the Company accelerated its growth in same store sales from 14.4% in 2Q11 to 20.0% in 3Q11, over the same period of last year. Even after excluding Lojas Maia, the Company posted same store sales growth of 18.2% in 3Q11. Same store sales growth was also quite impressive in 9M11, at 19.8%.

Same Store Sales Growth (%)



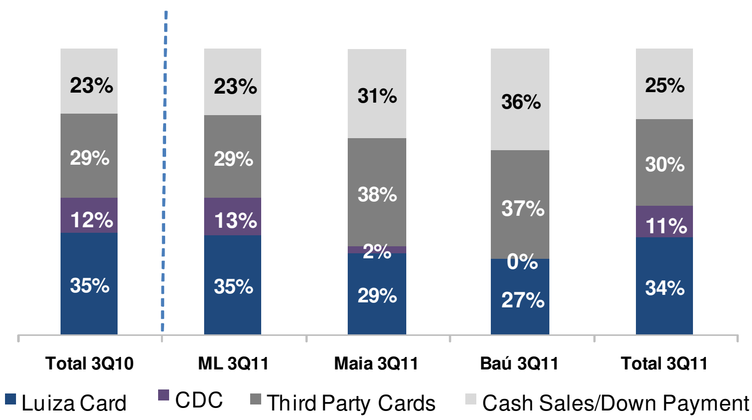
The increase in the product mix and the vast content of the Company's website (www.magazineluiza.com.br) contributed to the internet growth path. In 3Q11, online sales increased 48.0% to reach R$214.4 million, equivalent to 12.1% of all retail sales. In 9M11, sales totaled R$570.1 million, up 48.2% on the same period last year.

Internet Gross Revenues (R$ million)

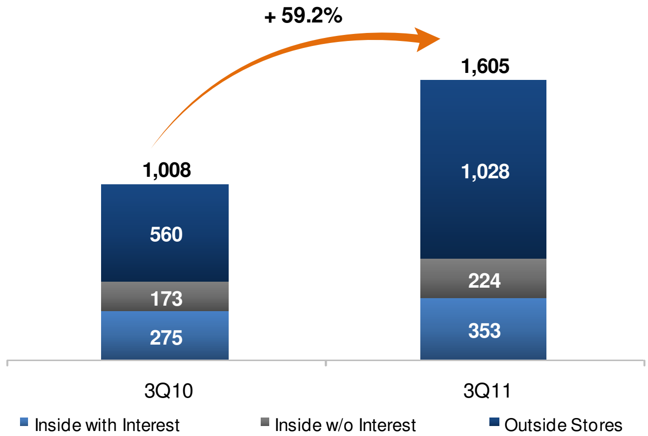


The number of credit cards issued by Luizacred increased 58.0% in the past 12 months reaching 4.2 million. In 3Q11, Cartão Luiza's sales represented 35% of all sales at Magazine Luiza stores. Including CDC (Direct Consumer Credit), which represented 13% of total sales, Luizacred financed almost half of all Magazine Luiza's sales. At Lojas Maia, Cartão Luiza's share stood at 29% in 3Q11.

Financed Sales Mix (% of total sales)



Luiza Card Revenues (R$ million)



Luizacred has entered into a number of partnerships to boost the use of Cartão Luiza outside the Company' stores, increasing its activation and revenue generation potential. In 3Q11, total spending on Cartão Luiza increased 59.2%, reaching R$1.6 billion. In the same period, purchases outside stores increased 83.5%, equivalent to 64.0% of total spending (compared to 55.5% in 3Q10). It is important to note that, the majority of Cartão Luiza sales carry interest and non-interest bearing sales represent less than 15% of the Company's total sales.

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Gross Revenue

The table below demonstrates the distribution of Company's gross revenue among the business lines:

(in R$ million)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Gross Revenue - Retail - Merchandise Sales	1,699.7	1,271.8	33.6%	4,809.2	3,397.4	41.6%
Gross Revenue - Retail - Services	65.7	49.5	32.7%	183.1	125.8	45.5%
Subtotal Retail	**1,765.4**	**1,321.3**	**33.6%**	**4,992.3**	**3,523.3**	**41.7%**
Gross Revenue - Consumer Finance	135.3	100.1	35.2%	368.2	287.7	28.0%
Gross Revenue - Insurance Operations	17.9	14.7	21.6%	50.3	42.3	18.8%
Gross Revenue - Consortium Management	7.2	5.3	35.6%	19.9	14.7	35.2%
Inter-Company Eliminations	(34.1)	(27.2)	25.4%	(98.6)	(72.8)	35.5%
Total Gross Revenue	**1,891.8**	**1,414.2**	**33.8%**	**5,332.1**	**3,795.3**	**40.5%**

Magazine Luiza's consolidated gross revenue increased from R$1,414.2 million in 3Q10 to R$1,891.8 million in 3Q11, up 33.8% and 8.5% higher than in 2Q11. This significant increase was mainly due to the following factors:

- 33.6% growth in the retail segment, totaling R$1,765.4 million in 3Q11, driven by 20.0% same store sales growth, organic growth (24 new stores in the last 12 months) and the acquisition of Lojas Maia;
- 58.2% growth in Lojas Maia's gross revenue, totaling R$243.6 million (considering only the post-acquisition period during which same store sales grew 41.8% from August to September); and
- 35.2% growth in revenue from the consumer financing segment, from R$100.1 million in 3Q10 to R$135.3 million in 3Q11, led by growth in revenues from services and personal loans (previously, the results of this product were recorded through profit sharing under other operating revenue).

In 9M11, consolidated gross revenue was up 40.5%, totaling R$5,332.1 million.

Tax and Deductions

(in R$ million)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Deductions - Retail – Merchandise Sales	(279.7)	(209.9)	33.3%	(814.8)	(566.3)	43.9%
Deductions - Retail - Services	(8.9)	(6.6)	35.7%	(24.5)	(16.5)	48.4%
Subtotal Retail	**(288.6)**	**(216.5)**	**33.3%**	**(839.3)**	**(582.8)**	**44.0%**
Deductions - Consumer Finance	-	-	0.0%	-	-	0.0%
Deductions - Insurance Operations	-	-	0.0%	-	-	0.0%
Deductions - Consortium Management	(0.5)	(0.4)	27.5%	(1.3)	(1.1)	26.9%
Inter-Company Eliminations	-	-	0.0%	-	-	0.0%
Total Deductions	**(289.1)**	**(216.9)**	**33.3%**	**(840.6)**	**(583.8)**	**44.0%**

Taxes and deductions on sales reached R$289.1 million in 3Q11, up 33.3% in line with gross revenue growth. In 9M11, total was R$840.6 million, up 44.0%, chiefly related to the growth in retail revenues, particularly for Lojas Maia, in which tax burden on sales is higher than for Magazine Luiza (in the Southern and Southeastern regions, the tax substitution regime, booked in COGS, is more representative).

Consolidated Net Revenue

(in R$ million)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Net Revenue - Retail - Merchandise Sales	1,420.0	1,061.9	33.7%	3,994.4	2,831.2	41.1%
Net Revenue - Retail - Services	56.8	42.9	32.2%	158.6	109.3	45.1%
Subtotal Retail	**1,476.8**	**1,104.8**	**33.7%**	**4,153.0**	**2,940.5**	**41.2%**
Net Revenue - Consumer Finance	135.3	100.1	35.2%	368.2	287.7	28.0%
Net Revenue - Insurance Operations	17.9	14.7	21.6%	50.3	42.3	18.8%
Net Revenue - Consortium Management	6.8	5.0	36.2%	18.6	13.7	35.8%
Inter-Company Eliminations	(34.1)	(27.2)	25.4%	(98.6)	(72.8)	35.5%
Total Net Revenue	**1,602.7**	**1,197.4**	**33.8%**	**4,491.5**	**3,211.5**	**39.9%**

Consolidated net revenue increased 33.8% in 3Q11, from R$1,197.4 million to R$1,602.7 million. In 9M11, consolidated net revenue figure grew 39.9%, reaching R$4,491.5 million, led by an increase in gross revenue, mainly in the retail segment.

Cost of Goods Sold, Services Rendering and Funding for Financial Operations

(in R$ million)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Costs - Retail - Merchandise Sales	(1,047.2)	(765.4)	36.8%	(2,932.7)	(2,042.8)	43.6%
Costs - Retail - Services	-	-	0.0%	-	-	0.0%
Subtotal Retail	**(1,047.2)**	**(765.4)**	**36.8%**	**(2,932.7)**	**(2,042.8)**	**43.6%**
Costs - Consumer Finance	(27.5)	(16.5)	66.0%	(72.1)	(41.8)	72.5%
Costs - Insurance Operations	(1.3)	(0.8)	55.6%	(3.6)	(2.3)	59.6%
Costs - Consortium Management	(4.3)	(2.6)	66.9%	(10.6)	(6.6)	60.8%
Inter-Company Eliminations	1.2	1.0	21.6%	3.6	2.5	45.0%
Total Costs	**(1,079.0)**	**(784.3)**	**37.6%**	**(3,015.4)**	**(2,091.0)**	**44.2%**

In 3Q11, the total cost grew 37.6% compared to the same period in 2010, reaching R$1,079.0 million. Changes in cost were mainly due to the following factors:

- The cost of goods sold in 3Q11 grew 36.8%, above net revenue from merchandise growth, mainly as a result of a greater share of products categories with lower margins and sales through the internet, in addition to sales at Lojas Maia (especially at stores undergoing remodeling for the transition of the brand name); and

- The cost of consumer financing increased 66.0% in 3Q11, due to loan portfolio growth of 51.0% and the 15.2% increase in the CDI (Certificate of Interbank Deposits) rate in the period (the CDI increased from 2.6% in 3Q10 to 3.0% in 3Q11).

It is worth mentioning that the change in Luizacred financial margin is linked to the change in the portfolio profile, given the accelerated growth of Cartão Luiza's purchases outside the stores. These operations have lower financial margin in the beginning, but generate higher results in the medium-term.

Total costs increased from R$2,091.0 million in 9M10 to R$3,015.4 million in 9M11, up 44.2%.

Consolidated Gross Income

(in R$ million)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Gross Income - Retail - Merchandise Sales	372.8	296.5	25.7%	1,061.8	788.4	34.7%
Gross Income - Retail - Services	56.8	42.9	32.2%	158.6	109.3	45.1%
Subtotal Retail	**429.6**	**339.4**	**26.6%**	**1,220.4**	**897.7**	**35.9%**
Gross Income - Consumer Finance	107.9	83.6	29.1%	296.1	245.9	20.4%
Gross Income - Insurance Operations	16.5	13.8	19.5%	46.7	40.1	16.5%
Gross Income - Consortium Management	2.4	2.4	2.7%	7.9	7.0	12.4%
Inter-Company Eliminations	(32.8)	(26.2)	25.6%	(94.9)	(70.3)	35.1%
Total Gross Income	**523.6**	**413.1**	**26.8%**	**1,476.1**	**1,120.5**	**31.7%**

(as % of Net Revenue)	3Q11	3Q10	% Chg	9M11	9M10	% Chg
Gross Margin - Retail - Merchandise Sales	26.3%	27.9%	-1.7 pp	26.6%	27.8%	-1.3 pp
Gross Margin - Retail - Services	100.0%	100.0%	0.0 pp	100.0%	100.0%	0.0 pp
Subtotal Retail	**29.1%**	**30.7%**	**-1.6 pp**	**29.4%**	**30.5%**	**-1.1 pp**
Gross Margin - Consumer Finance	79.7%	83.5%	-3.8 pp	80.4%	85.5%	-5.1 pp
Gross Margin - Insurance Operations	92.7%	94.3%	-1.6 pp	92.8%	94.7%	-1.8 pp
Gross Margin - Consortium Management	36.1%	47.9%	-11.8 pp	42.7%	51.6%	-8.9 pp
Inter-Company Eliminations	96.4%	96.3%	0.1 pp	96.3%	96.6%	-0.2 pp
Total Gross Margin	**32.7%**	**34.5%**	**-1.8 pp**	**32.9%**	**34.9%**	**-2.0 pp**

In 3Q11, consolidated gross income reached R$523.6 million, up 26.8% on the same period last year. This increase was driven by the following factors:

- Gross margin from the retail sector stood at 29.1% in 3Q11, a slight decrease from the 2Q11 margin of 29.5%, mainly due to the sales held by Lojas Maia (affecting gross income by nearly R$4.0 million and gross retail margin by 30 bps). Gross margin at Magazine Luiza remained stable;

- Margin from the consumer finance segment stood at 79.7% in 3Q11, slightly below 3Q10, given the migration to the new credit card platform and CDI increase;

- Gross profit from consortium business continues to be affected by the launching of Consórcio Luiza in stores in Northeastern Brazil.

Consolidated gross income in the first nine months of 2011 was R$1,476.1 million, up 31.7% in the period, a margin of 32.9%.

SG&A Expenses (Selling, General & Administrative Expenses)

Selling expenses stood at R$321.3 million in 3Q11, equivalent to 20.0% of net revenue and stable in comparison with the same period in 2010. Due to stores which will be opened in 4Q11 and the changing of brands in the Greater Recife area, the Company posted non-recurring selling expenses of nearly R$2.2 million.

General and administrative expenses increased from R$62.2 million in 3Q10 to R$88.5 million in 3Q11. This change can be mainly explained by the opening of the new office in São Paulo, between September and October of last year, as well as the maintenance of Lojas Maia main office and all non-recurring expenses originated from the integration process of both networks (Lojas Maia and Baú). Magazine Luiza posted increase in consulting expenses by about R$5.8 million.

In 9M11, selling, general and administrative expenses totaled R$1,127.6 million, decreasing from 25.5% of net revenue in 9M10 to 25.1% in 9M11.

Provision for Loan Losses

The provision for loan losses went from R$29.1 million in 3Q10 to R$68.1 million in 3Q11. It is important to emphasize that, for conservative reasons, Luizacred has reduced the credit approval rate, thus improving the indicators of overdue credits, in recent months. The total overdue portfolio decreased by 100 bps from June 2011 to September 2011.

Luizacred loss in the portfolio was 4.3% in 3Q11, in line with recurring losses in 2Q11. In 3Q10, losses in the portfolio stood at 2.7% due to the changes in the criteria for provisioning for loan losses (excluding this effect, recurring losses would have been 4.1% in 3Q10.

In 9M11, the provision for loan losses went from R$117.1 million to R$171.8 million, corresponding to 3.8% of net revenue.

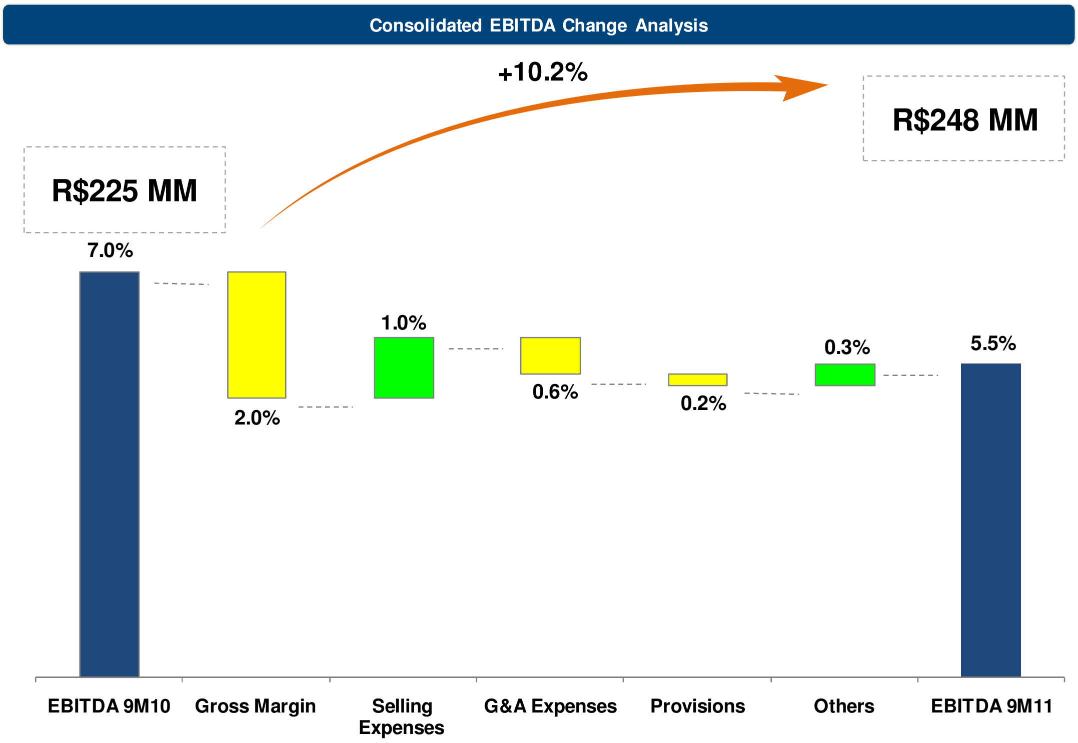
Other operating revenues (expenses)

Other net operating revenue increased from R$10.6 million in 3Q10 to R$46.4 million in 3Q11, mainly as a result of fiscal provisions benefits at Lojas Maia (R$32.6 million), net of pre-operational expenses related to the opening of Baú stores (R$11.4 million).

Consolidated EBITDA

In 3Q11, earnings before interests, taxes, depreciation and amortization (Consolidated EBITDA) stood at R$92.2 million, with margin of 5.8%. This result was due to the impressive sales growth, despite pre-operational expenses related to the opening of Baú stores, remodeling of stores in Northeastern Brazil, the inauguration of stores in this quarter and the stores to be inaugurated by the year-end.

In 9M11, EBITDA stood at R$248.1 million, with margin of 5.5%, up 10.2% over the same period in 2010.



Financial Results

CONSOLIDATED FINANCIAL RESULTS (R$ million)	3Q11	% NR	3Q10	% NR	9M11	% NR	9M10	% NR
Financial Expenses	(53.0)	-3.3%	(52.7)	-4.4%	(165.5)	-3.7%	(121.3)	-3.8%
Interest on loans and financing	(33.8)	-2.1%	(28.9)	-2.4%	(108.4)	-2.4%	(71.9)	-2.2%
Interest on prepayment of receivables – third party cards	(7.4)	-0.5%	(4.6)	-0.4%	(21.6)	-0.5%	(8.5)	-0.3%
Interest on prepayment of receivables – Luiza Card	(5.6)	-0.3%	(4.9)	-0.4%	(17.9)	-0.4%	(15.2)	-0.5%
Other expenses	(6.2)	-0.4%	(14.4)	-1.2%	(17.5)	-0.4%	(25.6)	-0.8%
Financial Revenues	15.6	1.0%	13.9	1.2%	40.1	0.9%	26.8	0.8%
Gains on marketable securities	10.4	0.7%	2.0	0.2%	26.8	0.6%	5.7	0.2%
Other financial revenues	5.1	0.3%	11.9	1.0%	13.3	0.3%	21.1	0.7%
Total Financial Results	(37.4)	-2.3%	(38.8)	-3.2%	(125.4)	-2.8%	(94.5)	-2.9%

Net financial expenses decreased from 3.2% in 3Q10 to 2.3% of net revenue in 3Q11, amounting to R$37.4 million. The decline was due to a reduction in the Company's net debt (after the IPO), despite the increased CDI rate in the period, from 2.6% in 3Q10 to 3.0% in 3Q11. For comparison purposes, net financial expenses of total revenue were 3.2% in 1Q11 and 2.9% in 2Q11.

Interest on prepayment of receivables from Cartão Luiza increased from R$4.9 million in 3Q10 to R$5.6 million in 3Q11, equal to 0.3% of consolidated net revenue. The Company seeks to minimize non-interest bearing sales on the Cartão Luiza, as well as to limit the share of third-party credit cards in total sales, always encouraging purchases using Luizacred.

Net financial expenses increased from R$94.5 million in 9M10 to R$125.4 million in 9M11.

Income Tax and Social Contribution

Income tax and social contribution were up from R$14.3 million in 3Q10 to R$20.3 million in 3Q11. The effective tax rate was 63.4%, due to the Company's decision of not accounting tax benefits on losses originated at Baú stores (New-Utd Utilidade Domésticas S.A.) and Lojas Maia. The Company plans to absorb both networks in the short term. If tax credits had been recognized, consolidated net income would have increased by approximately R$6.8 million.

Consolidated Net Income

Consolidated net income in 3Q11 totaled R$11.7 million, with a margin of 0.7% of net revenue. The figure was down R$11.4 million from 3Q10, due to increased depreciation (R$4.9 million) stemming from higher investments and the increase in income tax and social contribution on operating income (R$6.0 million).

In 9M11, consolidated net income was R$28.6 million, with a margin of 0.6% of net revenue.

Working Capital

CONSOLIDATED (R$ million)	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10
Accounts receivables	1,758.3	1,630.6	1,522.2	1,524.7	1,345.4
Inventories	1,001.0	876.6	741.1	849.8	649.8
Related parties	42.0	24.2	49.2	36.0	25.7
Recoverable taxes	26.1	16.8	31.2	46.5	47.2
Other assets	70.4	68.7	59.1	63.0	68.6
Current operating assets	2,897.9	2,616.9	2,402.9	2,520.0	2,136.7
Suppliers	988.1	923.7	756.7	1,132.3	742.6
Interbank deposits	928.1	911.4	842.4	852.7	642.2
Operations with credit cards	349.1	298.8	235.8	220.2	179.9
Payroll, vacation and related charges	133.1	113.9	96.4	116.5	91.4
Taxes payable	36.2	32.5	26.2	39.4	21.7
Related parties	21.0	12.3	15.3	21.7	4.7
Taxes in installments	3.9	8.2	41.9	43.0	48.3
Technical insurance provisions	29.9	17.7	16.5	22.9	9.6
Other accounts payable[1]	62.5	57.3	73.4	68.8	133.3
Current operating liabilities	2,551.9	2,375.8	2,104.6	2,517.6	1,873.8
Working Capital	346.0	241.1	298.3	2.4	262.9

Note: The balance of accounts payable is reported net of prepaid credit card receivables in the amount of R$344.9 million in September 2011, R$318.6 million in June 2011, R$298.7 million in March 2011 and R$235.0 million in December 2010 and R$129.4 million in September 2010.
(1) Other accounts payable do not consider acquisitions liabilities.

In September 2011, net working capital was R$346.0 million, representing only 4.8% of gross revenue over the last 12 months. On the same date, the balance of prepaid receivables from third-parties credit card was R$344.9 million. Considering this balance of receivables, net working capital would be equivalent to 9.6% of the gross revenue

CAPEX

CAPEX (in R$ million)	3Q11	3Q10	9M11	9M10
New Stores	7.5	5.0	21.0	9.2
Remodeling	19.3	6.9	44.4	12.0
Technology	11.8	12.8	29.5	28.3
Others	11.5	14.0	17.7	21.1
Total	50.2	38.7	112.6	70.6

Fixed and intangible assets investments increased from R$38.7 million in 3Q10 to R$50.2 million in 3Q11. These investments include remodeling of existing stores, as well as investments in technology, logistics and new stores. In 3Q11, the Company opened 2 new stores and began investments to open an additional 13 stores in 4Q11. It is worth mentioning that the Company also disbursed R$80.3 million for the acquisition of Baú's points of sales (New-Utd Utilidades Domésticas S.A.).

Net Debt

CONSOLIDATED (R$ million)	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10
(+) Current loans and financing	140.8	332.7	350.1	108.8	325.8
(+) Non-current loans and financing	617.1	516.2	595.4	666.1	507.4
(+) Financing of Acquisition	-	8.4	25.4	33.6	-
(=) Gross Debt	757.9	857.3	970.9	808.5	833.3
(-) Cash and cash equivalents	78.0	48.3	125.6	328.9	63.7
(-) Current securities	259.5	655.5	145.3	46.7	48.0
(-) Non-current securities	35.4	24.4	21.7	32.0	29.9
(=) Net Debt	385.1	129.1	678.3	401.0	691.6
Short term debt/total	19%	40%	39%	18%	39%
Long term debt/total	81%	60%	61%	82%	61%
EBITDA[1]	343.0	344.9	343.4	319.9	319.9
Net Debt/ EBITDA[1]	1.1 x	0.4 x	2.0 x	1.3 x	2.2 x

1 EBITDA of last 12 months, except Sep/10, refers to FY10.

In September 2011, Magazine Luiza had loans and financing in the amount of R$757.9 million, cash and investments of R$372.8 million, totaling a net debt of R$385.1 million, equivalent to 1.1 times EBITDA in the last 12 months. In 3Q11, the Company reduced its gross debt and invested part of its cash in the acquisition of Baú stores, opening and remodeling new stores and decreasing the interbank deposits of Luizacred.

ANNEX I

FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (R$ million)	3Q11	V.A.	3Q10	V.A.	% Chg	9M11	V.A.	9M10	V.A.	% Chg
Gross Revenue	1,891.8	118.0%	1,414.2	118.1%	33.8%	5,332.1	118.7%	3,795.3	118.2%	40.5%
Taxes and Deductions	(289.1)	-18.0%	(216.9)	-18.1%	33.3%	(840.6)	-18.7%	(583.8)	-18.2%	44.0%
Net Revenue	1,602.7	100.0%	1,197.4	100.0%	33.8%	4,491.5	100.0%	3,211.5	100.0%	39.9%
Total Costs	(1,079.0)	-67.3%	(784.3)	-65.5%	37.6%	(3,015.4)	-67.1%	(2,091.0)	-65.1%	44.2%
Gross Income	523.6	32.7%	413.1	34.5%	26.8%	1,476.1	32.9%	1,120.5	34.9%	31.7%
Selling expenses	(321.3)	-20.0%	(238.3)	-19.9%	34.8%	(892.8)	-19.9%	(669.7)	-20.9%	33.3%
General and administrative expenses	(88.5)	-5.5%	(62.2)	-5.2%	42.2%	(234.8)	-5.2%	(148.8)	-4.6%	57.8%
Provisions for loan losses	(68.1)	-4.2%	(29.1)	-2.4%	134.4%	(171.8)	-3.8%	(117.1)	-3.6%	46.7%
Other operating revenues, net	46.4	2.9%	10.6	0.9%	337.7%	71.3	1.6%	40.2	1.3%	77.5%
Total Operating Expenses	(431.5)	-26.9%	(319.0)	-26.6%	35.3%	(1,228.0)	-27.3%	(895.5)	-27.9%	37.1%
EBITDA	92.2	5.8%	94.0	7.9%	-2.0%	248.1	5.5%	225.0	7.0%	10.2%
Depreciation and Amortization	(22.8)	-1.4%	(17.9)	-1.5%	27.6%	(65.7)	-1.5%	(50.3)	-1.6%	30.5%
EBIT	69.4	4.3%	76.2	6.4%	-8.9%	182.4	4.1%	174.7	5.4%	4.4%
Financial Results	(37.4)	-2.3%	(38.8)	-3.2%	-3.6%	(125.5)	-2.8%	(94.5)	-2.9%	32.8%
Operating Income	32.0	2.0%	37.4	3.1%	-14.5%	56.9	1.3%	80.3	2.5%	-29.1%
Income Tax and Social Contribution	(20.3)	-1.3%	(14.3)	-1.2%	41.9%	(28.4)	-0.6%	(32.0)	-1.0%	-11.2%
Net Income	11.7	0.7%	23.1	1.9%	-49.4%	28.6	0.6%	48.3	1.5%	-40.9%

ANNEX II

FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10
CURRENT ASSETS					
Cash and cash equivalents	78.0	48.3	125.6	328.9	63.7
Securities	259.5	655.5	145.3	46.7	48.0
Accounts receivable	1,758.3	1,630.6	1,522.2	1,524.7	1,345.4
Inventories	1,001.0	876.6	741.1	849.8	649.8
Related parties	42.0	24.2	49.2	36.0	25.7
Taxes recoverable	26.1	16.8	31.2	46.5	47.2
Other assets	70.4	68.7	59.1	63.0	68.6
Total current assets	3,235.4	3,320.7	2,673.8	2,895.6	2,248.4
NON-CURRENT ASSETS					
Securities	35.4	24.4	21.7	32.0	29.9
Accounts receivable	6.3	9.3	14.1	18.7	6.7
Deferred income tax and social contribution	183.7	189.7	170.8	168.2	167.3
Recoverable taxes	29.5	32.2	11.3	10.2	9.5
Other assets	94.1	78.3	60.3	69.6	53.3
Fixed assets	406.6	372.6	359.9	358.8	339.1
Intangible assets	448.6	374.9	370.0	374.6	374.7
Total non-current assets	1,204.1	1,081.3	1,008.1	1,032.2	980.6
TOTAL ASSETS	4,439.4	4,402.0	3,682.0	3,927.8	3,228.9

LIABILITIES (R$ million)	Sep-11	Jun-11	Mar-11	Dec-10	Sep-10
CURRENT LIABILITIES					
Suppliers	988.1	923.7	756.7	1,132.3	742.6
Loans and financing	140.8	332.7	350.1	108.8	325.8
Interbank deposits	928.1	911.4	842.4	852.7	642.2
Operations with credit cards	349.1	298.8	235.8	220.2	179.9
Payroll, vacation and related charges	133.1	113.9	96.4	116.5	91.4
Taxes payable	36.2	32.5	26.2	39.4	21.7
Related parties	21.0	12.3	15.3	21.7	4.7
Taxes in installments	3.9	8.2	41.9	43.0	48.3
Deferred revenue	25.6	26.0	55.1	26.0	18.1
Dividends payable	-	-	-	-	-
Technical insurance provisions	29.9	17.7	16.5	22.9	9.6
Other accounts payable	62.5	65.7	98.9	102.4	133.3
Total current liabilities	2,718.3	2,742.9	2,535.2	2,685.9	2,217.7
NON-CURRENT LIABILITIES					
Loans and financing	617.1	516.2	595.4	666.1	507.4
Interbank deposits	-	0.3	1.2	4.0	5.5
Taxes in installments	4.0	6.1	6.2	6.3	8.4
Provision for tax, civil and labor risks	165.8	189.6	182.5	182.0	167.3
Technical insurance provisions	18.2	29.6	28.6	20.8	25.7
Deferred revenue	259.4	271.4	254.6	296.1	236.9
Deferred income tax and social contribution	11.5	12.3	13.0	13.7	13.7
Other accounts payable	5.5	5.8	5.5	5.4	4.0
Total non-current liabilities	1,081.7	1,031.3	1,087.0	1,194.4	969.0
SHAREHOLDERS' EQUITY					
Capital stock	606.5	606.5	43.0	43.0	220.0
Legal reserve	3.4	3.4	3.4	3.4	0.0
Profit retention reserve	1.0	1.0	1.0	1.0	-
Accumulated losses	28.6	16.9	12.3	-	(177.8)
Total shareholders' equity	639.5	627.8	59.7	47.4	42.3
TOTAL	4,439.4	4,402.0	3,682.0	3,927.8	3,228.9

ANNEX III

FINANCIAL STATEMENTS - RETAIL

RETAIL INCOME STATEMENT (R$ million)	3Q11	V.A.	3Q10	V.A.	% Chg	9M11	V.A.	9M10	V.A.	% Chg
Gross Revenue	1,765.4	119.5%	1,321.3	119.6%	33.6%	4,992.3	120.2%	3,523.3	119.8%	41.7%
Taxes and Deductions	(288.6)	-19.5%	(216.5)	-19.6%	33.3%	(839.3)	-20.2%	(582.8)	-19.8%	44.0%
Net Revenue	1,476.8	100.0%	1,104.8	100.0%	33.7%	4,153.0	100.0%	2,940.5	100.0%	41.2%
Total Costs	(1,047.2)	-70.9%	(765.4)	-69.3%	36.8%	(2,932.7)	-70.6%	(2,042.8)	-69.5%	43.6%
Gross Income	429.6	29.1%	339.4	30.7%	26.6%	1,220.4	29.4%	897.7	30.5%	35.9%
Selling expenses	(304.4)	-20.6%	(218.1)	-19.7%	39.6%	(844.0)	-20.3%	(605.3)	-20.6%	39.4%
General and administrative expenses	(81.2)	-5.5%	(56.4)	-5.1%	43.9%	(214.1)	-5.2%	(132.7)	-4.5%	61.4%
Provisions for loan losses	(2.7)	-0.2%	(2.6)	-0.2%	1.8%	(7.3)	-0.2%	(8.1)	-0.3%	-9.8%
Other operating revenues, net	32.5	2.2%	8.6	0.8%	277.5%	70.0	1.7%	34.7	1.2%	101.6%
Total Operating Expenses	(355.8)	-24.1%	(268.5)	-24.3%	32.5%	(995.4)	-24.0%	(711.3)	-24.2%	39.9%
EBITDA	73.8	5.0%	70.9	6.4%	4.1%	225.0	5.4%	186.4	6.3%	20.7%
Depreciation and Amortization	(22.4)	-1.5%	(17.5)	-1.6%	28.1%	(64.6)	-1.6%	(49.3)	-1.7%	31.0%
EBIT	51.4	3.5%	53.4	4.8%	-3.8%	160.4	3.9%	137.1	4.7%	17.0%
Equity in Subsidiaries	14.9	1.0%	17.9	1.6%	-17.0%	28.9	0.7%	35.0	1.2%	-17.6%
Financial Results	(45.8)	-3.1%	(45.6)	-4.1%	0.3%	(150.8)	-3.6%	(114.8)	-3.9%	31.4%
Operating Income	20.5	1.4%	25.7	2.3%	-20.3%	38.5	0.9%	57.3	2.0%	-32.9%
Income Tax and Social Contribution	(8.8)	-0.6%	(2.6)	-0.2%	241.2%	(9.9)	-0.2%	(9.0)	-0.3%	10.0%
Net Income	11.7	0.8%	23.1	2.1%	-49.4%	28.6	0.7%	48.3	1.6%	-40.9%

ANNEX IV

FINANCIAL STATEMENTS BY BUSINESS LINE – 3Q11

3Q11 (in R$ million)	Magazine Luiza	Lojas Maia 100%	Baú 100%	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	1,512.8	243.6	9.1	1,765.4	135.3	17.9	7.2	(34.1)	1,891.8
Taxes and Deductions	(235.2)	(52.4)	(1.0)	(288.6)	-	-	(0.5)	-	(289.1)
Net Revenue	1,277.5	191.2	8.0	1,476.8	135.3	17.9	6.8	(34.1)	1,602.7
Total Costs	(901.3)	(139.8)	(6.2)	(1,047.2)	(27.5)	(1.3)	(4.3)	1.2	(1,079.0)
Gross Income	376.3	51.5	1.9	429.6	107.9	16.5	2.4	(32.8)	523.6
Selling expenses	(263.7)	(38.2)	(2.5)	(304.4)	(32.8)	(11.3)	-	27.3	(321.3)
General and administrative expenses	(67.3)	(11.8)	(2.1)	(81.2)	(0.7)	(2.9)	(3.7)	-	(88.5)
Provisions for loan losses	(2.7)	-	-	(2.7)	(65.4)	-	-	-	(68.1)
Other operating revenues, net	8.3	35.5	(11.4)	32.5	16.6	(0.0)	(0.3)	(2.3)	46.4
Total Operating Expenses	(325.3)	(14.5)	(16.0)	(355.8)	(82.3)	(14.3)	(4.0)	24.9	(431.5)
EBITDA	50.9	37.0	(14.1)	73.8	25.5	2.3	(1.6)	(7.9)	92.2
Depreciation and Amortization	(18.6)	(3.3)	(0.5)	(22.4)	(1.3)	(1.3)	(0.1)	2.3	(22.8)
EBIT	32.3	33.7	(14.6)	51.4	24.2	1.0	(1.7)	(5.6)	69.4
Equity in Subsidiaries	15.8	2.6	-	14.9	-	-	-	(18.4)	-
Financial Results	(38.6)	(7.4)	0.1	(45.8)	-	2.5	0.3	5.6	(37.4)
Operating Income	9.6	28.9	(14.5)	20.5	24.2	3.6	(1.4)	(18.4)	32.0
Income Tax and Social Contribution	2.1	(10.9)	-	(8.8)	(10.7)	(1.4)	0.6	-	(20.3)
Net Income	11.7	18.0	(14.5)	11.7	13.5	2.1	(0.8)	(18.4)	11.7
Gross Margin	29.5%	26.9%	23.2%	29.1%	79.7%	92.7%	36.1%	96.4%	32.7%
EBITDA Margin	4.0%	19.4%	-175.9%	5.0%	18.9%	12.9%	-23.4%	23.2%	5.8%
Net Margin	0.9%	9.4%	-180.9%	0.8%	10.0%	12.0%	-11.6%	54.0%	0.7%

ANNEX V

FINANCIAL STATEMENTS BY BUSINESS LINE – 3Q10

3Q10 (in R$ million)	Magazine Luiza	Lojas Maia 100%	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	1,219.5	101.8	1,321.3	100.1	14.7	5.3	(27.2)	1,414.2
Taxes and Deductions	(191.2)	(25.3)	(216.5)	-	-	(0.4)	-	(216.9)
Net Revenue	1,028.4	76.4	1,104.8	100.1	14.7	5.0	(27.2)	1,197.4
Total Costs	(712.2)	(53.2)	(765.4)	(16.5)	(0.8)	(2.6)	1.0	(784.3)
Gross Income	316.2	23.2	339.4	83.6	13.8	2.4	(26.2)	413.1
Selling expenses	(209.8)	(8.3)	(218.1)	(32.2)	(9.3)	-	21.3	(238.3)
General and administrative expenses	(46.9)	(9.5)	(56.4)	(0.8)	(2.5)	(2.6)	-	(62.2)
Provisions for loan losses	(2.6)	-	(2.6)	(26.4)	-	-	-	(29.1)
Other operating revenues, net	8.3	0.3	8.6	3.1	-	0.2	(1.3)	10.6
Total Operating Expenses	(251.1)	(17.5)	(268.5)	(56.3)	(11.8)	(2.4)	20.0	(319.0)
EBITDA	65.1	5.7	70.9	27.2	2.1	(0.0)	(6.1)	94.0
Depreciation and Amortization	(16.9)	(0.6)	(17.5)	(0.3)	(1.3)	(0.1)	1.3	(17.9)
EBIT	48.2	5.1	53.4	27.0	0.8	(0.1)	(4.9)	76.2
Equity in Subsidiaries	16.6	-	17.9	-	-	-	(16.6)	-
Financial Results	(39.2)	(6.5)	(45.6)	-	1.8	0.2	4.9	(38.8)
Operating Income	25.7	(1.3)	25.7	27.0	2.6	0.1	(16.6)	37.4
Income Tax and Social Contribution	(2.6)	-	(2.6)	(10.7)	(1.0)	(0.1)	-	(14.3)
Net Income	23.1	(1.3)	23.1	16.3	1.6	0.1	(16.6)	23.1
Gross Margin	30.7%	30.4%	30.7%	83.5%	94.3%	47.9%	96.3%	34.5%
EBITDA Margin	6.3%	7.5%	6.4%	27.2%	14.1%	-0.2%	22.6%	7.9%
Net Margin	2.2%	-1.7%	2.1%	16.3%	10.8%	1.5%	61.2%	1.9%

ANNEX VI

SALES MIX AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)	9M11	V.A.(%)	9M10	V.A.(%)	Growth Total
Virtual Stores	198.3	4.0%	161.0	4.6%	23.2%
Website	570.1	11.4%	384.7	10.9%	48.2%
Subtotal – Virtual Channel	**768.5**	15.4%	**545.7**	15.5%	40.8%
Conventional Stores	4,223.8	84.6%	2,977.6	84.5%	41.9%
Magazine Luiza	3,480.5	69.7%	2,875.8	81.6%	21.0%
Lojas Maia	734.2	14.7%	101.8	2.9%	621.4%
Baú	9.1	0.2%	-	0.0%	-
Total	**4,992.3**	100.0%	**3,523.3**	100.0%	41.7%

Gross Revenue by Channel (R$ million)	3Q11	V.A.(%)	3Q10	V.A.(%)	Growth Total
Virtual Stores	69.6	3.9%	58.1	4.4%	19.8%
Website	214.4	12.1%	144.8	11.0%	48.0%
Subtotal – Virtual Channel	**284.0**	16.1%	**203.0**	15.4%	39.9%
Conventional Stores	1,481.4	83.9%	1,118.3	84.6%	32.5%
Magazine Luiza	1,228.8	69.6%	1,016.6	76.9%	20.9%
Lojas Maia	243.6	13.8%	101.8	7.7%	139.3%
Baú	9.1	0.5%	-	0.0%	-
Total	**1,765.4**	100.0%	**1,321.3**	100.0%	33.6%

Number of stores per channel – End of the period	Sep-11	V.A.(%)	Sep-10	V.A.(%)	Growth Total
Virtual Stores	69	10.1%	64	10.8%	5
Website	1	0.1%	1	0.2%	-
Subtotal – Virtual Channel	**70**	10.2%	**65**	11.0%	5
Conventional Stores	614	89.8%	526	89.0%	88
Magazine Luiza	407	59.5%	392	66.3%	15
Lojas Maia	138	20.2%	134	22.7%	4
Baú	69	10.1%	-	0.0%	69
Total	**684**	100.0%	**591**	100.0%	93
Total Sales Area (m²)	**441,256**	100.0%	**390,934**	100.0%	12.9%

ANNEX VII

LUIZACRED

Operational Indicators

Luizacred is a joint-venture between Magazine Luiza and Itaú Unibanco, responsible for financing the majority of the Company's sales. Magazine Luiza's main role is the management of its employees and client service, while Itaú Unibanco is responsible for the financing of Luizacred, for the development of credit and collection policies and for back-office activities such as accounting and treasury.

In September 2011, Luizacred had a total base of 4.2 million cards issued. In the last 12 months, the total base of active cards grew 58.0%, contributing to the increase of Luiza card revenue, inside and outside the Company's stores (in 3Q11, purchases outside stores represented 64.0% of total sales, with a growth of 83.5% over 3Q10). Luizacred's credit portfolio, including credit card and CDC (Direct Consumer Credit), added up to R$3.0 billion at the end of 3Q11.

LUIZACRED – Key Indicators (R$ million)	3Q11	3Q10	%Chg	9M11	9M10	%Chg
Total Card Base (thousand)	4,174	2,642	58.0%	4,174	2,642	58.0%
Luiza Card Sales – Inside	578	448	28.9%	1,636	1,262	29.6%
Luiza Card Sales – Outside	1,028	560	83.5%	2,665	1,443	84.6%
CDC Sales	171	139	22.8%	448	389	15.1%
Personal Loans Sales	64	98	-34.8%	315	292	7.7%
Total Sales	1,840	1,245	47.7%	5,064	3,387	49.5%
Card Portfolio	2,484	1,642	51.3%	2,484	1,642	51.3%
CDC Portfolio	389	352	10.3%	389	352	10.3%
Personal Loans Portfolio	139	0	0.0%	139	0	0.0%
Total Portfolio	3,012	1,995	51.0%	3,012	1,995	51.0%

Loan and Collection Policy

Luizacred's credit approval is done by following the policies and criteria established by the Itaú Unibanco Modeling and Credit Policy area. The policies are defined based on proprietary statistic models, using as decision criteria the Risk Adjusted Return on Capital (RAROC) model. For conservative reasons, Luizacred reduced the credit approval rate by 300 bps in 3Q11 compared to 1H11.

Results from Financial Intermediation

Results from financial intermediation in the quarter increased by 33.6% over 3Q10, driven by personal loans, which are now recorded as result from financial intermediation (previously, the results of this product were recognized under other operating revenue, via profit sharing).

Note that the migration of Itaú Unibanco's card platform was completed in 3Q11. As a result of this migration, new practices were adopted at Luizacred, leading to more conservative revenue recognition. For comparison purposes, under previous practices, Luizacred's consumer financing revenue would have been R$23.4 million higher in 3Q11.

The cost of financial operations increased 66.6% as a result of 51.0% growth of loan portfolio between September 2010 and September 2011 and 15.2% increase in the CDI rate in the period (from 2.6% in 3Q10 to 3.0% in 3Q11).

It is worth mentioning that the change in Luizacred financial margin is linked to the change in the portfolio profile, given the accelerated growth of Cartão Luiza's purchases outside stores. These operations have lower financial margin in the beginning, but generate higher results in the medium-term.

Provision for Loan Losses

The aging indicators of Luizacred's portfolio improved in the quarter compared to 2Q11. The overdue portfolio represented 23.3% of the total portfolio in September 2011, down 100 bps, from 24.3% in June 2011, mainly to the overdue portfolio between 15 and 90 days, as a result of conservative approval rates.

Loss in the portfolio was 4.3% in 3Q11, in line with recurring losses in 2Q11. In 3Q10, losses in the portfolio stood at 2.7% due to the changes in the criteria for provisioning for loan losses (excluding this effect, recurring losses would have been 4.1% in 3Q10.

Finally, balance for loan losses provision increased from R$372.9 million (14.0% of total portfolio) in June 2011 to R$455.7 million (15.1% of total portfolio) in September 2011, remaining R$47.8 million higher the Brazilian Central Bank' requirements in accordance with Law 2682.

PORTFOLIO (R$ million)		Sep-11		Jun-11		Mar-11		Dec/10		Sep-10	
Total Portfolio		3,011.7	100.0%	2,668.3	100.0%	2,424.2	100.0%	2,359.7	100.0%	1,994.9	100.0%
000 to 014 days	A	2,309.5	76.7%	2,020.5	75.7%	1,771.8	73.1%	1,825.4	77.4%	1,554.3	77.9%
015 to 030 days	B	80.5	2.7%	119.6	4.5%	128.1	5.3%	130.8	5.5%	88.2	4.4%
031 to 060 days	C	71.6	2.4%	75.4	2.8%	76.6	3.2%	87.2	3.7%	51.2	2.6%
061 to 090 days	D	73.8	2.4%	65.3	2.4%	72.4	3.0%	44.5	1.9%	38.9	2.0%
091 to 120 days	E	67.8	2.3%	55.3	2.1%	83.2	3.4%	36.9	1.6%	35.3	1.8%
121 to 150 days	F	53.6	1.8%	51.8	1.9%	63.3	2.6%	31.8	1.3%	32.2	1.6%
151 to 180 days	G	53.6	1.8%	64.6	2.4%	44.8	1.8%	29.3	1.2%	30.8	1.5%
180 to 360 days	H	301.3	10.0%	215.9	8.1%	184.0	7.6%	173.7	7.4%	163.9	8.2%
Overdue up to 90 days		225.9	7.5%	260.2	9.8%	277.1	11.4%	262.6	11.1%	178.3	8.9%
Overdue above 90 days		476.3	15.8%	387.6	14.5%	375.3	15.5%	271.7	11.5%	262.3	13.1%
Total Overdue		702.2	23.3%	647.8	24.3%	652.4	26.9%	534.3	22.6%	440.6	22.1%

Other Operating Revenue (Expenses)

Revenue from services rendered increased 44.0% in 3Q11 over 3Q10, driven by the increase in revenue from tariffs, commissions from the use of Cartão Luiza outside the stores and the sale of insurance. Furthermore, the increase in other net operating revenue is related to R$42.9 million in revenues from Luizacred marketing selling structure to boost Itaucard brand.

Income Statement

LUIZACRED – Income (R$ million)	3Q11	V.A.	3Q10	V.A.	% Chg.	9M11	V.A.	9M10	V.A.	% Chg.
Financial Intermediation Revenue	225.5	100.0%	168.8	100.0%	33.6%	611.1	100.0%	488.0	100.0%	25.2%
Cards	147.2	65.3%	116.7	69.1%	26.1%	429.2	70.2%	339.1	69.5%	26.5%
CDC	51.4	22.8%	52.1	30.9%	-1.4%	155.0	25.4%	148.9	30.5%	4.1%
Personal Loans	26.9	11.9%	-	0.0%	0.0%	26.9	4.4%	-	0.0%	0.0%
Financial Intermediation Expenses	(185.8)	-82.4%	(85.9)	-50.9%	116.2%	(473.1)	-77.4%	(301.6)	-61.8%	56.9%
Market Funding Operations	(54.9)	-24.4%	(33.1)	-19.6%	66.0%	(144.2)	-23.6%	(83.6)	-17.1%	72.5%
Provision for Loan Losses	(130.9)	-58.0%	(52.9)	-31.3%	147.6%	(328.9)	-53.8%	(218.0)	-44.7%	50.9%
Gross Financial Intermediation Income	39.7	17.6%	82.8	49.1%	-52.1%	137.9	22.6%	186.4	38.2%	-26.0%
Other Operating Revenues (Expenses)	8.8	3.9%	(28.9)	-17.1%	-130.3%	(58.3)	-9.5%	(87.0)	-17.8%	-33.0%
Service Revenue	45.2	20.0%	31.4	18.6%	44.0%	125.3	20.5%	87.5	17.9%	43.3%
Personnel Expenses	(1.4)	-0.6%	(1.6)	-0.9%	-9.3%	(5.4)	-0.9%	(4.2)	-0.9%	27.5%
Other Administrative Expenses	(51.8)	-23.0%	(53.1)	-31.4%	-2.4%	(149.7)	-24.5%	(154.3)	-31.6%	-3.0%
Depreciation and Amortization	(2.7)	-1.2%	(0.6)	-0.3%	376.6%	(8.0)	-1.3%	(1.7)	-0.3%	382.6%
Tax Expenses	(13.8)	-6.1%	(11.3)	-6.7%	22.7%	(37.6)	-6.2%	(31.6)	-6.5%	19.1%
Other Operating Revenues (Expenses)	33.2	14.7%	6.1	3.6%	442.8%	17.1	2.8%	17.3	3.5%	-1.2%
Other Operating Revenues	71.0	31.5%	28.6	16.9%	148.4%	142.0	23.2%	55.3	11.3%	156.6%
Other Operating Expenses	(37.8)	-16.8%	(22.5)	-13.3%	68.2%	(124.9)	-20.4%	(38.1)	-7.8%	228.1%
Income Before Tax	48.4	21.5%	53.9	31.9%	-10.2%	79.6	13.0%	99.4	20.4%	-19.9%
Income Tax and Social Contribution	(21.3)	-9.5%	(21.3)	-12.6%	0.0%	(30.9)	-5.1%	(39.3)	-8.0%	-21.3%
Net Income	27.1	12.0%	32.6	19.3%	-16.8%	48.7	8.0%	60.1	12.3%	-18.9%

Basel

According to the accounting practices established by the Brazilian Central Bank, Luizacred's shareholders' equity in September 2011 stood at R$338.1 million. As a result of additional provisions and other adjustments required under IFRS, the shareholders' equity of Luizacred for use in the financial statements of Magazine Luiza was R$312.3 million. In September 2011, Luizacred's Capital Adequacy Ratio was 13.0% compared to the 11.0% minimum required by the Brazilian Central Bank.

CONFERENCE CALL DETAILS

Conference Call in Portuguese with simultaneous translation to English

November 11, 2011 (Friday)
11:00 AM – US EST
2:00 PM – Brasília Time

Calling from US or other Countries:
Phone: + 1 516-3001066
Access Code: Magazine Luiza
Webcast link: http://webcast.mz-ir.com/publico.aspx?codplataforma=3145

Calling from Brazil:
Phone: + 55 11 3127-4971
Access Code: Magazine Luiza
Webcast link: http://webcast.mz-ir.com/publico.aspx?codplataforma=3144

Replay (available for 7 days):
Phone: +55 11 3127-4999
Access Codes:
Portuguese version:49474287
Para versão em Inglês: 88463063

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About Magazine Luiza
Founded in 1957, Magazine Luiza is one of Brazil's chief durable goods retail chains with major penetration among middle class consumers. To build better relationships with its customers, Magazine Luiza innovated with the creation of Luizacred in partnership with Itaú Unibanco in 2001. In 2005, Magazine Luiza once again led the market when it became the first retailer with an insurance company, Luizaseg, a joint venture with the BNP Paribas group's Cardif. Finally, in 2010, Magazine Luiza acquired Lojas Maia, one of the largest retail chains in Brazil's fastest growing region, with stores throughout the Northeast. Also, in June 2011, Magazine Luiza acquired Baú da Felicidade stores.

EBITDA
EBITDA (earnings before income taxes and social contribution, 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 inherent 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 of 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.

Disclaimer
All statements herein related to business prospects, future estimates of operating and financial results, and Magazine Luiza's growth prospects are merely estimates and, as such, are based solely on the expectations of the executive Board regarding the company's business future. 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 data and non accounting data such as pro forma operating and financial results and projections based on the expectations of the Board of Directors. The non accounting data was not reviewed by the Company's independent auditors.