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

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

2Q12 HIGHLIGHTS

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

Significant Sales Growth

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

Sustainable Growth

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

Continuation of Lojas Maia Integration Process

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

Reduction and Rationalization of Costs and Expenses

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

Luizacred

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

Results

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

EXPECTATIONS FOR THE NEXT SIX MONTHS OF 2012

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

Sales Growth

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

Conclusion of Lojas Maia Integration Process

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

Investments and Expansion

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

Results

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

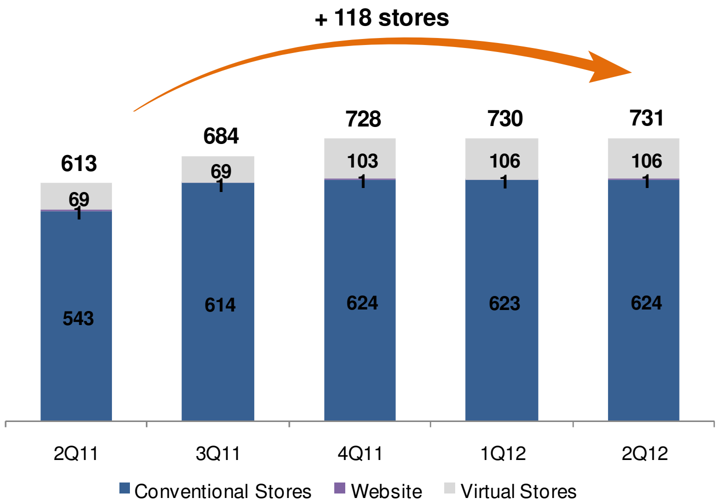
KEY INDICATORS

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

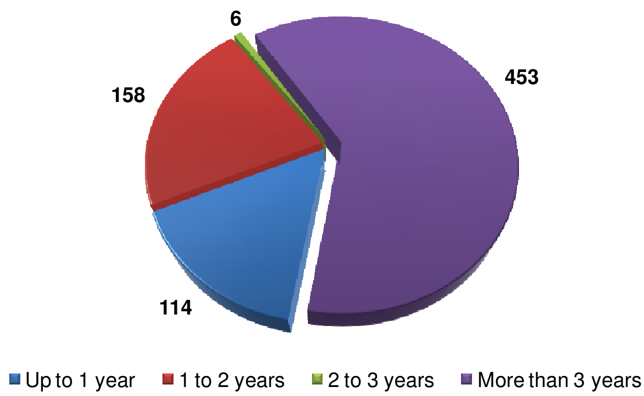
OPERATING PERFORMANCE

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

Number of Stores

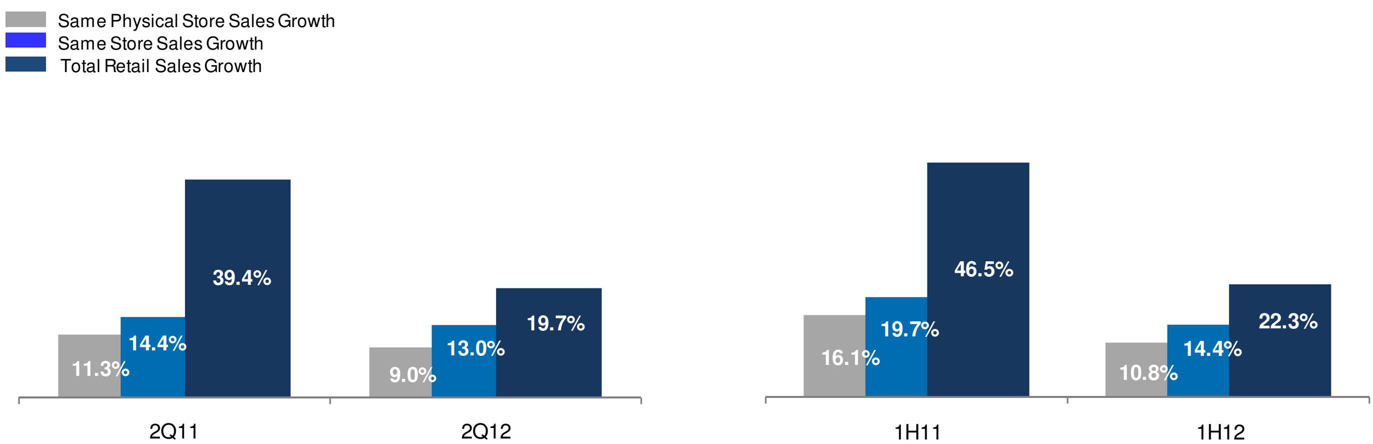


Average Age of Stores (number of stores)



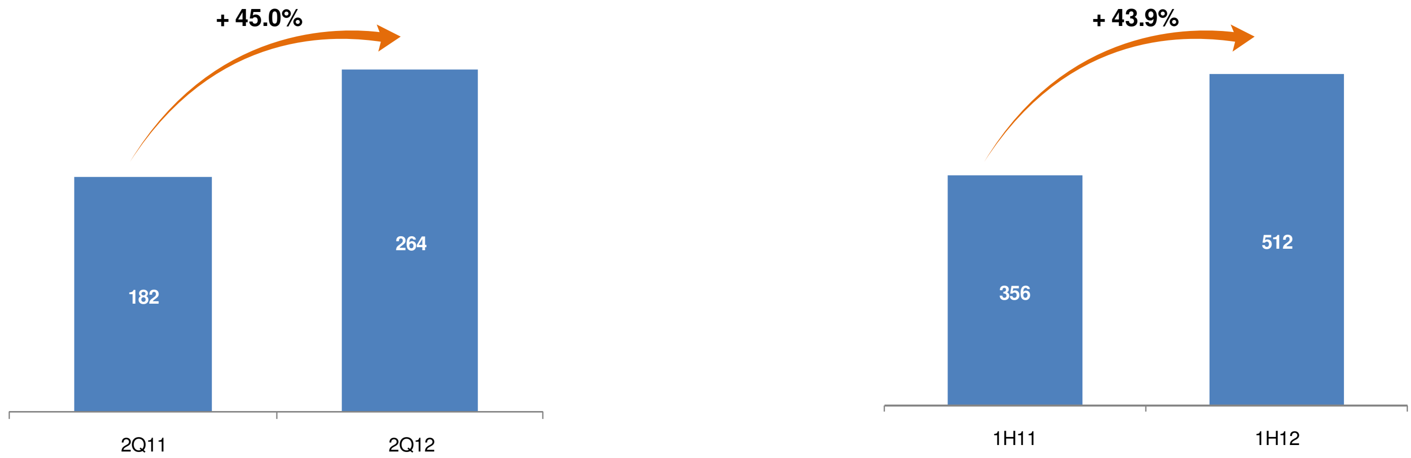
In same-store terms, Magazine Luiza grew 13.0% in 2Q12 over 2Q11 and 14.4% in 1H12 over 1H11.

Same Store Sales Growth (%)



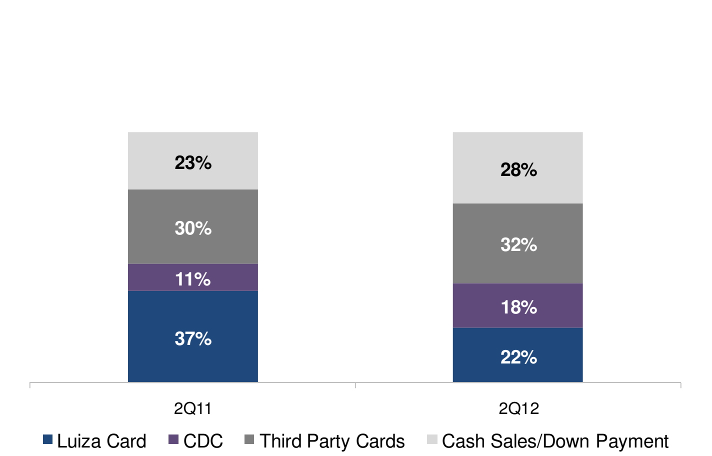
The Internet segment maintains its strong growth pace, increasing its product mix and site content (www.magazineluiza.com.br). In 2Q12, Internet sales climbed 45.0% to R$263.5 million, accounting for 13.4% of retail sales. In 1H12, sales totaled R$512.0 million, 43.9% more than in 1H11.

Internet Gross Revenues (R$ million)

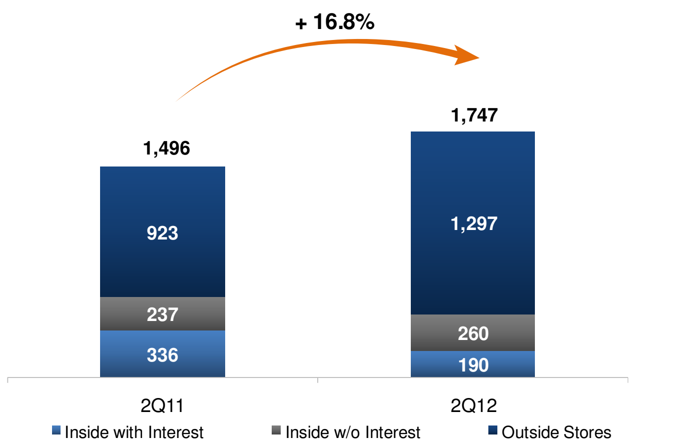


Luizacred's credit card base grew from 4.0 million in 2Q11 to 4.2 million in 2Q12. In 2Q12, total spending on Luiza Cards accounted for 22% of total retail sales, lower than in the same period last year, due to the conservative approach to credit approvals, which was partially offset by the increase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

Financed Sales Mix (% of total sales)



Revenues Luiza Card (R$ million)



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

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

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Gross Revenue

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

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

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

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

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

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

Consolidated Net Revenue

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

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

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

Consolidated Gross Profit

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

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

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

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

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

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

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

Operating Expenses

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

Selling Expenses

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

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

General and Administrative Expenses

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

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

Provisions for Loan Losses

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

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

Other Operating Expenses (Revenue)

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

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

- Increase in the deferred revenues from R$12.4 million in 2Q11 to R$23.8 million in 2Q12. It is worth mentioning that: (i) revenues from the JV agreement with Itaú Unibanco were lower due to the change of the accounting methodology to the straight-line method explained in the 4Q11; (ii) Magazine Luiza recorded, in 2Q12, R$10.5 million, of the R$50.0 million received from the New Operational Agreement with Cardif (R$8.8 million was considered non-recurring revenue as it refers to past periods); (iii) Luizacred recorded R$7.5 million from the R$15.0 million received by the same agreement;

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

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

EBITDA

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

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

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

Financial Result

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

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

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

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

Income and Social Contribution Taxes

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

Consolidated Net Income

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

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

Working Capital

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

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

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

Capex

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

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

Net Debt

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

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

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

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

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

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

Reconciliation of EBITDA for extraordinary expenses

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

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

Notes to the non-recurring results in 2Q12:

(1) *Non-recurring costs totaled R$7.5 million, related to changes to the discount rate estimates of the adjustment to present value (AVP) of sales merchandise operations.*

(2) *Non-recurring expenses totaled R$3.3 million, related to the integration process of the chains.*

(3) *Adjusted deferred revenues: of the total R$10.5 million, related to the New Operational Agreement with Cardif. R$8.8 million was considered non-recurring revenue as it refers to the validity of the agreement with retrospective effect from January 2011 through March 2012.*

(4) *Non-recurring financial expenses: R$3.4 million related to the adjustment to present value (AVP) of extended warranties operations and R$7.2 million related to change in the methodology for the appropriation of costs from prepayments of third-party credit card receivables.*

(5) *Credit of income and social contribution taxes amounting to R$20.7 million, relating to temporary differences of Lojas Maia.*

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

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

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

ANNEX III
FINANCIAL STATEMENTS – RETAIL

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

Reconciliation of EBITDA for extraordinary expenses

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

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

ANNEX IV
FINANCIAL STATEMENTS BY BUSINESS LINE – 2Q12

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

Reconciliation of EBITDA for extraordinary expenses

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

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

ANNEX V
RESULTS BY SEGMENT – 2Q11

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

Reconciliation of EBITDA for extraordinary expenses

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

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

ANNEX VI
SALES MIX AND NUMBER OF STORES PER CHANNEL

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

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

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

ANNEX VII
LUIZACRED

Operating Indicators

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

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

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

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

Loan and Collection Policy

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

Revenue from Financial Intermediation

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

Provisions for Loan Losses

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

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

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

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

Gross Financial Intermediation Income

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

Other Operating Revenues (Expenses)

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

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

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

Income Statement

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

Shareholders’ Equity

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

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

August 14, 2012 (Tuesday)

11:00 AM – Brasília Time

10:00 AM – US EST

Callers from Brazil:

Dial-in: +55 11 3127-4971
Access code: Magazine Luiza
Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/d6d9b9fb-20c4-47dc-9df9-37d7706ac2cf

Callers from other countries:

Dial-in: +1 516 3001066
Access code: Magazine Luiza
Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/17227413-a340-4279-be1e-00772ea575fd

Replay (available for 7 days):

Dial-in: +55 11 3127-4999
Portuguese version: 36868573# / English version: 19013456#

Investor Relations

Roberto Bellissimo Rodrigues
Chief Financial and Investor Relations Officer

Tatiana Santos
IR and New Business Manager

Anderson Rezende
IR and New Business Coordinator

Phone: +55 11 3504-2727
ri@magazineluiza.com.br

About Magazine Luiza

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

EBITDA, Adjusted EBITDA and Adjusted Net Income

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

Disclaimer

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

Quarterly Information (ITR)

Magazine Luiza S.A.

June 30, 2012

Magazine Luiza S.A.

Quarterly Information

June 30, 2012

Contents

Condomínio São Luiz
Av. Pres. Juscelino Kubitschek, 1830
Torre I - 8º Andar - Itaim Bibi
04543-900 - São Paulo, SP, Brasil
Tel: (5511) 2573-3000
Fax: (5511) 2573-5780
www.ey.com.br

A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information (ITR) in accordance with accounting practices adopted in Brazil and specific standards established by the Brazilian Securities and Exchange Commission (CVM)

Independent auditor's review report on quarterly information (ITR)

The Shareholders, Board of Directors and Officers
Magazine Luiza S.A.
Franca - SP

Introduction

We have reviewed the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of Magazine Luiza S.A. ("Company") for the quarter ended June 30, 2012, comprising the balance sheet at June 30, 2012 and the related statement of operations for the three and six-month periods then ended, and the statement of comprehensive income, of changes in equity and cash flow statement for the six-month period then ended, including accompanying notes.

Management is responsible for the preparation 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 fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly 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 Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, 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 International 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 quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 applicable to the preparation of interim financial information, consistently with the standards issued by the Brazilian Securities and Exchange Commission applicable to Quarterly Information (ITR).

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 quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of interim financial information, consistently with the standards issued by the Brazilian Securities and Exchange Commission applicable to Quarterly Information (ITR).

Other matters

Interim statements of value added

We also reviewed the individual and consolidated interim statements of value added (DVA), for the six-month period ended June 30, 2012, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Financial Information (ITR) and considered supplementary information under IFRS, which do not require DVA presentation. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall individual and consolidated interim financial information.

Review of individual and consolidated interim financial information for the quarter ended June 30, 2011 and audit of the individual and consolidated financial statements for the year ended December 31, 2011.

The individual and consolidated financial information contained in the quarterly information, related to: i) the balance sheet at December 31, 2011; ii) the statement of operations, of changes in equity and cash flow statement for the quarter ended June 30, 2011: and iii) other amounts and information included in the notes related to these periods, presented for purposes of comparison, were audited and reviewed, respectively by other independent auditors, who issued an unmodified audit report dated March 22, 2012, and an unmodified review report dated August 10, 2011.

São Paulo, August 13, 2012.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6

Luiz Carlos Nannini
Accountant CRC-1SP171638/O-7

Magazine Luiza S.A.

Balance sheets
June 30, 2012 and December 31, 2011
(In thousands of reais)

		Company – BR GAAP		Consolidated – IFRS and BR GAAP	
	Note	**06/30/2012**	**12/31/2011**	**06/30/2012**	**12/31/2011**
Assets					
Current assets					
Cash and cash equivalents	4.1	**123,886**	150,980	**140,300**	173,117
Securities	4.2	**186,111**	26,876	**255,055**	74,957
Accounts receivable	5	**479,204**	436,326	**1,966,529**	1,927,828
Inventories	6	**1,131,270**	1,092,081	**1,131,270**	1,264,657
Related parties	7	**69,634**	130,165	**33,569**	42,601
Taxes recoverable		**21,457**	18,749	**26,499**	24,608
Other assets		**163,043**	21,819	**189,519**	59,359
Total current assets		**2,174,605**	1,876,996	**3,742,741**	3,567,127
Non-current assets					
Securities	4.2	**-**	-	**26,037**	43,267
Accounts receivable	5	**1,397**	5,858	**2,610**	9,407
Deferred income and social contribution taxes	8	**152,155**	122,333	**206,868**	178,907
Taxes recoverable		**21,578**	15,182	**21,578**	31,042
Judicial deposits		**120,558**	53,534	**128,685**	88,969
Other assets		**17,051**	15,782	**17,265**	19,789
Investments in subsidiaries	9	**11,195**	72,877	**-**	-
Investments in jointly-controlled subsidiaries	10	**207,300**	161,256	**-**	-
Property and equipment	11	**527,101**	417,295	**529,157**	489,938
Intangible assets	12	**437,178**	175,716	**443,231**	448,908
Total non-current assets		**1,495,513**	1,039,833	**1,375,431**	1,310,227
Total assets		**3,670,118**	2,916,829	**5,118,172**	4,877,354

	Note	Company – BR GAAP		Consolidated – IFRS and BR GAAP	
		06/30/2012	12/31/2011	06/30/2012	12/31/2011
Liabilities and equity					
Current liabilities					
Suppliers	13	**1,015,894**	1,091,013	**1,018,443**	1,267,774
Loans and financing	14	**225,902**	94,979	**225,902**	129,671
Interbank deposits	15	**-**	-	**1,018,571**	981,478
Operations with credit cards		**-**	-	**463,208**	436,130
Payroll, vacation and related charges		**126,458**	109,726	**128,313**	121,596
Taxes payable		**15,185**	33,289	**31,696**	49,324
Related parties	7	**66,358**	45,737	**32,362**	25,492
Tax payment in installments		**2,863**	2,854	**2,863**	2,854
Deferred revenue	16	**38,942**	19,217	**33,398**	24,092
Dividends payable		**-**	1,662	**-**	1,662
Technical insurance reserves		**-**	-	**34,038**	32,464
Other accounts payable		**81,401**	78,715	**82,852**	94,598
Total current liabilities		**1,573,003**	1,477,192	**3,071,646**	3,167,135
Non-current liabilities					
Loans and financing	14	**901,005**	496,278	**901,005**	581,664
Tax payment in installments		**2,971**	4,398	**2,971**	4,398
Provision for tax, civil and labor risks	17	**173,077**	84,176	**185,749**	173,404
Technical insurance reserves		**-**	-	**20,457**	17,853
Deferred revenue	16	**403,598**	230,490	**319,679**	294,261
Deferred income and social contribution taxes	8	**7,920**	-	**8,079**	10,765
Other accounts payable		**6,011**	3,350	**6,053**	6,929
Total non-current liabilities		**1,494,582**	818,692	**1,443,993**	1,089,274
Total liabilities		**3,067,585**	2,295,884	**4,515,639**	4,256,409
Equity					
Capital	18	**606,505**	606,505	**606,505**	606,505
Capital reserve	18	**1,410**	-	**1,410**	-
Legal reserve	18	**4,025**	4,025	**4,025**	4,025
Retained earnings reserve	18	**9,306**	10,415	**9,306**	10,415
Other comprehensive income		**90**	-	**90**	-
Loss for the period		**(18,803)**	-	**(18,803)**	-
Total equity		**602,533**	620,945	**602,533**	620,945
Total liabilities and equity		**3,670,118**	2,916,829	**5,118,172**	4,877,354

See accompanying notes.

Magazine Luiza S.A.

Statements of operations
Six and three-month periods ended June 30, 2012 and 2011
(In thousands of reais)

		Six-month period ended				Three-month period ended			
		Company - BR GAAP		Consolidated - IFRS and BR GAAP		Company - BR GAAP		Consolidated - IFRS and BR GAAP	
			(Reclassified)		(Reclassified)		(Reclassified)		(Reclassified)
	Note	**06/30/2012**	**06/30/2011**	**06/30/2012**	**06/30/2011**	**06/30/2012**	**06/30/2011**	**06/30/2012**	**06/30/2011**
Net revenue	19	**2,990,106**	2,294,462	**3,607,031**	2,888,855	**1,567,261**	1,181,324	**1,801,931**	1,472,802
Cost of goods resold, services rendered and fund raising for financial operations	20	**(2,134,762)**	(1,614,214)	**(2,428,922)**	(1,936,340)	**(1,119,004)**	(832,312)	**(1,198,741)**	(990,145)
Gross income		**855,344**	680,248	**1,178,109**	952,515	**448,257**	349,012	**603,190**	482,657
Operating income (expenses)									
Selling expenses									
General and administrative expenses		**(600,761)**	(472,929)	**(754,178)**	(603,532)	**(313,316)**	(242,568)	**(372,545)**	(305,761)
Provisions for loan losses		**(139,844)**	(111,615)	**(179,857)**	(150,183)	**(72,674)**	(57,348)	**(86,434)**	(76,612)
Depreciation and amortization		**(9,723)**	(4,620)	**(168,541)**	(103,650)	**(7,330)**	(2,706)	**(88,353)**	(52,676)
Equity in subsidiaries		**(37,941)**	(35,442)	**(43,681)**	(42,893)	**(21,409)**	(17,990)	**(22,978)**	(21,762)
Other operating income (expenses), net	10 e 11	**(27,412)**	17,177	**-**	-	**3,685**	6,227	**-**	-
Net revenue	22	**7,669**	35,440	**5,711**	60,788	**14,661**	12,728	**16,064**	24,304
		(808,012)	(571,989)	**(1,140,546)**	(839,470)	**(396,383)**	(301,657)	**(554,246)**	(432,507)
Operating income (loss) before financial expenses		**47,332**	108,259	**37,563**	113,045	**51,874**	47,355	**48,944**	50,150
Financial results	23	**(92,540)**	(91,149)	**(84,520)**	(88,055)	**(51,685)**	(43,445)	**(45,359)**	(42,371)
Operating income (loss) before income and social contribution taxes		**(45,208)**	17,110	**(46,957)**	24,990	**189**	3,910	**3,585**	7,779
Income and social contribution taxes – current and deferred	8	**26,405**	(233)	**28,154**	(8,113)	**21,723**	672	**18,327**	(3,197)
Net income (loss) for the period		**(18,803)**	16,877	**(18,803)**	16,877	**21,912**	4,582	**21,912**	4,582
Net income (loss) attributable to:									
Company owners		**(18,803)**	16,877	**(18,803)**	16,877	**21,912**	4,582	**21,912**	4,582
Earnings (loss) per share									
Basic and diluted (reais per share)		**(0.11)**	0.10	**(0.11)**	0.10	**0.13**	0.03	**0.13**	0.03

See accompanying notes.

Magazine Luiza S.A.

Statements of changes in equity
Six-month periods ended June 30, 2012 and 2011
(In thousands of reais)

	Note	Capital	Capital reserve	Legal reserve	Retained earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Total
Balances at December 31, 2010		43,000	-	3,442	994	-	-	47,436
Capital increase, net of expenses with share issue and related tax effects	18	563,505	-	-	-	-	-	563,505
Net income for the year		-	-	-	-	16,877	-	16,877
Balances at June 30, 2011		**606,505**	**-**	**3,442**	**994**	**16,877**	**-**	**627,818**
Balances at December 31, 2011		**606,505**	**-**	**4,025**	**10,415**	**-**	**-**	**620,945**
Share purchase option plan		**-**	**1,410**	**-**	**-**	**-**	**-**	**1,410**
Loss for the period		**-**	**-**	**-**	**-**	**(18,803)**	**-**	**(18,803)**
Dividends		**-**	**-**	**-**	**(1,109)**	**-**	**-**	**(1,109)**
		606,505	**1,410**	**4,025**	**9,306**	**(18,803)**	**-**	**602,443**
Other comprehensive income:								
Adjustment of financial instruments		**-**	**-**	**-**	**-**	**-**	**90**	**90**
Balances at June 31, 2012		**606,505**	**1,410**	**4,025**	**9,306**	**(18,803)**	**90**	**602,533**

See accompanying notes.

Magazine Luiza S.A.

Cash flow statements
Six-month periods ended June 30, 2012 and 2011
(In thousands of reais)

	Note	Company – BR GAAP		Consolidated – IFRS and BR GAAP	
		06/30/2012	06/30/2011	06/30/2012	06/30/2011
			(Reclassified)		(Reclassified)
Cash flow from operating activities					
Net income (loss) for the period		**(18.803)**	16.877	**(18.803)**	16.877
Adjustments to reconcile net income (loss) for the period to cash from operating activities:					
Income and social contribution tax expense recognized in P&L	8	**(26,405)**	233	**(28,154)**	8,113
Depreciation and amortization		**37,941**	35,442	**43,681**	42,893
Interest on loans and financing provisioned		**45,629**	47,496	**50,072**	56,155
Boutique investment fund yield		**(5,009)**	(7,448)	**(5,009)**	(7,448)
Equity in subsidiaries	10 and 11	**27,412**	(17,177)	**-**	-
Changes in provision for losses on assets		**18,341**	9,324	**177,159**	108,503
Provision for tax, civil and labor risks		**13,840**	12,725	**24,427**	20,862
Fixed and intangible asset disposal, net of gain on disposal	22	**1,154**	(10,652)	**1,154**	(9,963)
Deferred revenue	22	**(21,941)**	(23,974)	**(22,109)**	(24,629)
Tax refunds		**-**	(4,285)	**-**	(4,285)
Expenses with stock option plan		**1,410**	-	**1,410**	-
(Increase) decrease in operating assets:					
Accounts receivable		**29,022**	15,155	**(200,445)**	(204,439)
Securities		**-**	-	**(3,484)**	(91,479)
Inventories		**109,435**	(17,357)	**124,769**	(27,405)
Related parties		**72,004**	(16,451)	**9,032**	(4,558)
Taxes recoverable		**11,706**	20,229	**7,919**	12,123
Other assets		**(156,952)**	(23,035)	**(167,352)**	(14,457)
Increase (decrease) in operating liabilities:					
Suppliers		**(255,295)**	(180,237)	**(249,331)**	(208,583)
Interbank deposits		**-**	-	**37,093**	55,036
Operations with credit card		**-**	-	**27,078**	78,593
Technical insurance reserves		**-**	-	**4,178**	3,626
Payroll, vacation and related charges		**4,155**	(7,750)	**6,717**	(2,634)
Taxes payable		**(18,452)**	(15,925)	**(15,043)**	(23,821)
Related parties		**(32,111)**	(13,414)	**6,870**	(9,393)
Tax payment in installments		**(1,418)**	(214)	**(1,418)**	(34,994)
Other accounts payable		**27,188**	(4,089)	**32,130**	(24,647)
Cash used in operating activities		**(137,149)**	(184,527)	**(157,459)**	(289,954)
Income and social contribution taxes paid		**(346)**	(3,596)	**(5,484)**	(3,596)
Receipt of dividends from subsidiaries		**7,150**	-	**-**	-
Net cash used in (provided by) operating activities		**(130,345)**	(188,123)	**(162,943)**	(293,550)
Cash flow from investing activities					
Fixed asset purchases	11	**(53,078)**	(39,282)	**(66,952)**	(48,210)
Intangible asset purchase	12	**(8,194)**	(13,594)	**(11,425)**	(14,271)
Boutique investment fund investments		**(505,546)**	(788,674)	**(505,546)**	(788,674)
Redemption of boutique investment fund investments		**351,320**	286,362	**351,320**	286,362
Investment in subsidiaries		**(49,465)**	(25,000)	**-**	(25,000)
Cash provided by company merger		**5,459**	-	**-**	-
Cash from fixed asset disposal		**-**	15,520	**-**	31,940
Cash used in investing activities		**(259,504)**	(564,668)	**(232,603)**	(557,853)
Cash flow from financing activities					
Capital increase due to public offer of shares		**-**	552,993	**-**	552,993
Raising of loans and financing		**474,657**	178,850	**474,657**	178,913
Loans and financing repayment		**(60,116)**	(87,377)	**(60,142)**	(111,283)
Interest on loans and financing paid		**(49,015)**	(45,155)	**(49,015)**	(49,774)
Dividends paid		**(2,771)**	-	**(2,771)**	-
Cash provided by financing activities		**362,755**	599,311	**362,729**	570,849
Decrease in cash and cash equivalents		**(27,094)**	(153,480)	**(32,817)**	(280,554)
Cash and cash equivalents at the beginning of the period		**150,980**	181,263	**173,117**	328,865
Cash and cash equivalents at the end of the period		**123,886**	27,783	**140,300**	48,311
Decrease in cash and cash equivalents		**(27,094)**	(153,480)	**(32,817)**	(280,554)

See accompanying notes.

Magazine Luiza S.A.

Statements of value added
Six-month periods ended June 30, 2012 and 2011
(In thousands of reais)

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011
		(Reclassified)		(Reclassified)
Revenues				
Sale of goods, products and services	**3,364,682**	2,596,404	**4,048,919**	3,285,889
Allowance for doubtful accounts, net of reversals	**(9,723)**	(4,620)	**(168,541)**	(103,650)
Other operating revenues	**22,780**	39,985	**49,704**	85,199
	3,377,739	2,631,769	**3,930,082**	3,267,438
Inputs acquired from third parties				
Cost of products, goods and services sold	**(2,311,986)**	(1,768,364)	**(2,606,184)**	(2,091,928)
Materials, energy, outsourced services and others	**(260,534)**	(204,215)	**(397,429)**	(312,084)
Loss on assets	**(5,685)**	(3,860)	**(5,685)**	(3,860)
	(2,578,205)	(1,976,439)	**(3,009,298)**	(2,407,872)
Gross value added	**799,534**	655,330	**920,784**	859,566
Depreciation and amortization	**(37,941)**	(35,442)	**(43,681)**	(42,893)
Net value added generated by the entity	**761,593**	619,888	**877,103**	816,673
Value added received in transfer				
Equity in subsidiaries	**(27,412)**	17,177	**-**	-
Financial income	**26,217**	17,580	**31,197**	24,481
Total value added to be distributed	**760,398**	654,645	**908,300**	841,154
Value added distribution				
Payroll and charges:				
Direct remuneration	**264,273**	212,211	**292,340**	241,650
Benefits	**52,583**	40,774	**59,803**	48,587
FGTS	**25,208**	18,565	**27,973**	21,784
	342,064	271,550	**380,116**	312,021
Taxes, charges and contributions:				
Federal	**134,752**	112,362	**194,635**	182,279
State	**90,765**	81,000	**128,013**	137,743
Municipal	**11,037**	9,209	**14,848**	11,462
	236,554	202,571	**337,496**	331,484
Interest on debt:				
Interest	**103,376**	104,231	**99,834**	107,735
Rent	**83,741**	54,917	**95,514**	67,610
Other	**13,466**	4,499	**14,143**	5,427
	200,583	163,647	**209,491**	180,772
Interest on equity:				
Retained earnings (accumulated losses)	**(18,803)**	16,877	**(18,803)**	16,877
	760,398	654,645	**908,300**	841,154

See accompanying notes.

Magazine Luiza S.A.

Notes to quarterly information
June 30, 2012
(In thousands of reais)

1. Operations

Magazine Luiza S.A. (“Company”) mainly operates with retail trade of consumer goods (mainly home appliances, electronic products and furniture), through physical or virtual stores or electronic trade, headquartered in the city of Franca, São Paulo state, Brazil. Its holding company is LTD Administração e Participação S.A.

At June 30, 2012, the Company and its subsidiaries had 731stores (728 stores at December 31, 2011) and 9 distribution centers (8 distribution centers at December 31, 2011) located in the Brazilian South, Southeast, Mid-West and Northeast regions.

The Company holds equity investments in other companies, as follows:

a) Luizacred S.A. - Sociedade de Crédito, Financiamento e Investimento (“Luizacred”) – Company jointly controlled with Banco Itaúcard S.A. of which the business purpose is the offering, distribution and trade of financial products and services to customers of Magazine Luiza stores;

b) Luizaseg Seguros S.A. (“Luizaseg”) – Company jointly controlled with NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., of which the business purpose is the development, sale and management of guarantees for any type of product sold in Brazil, to customers of Magazine Luiza stores;

c) Luiza Administradora de Consórcios Ltda. (“LAC”) – Wholly-owned subsidiary of which the business purpose is management of consortium groups formed for the acquisition of vehicles, motorcycles, home appliances and real estate.

On April 30, 2012, the Company merged with F.S. Vasconcelos & Cia. Ltda. (“Lojas Maia”) its wholly-owned subsidiary, represented by a chain of stores, which operates in the same business line as that of Magazine Luiza S.A in the Northeast region of Brazil, acquired in July 2010. Said merger was made at book net asset value of the subsidiary.

Magazine Luiza S.A. and its subsidiaries and jointly controlled subsidiaries are hereinafter referred to as “Group” for purposes of this report, except where specifically otherwise indicated.

2. Basis of presentation and summary of significant accounting practices

2.1 Accounting practices

This quarterly information (ITR) was approved by the executive board on August 10, 2012.

The quarterly information is presented in thousands of "R$", which is the Company's functional and reporting currency.

The Company's individual and consolidated quarterly financial information for the periods ended June 30, 2012 and 2011 was prepared in accordance with technical pronouncement CPC 21 (interim financial reporting) and IAS 34, and is presented consistently with Brazilian Securities and Exchange Commission (CVM) rules.

The individual financial statements present investments in subsidiaries by the equity pickup method, in accordance with ruling Brazilian legislation. As such, these individual financial statements are not in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board ("IASB"), which require that these investments be stated in the Company's separate financial statements at their fair value or cost.

The statement of value added ("DVA") aims at evidencing wealth generated by the Company and the distribution thereof along a certain period, being presented by the Company, as required by Brazilian corporation law, as part of its individual financial statements and as supplementary information to the consolidated financial statements, since it is not a mandatory statement provided for by IFRS.

The accounting practices adopted in preparing the quarterly information, company and consolidated, except for the change in discount rates applied for present value adjustment purposes (detailed below), are consistent with those adopted and disclosed in Note 2 to the financial statements for the year ended December 31, 2011, as such they should be read together.

2. Basis of presentation and summary of significant accounting practices (Continued)

2.1 Accounting practices (Continued)

Change in the discount rate applied for present value adjustment purposes and appropriation of interest on discount of receivables

The components of assets and liabilities resulting from long and short-term transactions, when the effect is relevant, are adjusted to present value at the discount rate that reflects best market evaluation of time value of money as well as the risks related to liabilities and expectations related to assets as of their original dates.

Company management changed the estimated calculation of the discount rate applied to present value adjustment, considering the effects from financing rates for end consumers, weighted by default risk percentage evaluated and already considered in the allowance for doubtful accounts. This change occurred due to increased experience and understanding of management thus reflecting a better evaluation of time value of money. This change in the estimate of the discount rate applied to present value adjustment generated a total additional expense in the period of R$ 10,948.

In addition, the Company changed the criterion for recognition of interest on discount of credit card receivables, which started to be recognized in P&L for the year at the time of the discount, since the Company no longer bears the risk of realization of such receivables. This change generated an additional expense for the period of R$ 7,157.

2. Basis of presentation and summary of significant accounting practices (Continued)

2.1 Accounting practices (Continued)

Other matters

In addition, to allow better presentation, the following amounts were reclassified in the statement of operations for the six-month period ended June 30, 2011: i) R$ 3,835 thousand related to management fees and profit sharing, from “Other operating income, net” to “General and administrative expenses”, and ii) R$ 32,064 related to credit card expenses, from “Other operating income, net” to “Selling expenses". In the statement of value added, there was reclassification for the six-month period ended June 30, 2011, of R$ 92,837 related to tax substitution costs from the group of “Taxes, charges and contributions” to the group of “Cost of products, goods and services sold”.

In the cash flow statement there was reclassification for the six-month period ended June 30, 2011: i) “Boutique investment fund yield”, in the amount of R$ 7,448 from the group of “Cash flow from investing activities” to the group of “Cash flow from operating activities”, ii) R$ 3,828 related to technical insurance reserves from “Other accounts payable” to “Technical insurance provisions”.

2.2 Standards, interpretations and changes in existing standards that are not yet effective and that were not adopted early by the Company.

There were no significant changes in the standards disclosed in the December 31, 2011 financial statements.

3. Notes to the December 31, 2011 financial statements not presented in this quarterly information

The interim financial information is presented in accordance with technical pronouncements CPC 21 ("CPC 21") and IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) observing the provisions in Official Circular /CVM/SNC/SEP No. 003/2011 dated April 28, 2011. Preparation of this interim financial information involves use of professional judgment by Company management about relevance and changes that should be disclosed in the notes. As such, this interim financial information includes selected notes and does not include all the notes presented in the financial statements for the year ended December 31, 2011. As allowed by Official Circular No. 03/2011of the Brazilian Securities and Exchange Commission (CVM), the following notes are not being presented:

- Operations with credit cards (Note 15);
- Technical insurance reserves (Note 17);
- Taxes paid in installments (Note 19);
- Equity (Note 20);
- Benefits to employees (Note 26);
- Employee profit sharing (Note 27);
- Business combination (Note 30);
- Commitments (Note 31);
- Cash flow statements (Note 32);
- Insurance coverage (Note 30).

(In thousands of reais)

4. Cash and cash equivalents and securities

4.1 Cash and cash equivalents

		Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	Rates	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Cash		**18,838**	10,751	**18,845**	13,260
Banks		**91,519**	32,820	**96,908**	41,428
Financial assets stated at fair value through profit or loss and held for trading:					
Bank deposit certificates	From 95.0% to 102.5% of CDI	**13,004**	106,876	**21,990**	113,025
Non-exclusive investment funds	102.0% of CDI	**525**	533	**2,557**	5,404
Total cash and cash equivalents		**123,886**	150,980	**140,300**	173,117

4.2 Securities

Financial assets stated at fair value through profit or loss	Average rates	Company (BR GAAP) 06/30/2012	Company (BR GAAP) 12/31/2011	Consolidated (IFRS and BR GAAP) 06/30/2012	Consolidated (IFRS and BR GAAP) 12/31/2011
Held for trading					
Non-exclusive investment fund	105% of CDI	**4,284**	-	**40,216**	29,587
Boutique investment fund:					
Investment fund shares	(a)	**8,676**	-	**8,676**	-
Federal public securities	(a)	**33,778**	22,476	**33,778**	22,476
Repurchase agreements	(a)	**45,348**	2,803	**45,348**	2,803
Term deposits and other securities	(a)	**94,025**	1,597	**94,025**	1,597
Available for sale					
Fixed income securities - LFT	100% of Selic	**-**	-	**59,049**	61,761
Total marketable securities		**186,111**	26,876	**281,092**	118,224
Current assets		**186,111**	26,876	**255,055**	74,957
Non-current assets		**-**	-	**26,037**	43,267
Total		**186,111**	26,876	**281,092**	118,224

(a) Refers to fixed income boutique investment fund. At June 30, 2012, the portfolio was substantially distributed in the four categories described in the table above, which are related to securities and financial operations pegged to monthly Interbank Deposit Certificate (CDI) variation, in order to allow average profitability for the Company of 103% of CDI.

(In thousands of reais)

5. Accounts receivable

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Trade accounts receivable:				
Debit and credit cards (a)	**268,806**	262,117	**268,806**	293,739
Own credit sales (b)	**82,894**	59,824	**82,894**	73,492
Supplementary guarantee contracts (c)	**55,453**	31,434	**55,453**	31,434
Credit operations (d)	**-**	-	**1,721,378**	1,667,164
Total trade accounts receivable	**407,153**	353,375	**2,128,531**	2,065,829
Commercial agreements (e)	**130,115**	128,265	**130,115**	146,738
Provisions for loan losses	**(30,842)**	(24,456)	**(263,682)**	(259,221)
Present value adjustment	**(25,825)**	(15,000)	**(25,825)**	(16,111)
Total accounts receivable	**480,601**	442,184	**1,969,139**	1,937,235
Current	**479,204**	436,326	**1,966,529**	1,927,828
Non-current	**1,397**	5,858	**2,610**	9,407

The amounts classified as accounts receivable presented above are classified as receivables and thus measured at amortized cost. Average days sales outstanding are of 19 days – Company and 89 days – Consolidated.

Present value adjustment is calculated at balance sheet date for all trade accounts receivable, excepting those resulting from commercial agreements settled within short term and of which the effect is not material. Calculation thereof takes into consideration the term for asset realization using a discount rate based on the average rate charged to end customers, less default risk, as described in Note 2.1. This rate is considered by Group management in carrying out market valuations related to time value of money and the specific risks for these assets. Credit operations are stated at present value, calculated on a “pro rata day” basis based on the contractual interest rate.

(In thousands of reais)

5. **Accounts receivable** (Continued)

There was assignment of title to accounts receivable in guarantee of loans in the amount of R$ 159,222 at June 30, 2012 (R$187,269 at December 31, 2011), represented by accounts receivable in connection with credit cards.

(a) Accounts receivable resulting from sales through credit cards, which are received by the Company from the credit cards companies for amounts, and within terms and number of installments defined upon product sale.

At June 30, 2012, the Company had assigned title to accounts receivable to financial institutions totaling R$536,760 (R$441,012 at December 31, 2011), to which there is application of a discount from 106.5% to 108.0% of CDI, posted to financial expenses in P&L. Through the advance on credit card receivables operation, the Company transfers to the credit card companies and financial institutions all the risks related to customers' default, as such, the balance of accounts receivable is net of these credits.

(b) Refers to accounts receivable resulting from credit sales financed by the Company itself.

(c) These sales are intermediated by the Company for Luizaseg. The Company transfers to Luizaseg the full amount of extended guarantee, in the month subsequent to that of sale and receives from customers within the term agreed in the transaction.

(d) Refers to customer financing and personal credit operations carried out by the subsidiary together with Luizacred.

(e) Refers to bonus products to be received from suppliers, based on purchase volume, as well as agreements defining supplier's match of expenses related to advertising and promotion (cooperative advertising).

Changes in the provisions for loan losses are as follows:

	Company		Consolidated	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Balance at the beginning of the period	**(24,456)**	(28,172)	**(259,221)**	(182,924)
(+) Additions	**(9,723)**	(18,710)	**(166,844)**	(250,362)
(-) Write-offs	**3,337**	22,426	**162,383**	174,065
Balance at the end of the period	**(30,842)**	(24,456)	**(263,682)**	(259,221)

(In thousands of reais)

5. Accounts receivable (Continued)

Breakdown of trade accounts receivable, by maturity, is as follows:

	Company		Consolidated	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Falling due:				
Up to 30 days	**48,266**	29,895	**552,617**	509,045
From 31 to 60 days	**30,251**	39,248	**351,485**	330,951
From 61 to 90 days	**53,105**	48,713	**268,548**	249,269
From 91 to 180 days	**142,985**	101,132	**412,030**	401,886
From 181 to 360 days	**112,371**	109,075	**243,503**	281,020
Above 361 days	**7,101**	8,440	**8,361**	12,433
	394,079	336,503	**1,836,544**	1,784,604
Overdue:				
Up to 30 days	**2,956**	4,573	**34,964**	26,046
From 31 to 60 days	**2,379**	2,882	**20,652**	18,622
From 61 to 90 days	**2,198**	2,468	**28,596**	31,843
From 91 to 180 days	**5,541**	6,949	**74,135**	71,431
From 181 to 360 days	**-**	-	**133,631**	132,636
Above 361 days	**-**	-	**9**	647
	13,074	16,872	**291,987**	281,225
Total	**407,153**	353,375	**2,128,531**	2,065,829

Breakdown of accounts receivable from commercial agreements, by maturity, is as follows:

	Company		Consolidated	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Falling due:				
Up to 30 days	**32,796**	32,270	**32,796**	35,281
From 31 to 60 days	**28,068**	55,221	**28,068**	63,650
From 61 to 90 days	**10,826**	16,195	**10,826**	17,609
From 91 to 180 days	**29,616**	15,637	**29,616**	17,276
From 181 to 360 days	**190**	850	**190**	944
Above 361 days	**-**	-	**-**	-
	101,496	120,173	**101,496**	134,760
Overdue:				
Up to 30 days	**6,447**	2,056	**6,447**	3,106
From 31 to 60 days	**2,647**	1,145	**2,647**	1,926
From 61 to 90 days	**4,014**	387	**4,014**	658
From 91 to 180 days	**10,126**	1,429	**10,126**	2,577
From 181 to 360 days	**1,007**	1,661	**1,007**	2,297
Above 361 days	**-**	1,414	**-**	1,414
	24,241	8,092	**24,241**	11,978
Total	**125,737**	128,265	**125,737**	146,738

(In thousands of reais)

6. Inventories

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Resale goods	**1,147,125**	1,101,316	**1,147,125**	1,274,953
Consumption materials	**6,332**	5,171	**6,332**	7,891
Advance to suppliers	**824**	628	**824**	628
Provisions for losses	**(23,011)**	(15,034)	**(23,011)**	(18,815)
Total	**1,131,270**	1,092,081	**1,131,270**	1,264,657

The Company had at June 30, 2012 goods inventories provided as guarantee in connection with judicial proceedings pending judgment in the amount of approximately R$13,685 (R$ 3,500 at December 31, 2011).

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

	Company		Consolidated	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Balance at the beginning of the period	**(15,034)**	(18,597)	**(18,815)**	(32,629)
Inventories written off or sold	**4,422**	9,643	**4,422**	20,043
Addition for merger	**(3,781)**	-	**-**	-
Setting up of provision	**(8,618)**	(6,080)	**(8,618)**	(6,229)
Balance at the end of the period	**(23,011)**	(15,034)	**(23,011)**	(18,815)

The practice related to provision for inventory losses remain unaltered in relation to that disclosed in the December 31, 2011 financial statements.

(In thousands of reais)

7. Related parties

a) Related party balance

Current assets	Company (BRGAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Commissions for services rendered				
Jointly-controlled subsidiaries:				
Luizacred (i)	**33,660**	30,415	**16,830**	15,555
Luizaseg (ii)	**13,767**	10,788	**6,883**	5,394
	47,427	41,203	**23,713**	20,949
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**1,614**	498	**958**	-
Refund of expenses and expenses with consortium drawings				
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**225**	169	**225**	749
Lojas Maia (iv)	**-**	24,498	**-**	-
	225	24,667	**225**	749
Dividends receivable:				
Luizacred (i)	**3,022**	2,451	**-**	-
Luizaseg (ii)	**-**	1,774	**-**	-
	3,022	4,225	**-**	-
Balance receivable from credit card sales:				
Luizacred (i)	**17,346**	39,008	**8,673**	20,903
Loan agreements with subsidiary:				
Lojas Maia (iv)	**-**	20,564	**-**	-
Total current assets	**69,634**	130,165	**33,569**	42,601

(In thousands of reais)

7. Related parties (Continued)

a) Related party balance (Continued)

Current liabilities	Company (BRGAAP) 06/30/2012	Company (BRGAAP) 12/31/2011	Consolidated (IFRS and BR GAAP) 06/30/2012	Consolidated (IFRS and BR GAAP) 12/31/2011
Transfer of amounts received in connection with services rendered				
Jointly-controlled subsidiaries:				
Luizacred (i)	**45,840**	15,656	**21,863**	3,805
Luizaseg (ii)	**18,883**	16,785	**9,440**	8,391
	64,723	32,441	**31,303**	12,196
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**576**	574	**-**	574
Rent payable and other fund transfers				
Controlled by Company majority shareholders:				
MTG Administração, Assessoria e Participações S.A. (v)	**812**	1,103	**812**	1,103
PJD Agropastoril Ltda. (vii)	**32**	31	**32**	31
	844	1,134	**844**	1,134
Controlled by Company majority shareholders:				
Balance of advertising campaigns payable:				
ETCO - Empresa Técnica de Comunicação Ltda. (vi)	**215**	11,588	**215**	11,588
Total current liabilities	**66,358**	45,737	**32,362**	25,492
Other balances with related parties				
Itaú Unibanco S.A. (viii)	**-**	-	**1,018,571**	981,478
Credit card operations:				
Redecard S.A. (ix).	**-**	-	**463,208**	436,130

(In thousands of reais)

7. **Related parties** (Continued)

b) Transactions with related parties

	Six-month period ended				Three-month period ended			
	Company (BRGAAP)		Consolidated (IFRS and BR GAAP)		Company (BRGAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Revenue from service intermediation commissions								
Jointly-controlled subsidiaries:								
Luizacred (i)	**65,134**	59,821	**32,567**	29,911	**30,194**	31,298	**15,097**	15,649
Luizaseg (ii)	**51,556**	39,670	**25,778**	19,835	**27,830**	21,148	**13,915**	10,574
	116,690	99,491	**58,345**	49,746	**58,024**	52,446	**29,012**	26,223
Subsidiaries:								
Consortium Group (“LAC”) (iii)	**2,695**	2,395	**-**	-	**1,374**	1,277	**-**	-
Refund of shared expenses								
Jointly-controlled subsidiary:								
Luizacred (i)	**17,898**	23,829	**8,949**	11,915	**10,909**	9,089	**5,454**	4,545
Subsidiaries:								
Lojas Maia (iv)	**7,131**	22,126	**-**	-	**1,607**	12,823	**-**	-
Financial income from intercompany loan:								
Lojas Maia (iv)	**1,108**	-	-	-	**-**	-	**-**	-
Revenue from personal credit operation - Profit Sharing:								
Itaú Unibanco S.A. (viii)	**-**	-	**7,177**	34,075	**-**	-	**4,085**	17,470
	-	-	**7,177**	34,075	**-**	-	**4,085**	17,470
Transactions with other Itaú Group companies:								
Financial service intermediation (ix)	**-**	-	**6,546**	5,474	**-**	-	**2,335**	2,572
	-	-	**6,546**	5,474	**-**	-	**2,335**	2,572
Result from fixed asset sale								
Controlled by Company majority shareholders:								
MTG Administração, Assessoria e Participações S.A. (v)	**-**	10,661	**-**	10,661	**-**	**-**	**-**	-
Total revenues	**145,522**	158,502	**81,017**	111,871	**71,914**	75,635	**40,886**	50,810

(In thousands of reais)

7. **Related parties** (Continued)

b) Transactions with related parties (Continued)

	Six-month period ended				Three-month period ended			
	Company (BRGAAP)		Consolidated (IFRS and BR GAAP)		Company (BRGAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	**06/30/2011**	**06/30/2012**	**06/30/2011**	**06/30/2012**	**06/30/2011**	**06/30/2012**	**06/30/2011**
Expenses with rent of commercial buildings								
Controlled by Company majority shareholders:								
MTG Administração, Assessoria e Participações S.A. (v)	**(820)**	(3,561)	**(820)**	(3,561)	**(452)**	(1,316)	**(452)**	(1,316)
PJD Agropastoril Ltda. (vii)	**(191)**	(398)	**(191)**	(398)	**(63)**	(117)	**(63)**	(117)
	(1,011)	(3,959)	**(1,011)**	(3,959)	**(515)**	(1,433)	**(515)**	(1,433)
Expenses with charges on advance on credit card receivables:								
Luizacred (i)	**(24,610)**	(24,709)	**(12,305)**	(12,355)	**(12,149)**	(12,245)	**(6,074)**	(6,123)
Expenses with charges on interbank deposits:								
Itaú Unibanco (viii)	**-**	-	**(46,625)**	(47,394)	**-**	-	**(21,353)**	(24,476)
Shared costs:								
Itaú Unibanco (viii)	**-**	-	**(7,647)**	(4,506)	**-**	-	**(3,735)**	-
Cardif do Brasil Vida e Previdência S.A. (x)	**-**	-	**(790)**	(648)	**-**	-	**(371)**	(192)
Expenses with advertising campaigns								
Controlled by Company majority shareholders:								
ETCO - Empresa Técnica de Comunicação Ltda. (vi)	**(69,090)**	(43,551)	**(69,090)**	(43,551)	**(37,590)**	(5,575)	**(37,590)**	(5,575)
Total expenses	**(94,711)**	(72,219)	**(137,468)**	(112,413)	**(50,254)**	(19,253)	**(69,938)**	(37,799)

7. Related parties (Continued)

b) Transactions with related parties (Continued)

In the consolidated financial statements, Banco Itaucard was considered related party of Luizacred.

i. The transactions with Luizacred, jointly controlled with Banco Itaúcard S.A., refer to the following:

   a) Commissions for issue and enablement of credit cards with own flag ("Cartão Luiza") and financial expenses on advance on credit card receivables;

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

   c) Commissions from services monthly rendered by the Company including customer catchment, consumer credit operation management, control and collection of financing granted, access to systems and telecommunications network, as well as filing services and provision of physical space at sales points.

   Amounts payable (current liabilities) refer to receipt of installments from customers at Company stores cash tills, which are transferred to Luizacred on D+1.

ii. Amounts receivable (current assets) and revenues of Luizaseg, jointly controlled with NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., result from commissions for services rendered monthly by the Company referring to sale of supplementary guarantees. Amounts payable (current liabilities) refer to transfer of extended guarantees sold, to Luizaseg, in full, in the month subsequent to that of sale.

iii. Amounts receivable (current assets) of LAC, wholly-owned subsidiary, refer to commissions and sales operations made by the Company as consortium operations representative. Amounts payable (current liabilities) refer to fund transfers to be made to LAC referring to consortium installments received by the Company at cash registers of its sale points.

7. **Related parties** (Continued)

b) Transactions with related parties (Continued)

iv. All transactions referring to Lojas Maia, a jointly-controlled subsidiary until its merger on April 30, 2012, are presented herein, which refer to: i) agreement for refund of expenses with advertising assumed by the Company, based on formal agreement between the parties; and ii) loan agreement between the parties maturing on April 30, 2012 and earning 100% of CDI.

v. The transactions with MTG Administração, Assessoria e Participações S.A. ("MTG"), controlled by the Company's majority shareholders, refer to expenses with rent of commercial buildings housing its stores, as well as the distribution centers and head office.

vi. Transactions with ETCO - Empresa Técnica de Comunicação Ltda., a company indirectly controlled by the vice-chairwoman of the Company's board of directors, refer to advertising and promotion service agreements, including fund transfers related to advertising, media production and graphic creation.

vii. Transactions with PJD Agropastoril Ltda., a company controlled by the Company's indirect controlling shareholders, refer to expenses with rent of commercial buildings where its stores are located.

viii. The balances and transactions with Itaú Unibanco S.A., end joint controlling company of Luizacred refer to:

a. Interbank deposits and related charges posted to P&L, according to Note 15, correspond to fund raisings by Luizacred.

b. Portion attributed to Luizacred from sale of financial products from the "portfolio" of Itaú Unibanco, offered by Luizacred to customers at the Company's points of sale.

c. Administrative and operating costs, in accordance with the apportionment agreement between the parties.

(In thousands of reais)

7. Related parties (Continued)

b) Transactions with related parties (Continued)

ix. Transactions with other affiliates, which are controlled by Itaú Unibanco S.A., refer to:

a. Assignment of title to receivables, supported by CMN Resolution No. 2836, dated May 30, 2001, related to contracts of Luizacred included in the allowance for doubtful accounts;

b. Intermediation of financial services, mainly related to insurance sales and banking communication operations.

x. Transactions with Cardif do Brasil Vida e Previdência S.A., joint controlling company of Luizaseg, refer to administrative and operating costs, in accordance with the agreement executed by the parties.

The Company also has balances related to deferred revenues from related parties, presented in specific account heading, as described in Note16.

c) Management compensation

	Six-month period ended	
	06/30/2012	**06/30/2011**
Board of directors compensation	**140**	108
Executive board compensation	**2,988**	2,824
Total	**3,128**	2,932

The Company does not have post-employment benefits, labor contract termination benefits or other long-term benefits. Short-term benefits for the executive board are the same granted to other employees. The amounts of such benefits are included in executive board compensation. On April 1, 2011, the Company's board of directors approved a share-based compensation plan for management and certain board members. Share options related to this plan were granted on January 5, 2012, see Note 18. In addition, the Company does not have any benefits for key management personnel of its related parties.

Under Brazilian corporate legislation and the Company's charter, shareholders are responsible for establishing and approving in a general meeting, the overall amount of annual management compensation. For the year ended December 31, 2012, maximum overall management compensation of R$12,595 was approved.

(In thousands of reais)

8. Income and social contribution taxes

a) The chart below sets out reconciliation of tax effect on net income before income and social contribution taxes at the rates applicable to the Company and the consolidated effects in the corresponding periods.

	Six-month period ended				Three-month period ended			
	Company		Consolidated		Company		Consolidated	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Net income (loss) before income and social contribution taxes	**(45,208)**	17,110	**(46,957)**	24,990	**189**	3,910	**3,585**	7,779
Applicable rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Expected income and social contribution taxes at ruling rates	**15,371**	(5,817)	**15,965**	(8,497)	**(64)**	(1,329)	**(1,219)**	(2,645)
Effect from deferred tax balance due to rate difference of CSSL for financial institutions, from 9% to 15%	**-**	-	**880**	640	**-**	-	**(132)**	166
Effect from tax losses not recorded as deferred taxes of merged company Lojas Maia	**-**	-	**(8,149)**	-	**-**	-	**131**	-
Deferred taxes on temporary differences of Lojas Maia, after merger	**20,741**	-	**20,741**	-	**20,741**	-	**20,741**	-
Reconciliation with effective rate (effects from application of tax rates):								
Exclusion - Equity in subsidiaries	**(9,320)**	5,840	**-**	-	**1,253**	2,117	**-**	-
Other permanent (additions) exclusions, net	**(387)**	(256)	**(1,283)**	(256)	**(207)**	(116)	**(1,194)**	(718)
Income and social contribution tax credit (debit)	**26,405**	(233)	**28,154**	(8,113)	**21,723**	672	**18,327**	(3,197)
Current	**-**	-	**(4,090)**	(20,473)	**-**	-	**(2,439)**	(12,176)
Deferred	**26,405**	(233)	**32,244**	12,360	**21,723**	672	**20,766**	8,979
Total	**26,405**	(233)	**28,154**	(8,113)	**21,723**	672	**18,327**	(3,197)

(In thousands of reais)

8. Income and social contribution taxes (Continued)

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

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Deferred income and social contribution tax assets:				
Income and social contribution tax losses	**78,068**	68,747	**82,910**	72,470
Temporary difference due to adoption of RTT(1)	**4,688**	3,219	**4,688**	3,219
Provision for loan losses	**17,071**	9,512	**58,459**	51,618
Provision for inventory losses	**7,824**	5,112	**7,824**	5,112
Provision for tax, civil and labor risks	**43,804**	28,620	**45,763**	30,256
Provision for tax, civil and labor risks in business combinations	**-**	-	**-**	4,345
Other provisions	**700**	7,123	**7,224**	11,887
	152,155	122,333	**206,868**	178,907
Deferred income and social contribution tax liabilities:				
Amortization of intangibles in business combinations	**-**	-	**-**	10,693
Temporary difference due to adoption of RTT(1)	**7,920**	-	**7,920**	-
Other	**-**	-	**159**	72
	7,920	-	**8,079**	10,765

(1) The Company adopted the Transition Tax Regime (RTT), allowed by Law No. 11941/09 which, with the adoption of the new accounting practices, generates temporary differences for tax purposes.

9. Investments in subsidiaries

The Company has as wholly-owned subsidiary Luiza Administradora de Consórcios Ltda. ("LAC"). Changes in investment in the subsidiary are as follows:

(In thousands of reais)

9. Investments in subsidiaries (Continued)

	Luiza Administradora de Consórcio ("LAC")		Lojas Maia	
	06/30/2012	**12/31/2011**	**04/30/2012** Merger date	**12/31/2011**
Units of interest /shares held	**6,500**	6,500	**5,000**	5,000
Current assets	**14,907**	11,815	**269,761**	270,313
Non-current assets	**1,214**	2,170	**210,580**	190,955
Current liabilities	**4,253**	3,607	**311,663**	288,716
Non-current liabilities	**673**	607	**336,331**	340,026
Net revenue	**14,329**	25,795	**311,951**	777,998
Capital	**6,500**	6,500	**47,000**	17,000
Equity (capital deficiency)	**11,195**	9,771	**(167,653)**	(167,473)
Net income (loss) for the year/period	**1,424**	(354)	**(30,177)**	10,246

Changes in investments	**06/30/2012**	**12/31/2011**	**06/30/2012**	**12/31/2011**
Balance at the beginning of the period	**9,771**	10,125	**63,106**	96,017
Advance for future capital increase	**-**	-	**30,000**	12,000
Loss on share subscription	**-**	-	**-**	(55,157)
Equity pickup	**1,424**	(354)	**(30,177)**	10,246
Merged book net assets	**-**	-	**(62,929)**	-
Balance at the end of the period	**11,195**	9,771	**-**	63,106

Equity pickup is impacted by an expense of R$ 30,177, referring to equity pickup of subsidiary Lojas Maia in the 4-month period, until its merger occurred on April 30, 2012, as described below:

Merger of subsidiary F.S. Vasconcelos Ltda. – Lojas Maia

The Extraordinary General Meeting held on April 30, 2012, approved the Merger Protocol and Rationale of F.S. Vasconcelos e Cia. Ltda. ("Lojas Maia"), without increasing capital of the Company. Lojas Maia is a wholly-owned subsidiary of the Company.

9. Investments in subsidiaries (Continued)

Merger of subsidiary F.S. Vasconcelos Ltda. – Lojas Maia (Continued)

The following book net assets were incorporated at April 30, 2012:

	04/30/2012		04/30/2012
Cash and cash equivalents	**5,459**	Trade accounts payable	**180,176**
Accounts receivable	**77,162**	Loans and financing	**39,109**
Inventories	**157,242**	Salaries, vacation pay and social charges	**12,577**
Related parties	**13,239**	Taxes payable	**347**
Taxes recoverable	**2,866**	Related parties	**52,732**
Other assets	**13,793**	Deferred revenue	**10,406**
Current assets	**269,761**	Other accounts payable	**16,316**
		Current liabilities	**311,663**
Deferred income and social contribution taxes	**5,169**		
Taxes recoverable	**17,598**	Loans and financing	**85,386**
Judicial deposits	**38,750**	Provision for contingencies	**84,000**
Other assets	**16**	Deferred revenue	**154,369**
Investments in jointly-controlled companies	**30,532**	Deferred income and social contribution taxes	**9,673**
Property and equipment	**81,825**	Other accounts payable	**2,903**
Intangible assets	**36,690**	Non-current liabilities	**336,331**
Non-current assets	**210,580**		
		Negative net assets	**(167,653)**
Total assets	**480,341**	Total liabilities and negative net assets	**480,341**

10. Investments in jointly controlled companies ("joint ventures")

	Luizacred		Luizaseg	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Total shares - in thousands	**978**	847	**13,883**	13,883
Direct shareholding percentage	**50%**	40.55% (i)	**50%**	50%
Current assets	**3,089,098**	2,944,752	**154,218**	104,350
Non-current assets	**331,622**	326,468	**56,700**	91,910
Current liabilities	**3,043,432**	2,955,772	**93,294**	83,626
Non-current liabilities	**39,094**	12,468	**41,216**	35,838
Net revenue	**649,894**	1,057,740	**78,084**	137,508
Capital	**274,624**	226,624	**13,884**	13,884
Equity	**338,194**	302,980	**76,408**	76,796
Net income (loss) for the year/period	**(12,782)**	45,494	**10,196**	14,942

(In thousands of reais)

10. Investments in jointly controlled subsidiaries ("joint ventures") (Continued)

Changes in investments	Luizacred		Luizaseg	
	06/30/2012	12/31/2011	06/30/2012	12/31/2011
Balances at the beginning of the period	**122,858**	51,802	**38,398**	37,116
Capital increase	**19,464**	-	**-**	-
Addition for merger of subsidiary	**30,532**			
Relative interest increase (see statement presented hereinafter)	**-**	55,157	**-**	-
Proposed dividends	**-**	(2,489)	**(5,375)**	(6,189)
Other comprehensive income	**-**	-	**83**	-
Equity pickup	**(3,758)**	18,388	**5,098**	7,471
Balances at the end of the period	**169,096**	122,858	**38,204**	38,398

Total of investments in jointly-controlled subsidiaries	06/30/2012	12/31/2011
Luizacred	**169,096**	122,858
Luizaseg	**38,204**	38,398
	207,300	161,256

(i) Direct interest of 40.55%. Indirectly through subsidiary Lojas Maia, the company holds additional interest of 9.45%, thus direct and indirect ownership interest totals 50%.

On January 16, 2012, the general shareholders' meeting of jointly controlled subsidiary Luizacred approved capital increase of R$ 48,000, in cash, with issue of 130,852 new shares, of which 65,426 are preferred and 65,426 are common shares. The funds were contributed as follows:

Shareholder	Preferred	Common	% ownership interest
Itaucard	244,404	244,404	50.00%
Magazine Luiza	198,212	198,212	40.55%
Lojas Maia	46,192	46,192	9.45%
Total	488,808	488,808	100.00%

(In thousands of reais)

11. Property and equipment

Changes in property and equipment, in the period ended June 30, 2012, were as follows:

	Company	Consolidated
Property and equipment, net at December 31, 2011	417,295	489,938
Additions	53,078	66,952
Addition for merger – Lojas Maia	81,825	-
Write-offs	(766)	(766)
Depreciation	(24,331)	(26,967)
Property and equipment, net at June 30, 2012	527,101	529,157
Breakdown of property and equipment at June 30, 2012:		
Property and equipment cost	840,191	849,323
Accumulated depreciation	(313,090)	(320,166)
Property and equipment, net at June 30, 2012	527,101	529,157

In the quarter, no evidence of property and equipment impairment was detected.

12. Intangible assets

Changes in intangible assets in the period ended June 30, 2012 were as follows:

	Company	Consolidated
Intangible assets, net at December 31, 2011	175,716	448,908
Additions	8,194	11,425
Addition for merger – Lojas Maia	267,266	-
Write-offs	(388)	(388)
Amortization	(13,610)	(16,714)
Intangible assets, net at June 30, 2012	437,178	443,231
Breakdown of intangible assets at June 30, 2012		
Intangible assets cost	547,240	557,471
Accumulated amortization	(110,062)	(114,240)
Intangible assets, net at June 30, 2012	437,178	443,231

In the quarter, no evidence of intangible asset impairment was detected.

(In thousands of reais)

13. Trade accounts payable

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Resale goods - domestic market	**1,017,159**	1,077,806	**1,019,708**	1,257,299
Other suppliers	**9,947**	26,690	**9,947**	26,690
Present value adjustments	**(11,212)**	(13,483)	**(11,212)**	(16,215)
	1,015,894	1,091,013	**1,018,443**	1,267,774

(In thousands of reais)

14. Loans and financing

Modality	Charges	Guarantees	Final maturity	Company 06/30/2012	Company 12/31/2011	Consolidated 06/30/2012	Consolidated 12/31/2011
BNDES (a)	TJLP + 2.38% p.a. (i) IPCA + 8.91% p.a. (ii)	Bank guarantee	Dec/13	**26,201**	32,297	**26,201**	32,297
Working capital (b)	107.5% to 118.8% of CDI p.a.	(b)	Mar/17	**779,656**	538,594	**779,656**	658,646
Finance leases (c)	CDI/TJLP/LIBOR	Chattel mortgage / Escrow deposits	Dec/19	**19,222**	20,366	**19,222**	20,392
Debentures – restricted placement (d)	113% of CDI	-	Jun/14	**200,216**	-	**200,216**	-
Promissory notes (e)	109% of CDI	-	Oct/12	**101,612**	-	**101,612**	-
				1,126,907	591,257	**1,126,907**	711,335
Current liabilities				**225,902**	94,979	**225,902**	129,671
Non-current liabilities				**901,005**	496,278	**901,005**	581,664

(a) Loans from BNDES have the nature of: i) financing for opening of new stores and ii) acquisition of premises and equipment. These contracts involve monthly repayment of the principal amount and interest.

(b) This financing is secured by sureties, commercial pledge, bank guarantees, and mortgage of properties belonging to the controlling shareholders and part of credit card receivables, as described in Note 5.

Part of loans was raised in foreign currency, which is subject to fixed interest and exchange variation. In order to hedge its operations against the risk of exchange rate variation, the Company has taken out “swaps” of contractual charges for variable interest corresponding to a CDI percentage. It is a fully “tied” operation, which does not expose the Company to foreign exchange rate or foreign interest rate risks. The effect from this operation is shown in Note 25.

(c) The Company has finance lease contracts related to: (i) aircraft, for which the contract was entered into in 2005 with final maturity in 2016. This contract required escrow deposit of R$ 1,232, (equivalent to US$ 610 thousand), recorded in “Other non-current assets”, which will be redeemed upon contract final maturity. This deposit, equivalent to 15% of the total amount of the asset, is restated by exchange variation, recognized in P&L for the period; (ii) IT equipment and software, of which the contracts have final maturity in 2019.

(In thousands of reais)

14. Loans and financing (Continued)

(d) The Company made the first issue of simple debentures, not convertible into shares, in a sole series, for public distribution with restricted placement efforts, in conformity with CVM Rule No. 476/09, with issue date of December 26, 2011. There was issue of 200 debentures, with nominal unit value of R$1,000, totaling R$200,000.

The debentures will be valid for 30 months as from issue date, thus maturing on June 26, 2014. Debentures nominal value will not be restated and will earn interest of 113% of the accumulated variation of average daily rates of Interbank Deposits - DI, which shall be paid twice-annually, the first such payment shall be on June 26, 2012. In this operation, the Company incurred transaction costs of R$1,722, which will be posted to P&L over the same validity period. Considering operation costs, projected effective interest rate (TIR) is of approximately 116.38% of CDI p.a.

Debentures were paid on January 6, 2012, after registration and compliance with CETIP settlement rules, considering their unit value plus applicable remuneration on a *pro rata temporis* basis from debenture issue date through to effective payment date.

(e) On April 10, 2012, the Company's Board of Directors approved its first issue of promissory notes, in a sole series, for public distribution with restricted placement efforts. There was issue of 10 promissory notes, with unit value of R$ 10,000, totaling R$ 100,000. The promissory notes mature within 180 days from issue date. Unit value of promissory notes will not be restated and they will be remunerated by interest from issue date, corresponding to 109.00% of the accumulated variation of the daily average rates of Interbank Deposits (DI).

There was no change in the Company's contractual covenants in relation to December 31, 2011 and at June 30, 2012, the Company complied with its contractual obligations.

15. Interbank deposits

		Consolidated (IFRS and BR GAAP)	
Modality	**Charges**	**06/30/2012**	**12/31/2011**
Interbank deposits	103.9% of CDI	**1,018,571**	981,478

Interbank deposits are securities issued by financial institutions and trading thereof is restricted to the interbank market and refer to interbank fund raising by Luizacred from Itaú Unibanco Holding S.A., of which maturities are as follows:

(In thousands of reais)

16. Deferred revenue

	Company (BR GAAP)		Consolidated (IFRS e BRGAAP)	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Deferred revenue from third parties:				
Exclusivity agreement with Banco Itaúcard (a)	**190,250**	196,500	**190,250**	196,500
Exploration right agreement – payroll (b)	**3,369**	5,207	**3,369**	5,207
Commercial agreement - Cardif (c)	**54,997**	-	**62,497**	16,802
	248,616	201,707	**256,116**	218,509
Deferred revenue from related parties:				
Exclusivity agreement with Luizacred (d)	**193,924**	48,000	**96,501**	99,844
	193,924	48,000	**96,501**	99,844
Total deferred revenue	**442,540**	249,707	**352,617**	318,353
Current liabilities	**38,942**	19,217	**33,398**	24,092
Non-current liabilities	**403,598**	230,490	**319,219**	294,261

(a) On November 27, 2009, the Company entered into an "Association Agreement", with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaúcard S.A., under which the Company assigned to Luizacred the exclusive right to offer, distribute and trade financial products and services in its chain of stores, for the term of 20 years.

For the referred to association Itaú institutions paid on demand the amount of R$250,000, of which: i) R$230,000 referred to execution of the agreement, without right of refund for damages, and; ii) R$20,000 related to compliance with profitability target of Luizacred, subject to return of the amount, in full or in part, to be posted to P&L over the contractual period, i.e. 20 years, as targets are attained.

(b) On June 30, 2008, the Company entered with a financial institution into an agreement for assignment of exclusive exploration right in connection with its payroll for 5 years in order to render bank services to its employees. This partnership allowed the Company to have cash inflow of R$20,250. Recognition of revenue related to funds received is posted to P&L during the contract term.

(c) On June 21, 2012, considering merger of subsidiary Lojas Maia, as well as the intention of renewing and extending the Operating Commercial Agreement for distribution of sundry insurance services, in the distribution network of Magazine Luiza, until December 31, 2015, the Company executed with Cardif do Brasil an amendment to the aforementioned agreements, thus allowing cash inflow for the Company of R$ 80,000, R$ 30,000 of which destined to jointly-controlled subsidiary Luizacred, owing to the waiver thereof to priority in the distribution of insurance against credit card loss and theft. Recognition of revenue resulting from this agreement is appropriated to P&L during contract term.

(d) On December 29, 2010, subsidiary Lojas Maia entered into an association agreement with Luizacred, a jointly controlled company, under which it granted exclusive right to offer, distribute and trade financial products and services in its chain of stores, for 19 years. For this association, Luizacred paid R$160,000 in cash to Lojas Maia (in Consolidated R$80,000 were eliminated against intangible assets of Luizacred), which are posted to P&L during the contract term. As part of this association agreement, the amount of R$20,000, mentioned in item "(a) ii" above, was increased to R$55,000.

On December 16, 2011, the Company entered into an amendment to the association agreement with the jointly-controlled subsidiary Luizacred, due to the increase in Company operations, resulting from acquisition of New-Utd. Under this amendment, Luizacred paid R$48,000 in cash to the Company, which will be posted to P&L over the remaining association agreement term.

(In thousands of reais)

17. Provision for tax, civil and labor risks

The Company and its subsidiaries and jointly-controlled subsidiaries present labor, civil and tax proceedings pending judgment for which administrative or judicial opposition was filed. For the cases involving unfavorable outcome in the opinion of legal advisors the Company set up at June 30, 2012, in non-current liabilities, a provision for tax, civil and labor contingencies, based on Group management's best estimate of the related future cash outlay. Changes in the provision for tax, civil and labor contingencies are as follows:

Company

	12/31/2011	Additions	Addition for merger	Reversal	Write-offs	06/30/2012
Tax	50,424	10,952	81,127	(417)	(6,504)	**135,582**
Civil	8,521	2,100	-	-	(1,413)	**9,208**
Labor	25,231	3,105	2,873	(1,900)	(1,022)	**28,287**
	84,176	16,157	84,000	(2,317)	(8,939)	**173,077**

Consolidated

	12/31/2011	Additions	Reversal	Write-offs	Restatement	06/30/2012
Tax	126,233	17,390	(417)	(6,504)	288	**136,990**
Civil	17,935	5,430	(3)	(4,432)	302	**19,232**
Labor	29,236	3,385	(1,965)	(1,146)	17	**29,527**
	173,404	26,205	(2,385)	(12,082)	607	**185,749**

At June 30, 2012, the nature of the main cases classified by management, based on the opinion of its legal advisors, as involving probable loss, as well as the legal obligations for which there are judicial deposits, of which the amounts were included in the above provisions, is as follows:

a) Tax proceedings

(i) The Company has filed opposition against nineteen tax assessments by the São Paulo State Finance Department, which alleges ICMS underpayment, supposedly due to error in tax rate application. The Company set up a related provision for cases involving probable loss in the opinion of its legal advisors. These tax assessments aggregate R$11,702 at June 30, 2012 (R$15,706 at December 31, 2011). Out of this amount, approximately R$13,685 is secured by the Company's revolving goods inventories.

17. Provision for tax, civil and labor risks (Continued)

a) Tax proceedings (Continued)

(ii) The Company is questioning in court through petition for writ of mandamus the constitutionality of the obligation of INCRA contribution payment. For this, the Company has made judicial deposits in an account bound to the legal proceeding, totaling at June 30, 2012 the amount of R$6,555 (R$3,477 at December 31, 2011).

(iii) The Company is questioning in court the increase in the Occupational Accident Risk (RAT) rate. For this, it filed a judicial proceeding and started to deposit in court, in an account bound to the proceeding, the amounts referring to the tax rate increase. The judicial deposit aggregates R$21,742 at June 30, 2012 (R$17,532 at December 31, 2011).

(iv) The Company is questioning at the administrative level the Accident Prevention Factor (FAP) index imposed by MPS/CNPS Resolution No. 1269/06, for which the provision totals R$16,593 at June 30, 2012 (R$13,709 at December 31, 2011).

(v) Other tax proceedings considered by management of the Company and its legal advisors as involving probable loss aggregate R$31,598 at June 30, 2012 (R$36,193 at December 31, 2011), which were provisioned and relate to tax notices for supposed differences in application of ICMS rates, as well as PIS/COFINS related risks referring to debts on interest income, tax incentives received and tax credits that may be questioned by the tax authorities.

(vi) Merged subsidiary Lojas Maia did not recognize PIS/COFINS levied on ICMS calculation base, thus made a judicial deposit and set up a related provision in the amount of R$39,171 at June 30, 2012 (R$33,084 at December 31, 2011).

(vii) In the business combination with Lojas Maia, other tax risks related to ICMS, IRPJ, CSSL and ISS were detected by the Company and weighted to determine the related fair values, with recording of an additional provision of R$ 9,629 at June 30, 2012 (R$6,532 at December 31, 2011).

17. Provision for tax, civil and labor risks (Continued)

b) Civil proceedings

Civil contingencies of the Company in the amount of R$9,208 at June 30, 2012 (R$8,521 at December 31, 2011) relate to customer claims related to possible product defects. The remaining balances are not relevant and are recorded in the jointly-controlled subsidiaries of the Company.

c) Labor proceedings

i. The Company is defendant in several labor proceedings mainly claiming payment of overtime differences.

The provisioned amount of R$23,383 at June 30, 2012 (R$21,932 at December 31, 2011) – Company reflects the risk of probable loss assessed by Company management together with its legal advisors. The remaining balances are not relevant and are recorded in other subsidiaries and jointly-controlled subsidiaries of the Company.

ii. The Company is also challenging payment of social security contribution on labor prior notice, which is being fully deposited in court, in the amount of R$4,904 at June 30, 2012 (R$3,299 at December 31, 2011), balance which is fully provisioned by the Company.

The Company is party to other proceedings that were considered by management as involving possible loss, based on the opinion of its legal advisors; therefore no provision has been set up for these proceedings. The amounts attributed to the main cases are as follows:

Tax proceedings: The Company and its subsidiaries and jointly-controlled subsidiaries are defendants in certain tax proceedings. The amount estimated by management and its legal advisors related to these proceedings at administrative or judicial level totals R$ 338,313 at June 30, 2012 (R$377,309 at December 31, 2011).

17. Provision for tax, civil and labor risks (Continued)

c) Labor proceedings (Continued)

We describe below the nature of the main proceedings considered as involving possible loss:

PIS/COFINS - Administrative proceedings pending judgment by the Regional Appellate Division, related to tax notices issued due to differences in tax calculation bases, tax credits computed and offset against tax liabilities however not approved by Brazilian IRS, among other minor ones. Proceedings of this nature aggregate R$161,274.

ICMS - Administrative and judicial proceedings related to tax notices issued due to: (i) differences in ICMS rates, (ii) certain noncompliance with accessory obligations, (iii) acquisition of goods from suppliers of which the registration was considered invalid by the tax authorities, (iv) and, challenge about ICMS rate increase in the São Paulo state, from 17% to 18%; among other minor ones, aggregating estimated amount of R$193,669.

d) Civil and labor proceedings

The Company has filed opposition against civil and labor proceedings at administrative level considered as involving possible loss, of which the amounts are not material for disclosure.

Contingent assets

The Company is claimant in other tax proceedings of sundry nature. These proceedings aggregate the estimated amount of approximately R$357,658 at June 30, 2012 (R$294,528 at December 31, 2011) and were not recorded for representing contingent assets. Such credits mainly refer to the challenge in court in order to exclude ICMS from the PIS/COFINS tax base, and total approximately R$217,444. Other credits are claimed in proceedings challenging PIS tax base expansion and ISS exclusion from PIS/COFINS tax base, among others.

18. Equity

Share purchase option plan

The Board of Directors meeting held on January 5, 2012 established eligible beneficiaries of the share purchase option plan approved on April 1, 2011, i.e. share purchase options may be granted to officers, employees or service providers of the Group. The same meeting established strike price of options to be granted, of R$13.60 for certain elected directors and R$10.32 for another director. The private documents granting share purchase options to eligible beneficiaries were also signed, and a total of 2,250,000 share purchase options were granted for price of R$10.32 (Plan 1) and a total of 1,274,732 share purchase options were granted for price of R$13.60 (Plan 2).

Both plans will inure for 8 years as from option grant date. Options may be exercised, in full or in part, as long as beneficiary remains uninterruptedly Company officer or employee between grant date and the dates specified below. For Plan 1, 20% of options may be exercised when granted and, as from this date, further 20% of the options may be exercised every year beneficiary continues working for the Company. For Plan 2, 20% of options may be exercised as from March 1, 2012 and, as from said date, further 20% may be exercised every year beneficiary continues working for the Company.

Up to June 30, 2012 no share purchase option has been exercised. The fair value of each option granted is estimated on the grant date applying the option pricing *Black & Scholes* model considering the following assumptions: a) expected average option life of 5.5 years; b) annual average volatility considered by companies of the same sector of 43.5%; c) risk-free interest rate of 10%. Weighted average fair value of options granted at June 30, 2012 was R$ 6.49.

(In thousands of reais)

18. Equity (Continued)

Share purchase option plan (Continued)

Under CPC 10 R1 and IFRS 2, the effects from transactions with share-based payments were recorded in P&L for the year, considering the fair value of share purchase options, resulting in R$ 1,410 at June 30, 2012. The chart below sets out the maximum shareholding dilution percentage, to which the current shareholders will be subject in case of exercise until June 30 of all options granted:

	06/30/2012
Current number of shares	**186,494,467**
Balance of share options in force	**3,524,732**
Maximum dilution percentage	**1.89%**

Dividends

The Company's by-laws provide for payment of minimum mandatory dividends of 15% of net income adjusted as allowed by corporation law. In the year ended December 31, 2011, management set up a provision for minimum mandatory dividends of R$ 1,662. The ordinary general meeting held on April 30, 2012 approved payment of dividends of R$ 2,771, therefore R$ 1,109 in excess of minimum mandatory dividends. This amount was fully settled in the 2nd quarter of this year.

Earnings per share

According to CPC 41 and IAS 33 - "Earnings per share", the table below presents reconciliation of net income for the period with the amounts considered to calculate basic and diluted earnings per share:

	06/30/2012	06/30/2011
Net income for the periods attributable to Company owners	**(18,803)**	16,877
Weighted average number of outstanding shares in the period	**174,448**	174,448
Basic and diluted earnings per share (in reais)	**(0.11)**	0.10

Considering that the average market price of outstanding shares is lower than the strike price of share purchase options granted, in the period between option grant and June 30, 2012, there is no dilution effect on earnings per share.

(In thousands of reais)

19. Net revenue

	Six-month period ended				Three-month period ended			
	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)		Company (BR GAAP)		Consolidated (IFRS e BRGAAP)	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Gross revenue:								
Retail - goods resale	**3,420,838**	2,625,247	**3,801,241**	3,109,471	**1,796,145**	1,342,796	**1,887,348**	1,576,632
Retail - service rendering	**135,256**	110,971	**83,743**	65,276	**71,168**	58,501	**43,760**	34,609
Credit operations	**-**	-	**312,642**	220,518	**-**	-	**161,336**	109,771
Insurance operations	**-**	-	**39,042**	32,407	**-**	-	**20,599**	16,560
Consortium administration	**-**	-	**15,688**	12,681	**-**	-	**7,945**	6,717
	3,556,094	2,736,218	**4,252,356**	3,440,353	**1,867,313**	1,401,297	**2,120,988**	1,744,289
Taxes and returns:								
Goods resale	**(548,066)**	(426,977)	**(624,874)**	(535,035)	**(290,528)**	(212,196)	**(308,500)**	(262,796)
Service rendering	**(17,922)**	(14,779)	**(20,451)**	(16,463)	**(9,524)**	(7,777)	**(10,557)**	(8,691)
	(565,988)	(441,756)	**(645,325)**	(551,498)	**(300,052)**	(219,973)	**(319,057)**	(271,487)
Net revenue	**2,990,106**	2,294,462	**3,607,031**	2,888,855	**1,567,261**	1,181,324	**1,801,931**	1,472,802

20. Cost of goods resold, services rendered and funding for financial operations

	Six-month period ended				Three-month period ended			
	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)		Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Cost of:								
Goods resold	**(2,134,762)**	(1,614,214)	**(2,376,259)**	(1,885,481)	**(1,119,004)**	(832,312)	**(1,174,565)**	(964,813)
Services rendered	**-**	-	**(6,028)**	(6,219)	**-**	-	**(2,821)**	(3,609)
Funding for financial operations	**-**	-	**(46,635)**	(44,640)	**-**	-	**(21,355)**	(21,723)
	(2,134,762)	(1,614,214)	**(2,428,922)**	(1,936,340)	**(1,119,004)**	(832,312)	**(1,198,741)**	(990,145)

(In thousands of reais)

21. Information on the nature of expenses recognized in the statement of operations for the period

The Group presented the statement of operations using classification of expenses based on their function. Information about nature of these expenses recognized in the statement of operations is set out below:

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Personnel expenses	**(422,397)**	(338,969)	**(461,818)**	(385,514)
Expenses with service providers	**(152,976)**	(116,279)	**(219,386)**	(181,442)
Other	**(157,563)**	(93,856)	**(247,120)**	(125,971)
Total	**(732,936)**	(549,104)	**(928,324)**	(692,927)
Classified by function as:				
Selling expenses	**(600,761)**	(472,929)	**(754,178)**	(603,532)
General and administrative expenses	**(139,844)**	(111,615)	**(179,857)**	(150,183)
Other operating revenues, net	**7,669**	35,440	**5,711**	60,788
	(732,936)	(549,104)	**(928,324)**	(692,927)

22. Other operating revenues, net

	Six-month period ended				Three-month period ended			
	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)		Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Gain (loss) on fixed asset disposals (a)	**(531)**	10,652	**(531)**	10,662	**(261)**	-	**(262)**	-
Deferred revenue (b)	**21,941**	23,974	**29,609**	24,631	**17,118**	11,987	**23,828**	12,351
Provision for tax losses	**(450)**	(573)	**(450)**	(573)	**1,120**	(490)	**1,120**	(490)
Expenses with network integration (c)	**(13,706)**	-	**(16,342)**	-	**(3,282)**	-	**(3,282)**	-
Personal credit operations (d)	**-**	-	**7,178**	34,075	**-**	-	**4,086**	17,471
Expenses with financial claims (e)	**-**	-	**(3,091)**	(3,515)	**-**	-	**(1,330)**	(2,967)
Expenses with issue of credit cards with “chips” (f)	**-**	-	**(7,837)**	-	**-**	-	**(5,397)**	-
Other	**415**	1,387	**(2,825)**	(4,492)	**(34)**	1,231	**(2,699)**	(2,061)
Total	**7,669**	35,440	**5,711**	60,788	**14,661**	12,728	**16,064**	24,304

(a) In 2011, the balance referred to real property sales to related parties as described in Note 7 of the December 31, 2011 financial statements. The amount of this transaction in 2012 refers to scrap sales to third parties.

(b) Refers to recording of deferred revenue in connection with assignment of exploration rights, as described in Note 16.

(c) Refer to non-recurring expenses incurred, in the network integration process.

(d) In 2005, Luizacred entered into a partnership agreement with former Banco Fininvest S.A., succeeded by Itaú Unibanco, in order to offer personal credit operations to Magazine Luiza customers, to complete the portfolio of services offered by Luizacred. The main contractual provision establishes transfer of funds computed monthly (“profit sharing”) from loan services of Fininvest to Luizacred.

(e) These refer to expenses with claims in connection with credit card operations of Luizacred.

(f) These refer to expenses with issue of credit cards with chips to new and old customers.

(In thousands of reais)

23. Financial results

	Six-month period ended				Three-month period ended			
	Company		Consolidated		Company		Consolidated	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Financial income:								
Interest on extended guarantee sales	**10,369**	5,793	**10,369**	5,793	**4,647**	3,029	**4,647**	3,029
Short-term investments and securities yield	**6,355**	9,659	**11,183**	16,340	**4,261**	8,374	**6,469**	10,830
Interest on goods sales - interest on late payment	**767**	1,089	**905**	1,270	**450**	883	**489**	974
Exchange gains	**92**	165	**92**	165	**-**	151	**-**	151
Discounts obtained	**2,770**	570	**2,784**	570	**724**	343	**732**	343
Other	**5,864**	304	**5,864**	343	**973**	7	**973**	8
	26,217	17,580	**31,197**	24,481	**11,055**	12,787	**13,310**	15,335
Financial expenses:								
Interest on loans and financing	**(53,781)**	(63,916)	**(60,119)**	(74,567)	**(27,803)**	(32,956)	**(29,277)**	(38,171)
Charges on advance on credit card receivables	**(49,595)**	(34,021)	**(39,716)**	(26,601)	**(28,246)**	(16,589)	**(22,597)**	(12,413)
Provision for interest on extended guarantee sales	**(6,715)**	(4,251)	**(6,715)**	(4,251)	**(3,287)**	(3,149)	**(3,287)**	(3,149)
Exchange losses	**(333)**	-	**(333)**	-	**(333)**	-	**(333)**	-
Other	**(8,333)**	(6,541)	**(8,834)**	(7,117)	**(3,071)**	(3,538)	**(3,176)**	(3,973)
	(118,757)	(108,729)	**(115,717)**	(112,536)	**(62,740)**	(56,232)	**(58,669)**	(57,706)
Financial results	**(92,540)**	(91,149)	**(84,520)**	(88,055)	**(51,685)**	(43,445)	**(45,359)**	(42,371)

24. Information by operating segment

CPC 22 and IFRS 8 – Operating Segment require that operating segments be identified based on internal reports about Company components regularly reviewed by the Managing Director, in charge of making decisions about fund allocation to the segment and evaluating its performance.

24. Information by operating segment (Continued)

In order to manage its businesses in relation to financial and operating aspects, the Company classified its business into Retail, Financial Operations, Insurance Operations and Consortium Administration. These divisions are considered the main segments for disclosure purposes. The main characteristics of each of the divisions are as follows:

- Retail - mainly goods resale and service rendering at Company stores;
- Financial operations - through the jointly controlled subsidiary Luizacred, of which the main business purpose is to offer credit to Company customers for products acquisition;
- Insurance operations - through jointly-controlled subsidiary Luizaseg, of which the business purpose is to offer extended guarantee for products acquired by Company customers;
- Consortium administration – through subsidiary LAC, of which the main business purpose is consortium administration for products acquisition by Company customers.

Company sales are fully performed in the Brazilian territory and considered retail operations, also there is no sales concentration to certain customers or of certain products and services offered by the Group.

(In thousands of reais)

24. Information by operating segment (Continued)

Statements of operations

	06/30/2012						
	Retail	Financial operations	Insurance operations	Consortium administration	Total	Eliminations	Consolidated balance
Gross revenue from third parties	3,884,984	312,642	39,042	15,688	4,252,356	-	4,252,356
Gross revenue from related parties	61,039	12,305	-	-	73,344	(73,344)	-
Deductions	(643,966)	-	-	(1,359)	(645,325)	-	(645,325)
Net revenue from segment	3,302,057	324,947	39,042	14,329	3,680,375	(73,344)	3,607,031
Costs	(2,376,259)	(46,635)	(3,306)	(5,417)	(2,431,617)	2,695	(2,428,922)
Gross profit (loss)	925,798	278,312	35,736	8,912	1,248,758	(70,649)	1,178,109
Selling expenses	(660,540)	(93,638)	-	-	(754,178)	-	(754,178)
Selling expenses - related parties	-	(33,267)	(25,078)	-	(58,345)	58,345	-
General and administrative expenses	(164,639)	(1,519)	(6,375)	(7,324)	(179,857)	-	(179,857)
Provisions for loan losses	(11,420)	(157,121)	-	-	(168,541)	-	(168,541)
Depreciation and amortization	(43,655)	(3,317)	(3)	(145)	(47,120)	3,439	(43,681)
Equity in subsidiaries	131	-	-	-	131	(131)	-
Other operating revenues	8,758	160	13	219	9,150	(3,439)	5,711
Financial income (expenses)	(89,177)	-	4,196	461	(84,520)	-	(84,520)
Financial income (expenses)- related parties	(12,304)	-	-	-	(12,304)	12,304	-
Income and social contribution taxes	28,245	3,999	(3,391)	(699)	28,154	-	28,154
Net income (loss) for the period	(18,803)	(6,391)	5,098	1,424	(18,672)	(131)	(18,803)

(In thousands of reais)

24. Information by operating segment (Continued)

Statements of operations (Continued)

	06/30/2011						
	Retail	Financial operations	Insurance operations	Consortium administration	Total	Eliminations	Consolidated balance
Gross revenue from third parties	3,174,747	220,518	32,407	12,681	3,440,353	-	3,440,353
Gross revenue from related parties	52,141	12,355	-	-	64,496	(64,496)	-
Deductions	(550,618)	-	-	(880)	(551,498)	-	(551,498)
Net revenue from segment	2,676,270	232,873	32,407	11,801	2,953,351	(64,496)	2,888,855
Costs	(1,885,481)	(44,640)	(2,299)	(6,315)	(1,938,735)	2,395	(1,936,340)
Gross profit (loss)	790,789	188,233	30,108	5,486	1,014,616	(62,101)	952,515
Selling expenses	(539,557)	(62,983)	(992)	-	(603,532)	-	(603,532)
Selling expenses - related parties	-	(29,910)	(19,835)	-	(49,745)	49,745	-
General and administrative expenses	(136,745)	(1,978)	(5,340)	(6,120)	(150,183)	-	(150,183)
Provisions for loan losses	(4,620)	(99,030)	-	-	(103,650)	-	(103,650)
Depreciation and amortization	(42,163)	(2,699)	(2,570)	(134)	(47,566)	4,673	(42,893)
Equity in subsidiaries	13,999	-	-	-	13,999	(13,999)	-
Other operating revenues	41,343	23,972	(61)	206	65,460	(4,672)	60,788
Financial income (expenses)	(92,675)	-	4,198	422	(88,055)	-	(88,055)
Financial income (expenses)- related parties	(12,355)	-	-	-	(12,355)	12,355	-
Income and social contribution taxes	(1,139)	(4,781)	(2,193)	-	(8,113)	-	(8,113)
Net income (loss) for the period	16,877	10,824	3,315	(140)	30,876	(13,999)	16,877

(In thousands of reais)

24. Information by operating segment (Continued)

Balance sheets

	06/30/2012						
Assets	**Retail**	**Financial operations**	**Insurance operations**	**Consortium administration**	**Total**	**Eliminations**	**Consolidated balance**
Cash and cash equivalents	123,886	2,748	56	13,610	140,300	-	140,300
Securities	186,111	5,090	89,891	-	281,092	-	281,092
Accounts receivable	480,601	1,488,538	-	-	1,969,139	-	1,969,139
Inventories	1,131,270	-	-	-	1,131,270	-	1,131,270
Investments	218,495	-	-	-	218,495	(218,495)	-
Property and equipment and intangible assets	964,279	104,062	24	985	1,069,350	(96,962)	972,388
Other assets	565,476	109,922	15,488	1,526	692,412	(68,429)	623,983
	3,670,118	1,710,360	105,459	16,121	5,502,058	(383,886)	5,118,172
Liabilities							
Suppliers	1,015,894	-	2,037	512	1,018,443	-	1,018,443
Loans and financing	1,126,907	-	-	-	1,126,907	-	1,126,907
Interbank deposits	-	1,018,571	-	-	1,018,571	-	1,018,571
Operation with credit card	-	463,208	-	-	463,208	-	463,208
Technical insurance reserves	-	-	54,495	-	54,495	-	54,495
Provision for tax, civil and labor risks	173,077	11,908	91	673	185,749	-	185,749
Deferred revenue	442,540	7,500	-	-	450,040	(96,963)	353,077
Other accounts payable	309,167	40,077	10,633	3,741	363,618	(68,429)	295,189
	3,067,585	1,541,264	67,256	4,926	4,681,031	(165,392)	4,515,639

(In thousands of reais)

24. Information by operating segment (Continued)

Balance sheets (Continued)

	12/31/2011						
Assets	**Retail**	**Financial operations**	**Insurance operations**	**Consortium administration**	**Total**	**Eliminations**	**Consolidated balance**
Cash and cash equivalents	158,171	3,817	18	11,111	173,117	-	173,117
Securities	26,876	5,315	86,033	-	118,224	-	118,224
Accounts receivable	504,836	1,432,399	-	-	1,937,235	-	1,937,235
Inventories	1,264,657	-	-	-	1,264,657	-	1,264,657
Investments	32,186	-	-	-	32,186	(32,186)	-
Property and equipment and intangible assets	930,254	107,342	4	980	1,038,580	(99,734)	938,846
Other assets	461,117	86,737	12,075	1,894	561,823	(116,548)	445,275
	3,378,097	1,635,610	98,130	13,985	5,125,822	(248,468)	4,877,354
Liabilities							
Suppliers	1,266,046	-	1,066	662	1,267,774	-	1,267,774
Loans and financing	711,335	-	-	-	711,335	-	711,335
Interbank deposits	-	981,478	-	-	981,478	-	981,478
Operation with credit card	-	436,130	-	-	436,130	-	436,130
Technical insurance reserves	-	-	50,317	-	50,317	-	50,317
Provision for tax, civil and labor risks	166,569	6,167	61	607	173,404	-	173,404
Deferred revenue	418,088	-	-	-	418,088	(99,735)	318,353
Other accounts payable	362,588	60,345	8,288	2,945	434,166	(116,548)	317,618
	2,924,626	1,484,120	59,732	4,214	4,472,692	(216,283)	4,256,409

(In thousands of reais)

25. Financial instruments

Capital risk management

Company management administers Company funds in order to ensure business continuity and maximize funds available for opening stores, refurbishing and overhaul of existing stores as well as return to shareholders.

The Company's capital structure comprises financial liabilities, cash and cash equivalents, marketable securities and equity, comprising capital stock and retained earnings.

Periodically, management reviews the Company's capital structure and its capacity to settle its liabilities, and also timely monitors the average days payable outstanding in relation to average inventory churn, taking necessary measures when these balances result in assets in excess of liabilities.

The Company's capital management objective is to ensure its capacity to continue operating and offer return to shareholders as well as benefits to other stakeholders, and also maintain a proper capital structure to reduce costs and maximize funds available for opening stores, refurbishing and overhaul of existing stores.

The Company also uses the Net Debt/EBITDA ratio which, in its view, better reflects indebtedness, since it reflects consolidated financial obligations net of cash available for payments, considering cash provided by its operating activities.

"Net debt" is construed to be the sum of any and all loans and financing in current and non-current liabilities, less cash and cash equivalents in current assets. EBITDA is construed to be net income before income and social contribution taxes, financial expenses and financial income and depreciation and amortization.

Category of financial instruments:

	Company		**Consolidated**	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
Loans and financing	**1,126,907**	591,257	**1,126,907**	711,335
(-) Cash and cash equivalents	**(123,886)**	(150,980)	**(140,300)**	(173,117)
(-) Securities	**(186,111)**	(26,876)	**(281,092)**	(118,224)
Net debt	**816,910**	413,401	**705,515**	419,994
Equity	**602,533**	620,945	**602,533**	620,945

(In thousands of reais)

25. Financial instruments (Continued)

Category of financial instruments

	Company		Consolidated	
Financial assets	**06/30/2012**	**12/31/2011**	**06/30/2012**	**12/31/2011**
Loans and receivables (including cash and banks):				
Cash and banks	**110,357**	43,571	**113,161**	54,688
Judicial deposits	**120,558**	53,534	**128,685**	88,969
Accounts receivable	**480,600**	442,184	**1,969,138**	1,937,235
Related parties	**69,634**	130,165	**33,569**	42,601
Held for trading:				
Cash equivalents and securities	**199,640**	134,285	**294,621**	174,892
Available for sale:				
Securities	**-**	-	**59,049**	61,761
Financial liabilities				
Amortized cost:				
Loans, financing and interbank deposits	**1,126,907**	591,257	**2,145,478**	1,692,813
Credit card operations	**-**	-	**463,208**	436,130
Trade accounts payable	**875,049**	1,091,013	**1,018,443**	1,267,774
Related parties	**31,940**	45,737	**32,362**	25,492

Company management believes that the carrying amount of financial instruments presented in the individual and consolidated financial statements approximates market value since a significant portion thereof matures within short term. The balance of loans and financing is adjusted for inflation based on inflation rates and variable interest rates due to market conditions and, therefore, the outstanding balance recorded as of balance sheet date approximates market value.

However, considering that there is no active market for these instruments, differences could arise if these amounts were settled in advance.

(In thousands of reais)

25. Financial instruments (Continued)

Fair value measurement

Consolidated assets and liabilities estimated at fair value are summarized below:

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

The fair value of other financial instruments described above allows estimating the carrying value based on existing payment terms. The Company has no assets or outstanding liabilities where the fair value could be measured using significant unobservable information (Level 3) at June 30, 2012.

Liquidity risk management

The ultimate responsibility for managing liquidity risk is borne by the Executive Finance Board of the Company, which developed an appropriate liquidity risk management model to manage needs for funding and liquidity in the short, medium and long term. The Group manages liquidity risk through ongoing monitoring of expected and actual cash flows, matching of maturity of financial assets and liabilities and maintaining close relationships with financial institutions, with periodic disclosure of information to support credit decisions when external funds are needed.

The following table shows in detail the remaining contractual maturity of the Group's financial liabilities and the contractual repayment terms. The table has been prepared in accordance with the undiscounted cash flows of financial liabilities based on the earliest date on which the Group must pay off its obligations. The tables include the cash flows of interest and principal. To the extent that interest flows are post-fixed, the undiscounted value was obtained based on interest rates at year-end.

The contractual maturity is based on the earliest date on which the Group should pay off its obligations.

	Less than one year	One to three years	Three to five years	More than five years	Total
Trade accounts payable	1,018,443	-	-	-	1,018,443
Loans and financing	224,130	684,482	188,002	30,293	1,126,907
Relater parties	32,362	-	-	-	32,362

25. Financial instruments (Continued)

Considerations about risks

The businesses of the Company and its subsidiaries comprise especially retail trade of consumer goods, mainly household items, electronics, furniture and financial services, consumer finance for the acquisition of such goods and consortium group activities to acquire vehicles, motorcycles, home appliances and real properties. The main market risk factors that affect its businesses are, briefly, as follows:

Credit risk: Credit risk arises from the possibility of the Group to incur losses from non-receipt of amounts billed to its customers, which at June 30, 2012 amount to R$ 1,969,139 (R$ 1,937,235 at December 31, 2011). This risk is assessed by the Company as low, in view of the natural sales diversification, due to the large number of customers, but there is no security interest ensuring receipt of the total balance of accounts receivable, due to the nature of the Group's business. For cases where the concentration of the invoiced amounts is higher, the risk is managed through periodic reviews of the level of default, as well as the adoption of more effective collection forms. At June 30, 2012, the Group had overdue accounts receivable, whose terms were renegotiated in the amount of R$ 122,734 (R$ 89,694 at December 31, 2011), which are included in the Group's analysis on the need for setting up an allowance for doubtful accounts.

Market risk: results from the retail market slowdown in the economic scenario of Brazil. Management of the risks involved in these operations is accomplished through the establishment of operating and commercial policies.

Interest rate risk: the Group is exposed to floating interest rates linked to the "Long Term Interest Rate (TJLP)" and "Interbank Deposit Certificate (CDI)" relating to short-term investments and loans and financing in Brazilian reais for which it performed a sensitivity analysis, as described below.

(In thousands of reais)

25. Financial instruments (Continued)

Considerations about risks (Continued)

Exchange rate risk management: The Company uses derivative financial instruments, recorded in balance sheet and income statement accounts, in order to meet its needs in managing market risks arising from the mismatch between currencies and indexes. Transactions with derivative instruments are carried out by the Executive Finance Board, in accordance with policies previously approved by the Group's Board of Directors. In this scenario, the Company obtained loans denominated in foreign currencies plus interest for which "swap" operations were taken out in order to provide hedge against risk of changes in exchange rates, swapping contractual interest and foreign exchange rate variation for CDI variation plus a fixed rate. This is a "tied" operation which consists in a formal loan agreement and a "swap" operation taken out on the same date, with the same maturity, the same counterparty and to be settled on a net basis. Thus, management believes that, in essence, this operation is a loan denominated in local currency increased by a given interest rate, so the accounting treatment and related disclosures reflect the essence of the operation.

Details of contracts that impacted P&L for the year ended June 30, 2012 are as follows:

			Index-Bank		Index – Company	
Bank	**Notional value**	**Fair value with swap gain (loss)** (a)	**Index**	**Interest**	**Index**	**Interest**
Bradesco	66,858	12,669	US$	4.08% p.a.	CDI	118% p.a.
Banco do Brasil	102,222	19,238	US$	4.79% p.a.	CDI	116% p.a.
	169,080	31,907				

(a) The fair value of derivative financial instruments is determined using a methodology commonly applied by market participants, and present value of payment is estimated using market curves informed by BM&FBOVESPA.

In the periods presented there were no operations that failed to be classified as hedging operation and there are no future commitments related to cash flow hedge.

(In thousands of reais)

25. Financial instruments (Continued)

Sensitivity analysis of financial instruments

On June 30, 2012, management prepared a sensitivity analysis considering an increase or decrease of 25% and 50% in expected interest rates (likely scenario), using forward interest rates disclosed by BM&FBOVESPA and/or BACEN. The expected effect of interest expense net of financial income from financial investments for the period of 12 months is as follows:

	Probable rate	Scenario I probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Interest to be incurred subject to:						
CDI	9.70%	56,999	71,249	42,749	85,499	28,500
TJLP	6.00%	1,835	2,004	1,559	2,227	1,336
IPCA	5.20%	1,319	1,420	1,148	1,557	1,011
Total		60,153	74,673	45,456	89,283	30,847

As mentioned heretofore, Group management believes that there is no market risk for changes in the exchange rate, since all the relevant financial liabilities denominated in foreign currency transactions are linked to swap operations, so that the accounting and financial treatment of these loans is denominated in local currency. Thus, the swap derivative financial instrument variation offsets that of loans and financing.