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

Magazine Luiza S.A.

Interim Individual and Consolidated Financial Statements for the three-month Period Ended March 31, 2011 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte Touche Tohmatsu
Av. Dr. José Bonifácio Coutinho
Nogueira, 150 - 5° - Sala 502
13091-611 - Campinas - SP
Brasil

Tel: 55 (19) 3707-3000
Fax: 55 (19) 3707-3001
www.deloitte.com.br

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Magazine Luiza S.A. and its subsidiaries and jointly-owned subsidiaries ("Company"), contained in the Interim Financial Information Form (ITR) for the three-month period ended March 31, 2011, which comprises the balance sheet and related income statements, statements of changes in equity and statements of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 - Interim Financial Reporting, and consolidated interim financial information in accordance with CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Interim Financial Statements (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 of review on interim financial information (NBC TR 2410 and ISRE 2410, respectively, Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Individual Interim Financial Statements

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

Conclusion on the Consolidated Interim Financial Statements

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

Other Matters

Interim Statements of Value Added

We have also reviewed the individual and consolidated interim statements of value added (DVA) for the three-month period ended March 31, 2011, the presentation of which is required by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of interim financial information and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not fairly presented, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

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

Campinas, May 13, 2011

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edgar Jabbour
Engagement Partner

Reproduced from the original signed and delivered on June 1, 2011.

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

MAGAZINE LUIZA S.A.

BALANCE SHEETS AS OF MARCH 31, 2011 AND DECEMBER, 31 2010
(In thousands of Brazilian reais - R$)

		Company - BR GAAP		Consolidated - IFRS and BR GAAP	
ASSETS	Note	3/31/2011	12/31/2010	3/31/2011	12/31/2010
CURRENT ASSETS					
Cash and cash equivalents	4	111,639	181,263	125,618	328,865
Securities	4	-	-	145,338	46,732
Trade accounts receivable	5	372,458	422,702	1,522,202	1,524,671
Inventories	6	622,278	728,147	741,126	849,799
Related parties	7	67,560	40,139	49,237	36,018
Recoverable taxes		28,665	43,986	31,233	46,524
Other assets		35,865	27,842	59,067	62,976
Total current assets		1,238,465	1,444,079	2,673,821	2,895,585
NONCURRENT ASSETS					
Securities	4	-	-	21,663	31,951
Trade accounts receivable	5	1,711	1,661	14,146	18,714
Deferred income tax and social contribution		113,553	114,458	170,842	168,225
Other assets		33,984	29,845	71,611	79,845
Investments in subsidiaries	9	56,746	106,142	-	-
Investments in jointly-owned subsidiaries	10	149,225	90,467	-	-
Property, plant and equipment	11	328,751	331,306	359,863	358,841
Intangible assets	12	92,875	95,149	370,024	374,619
Total noncurrent assets		776,845	769,028	1,008,149	1,032,195
TOTAL ASSETS		2,015,310	2,213,107	3,681,970	3,927,780

		Company - BR GAAP		Consolidated - IFRS and BR GAAP	
LIABILITIES	Note	3/31/2011	12/31/2010	3/31/2011	12/31/2010
CURRENT LIABILITIES					
Trade accounts payable	13	641,450	977,173	756,723	1,132,289
Loans and financing	14	335,914	88,876	350,117	108,758
Interbank deposits	15	-	-	842,421	852,680
Credit card operations		-	-	235,781	220,230
Payroll, vacation and related charges		85,954	109,218	96,372	116,525
Taxes		18,203	35,823	26,171	39,438
Related parties	7	22,936	33,775	15,295	21,666
Taxes in installments		8,244	8,239	41,892	43,019
Deferred income	16	43,879	20,686	55,129	25,956
Technical insurance reserves		-	-	16,464	22,937
Other accounts payable		74,872	71,515	98,875	102,410
Total current liabilities		1,231,452	1,345,305	2,535,240	2,685,908
NONCURRENT LIABILITIES					
Loans and financing	14	476,862	544,868	595,388	666,115
Interbank deposits	15	-	-	1,188	4,045
Taxes in installments		6,208	6,300	6,208	6,300
Reserve for tax, civil and labor contingencies	17	65,428	58,285	182,486	182,020
Technical insurance reserves		-	-	28,639	20,758
Deferred income	16	172,288	207,468	254,614	296,062
Deferred income tax and social contribution		-	-	12,982	13,746
Other accounts payable		3,341	3,445	5,494	5,390
Total noncurrent liabilities		724,127	820,366	1,086,999	1,194,436
TOTAL LIABILITIES		1,955,579	2,165,671	3,622,239	3,880,344
SHAREHOLDERS' EQUITY					
Capital	18	43,000	43,000	43,000	43,000
Legal reserve		3,442	3,442	3,442	3,442
Earnings retention reserve		994	994	994	994
Accumulated losses		12,295	-	12,295	-
Total shareholders' equity		59,731	47,436	59,731	47,436
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,015,310	2,213,107	3,681,970	3,927,780

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

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

MAGAZINE LUIZA S.A.

STATEMENTS OF OPERATIONS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	Note	3/31/2011	3/31/2010	3/31/2011	3/31/2010
NET REVENUES	19	1,113,138	849,040	1,416,053	941,062
COST OF GOODS RESOLD, SERVICES PROVIDED FUNDING FOR FINANCIAL TRANSACTIONS	20	(781,902)	(588,070)	(946,195)	(602,149)
GROSS PROFIT		331,236	260,970	469,858	338,913
OPERATING INCOME (EXPENSES)					
Selling		(230,361)	(186,201)	(282,296)	(211,401)
General and administrative		(52,170)	(34,509)	(71,474)	(39,906)
Losses on allowance for doubtful accounts		(1,914)	(2,708)	(50,974)	(43,482)
Depreciation and amortization		(17,452)	(15,285)	(21,131)	(15,623)
Equity in subsidiaries	9 e 10	10,950	7,173	-	-
Other operating income, net	21	20,615	15,994	18,912	16,352
		(270,332)	(215,536)	(406,963)	(294,060)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (LOSS)		60,904	45,434	62,895	44,853
FINANCIAL INCOME (LOSS)	22	(47,704)	(33,524)	(45,684)	(28,078)
OPERATING INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		13,200	11,910	17,211	16,775
Current and deferred income tax and social contribution	8	(905)	(2,577)	(4,916)	(7,442)
NET INCOME		12,295	9,333	12,295	9,333
Income attributable to:					
Company's shareholders		12,295	9,333	12,295	9,333
EARNINGS PER SHARE					
Arising from continuing operations: Basic (Brazilian reais per share)	24	0.08	0.06	0.08	0.06

There is no other comprehensive income (loss) in the reporting years.

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

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

MAGAZINE LUIZA S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE
THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Note	Capital	Legal reserve	Earnings retention reserve	Accumulated income (loss)	Total
BALANCES AS OF DECEMBER 31, 2009 - ADJUSTED		220,000	34	651	(226,748)	(6,063)
Profit for the year		-	-	-	9,333	9,333
BALANCES AS OF MARCH 31, 2010	18	220,000	34	651	(217,415)	3,270
BALANCES AS OF DECEMBER 31, 2010		43,000	3,442	994	-	47,436
Profit for the year		-	-	-	12,295	12,295
BALANCES AS OF MARCH 31, 2011	18	43,000	3,442	994	12,295	59,731

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

MAGAZINE LUIZA S.A.

STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	3/31/2011	3/31/2010	3/31/2011	3/31/2010
CASH FLOW FROM OPERATING ACTIVITIES					
Net income (loss) for the year		12,295	9,333	12,295	9,333
Adjustments to reconcile loss cash provided by (used in) operating activities:					
Income tax and social contribution expense recognized in the statement of income	8	905	2,577	4,916	7,442
Depreciation and amortization		17,452	15,285	21,131	15,623
Interest on loans and financing accrued		22,792	16,562	27,311	16,562
Equity in subsidiaries		(10,950)	(7,173)	-	-
Provision for losses on assets		2,661	2,708	38,579	43,482
Reserve for contingencies		7,143	13,175	8,197	13,175
Write-off of property, plant and equipment and intangible assets		(10,657)	413	(10,594)	474
Realization of deferred income	21	(11,986)	(13,737)	(12,275)	(12,454)
Reimbursement of taxes	21	(4,285)	(9,611)	(4,285)	(9,611)
(Increase) decrease in operating assets:					
Trade accounts receivable		47,178	64,426	(39,197)	22,048
Securities		-	-	(88,319)	(5,953)
Inventories of goods for resale		106,224	124,323	116,328	124,323
Related parties		(25,833)	6,626	(13,219)	3,559
Recoverable taxes		19,606	4,407	19,576	6,560
Other assets		(12,161)	9,612	12,143	9,714
(Increase) decrease in operating liabilities:					
Trade accounts payable		(335,723)	(247,220)	(375,568)	(247,025)
Interbank deposits		-	-	(13,116)	(2,275)
Credit card operations		-	-	15,552	3,566
Payroll, vacation and related charges		(23,264)	(16,524)	(20,153)	(16,576)
Taxes payable		(14,025)	(264)	(17,969)	(8,064)
Related parties		4,681	(8,152)	9,152	(4,058)
Taxes in installments		(87)	(881)	(1,219)	(29,203)
Other accounts payable		11,578	(267)	(1,423)	30,141
Cash provided by (used in) operating activities		(196,456)	(34,382)	(312,157)	(29,217)
Income tax and social contribution on net income paid		(3,595)	(5,120)	(3,595)	(5,120)
Cash provided by (used in) operating activities		(200,051)	(39,502)	(315,752)	(34,337)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(15,726)	(6,436)	(20,285)	(6,445)
Purchase of intangible assets	12	(1,752)	(10,358)	(2,198)	(10,358)
Investment in subsidiary		(8,333)	-	(8,333)	-
Cash provided by (used in) investing activities		(25,811)	(16,794)	(30,816)	(16,803)
CASH FLOW FROM FINANCING ACTIVITIES					
Loans and financing		170,006	4,742	170,069	4,742
Payment of loans and financing		(11,059)	(52,943)	(21,778)	(52,942)
Payment of interest on loans and financing		(2,709)	(14,672)	(4,970)	(14,672)
Payment of dividends		-	(13,700)	-	(13,700)
Cash (used in) provided by financing activities		156,238	(76,573)	143,321	(76,572)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(69,624)	(132,869)	(203,247)	(127,712)
Cash and cash equivalents at the beginning of the year		181,263	183,124	328,865	192,409
Cash and cash equivalents at the end of the year		111,639	50,255	125,618	64,697
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(69,624)	(132,869)	(203,247)	(127,712)

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

MAGAZINE LUIZA S.A.

STATEMENTS OF VALUE ADDED FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	3/31/2011	3/31/2010	3/31/2011	3/31/2010
REVENUES				
Sale of goods, products and services	1,263,313	973,041	1,610,617	1,065,386
Allowance for doubtful accounts, net of reversals	(821)	(2,702)	(44,039)	(43,475)
Other operating income	30,343	22,950	48,390	25,121
	1,292,835	993,289	1,614,968	1,047,032
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of products, goods and services sold	(814,664)	(565,443)	(980,174)	(580,360)
Materials, electric power, outside services and other	(99,904)	(101,250)	(154,886)	(125,005)
Loss and recovery of asset amounts	(2,746)	(2,372)	(2,746)	(2,372)
	(917,314)	(669,065)	(1,137,806)	(707,737)
GROSS VALUE ADDED	375,521	324,224	477,162	339,295
DEPRECIATION AND AMORTIZATION	(17,452)	(15,285)	(21,131)	(15,623)
NET VALUE ADDED GENERATED BY THE ENTITY	358,069	308,939	456,031	323,672
VALUE ADDED RECEIVED IN TRANSFER				
Equity in subsidiaries	10,950	7,173	-	-
Financial income	4,793	5,111	9,146	6,549
WEALTH FOR DISTRIBUTION	373,812	321,223	465,177	330,221
WEALTH DISTRIBUTED				
Employees:				
Salaries and wages	102,104	61,949	118,276	63,686
Benefits	20,241	14,618	23,676	14,862
FGTS	9,103	6,524	10,551	6,616
	131,448	83,091	152,503	85,164
Taxes and contributions:				
Federal	17,426	47,400	52,776	57,435
State	122,639	117,348	153,492	117,490
Municipal	4,461	3,175	5,476	3,852
	144,526	167,923	211,744	178,777
Interest on debt:				
Interest	56,363	35,437	52,892	31,344
Rentals	27,342	22,240	33,561	22,373
Other	1,838	3,199	2,182	3,230
	85,543	60,876	88,635	56,947
Interest on capital:				
Net income	12,295	9,333	12,295	9,333
	373,812	321,223	465,177	330,221

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

Magazine Luiza S.A. First Quarter 2011Earnings Release

Gross Revenue increases 51.6% to R$1,696.1 million
Total Same Store Sales increase of 25.6%
38.9% expansion in EBITDA to R$84.0 million (5.9% margin)

São Paulo, May 16, 2011 - Magazine Luiza, S.A. (BM&FBovespa: MGLU3). one of the largest retail networks focused on durable goods with major penetration in Brazil's emerging middle class and 604 stores strategically located in 16 Brazilian states, discloses its results of the first quarter of 2011 (1Q11). The Company's accounting information is based on consolidated numbers, in million of reais, as per International Financial Reporting Standards – IFRS, except when otherwise indicated.

MGLU3: R$16.35 per share
Total shares: 188,587,146
Market value: R$3.0 billion
Closing price: 5/13/2011

THE INITIAL PUBLIC PRIMARY OFFERING OF COMMON SHARES ("SHARES") OF MAGAZINE LUIZA S.A. ("COMPANY" AND "OFFERING," RESPECTIVELY) IS IN PROGRESS. THIS REPORT SHOULD IN NO WAY BE CONSIDERED A RECOMMENDATION FOR INVESTMENT. BEFORE INVESTING IN THE SHAES, POTENCIAL INVESTORS SHOULD CARRY OUT THEIR OWN ANALYSIS AND EVALUATON OF THE COMPANY, ITS BUSINESS AND ITS FINANCIAL CONDISTIONS AND THE RISKS INVOLVED IN INVESTING IN THE SHARES. **INVESTORS SHOULD READ CAREFULY THE OFFERING PROSPECUTS, ESPECIALLY THE SECTION "RISK FACTORS."**

HIGHLIGHTS OF THE PERIOD (1Q11)

- Consolidated Gross Revenue up 51.6% to R$1,696.1 million and Net Revenue up 50.5% to R$1,416.1 million
- 25.6% growth in same store retail sales, up 21.7% at physical stores and 58.2% on the internet
- Gross Revenue of Lojas Maia reached R$253.2 million, up 99.7%.
- EBITDA at R$84.0 million, expanding 38.9%, with EBITDA margin at 5.9%;
- Net Income growth of 31.7% to R$12.3 million, with margin at 0.9%.
- Credit cards base increase to 3.5 million cards with 3.0 million active cards (activation rate at 86%).

KEY INDICATORS

R$ million (except when otherwise indicated)	1Q11	1Q10	% Chg.
Total Gross Revenue	1,696.1	1,118.9	**51.6%**
Total Net Revenue	1,416.1	941.1	**50.5%**
EBITDA	84.0	60.5	**38.9%**
EBITDA Margin	5.9%	6.4%	**-0.5 p.p.**
Net Income	12.3	9.3	**31.7%**
Net Margin	0.9%	1.0%	**-0.1 p.p.**
Same Store Growth	25.6%	33.0%	**-**
Same Physical Store Growth	21.7%	28.7%	**-**
Internet Sales Growth	58.2%	80.6%	**-**
Number of Stores – End of Period	604	456	**32.5%**
Sales Area – End of Period (M2)	400,112	310,980	**28.7%**
Average Area per Store - End of Period (M2)	662	682	**-2.9%**
Total Card Base – Luizacred (thousand)	3,463	2,146	**61.4%**
Total Active Card Base – Luizacred (thousand)	2,976	1,745	**70.6%**

MESSAGE FROM THE MANAGEMENT

Over the last 50 years Magazine Luiza has built a business that is unparalleled in the durable goods segment serving Brazil's emerging middle class. With the growing demand in this sector and the success of our initiatives to expand our business, including more than 500 new stores in the last 10 years, Magazine Luiza decided to prepare the company to go public. On April 28, Magazine Luiza began its initial public offering, attracting thousands of new shareholders.

Magazine Luiza's common shares began trading on the BM&FBovespa on May 2, 2011, after the IPO pricing at R$16.00 per share. The Company has a total of 188,587,146 shares, including *green shoe* shares, for a market value at the IPO date of R$3.0 billion. The primary offering was of 33,750,000 shares in the basic offering (R$540 million), and 38,587,146 shares (R$617 million), including the green shoe shares.

With the proceeds of the offering, we plan to continue growing, strengthening our technological and logistical structures and generating more value for our shareholders. In the past 10 years, our annual compounded growth rate of gross revenues in retail was 25.8%. We are pleased to report that our strong first quarter 2011 results reinforce the key investment highlights that we discussed during our road show, specifically:

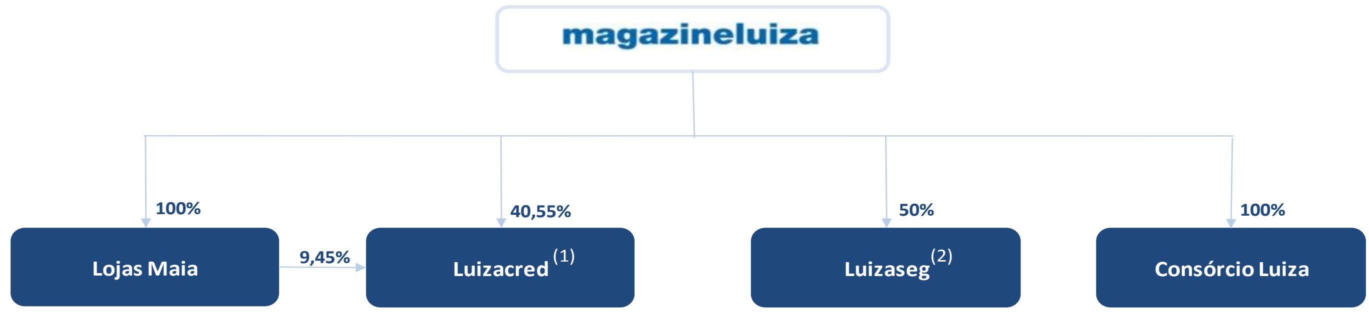
- Magazine Luiza's leadership in Brazil's fastest growing retail segment;
- The motivated group of employees, reinforcing our strong corporate culture;
- Our broad client base and initiatives targeting customer retention;
- Our multi-channel approach that allows us to profitably reach diverse geographies and expand within our market segments;
- A history of being innovators in the market with multiple opportunities and partnerships, including our joint ventures in consumer financing and insurance

Magazine Luiza is firmly committed to operating in accordance with the best corporate governance practices and preserving its renowned corporate culture which is focused on people. The Company is listed on BMF&Bovespa's Novo Mercado, which requires companies to have the highest standards of corporate governance. With our historic advertising campaign focused on education, clarity and transparency for our IPO, we have shown our commitment to fostering the participation of individual investors in the Brazilian capital markets. We developed dedicated channels oriented to communicating with these investors, in addition to a special program to encourage our employees to become shareholders in Magazine Luiza at the time of the IPO. With this initiative, not only management, but all levels of our employees' interests are aligned with those of our shareholders. The Company's IPO marked the beginning of a new chapter in the story of a Company that is known for innovation and market leadership.

Significant accomplishments during 1Q11 include one of the largest same store expansions in our history, as well as excellent performance in the Brazilian Northeast with the acquisition of Lojas Maia. Several internal initiatives contributed to this above-market growth, both in physical stores and internet sales. In the quarter, our same store sales increased 25.6% and our consolidated gross revenue, 51.6% to more than R$1.7 billion. We significantly diluted operating expenses, increasing EBITDA by 39% with a 5.9% margin over net revenue. Net income increased 31.7%, reaching R$12.3 million. We believe that both the 2010 results and the first quarter's results for 2011 show that we are on track for solid, sustainable growth and profitability.

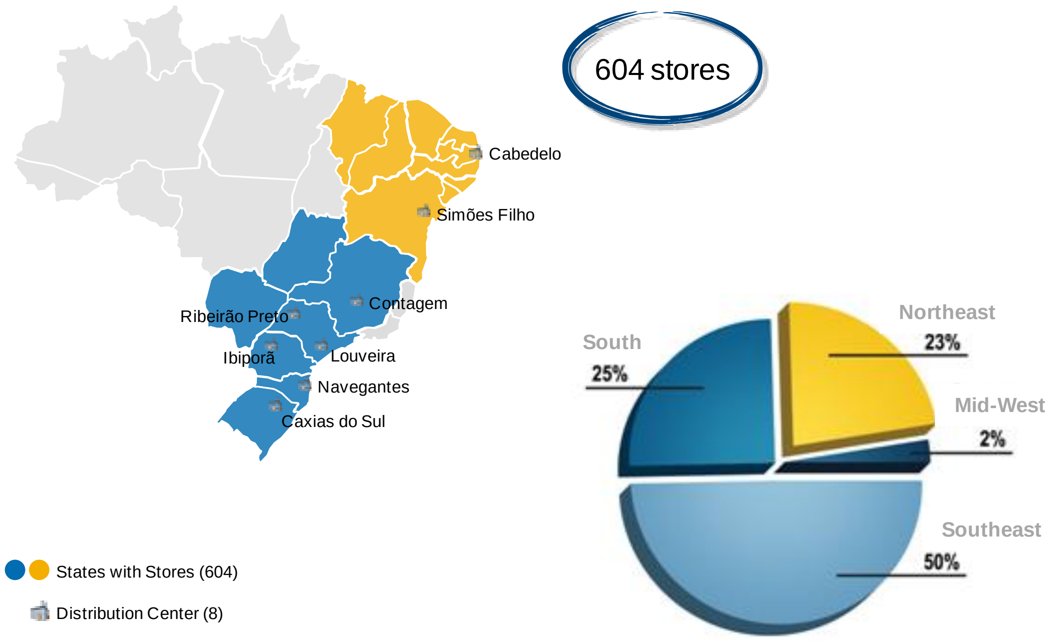
Magazine Luiza's goal is to be one of the leading companies in Brazil dedicated to the growing middle class of consumers, with the best operating performance in the industry. Our objectives include creating strong shareholder value and continuing to share these gains across society through our social initiatives and corporate investments in innovation and job creation. In 2011, we will continue to execute our strategy to improve our operations and increase our number of stores and market share.

COMPANY OVERVIEW



(1) JV com Itaú Unibanco (2) JV com Cardif

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



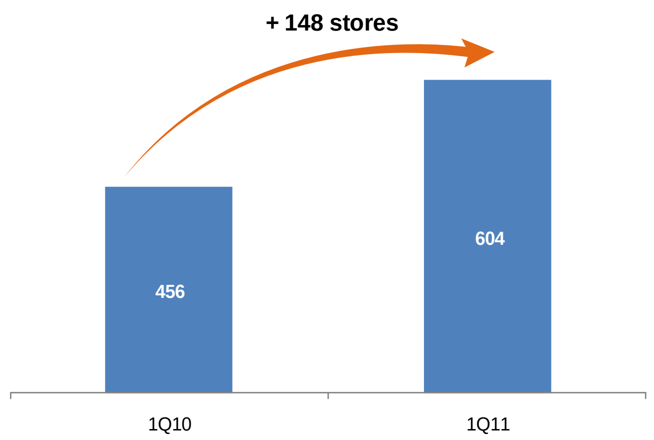
At the close of 1Q11, Magazine Luiza had 21 thousand employees, 604 stores and 8 distribution centers strategically located in 16 Brazilian states that together account for 75% of national GDP.

COMMENTS ON THE CONSOLIDATED PERFORMANCE

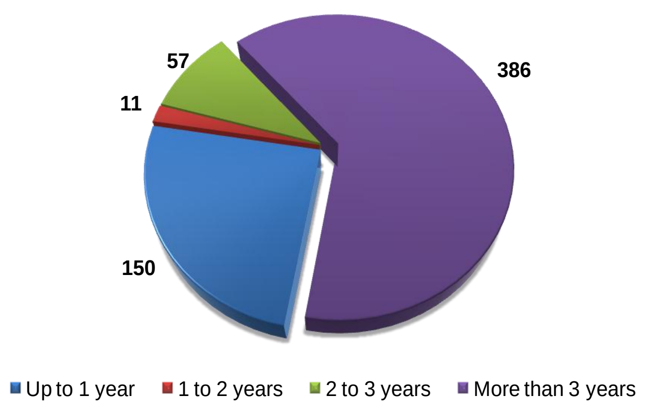
OPERATING PERFORMANCE

At the end of 1Q11, Magazine Luiza had 604 stores: 536 conventional stores, 67 virtual stores and 1 website. In the last 12 months (LTM), stores increased from 456 to 604, including the 136 Lojas Maia stores acquired in August of 2010. In the past years, as a result of accelerated expansion, more than 1/3 of our stores are less than 3 years old and have yet to reach their full potential.

Growth in Number of Stores (quantity)

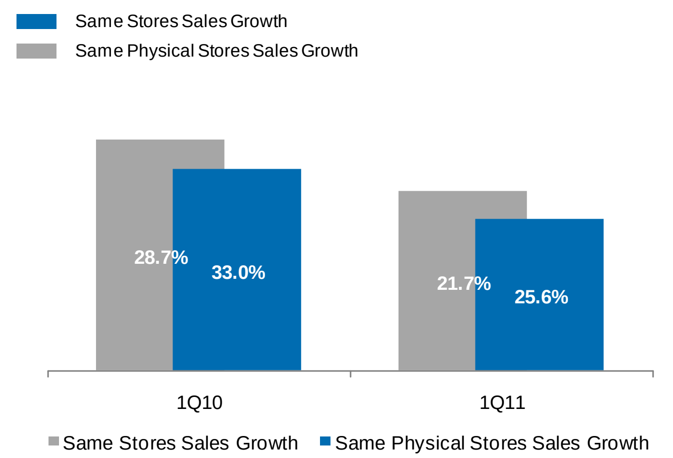


Average Age of Stores (numbers of stores)

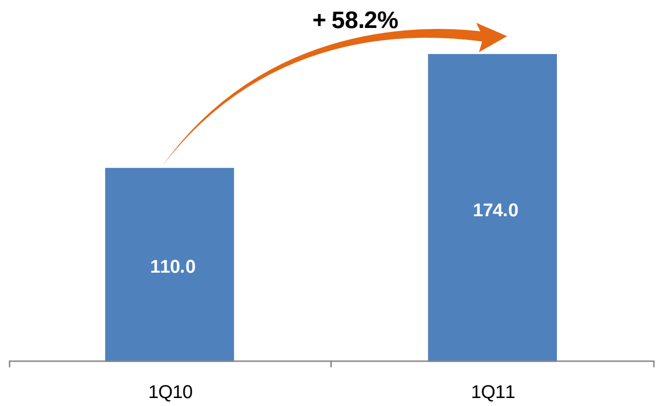


Besides opening new stores, Magazine Luiza has focused its efforts on productivity gains. In 1Q11, same store sales increased 25.6% following a 33.0% same store sales growth in 1Q10. This performance is due to market growth and especially our improved operating performance in internet sales and new stores that are still maturing.

Same Stores Sales Growth (%)

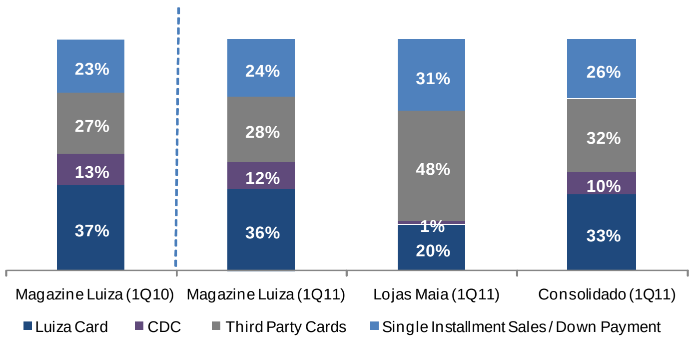


Gross Internet Revenues ($ million)

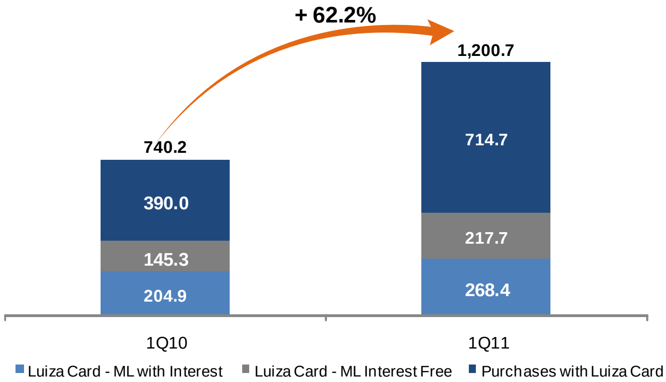


Our credit card base, issued by Luizacred, posted LTM growth from 2.1 million to 3.5 million. Magazine Luiza believes that the Luiza Card is a very important customer retention tool. In 1Q11, sales with the Luiza Card represented 36% of the total at Magazine Luiza stores and 20% of sales at Lojas Maia. The latter is still growing, progressively reducing the share of third-party cards.

Financed Sales Mix (% of total sales)



Luiza Card Revenues (R$ million)



In addition, Luiza cardholders increasingly make purchases outside the Magazine Luiza chain, increasing Luizacred's sources of revenue. Total purchases with the Luiza Card grew 62.2% in 1Q11 to R$1.2 billion. In the same period, purchases outside our chain were up 83.2%, representing 59.5% of total expenditures, as compared to 52.7% in 1Q10. It should also be noted that the majority of purchases with the Luiza Card incur interest, such that interest-free purchases account for less than 15% of the Company's total sales.

FINANCIAL PERFORMANCE

Consolidated Gross Revenue

The table below shows the gross revenue mix among our business lines:

(in R$ million)	1Q11	1Q10	% Chg.
Gross Revenue – Retail - Merchandise Sales	1,532.8	994.2	54.2%
Gross Revenue – Retail - Services	55.3	32.4	70.8%
Subtotal Retail	**1,588.1**	**1,026.6**	**54.7%**
Gross Revenue – Credit Operations	117.0	92.8	26.1%
Gross Revenue – Insurance Operations	15.8	13.9	13.9%
Gross Revenue – Consortium Management	6.0	4.5	32.1%
Inter-Company Eliminations	(30.9)	(18.8)	63.8%
Total Gross Revenue	**1,696.1**	**1,118.9**	**51.6%**

In 1Q11, consolidated gross revenue increased 51.6% year-on-year from R$1,118.9 million to R$1,696.1 million. This significant increase was mainly due to the performance of merchandise sales, which grew 54.2%, due to:

- 25.6% increase in same store merchandise sales, especially the 58.2% rise in internet sales and 21.7% rise in same physical store sales;
- Physical expansion, with the LTM increase of 148 stores, from 456 in March of 2010 to 604 in March of 2011, including the 136 Lojas Maia stores, and average sales area up 28.9% from 310.4 thousand m² to 400.1 thousand m²;
- Gross revenue from Lojas Maia reached R$253.2 million to 1Q11, increasing total retail growth to 54.7%.

Consolidated gross revenue was also impacted by:

- 70.8% increase in service revenue from R$32.4 million to R$55.3 million;
- Growth in consumer financing revenue of 26.1% from R$92.8 million to R$117.0 million, driven by the 32.8% expansion in Luiza Card revenues;

  Due to changes in Luizacred's accounting practices, as of November of 2010, interest income from past due contracts are now provisioned at a lower rate (IGPM + 1.0% p. m.) than the overdue rate (15.99% p. m.), generating an estimated R$5.6 million less in income for Magazine Luiza;
- Rise in insurance revenues of 13.9% from R$13.9 million to R$15.8 million, noting that the increase in extended warranties is normally delayed as compared to retail sales and that Lojas Maia sales are still not carried out by Luizaseg as there is a previous contract directly with Cardif;
- Reductions to consolidated gross revenue refer to the services provided by the parent company to related companies, which increased from R$14.8 million in 1Q10 to R$24.6 million in 1Q11, and revenues from the prepayment of interest-free sales with the Luiza Card, which were up from R$4.0 million to R$6.2 million.

Taxes and Deductions

Taxes and deductions over sales grew 57.4%, from R$177.9 million in 1Q10 to R$280.0 million in 1Q11. This increase was chiefly due to the growth in retail revenues, particularly at Lojas Maia, where the tax burden on sales is higher than for Magazine Luiza as the tax substitution regime, booked in CMV is more common in the Brazilian South and Southeast.

(in R$ million)	1Q11	1Q10	% Chg.
Deductions – Retail – Merchandise Sales	(272.2)	(173.3)	57.1%
Deductions – Retail - Services	(7.4)	(4.2)	73.3%
Subtotal Retail	**(279.6)**	**(177.5)**	**57.5%**
Deductions – Credit Operations	-	-	-
Deductions – Insurance Operations	-	-	-
Deductions– Consortium Management	(0.4)	(0.3)	28.3%
Inter-Company Eliminations	-	-	-
Total Deductions	**(280.0)**	**(177.9)**	**57.4%**

Consolidated Net Revenue

Consolidated net revenue increased 50.5% from R$941.1 million to R$1,416.1 million. This expansion was due to the 51.6% and 57.4% increases in gross revenues, taxes and deductions, respectively.

(in R$ million)	1Q11	1Q10	% Chg.
Net Revenue – Retail - Merchandise Sales	1,260.6	820.9	53.6%
Net Revenue – Retail - Services	48.0	28.1	70.4%
Subtotal Retail	**1,308.5**	**849.0**	**54.1%**
Net Revenue – Credit Operations	117.0	92.8	26.1%
Net Revenue – Insurance Operations	15.8	13.9	13.9%
Net Revenue – Consortium Management	5.5	4.2	32.4%
Inter-Company Eliminations	(30.9)	(18.8)	63.8%
Total Net Revenue	**1,416.1**	**941.1**	**50.5%**

Cost of Goods Sold, Services and Funding for Financial Operations

The total consolidated cost grew 57.1% from R$602.1 million in 1Q10 to R$946.2 million in 1Q11, mostly due to the cost of goods sold (COGS) and the cost of credit operations.
COGS grew 56.6%, slightly above growth in net revenue from merchandise, mostly due to the increase of product lines with lower margins, such as electronics, and internet sales in the sales mix.

The cost of financial operations increased 90.8% due to the more than 43% expansion in the credit portfolio, the higher interbank deposit (CDI) rate in the period of 11.1%, as compared to an annualized average rate of 8.6% in 1Q10, and the R$160 million payment for Lojas Maia in December of 2010 for consumer financing rights in the Northeast. This last effect was neutralized as of March of 2011, when Itaúcard and Lojas Maia realized a capital stock increase at Luizacred for the same amount. However, until the capital transfer, Luizacred had a non-recurring interest expense from interbank deposits, generating an R$1.9 million expense for Magazine Luiza.

(in R$ million)	1Q11	1Q10	% Chg.
Costs – Retail – Merchandise Sales	(920.7)	(588.1)	56.6%
Costs – Retail - Services	-	-	-
Subtotal Retail	**(920.7)**	**(588.1)**	**56.6%**
Costs – Credit Operations	(22.9)	(12.0)	90.8%
Costs – Insurance Operations	(1.1)	(0.8)	46.5%
Costs – Consortium Management	(2.6)	(2.0)	30.1%
Inter-Company Eliminations	1.1	0.7	60.0%
Total Costs	**(946.2)**	**(602.1)**	**57.1%**

CONSOLIDATED GROSS INCOME

Consolidated gross income grew 38.6% from R$338.9 million in 1Q10 to R$469.9 million in 1Q11. In the same period, consolidated gross margin decline 2.8 p.p. from 36.0% to 33.2%, a decrease largely offset by increased sales.

Gross margin of merchandise sales fell from 28.4% in 1Q10 to 27.0% due to the increased sales of electronic goods and internet sales, as mentioned above.

In the same period, gross margin of financial operations decreased from 87.1% to 80.4%. Considering the delayed revenues according to the previous accounting practices in the amount of R$5.6 million and excluding the interest expenses of interbank deposits in the amount of R$1.9 million, the gross income for the financial operation would have been R$7.5 million higher, with gross margin at approximately 82.8%.

(in R$ million)	1Q11	1Q10	% Chg.
Gross Income – Retail - Merchandise Sales	339.9	232.8	46.0%
Gross Income – Retail - Services	48.0	28.1	70.4%
Subtotal Retail	**387.9**	**261.0**	**48.6%**
Gross Income - Credit Operations	94.1	80.8	16.5%
Gross Income – Insurance Operations	14.7	13.1	12.0%
Gross Income - Consortium Management	2.9	2.2	34.6%
Inter-Company Eliminations	(29.8)	(18.1)	64.0%
Total Gross Income	**469.9**	**338.9**	**38.6%**

(in R$ million)	1Q11	1Q10	% Chg.
Gross Margin – Retail - Merchandise Sales	27.0%	28.4%	-1.4 p.p.
Gross Margin – Retail - Services	100.0%	100.0%	0.0 p.p.
Subtotal Retail	**29.6%**	**30.7%**	**-1.1 p.p.**
Gross Margin – Credit Operations	80.4%	87.1%	-6.7 p.p.
Gross Margin – Insurance Operations	92.9%	94.5%	-1.6 p.p.
Gross Margin – Consortium Management	53.1%	52.2%	0.8 p.p.
Inter-Company Eliminations	96.4%	96.3%	0.1 p.p.
Total Gross Margin	**33.2%**	**36.0%**	**-2.8 p.p.**

Selling expenses

Selling expenses increased 33.5%, from R$211.4 million in 1Q10 to R$282.3 million in 1Q11. Thus, sales expenses decreased 2.6 p.p. from 22.5% to 19.9% of net revenue. The dilution of selling expenses was driven by the strong growth of same store and internet sales, proportionally reducing expenses such as personnel, rents and marketing.

General and Administrative Expenses

General and administrative expenses increased 79.1%, from R$39.9 million in 1Q10 to R$71.5 million 1Q11. Thus, fixed costs increased from 4.2% to 5.0% of net revenue. This variation was primarily due to moving the business office to São Paulo in September and October of last year, as well as the maintenance of the central office of Lojas Maia and all non-recurring expenses from the process of integrating the chains.

Provision for Doubtful Accounts

Provisions for doubtful accounts increased 17.2% from R$43.5 million in 1Q10 to R$51.0 million in 1Q11. Thus, provisions for default decreased 1.0 p.p. from 4.6% to 3.6% of net revenue. It should be noted that we approve an average of 30% to 35% of financing requests and that our credit approval system is based on *credit score* statistical models developed and managed by Itaú Unibanco. Magazine Luiza has more than 2 thousand employees dedicated to the Luizacred operation at stores, and their compensation is pegged to *first payment default* such that they are encouraged to carefully register our customers and verify the necessary documentation.

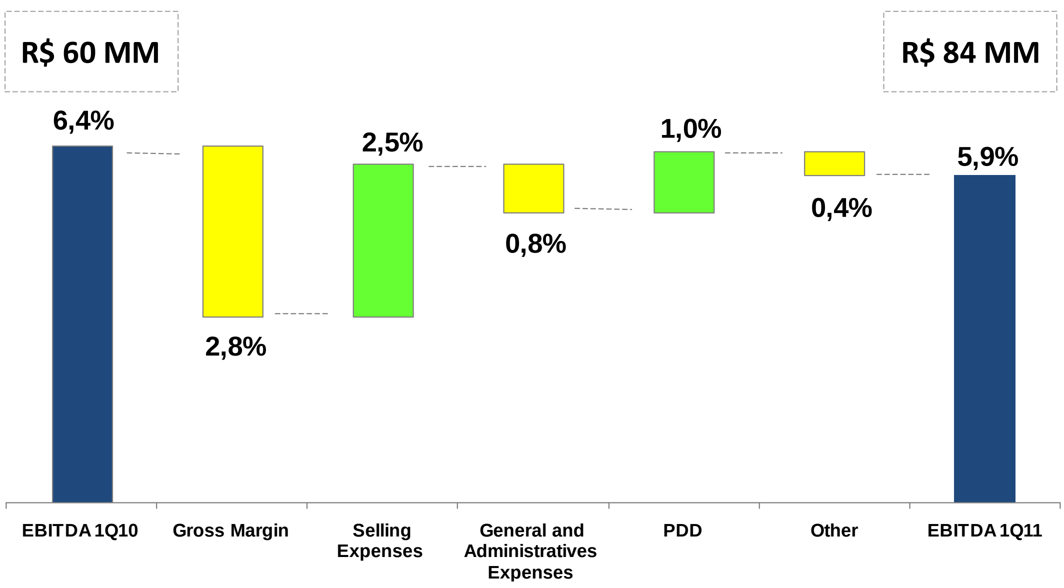
Other operating revenues, net

Other operating revenues increased 15.7% from R$16.4 million in 1Q10 to R$18.9 million in 1Q11. This variation was driven by the R$10.7 million profit on the sale of 9 properties for R$15.5 million as a part of the Company's strategy to reduce invested capital and focus on return on investment. The Company believes this non-recurring profit offset non-recurring expenses due to the accounting changes at Luizacred.

EBITDA

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) grew 38.9% from R$60.5 million to R$84.0 million. Same stores growth, internet sales growth, dilution of fixed cost and the strong performance of stores in the Northeast drove EBITDA. EBTIDA margin in the period was at 5.9% of net revenue.

EBITDA Variation Analysis



Depreciation and Amortization

Depreciation and amortization expenses increased 35.3% from R$15.6 million in 1Q10 to R$21.1 million in 1Q11. This variation is due to significant investments made in 2010, the acquisition of Lojas Maia, organic growth of 15 new stores, remodeling and general investments in technology such as the implementation of Oracle, Hyperion and People Soft.

Financial Income

Net financial expenses increased 62.7% from R$28.1 million in 1Q10 to R$45.7 million in 1Q11 as a result of the increased debt and the CDI, which increased from an annualized average of 8.6% to 11.1%. Charges on prepayment of credit cards include interest from the Luiza Card, which increased from R$4.0 million in 1Q10 to R$6.2 million in 1Q11, representing just 0.4% of consolidated net revenue. Other charges on prepayment refer to third-party credit cards, which were up from R$2.1 million to R$8.0 million. The Company's policy is to minimize interest-free sales on the Luiza Card, as well as limiting the share of third-party cards in total sales, always encouraging sales through Luizacred.

CONSOLIDATED FINANCIAL INCOME (R$ million)	1Q11	1Q10	% Chg.
Financial Expenses	(54.8)	(34.6)	58.3%
Interest on loans and financing	(36.4)	(22.1)	64.8%
Interest on prepayment of receivables – third party cards	(8.0)	(2.1)	280.9%
Interest on prepayment of receivables – Luiza Card	(6.2)	(4.0)	55.0%
Other expenses	(4.2)	(6.4)	-34.1%
Financial Revenues	9.1	6.5	39.7%
Gains on marketable securities	5.5	1.9	187.9%
Other financial revenues	3.6	4.6	-21.6%
Total Financial Income	(45.7)	(28.1)	62.7%

Earnings before Income Tax and Social Contribution

Earnings before income tax and social contribution were up 2.6% from R$16.8 million in 1Q10 to R$17.2 million in 1Q11. This growth was due to the operating improvement, as well as our financial discipline, maintaining financial expenses practically stable despite the increase in interest rates in the quarters.

Income Tax and Social Contribution

Income tax and social contribution fell from R$7.4 million in 1Q10 to R$4.9 million in 1Q11. The effective tax rate was 28.6% on earnings before income tax and social contribution, primarily due to deferred tax credits at Lojas Maia.

Net Income

Net Income increased 31.7%, from R$9.3 million in 1Q10 to R$12.3 million in 1Q11, equal to 0.9% of net revenue. The expansion of net income was driven by the increase in EBITDA.

Working Capital

Due to the seasonality of retail and the average term of purchases, the first quarter generally requires more working capital, chiefly related to payment to suppliers, that is, purchases made at the close of the previous year. On the other hand, in the fourth quarter, there is high cash flow and a reduction of net working capital, with an increased trade accounts balance. It should be noted that working capital management at Lojas Maia was not optimized as systems have not yet been integrated.

CONSOLIDATED (R$ million)	Mar-11	Dec-10	Mar-10
Accounts receivable	1,522.2	1,524.7	1,142.0
Inventories	741.1	849.8	394.2
Related parties	49.2	36.0	15.1
Taxes recoverable	31.2	46.5	32.8
Other assets	59.1	63.0	34.0
Current operating assets	2,402.9	2,520.0	1,618.2
Suppliers	756.7	1,132.3	449.0
Interbank deposits	842.4	852.7	569.7
Operations with credit cards	235.8	220.2	124.1
Wages, vacation and social charges	96.4	116.5	52.5
Taxes payable	26.2	39.4	23.7
Related parties	15.3	21.7	9.8
Taxes in installments	41.9	43.0	10.9
Technical insurance provisions	16.5	22.9	20.4
Other accounts payable	73.4	68.8	56.3
Current operating liabilities	2,104.6	2,517.6	1,316.4
Working Capital	298.3	2.4	301.8

Note: The accounts receivable balance is net of prepaid credit card receivables in the amount of R$298.7 million in March, 2011, R$235.0 million in December, 2010 and R$64.8 million in March, 2010.

CAPEX

Fixed CAPEX increased from R$16.8 million in 1Q10 to R$22.5 million in 1Q11. These investments include remodeling of existing stores, as well as investments in 13 new stores, 6 of which were inaugurated after March of 2011 and 7 of which are in progress.

CAPEX (R$ million)	1Q11	1Q10	% Chg.
New Stores	6.0	2.3	157.4%
Remodeling	10.0	1.5	589.1%
Technology	2.3	10.8	-78.9%
Other	4.2	2.2	90.6%
Total	22.5	16.8	33.8%

Net Debt

The Company's net debt increased from R$401.0 million in December of 2010 to R$678.3 million in March of 2011, basically as a result of the variation in working capital due to the seasonality of retail. Year-on-year, net debt grew R$162.6 million, primarily as a function of LTM investments. As per the proceeds allocation disclosed for the IPO, approximately 30% of the primary offering should be used to finance our working capital, reducing short term debt.

CONSOLIDATED (R$ million)	Mar-11	Dec-10	Mar-10
(+) Current loans and financing	350.1	108.8	186.0
(+) Financing of Lojas Maia Acquisition	25.4	33.6	-
(+) Non-current loans and financing	595.4	666.1	463.5
(=) Gross Debt	970.9	808.5	649.5
(-) Cash and cash equivalents	125.6	328.9	64.7
(-) Current securities	145.3	46.7	41.9
(-) Non-current securities	21.7	32.0	27.2
(=) Net Debt	678.3	401.0	515.7
Short term debt/total	39%	18%	29%
Long term debt/total	61%	82%	71%
EBITDA[1]	343.4	319.9	319.9
Net Debt/EBTIDA[1]	2.0x	1.3x	1.6x

1EBITDA of March, 2011 refers to LTM, while the others refer to FY2010.

magazineluiza
vem ser feliz

MGLU3 NOVO MERCADO BM&FBOVESPA

APPENDICES:

FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q11	AV	1Q10	AV	% Chg.
Gross Revenue	1,696.1	119.8%	1,118.9	118.9%	51.6%
Taxes and Cancellations	(280.0)	-19.8%	(177.9)	-18.9%	57.4%
Net Revenue	1,416.1	100.0%	941.1	100.0%	50.5%
Total Costs	(946.2)	-66.8%	(602.1)	-64.0%	57.1%
Gross Income	469.9	33.2%	338.9	36.0%	38.6%
Selling expenses	(282.3)	-19.9%	(211.4)	-22.5%	33.5%
General and administrative expenses	(71.5)	-5.0%	(39.9)	-4.2%	79.1%
Provisions for loan losses	(51.0)	-3.6%	(43.5)	-4.6%	17.2%
Other operating revenues, net	18.9	1.3%	16.4	1.7%	15.7%
Total Operating Expenses	(385.8)	-27.2%	(278.5)	-29.6%	38.5%
EBITDA	84.0	5.9%	60.5	6.4%	38.9%
Depreciation and Amortization	(21.1)	-1.5%	(15.6)	-1.7%	35.3%
EBIT	62.9	4.4%	44.9	4.8%	40.2%
Financial Income	(45.7)	-3.2%	(28.1)	-3.0%	62.7%
Operating Income	17.2	1.2%	16.8	1.8%	2.6%
INCOME TAX AND SOCIAL CONTRIBUTION	(4.9)	-0.3%	(7.4)	-0.8%	-34.0%
Net Income	12.3	0.9%	9.3	1.0%	31.7%

FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Mar-11	AV	Dec-10	AV	Mar-10	AV
CURRENT ASSETS						
Cash and cash equivalents	125.6	3.4%	328.9	8.4%	64.7	2.8%
Securities	145.3	3.9%	46.7	1.2%	41.9	1.8%
Accounts receivable	1,522.2	41.3%	1,524.7	38.8%	1,142.0	49.1%
Inventories	741.1	20.1%	849.8	21.6%	394.2	16.9%
Related parties	49.2	1.3%	36.0	0.9%	15.1	0.6%
Taxes recoverable	31.2	0.8%	46.5	1.2%	32.8	1.4%
Other assets	59.1	1.6%	63.0	1.6%	34.0	1.5%
Total current assets	2,673.8	72.6%	2,895.6	73.7%	1,724.8	74.1%
NON-CURRENT ASSETS		- -		- -		- -
Securities	21.7	0.6%	32.0	0.8%	27.2	1.2%
Accounts receivable	14.1	0.4%	18.7	0.5%	5.8	0.3%
Deferred income tax and social contribution	170.8	4.6%	168.2	4.3%	163.0	7.0%
Other assets	71.6	1.9%	79.8	2.0%	21.2	0.9%
Investments in subsidiaries	-	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-	-
Fixed assets	359.9	9.8%	358.8	9.1%	291.3	12.5%
Intangible assets	370.0	10.0%	374.6	9.5%	93.9	4.0%
Total non-current assets	1,008.2	27.4%	1,032.2	26.3%	602.4	25.9%
TOTAL ASSETS	3,682.0	100.0%	3,927.8	100.0%	2,327.2	100.0%

LIABILITIES (R$ million)	1Q11	AV	4Q10	AV	1Q10	AV
CURRENT LIABILITIES						
Suppliers	756.7	20.6%	1,132.3	28.8%	449.0	19.3%
Loans and financing	350.1	9.5%	108.8	2.8%	186.0	8.0%
Interbank deposits	842.4	22.9%	852.7	21.7%	569.7	24.5%
Operations with credit cards	235.8	6.4%	220.2	5.6%	124.1	5.3%
Wages, vacation and social charges	96.4	2.6%	116.5	3.0%	52.5	2.3%
Taxes payable	26.2	0.7%	39.4	1.0%	23.7	1.0%
Related parties	15.3	0.4%	21.7	0.6%	9.8	0.4%
Taxes in installments	41.9	1.1%	43.0	1.1%	10.9	0.5%
Deferred revenue	55.1	1.5%	26.0	0.7%	38.7	1.7%
Dividends payable	-	-	-	-	-	-
Technical insurance provisions	16.5	0.4%	22.9	0.6%	20.4	0.9%
Other accounts payable	98.9	2.7%	102.4	2.6%	56.3	2.4%
Total current liabilities	2,535.2	68.9%	2,685.9	68.4%	1,541.0	66.2%
NON-CURRENT LIABILITIES					-	
Loans and financing	595.4	16.2%	666.1	17.0%	463.5	19.9%
Interbank deposits	1.2	-	4.0	0.1%	1.3	-
Taxes in installments	6.2	0.2%	6.3	0.2%	11.9	0.5%
Provision for tax, civil and labor risks	182.5	5.0%	182.0	4.6%	68.4	2.9%
Technical insurance provisions	28.6	0.8%	20.8	0.5%	14.7	0.6%
Deferred revenue	254.6	6.9%	296.1	7.5%	221.7	9.5%
Provision for investment losses	-	-	-	-	-	-
Deferred income tax and social contribution	13.0	0.4%	13.7	0.3%	-	-
Other accounts payable	5.5	0.1%	5.4	0.1%	1.3	-
Total non-current liabilities	1,087.0	29.5%	1,194.4	30.4%	782.9	33.6%
SHAREHOLDERS' EQUITY						
Capital stock	43.0	1.2%	43.0	1.1%	220.0	9.5%
Legal reserve	3.4	-	3.4	-	0.0	-
Profit retention reserve	1.0	-	1	-		-
Accumulated losses	12.3	0.3%	-	-	(216.8)	-
Total shareholders' equity	59.7	1.6%	47.4	1.2%	3.3	0.1%
TOTAL	3,682.0	100.0%	3,927.8	100.0%	2,327.2	100.0%

INCOME BY BUSINESS LINE – 1Q11

1Q11 (R$ million)	Magazine Luiza	Lojas Maia (100%)	Retail Pro-forma	Luizacred (50%)	Luizaseg (50%)	Consortium (100%)	Eliminations	Consolidated
Gross Revenue	1,334.9	253.2	1,588.1	117.0	15.8	6.0	(30.9)	1,696.1
Taxes and Cancellations	(221.8)	(57.8)	(279.6)	-	-	(0.4)	-	(280.0)
Net Revenue	1,113.1	195.4	1,308.5	117.0	15.8	5.5	(30.9)	1,416.1
Total Costs	(781.9)	(138.8)	(920.7)	(22.9)	(1.1)	(2.6)	1.1	(946.2)
Gross Income	331.2	56.6	387.9	94.1	14.7	2.9	(29.8)	469.9
Selling expenses	(230.4)	(31.5)	(261.9)	(32.3)	(11.6)	-	23.5	(282.3)
General and administrative expenses	(52.2)	(13.7)	(65.9)	(1.2)	(1.3)	(3.1)	-	(71.5)
Provisions for loan losses	(1.9)	-	(1.9)	(49.1)	-	-	-	(51.0)
Other operating revenues, net	20.6	3.0	23.6	(2.4)	(0.0)	0.1	(2.3)	18.9
Total Operating Expenses	(263.8)	(42.2)	(306.0)	(85.0)	(12.9)	(3.0)	21.2	(385.8)
EBITDA	67.4	14.4	81.8	9.0	1.8	(0.0)	(8.6)	84.0
Depreciation and Amortization	(17.5)	(3.3)	(20.8)	(1.33)	(1.3)	(0.1)	2.3	(21.1)
EBIT	50.0	11.1	61.1	7.7	0.5	(0.1)	(6.2)	62.9
Equity pick-up	10.9	0.9	6.2	-	-	-	(11.9)	-
Financial Income	(47.7)	(6.4)	(54.1)	-	2.0	0.2	6.2	(45.7)
Operating Income	13.2	5.6	13.1	7.7	2.5	0.1	(11.9)	17.2
INCOME TAX AND SOCIAL CONTRIBUTION	(0.9)	0.1	(0.8)	(3.1)	(1.0)	(0.0)	-	(4.9)
Net Income	12.3	5.7	12.3	4.6	1.5	0.1	(11.9)	12.3
Gross Margin	29.8%	29.0%	29.6%	80.4%	92.9%	53.1%	96.4%	33.2%
EBITDA Margin	6.1%	7.4%	6.3%	7.7%	11.2%	-0.8%	27.8%	5.9%
Net Margin	1.1%	2.9%	0.9%	4.0%	9.5%	1.0%	38.5%	0.9%

magazineluiza vem ser feliz

MGLU3 NOVO MERCADO BM&FBOVESPA

INCOME BY BUSINESS LINE – 1Q11

1Q10 (R$ million)	Magazine Luiza	Luizacred (50%)	Luizaseg (50%)	Consortium (100%)	Eliminations	Consolidated
Gross Revenue	1,026.6	92.8	13.9	4.5	(18.8)	1,118.9
Taxes and Cancellations	(177.5)	-	-	(0.3)	-	(177.9)
Net Revenue	849.0	92.8	13.9	4.2	(18.8)	941.1
Total Costs	(588.1)	(12.0)	(0.8)	(2.0)	0.7	(602.1)
Gross Income	261.0	80.8	13.1	2.2	(18.1)	338.9
Selling expenses	(186.2)	(30.6)	(8.7)	-	14.1	(211.4)
General and administrative expenses	(34.5)	(0.7)	(2.4)	(2.3)	-	(39.9)
Provisions for loan losses	(2.7)	(40.8)	-	-	-	(43.5)
Other operating revenues, net	16.0	1.5	-	0.1	(1.3)	16.4
Total Operating Expenses	(207.4)	(70.7)	(11.1)	(2.2)	12.9	(278.5)
EBITDA	53.5	10.2	2.0	0.0	(5.3)	60.5
Depreciation and Amortization	(15.3)	(0.3)	(1.3)	(0.1)	1.3	(15.6)
EBIT	38.3	9.9	0.7	(0.0)	(4.0)	44.9
Equity pick-up	7.2	-	-	-	(7.2)	-
Financial Income	(33.5)	-	1.3	0.1	4.0	(28.1)
Operating Income	11.9	9.9	2.1	0.1	(7.2)	16.8
INCOME TAX AND SOCIAL CONTRIBUTION	(2.6)	(4.0)	(0.8)	(0.1)	-	(7.4)
Net Income	9.3	5.9	1.3	0.0	(7.2)	9.3
Gross Margin	30.7%	87.1%	94.5%	52.2%	96.3%	36.0%
EBITDA Margin	6.3%	11.0%	14.6%	0.7%	28.1%	6.4%
Net Margin	1.1%	6.3%	9.0%	1.1%	38.1%	1.0%

APPENDIX: SALES MIX AND NUMBER OF STORES PER CHANNEL

Gross Revenue by channel (R$ million)	1Q11	Share (%)	1Q10	Share (%)	Growth Same Stores	Growth Total
Virtual stores	60.6	3.8%	47.6	4.6%	18.2%	27.3%
Website	174.0	11.0%	110.0	10.7%	58.2%	58.2%
Subtotal – Virtual Channel	**234.6**	14.8%	**157.5**	15.3%	46.3%	48.9%
Conventional stores	1,353.6	85.2%	869.1	84.7%	21.9%	55.8%
Magazine Luiza	1,100.3	69.3%	869.1	84.7%	21.9%	26.6%
Lojas Maia	253.2	15.9%	-	-	-	-
Total	**1,588.1**	100.0%	**1,026.6**	100.0%	25.6%	54.7%

Number of stores per channel – end of the period	1Q11	1Q10	Growth Total
Virtual stores	67	62	5
Website	1	1	-
Subtotal – Virtual Channel	**68**	**63**	5
Conventional stores	536	393	143
Magazine Luiza	400	393	7
Lojas Maia	136	-	136
Total	**604**	**456**	148
Total sales area (m^2):	**400,112**	**310,980**	28.7%

APPENDIX: LUIZACRED

Luizacred is a joint venture between Magazine Luiza and Itaú Unibanco, responsible for financing approximately half of our sales. In March of 2011, Luizacred had 3.0 million active cards of a total base of 3.5 million cards issued, representing activation of 86%. LTM growth of the total card base was 61.4%, contributing to the growth of card sales inside and outside of our stores and in 1Q11, sales from outside our stores accounted for 60% of total card sales, up 83.2% as compared to 1Q10. Luizacred's credit portfolio, including credit cards and direct consumer credit (CDC) totaled more than R$2.4 billion in March of 2011.

LUIZACRED – Key Indicators (R$ million)	1Q11	1Q10	% Chg.
Total Card Base (thousand)	3,463	2,146	61.4%
Total Active Card Base (thousand)	2,976	1,745	70.6%
Luiza Card Sales – In chain	486.0	350.1	38.8%
Luiza Card Sales – Outside Brand	714.7	390.0	83.2%
CDC Sales	127.1	116.9	8.7%
Personal Loans Sales	125.2	97.3	28.7%
Total Luizacred Sales	1,452.9	954.4	52.2%
Card Portfolio	2,053.2	1,339.8	53.2%
CDC Portfolio	371.0	355.7	4.3%
Total Portfolio	2,424.2	1,695.5	43.0%

Revenue from financial intermediation was up 24.3% year-on-year. Due to changes in Luizacred's accounting practices, as of November of 2010, interest income from past due contracts are now provisioned at a lower rate (IGPM + 1.0% p. m.) than the overdue rate (15.99% p. m.), generating an estimated non-recurring loss of R$11.2 million Magazine Luiza;

The cost of financial operations increased 90.8% due to the more than 43.0% expansion in the credit portfolio, the higher interbank deposit (CDI) rate in the period of 11.1%, as compared to an annualized average rate of 8.6% in 1Q10, and the R$160 million payment for Lojas Maia in December of 2010 for consumer financing rights in the Northeast. This last effect was neutralized as of March of 2011, when Itaúcard and Lojas Maia realized a capital stock increase at Luizacred for the same amount. However, until the capital transfer, Luizacred had a non-recurring interest expense from interbank deposits in the amount of R$3.8 million.

In 1Q11, provisions for doubtful accounts grew at a slower rate than financial intermediation revenue, showing the improved default rates from 1.6% p.m. in 1Q10 to 1.4% p.m. in 1Q11 with respect to the portfolio, or 44.0% to 41.9% in relation to gross revenue, including service revenue, in the same periods. Thus, despite non-recurring events that effected gross financial intermediation income, with the decline in default and dilution of fixed costs, Luizacred generated net income of R$9.2 million in 1Q11.

LUIZACRED – Income (R$ million)	1Q11	1Q10	% Chg.
Financial Intermediation Revenue	197.3	158.7	24.3%
Cards	146.9	110.6	32.8%
CDC	50.4	48.1	4.8%
Financial Intermediation Expenses	(144.0)	(105.3)	36.8%
Market Funding Operations	(45.8)	(24.0)	90.8%
Provision for Doubtful Accounts	(98.1)	(81.5)	20.3%
Gross Financial Intermediation Income	53.4	53.5	-0.2%
Other Operating Revenues (Expenses)	(38.0)	(33.7)	12.7%
Service Revenue	36.7	26.8	36.7%
Personnel Expenses	(2.4)	(1.4)	69.7%
Other Administrative Expenses	(53.1)	(51.7)	2.9%
Depreciation and Amortization	(2.7)	(0.7)	280.5%
Tax Expenses	(11.5)	(9.7)	18.7%
Other Operating Revenues (Expenses)	(4.9)	3.0	-262.1%
Income Before Tax	15.4	19.8	-22.2%
Income Tax and Social Contribution	(6.1)	(8.0)	-23.6%
Net Income	9.2	11.7	-21.3%

magazineluiza
vem ser feliz

MGLU3 NOVO MERCADO BM&FBOVESPA

CONFERENCE CALL & WEBCAST

Conference Call with Webcast
(in Portuguese with simultaneous translation into English)
Date: May 16, 2011
Time: 2 P.M. (EDT) / 3 P.M. (Brasília time)

Connection numbers:
Participants in Brazil: (11) 3127-4971
Participants in US and other countries: (1 516) 300-1066
Access Code: Magazine Luiza

Access links will be available on the Investor Relations Website: **www.magazineluiza.com.br/ir.**

The presentation for the conference call will be available for download on the Company's IR website at least 30 minutes prior to the start of the conference call.

Investor Relations

Roberto Bellissimo Rodrigues
Chief Financial and Investor Relations Officer

Anderson Rezende
IR Analyst

Miriam Mutsumi
IR Analyst

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

About Magazine Luiza

Founded in 1957, Magazine Luiza is one of Brazil's chief durable goods retail chains with major penetration among middle class consumers. To build better relationships with its customers, Magazine Luiza innovated with the creation of Luizacred in partnership with Itaú Unibanco in 2001. In 2005, Magazine Luiza once again led the market when it became the first retailer with an insurance company, Luizaseg, a joint venture with the BNP Paribas group's Cardif. Finally, in 2010, Magazine Luiza acquired Lojas Maia, one of the largest retail chains in Brazil's fastest growing region, with stores throughout the Northeast. Magazine Luiza has 604 stores and 8 distribution centers strategically located in 16 Brazilian states that together account for 75% of national GDP.

EBITDA

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

Disclaimer

1. OPERATIONS

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

As at March 31, the Company had 604 stores and 8 distribution centers located in Brazil's southern, southeastern, mid-western and northern regions.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

3. UNDISCLOSED NOTES INCLUDED IN THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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

- Recoverable taxes (Note 8);
- Taxes payable (Note 17);
- Taxes in installments (Note 18);
- Shareholders' equity (Note 21);
- Information on the nature of the expenses recognized in the income statement (Note 24);
- Employee benefits (Note 27);
- Profit sharing (Note 28);
- Commitments (Note 33);

- Statement of cash flows (Note 34); and
- Insurance (Note 35).

4. CASH AND EQUIVALENTS AND SECURITIES

		Company		Consolidated	
	Rate	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Cash		9,828	8,806	10,832	10,292
Banks		10,199	147,629	13,692	255,702
Short-term investments:					
Bank certificates of deposit	100,34% of CDI	90,558	4,155	98,417	11,148
Non-exclusive investment funds	90,5% CDI	1,054	20,673	2,677	51,723
Total cash and cash equivalents		111,639	181,263	125,618	328,865
Short-term fund	105% CDI	-	-	39,847	30,458
Fixed-income government bonds (LFTs)	100% Selic	-	-	127,154	48,225
Total securities		-	-	167,001	78,683
Current assets		-	-	145,338	46,732
Noncurrent assets		-	-	21,663	31,951
Total		-	-	167,001	78,683

5. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Trade accounts receivable:				
Debit and credit cards (a)	248,369	273,503	341,047	306,200
Own installment program	54,923	60,076	61,455	121,406
Additional warranty agreements	26,157	27,494	26,157	27,494
Loan operations	-	-	1,212,112	1,179,822
Other	-	-	288	844
Total trade accounts receivable	329,449	361,073	1,641,059	1,635,766
Arising from sales agreements	79,642	103,651	90,195	105,765
Allowance for doubtful accounts	(22,156)	(28,172)	(178,795)	(182,924)
Adjustment to present value	(12,766)	(12,189)	(16,111)	(15,222)
Total trade accounts receivable	374,169	424,363	1,536,348	1,543,385
Current	372,458	422,702	1,522,202	1,524,671
Noncurrent	1,711	1,661	14,146	18,714

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

The Group assigned trade accounts receivable to secure borrowings in the amount of R$ 236,543 as at March 31, 2011 (R$ 231,284 as at December 31, 2010), represented by credit card receivables.

(a) As to the balance receivable from credit card sales, the Company receives amounts from credit card companies in two ways: i) on the same dates and in the number of installments selected when the product is sold, and ii) in cash, as advances from credit cards, which amounted to R$ 298,685 as at March 31, 2011 (R$ 235,007 as at December 31, 2010), where a discount between 106% and 112% of CDI is applied, which is recognized in income (loss) under “financial expenses”. The Company, through advances from credit cards, transfers to the credit card companies and financial institutions all risks of default by customer.

The aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Balance at beginning of year	(28,172)	(29,698)	(182,924)	(186,636)
(+) Additions	(5,260)	(26,368)	(48,479)	(222,637)
(-) Write-offs	11,276	27,894	52,608	226,349
Balance at end of the year	(22,156)	(28,172)	(178,795)	(182,924)

The aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Current:				
Up to 30 days	67,436	44,927	383,343	288,252
Between 31 and 60 days	25,108	57,521	211,773	293,166
Between 61 and 90 days	21,348	50,286	159,205	185,258
Between 91 and 180 days	116,695	101,698	397,087	376,952
Between 181 and 360 days	81,900	91,398	260,226	275,649
Over 361 days	2,878	3,442	15,550	20,939
	315,365	349,272	1,427,184	1,440,216
Past-due:				
Up to 30 days	4,495	3,067	45,791	21,258
Between 31 and 60 days	2,648	2,086	24,277	20,187
Between 61 and 90 days	2,009	1,624	17,343	9,180
Between 91 and 180 days	4,932	4,752	52,303	35,495
Between 181 and 360 days	-	240	74,161	66,145
Over 361 days	-	32	-	43,285
	14,084	11,801	213,875	195,550
Total	329,449	361,073	1,641,059	1,635,766

6. INVENTORIES

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Goods for resale (a)	613,141	721,936	727,844	843,376
Material for consumption	3,699	3,310	7,844	3,522
Advances to suppliers	5,438	2,901	5,438	2,901
Total	622,278	728,147	741,126	849,799

(a) The balance of goods for resale includes reverse charge State VAT (ICMS) and adjustments to present value on the balance of trade accounts payable, used to calculate the acquisition cost of goods.

The volume of goods for resale as at December 31, 2010 is impacted by the volume of inventory held for the annual fantastic sale in January and February.

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

	Company	Consolidated
Balance as of December 31, 2010	(18,597)	(32,629)
Inventories written off or sold	5,529	12,829
Recognition of provision	(4,189)	(4,189)
Balance as at March 31, 2011	(17,257)	(23,989)

7. RELATED-PARTY TRANSACTIONS

a) Related-party balance

	Company		Consolidated	
Current assets	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Commissions for services provided				
Joint ventures:				
Luizacred (i)	29,276	24,105	13,342	13,069
Luizaseg (ii)	9,342	11,867	3,897	5,934
	38,618	35,972	17,239	19,003
Wholly-owned subsidiary:				
LAC (iii)	397	405	-	-
	397	405	-	-
Reimbursement of expenses and expenditures on consortium winning				
Wholly-owned subsidiary:				
Grupo de Consórcios (“LAC”) (iii)	58	98	58	98
Lojas Maia (iv)	12,967	3,664	-	-
	13,025	3,762	58	98
Sales to other related parties				
Joint controlling shareholder of Luizacred:				
Itaúcard S.A. (v)	-	-	-	497
Controlled by the Company’s controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (vi)	15,520	-	31,940	16,420
	15,520	-	31,940	16,917
Total current assets	67,560	40,139	49,237	36,018

	Company		Consolidated	
Current liabilities	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Transfer so receipt of services				
Joint ventures:				
Luizacred (i)	1,744	4,676	872	2,338
Luizaseg (ii)	13,541	19,567	6,772	9,783
	15,285	24,243	7,644	12,121
Wholly-owned subsidiary:				
Grupo de Consórcios (“LAC”) (iii)	251	493	251	493
	251	493	251	493
Rentals payable and other transfers				
Controlled by the Company’s controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (vi)	486	607	486	610
PJD Agropastoril Ltda. (viii)	27	-	27	-
Other related parties	-	-	-	10
	513	607	513	620
Advertising and marketing service contracts payable				
Controlled by the Company’s controlling shareholders:				
ETCO - Empresa Técnica de Comunicação Ltda. (vii)	6,887	8,432	6,887	8,432
Total current liabilities	22,936	33,775	15,295	21,666

b) Related-party transactions

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Income from service intermediation commissions				
Joint ventures:				
Luizacred (i)	28,523	11,335	14,262	5,668
Luizaseg (ii)	18,522	16,940	9,261	8,470
	47,045	28,275	23,523	14,138
Wholly-owned subsidiary:				
LAC (iii)	1,118	699	-	-
	1,118	699	-	-
Profit sharing on financial products				
Controller of the joint venture Luizacred:				
Banco Itaúcard (v)	-	-	13,674	5,176
Profit on sale of fixed assets				
Controlled by the Company's controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (vi)	10,661	-	10,661	-
Total revenues	58,824	28,974	47,858	19,314
Rental of commercial buildings expenses				
Controlled by the Company's controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (vi)	(2,245)	(1,175)	(2,245)	(1,175)
PJD Agropastoril Ltda. (viii)	(281)	(281)	(281)	(281)
	(2,526)	(1,456)	(2,526)	(1,456)
Advertising expenses				
Controlled by the Company's controlling shareholders:				
ETCO - Empresa Técnica de Comunicação Ltda. (vii)	(26,763)	(37,976)	(26,763)	(37,976)
Total expenses	(29,289)	(39,432)	(29,289)	(39,432)

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

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

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

c) Commissions on services provided by the Company on a monthly basis that include the attraction of customers, management and operation of consumer credit transactions, control over and collection of financing granted, access to telecommunication systems and network, in addition to storage and availability of physical space in the points of sale.

The amounts payable (current liabilities) refer to the receipt of customers' installments in the Company's store cashiers, which are transferred to Luizacred on D+1.

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

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

iv. The balance receivable with Lojas Maia, wholly-owned subsidiary refers to the agreement for reimbursement of advertising expenses assumed by the Company, based on a formal agreement among the parties. Additionally, the Company is the guarantor of this subsidiary in two loan transactions, whose contracts amount to R$ 123,612 at March 31, 2011, through co-obligation under assignment of receivables from credit cards and sureties.

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

vi. Transactions with MTG Administração, Assessoria e Participações S.A. (“MTG”), controlled by the same owners of the Company, refer to expenses on rental of office buildings for the installation of stores, distribution centers and head office, and the sale of properties in February 2011, as shown in Note 11.

vii. Transactions with ETCO - Empresa Técnica de Comunicação Ltda., an entity indirectly controlled by the Vice Chairman of the Company’s Board of Directors, refer to advertising and marketing service contracts, also including transfers relating to placement, media production and graphic design services.

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

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

c) Management compensation:

	03/31/2011	03/31/2010
Board of Directors	59	34
Board of Executive Officers	1,422	1,101

As at March 31, 2011, the Company does not offer post-employment benefits, severance benefits or other long-term benefits. On April 1, 2011, the Board of Directors approved the share-based compensation, as mentioned in Note 27.

8. INCOME TAX AND SOCIAL CONTRIBUTION

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

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Income (loss) before income tax and social contribution	13,200	11,910	17,211	16,775
Statutory rate	34%	34%	34%	34%
Expected credit (debit) of income tax and social contribution at statutory rates	(4,488)	(4,050)	(5,852)	(5,704)
Effect of deferred tax balances due to change in tax rate of CSSL of financial institutions from 9% to 15%	-	-	474	(903)
Reconciliation with effective rate (effects of adoption of tax rates):				
Exclusion - equity in subsidiaries	3,723	2,439	-	-
Other permanent (additions) exclusions, net	(140)	(966)	462	(835)
Debit of income tax and social contribution	(905)	(2,577)	(4,916)	(7,442)
Current	-	-	(8,297)	(7,908)
Deferred	(905)	(2,577)	3,381	466
Total	(905)	(2,577)	(4,916)	(7,442)

9. INVESTMENTS IN SUBSIDIARIES

Below is the description of the Company's subsidiaries at year-end:

Subsidiary	Main activity	Equity interest - %	
		03/31/2011	12/31/2010
Lojas Maia	Retail sales - consumer goods	100%	100%
LAC	Consortium manager	100%	100%

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

	Luiza Administradora de Consórcios		Lojas Maia	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Shares held	6,500	6,500	5,000	5,000
Capital	6,500	6,500	5,000	5,000
Shareholders' equity (shareholders' deficit)	10,183	10,125	(178,573)	(134,562)
Net income (loss) for the year/period	58	935	5,704	(2,264)
Changes in investments (provision for loss):				
Balance at beginning of the year	10,125	9,190	96,017	-
Goodwill on acquisition of investments	-	-	-	230,579
Shareholders' deficit on acquisition date of subsidiary	-	-	-	(132,298)
Share subscription loss (a)	-	-	(55,158)	-
Equity in subsidiaries	58	935	5,704	(2,264)
Balance at the end of the year	10,183	10,125	46,563	96,017

(a) See Note 10.

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

	Luizacred		Luizaseg	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Shares held	847	688	13.883	13.883
Interest percentage	40,55%	50%	50%	50%
Current assets	2,299,112	2,087,260	128,204	106,486
Noncurrent assets	279,562	310,074	54,332	74,179
Current liabilities	2,296,430	2,280,594	47,900	61,669
Noncurrent liabilities	9,466	13,137	57,406	41,667
Capital	226,624	66,623	13,884	13,883
Shareholders' equity	272,778	103,604	77,230	77,328
Net income for the year	9,246	70,526	2,996	12,391
Changes in investments				
Balance at beginning of the year	51,802	23,597	38,665	34,586
Gain from relative ownership interest	55,158	-	-	-
Dividends paid	(39)	(7,058)	(1,549)	(2,117)
Equity in subsidiaries	3,690	35,263	1,498	6,196
Balances at end of period	110,611	51,802	38,614	38,665

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

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

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

Capital was increased to meet cash requirements for the payment of the exclusivity right to Lojas Maia, as described in Note 16 (d). As a result, Luizacred continues meeting the minimum capital requirements required by BACEN.

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

	Before the capital increase	After the capital increase	Effect of the capital increase
Luizacred's financial position			
Shareholders' equity	102,940	262,940	160,000
Total shares	686,764	846,764	160,000
Gain on equity of Magazine Luiza			
Number of shares held by Magazine Luiza	343,382	343,382	-
Change in interest	50.00%	40.55%	-9.45%
Direct investment -Magazine Luiza	51,470	106,628	55,158
Gain on equity (change in investment - capital invested)			55,158
Share subscription loss of Lojas Maia			
Shares held by Lojas Maia	-	80,000	80,000
Change in interest	0.00%	9.45%	9.45%
Direct investment - Lojas Maia	-	24,842	(24,842)
Investment loss (change in investment - capital invested)			(55,158)

11. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment for the three-month period ended March 31, 2011 are as follows:

	Company	Consolidated
Property, plant and equipment, net as at December 31, 2010	331,306	358,841
Additions	15,726	20,285
Write-offs	(4,855)	(4,925)
Depreciation	(13,426)	(14,338)
Property, plant and equipment, net as at March 31, 2011	328,751	359,863
Balance of property, plant and equipment as at March 31, 2011:		
Cost of property, plant and equipment	577,121	624,837
Accumulated depreciation	(248,370)	(264,974)
Property, plant and equipment, net as at March 31, 2011	328,751	359,863

In February 2011, the Company sold its buildings to MTG Administração Acessória e Participações S.A. The net balance of these assets totaled R$ 4,855 on the transaction date, which were sold for R$ 15,517, generating gain of R$ 10,662, recorded in other operating income, according to Note 21.

12. INTANGIBLE ASSETS

Changes in intangible assets for the three-month period ended March 31, 2011 are as follows:

	Company	Consolidated
Intangible assets, net as at December 31, 2010	95,149	374,619
Additions	1,752	2,198
Amortization	(4,026)	(6,793)
Intangible assets, net as at March 31, 2011	92,875	370,024
Balance of intangible assets as at March 31, 2011:		
Cost of property, plant and equipment	174,391	461,715
Accumulated depreciation	(81,516)	(91,691)
Intangible assets, net as at March 31, 2011	92,875	370,024

13. TRADE ACCOUNTS PAYABLE

	Company		Consolidated	
	03/31/2011	12/03/2010	03/31/2011	12/31/2010
Goods for resale - domestic market	637,399	977,146	754,169	1,134,515
Goods for resale - foreign market	2,657	633	2,657	633
Other suppliers	9,307	10,980	9,307	10,977
Present value adjustment	(7,913)	(11,586)	(9,410)	(13,836)
	641,450	977,173	756,723	1,132,289

In the last three-month period of each year, the Company and subsidiary Lojas Maia acquire goods for resale to supply stores for the sales peak period, which comprise Christmas sales and the fantastic sale in January and February of every year. Sales invoices mature in the first three-month period of the year.

14. LOANS AND FINANCING

				Company		Consolidated	
Type	Charge	Collaterals	Final maturity	03/31/2011	12/31/2010	03/31/2011	12/31/2010
BNDES (a)	TJLP + 2,38% p.a. (i) IPCA + 8,91% p.a. (ii)	Bank pledge	Dec/13	47,578	50,338	47,578	50,338
Working capital (b)	104% to 119% of CDI p.a.	Credit card receivables / Promissory note	Jun/15	754,064	569,189	886,378	709,876
Finance leases (c)	CDI/TJLP/LIBOR/IGPM + 3,3%	Fiduciary sale / Escrow deposits	through 2016	11,134	14,217	11,549	14,659
				812,776	633,744	945,505	774,873
Current liabilities				335,914	88,876	350,117	108,758
Noncurrent liabilities				476,862	544,868	595,388	666,115

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

(b) This financing is collateralized by promissory notes, mortgages on properties owned by controlling shareholders and a portion of receivables from credit cards, as described in note 5.

A portion of the funds was contracted in foreign currency, over which fixed interest and exchange rate change are levied. In order to hedge its transactions against exchange rate change risks, the Company entered into swap transactions to substitute the charges contracted for DI-indexed fixed interest. This is a perfectly matched transaction that does not expose the Company to currency or foreign interest rate risks. The effect of such transaction is stated in note 25.

(c) The Company has finance lease contracts relating to: (i) aircraft, whose contract was entered into in 2005 and expires in 2016. For this contract, R$ 1,081 (equivalent to US$ 610,000) was deposited in escrow, recorded in line item “Other noncurrent assets”, which will be redeemed on the final maturity of the contract. This deposit, equivalent to 15% of the total asset amount, is adjusted for inflation, whose contra entry is recorded in income (loss) for the year; (ii) IT equipment and software, whose contracts expire in 2011.

The Company’s restrictive covenants have not been amended in relation to December 31, 2010 and, as at March 31, 2011 the Company is compliant with its contractual obligations.

15. INTERBANK DEPOSITS

Type	Charges	Consolidated (IFRS e BR GAAP) 03/31/2011	12/31/2010
Interbank deposits	100% a 103% of CDI	843,609	856,725
Current liabilities		842,421	852,680
Noncurrent liabilities		1,188	4,045

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

	Consolidated
Up to 30 days	802,510
From 31 to 90 days	813
From 91 to 180 days	30,271
From 181 to 365 days	8,827
Over 365 days	1,188
	843,609

16. DEFERRED INCOME

	Company		Consolidated	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Deferred income from third parties:				
Exclusivity agreement with Itaú Unibanco (a)	200,500	209,000	200,500	209,000
Exploration right agreement - payroll (b)	7,963	8,883	7,963	8,882
Sales agreement - Cardif (c)	-	-	18,475	19,000
	208,463	217,883	226,938	236,882
Deferred income from related parties:				
Exclusivity agreement with Luizacred (d)	-	-	78,953	80,000
Exclusivity agreement with Luizaseg (e)	7,704	10,271	3,852	5,136
	7,704	10,271	82,805	85,136
Total deferred income	216,167	228,154	309,743	322,018
Current liabilities	43,879	20,686	55,129	25,956
Noncurrent liabilities	172,288	207,468	254,614	296,062

a) On November 27, 2009, the Company entered into an “Alliance Agreement” entered into with financial institutions Itaú Unibanco Holding S.A. (“Itaú”) and Banco Itaucard S.A., under which the Company grants to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its store chain for a period of 20 years.

In consideration for the aforementioned joint venture, Itaú group companies paid in cash the amount of R$ 250,000, of which: i) R$ 230,000 relating to the consummation of the negotiation, without right of reimbursement, to be allocated to net income (loss) over the term of the contract, i.e., 20 years, and; ii) R$ 20,000 subject to the attainment of profitability goals in Luizacred, which should be cumulatively complied with over the first five years of validity of the assignment agreement, and evaluated on the 5th year, subject to refund of a portion or all the amount, if goals are not attained.

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

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

d) On December 29, 2010, subsidiary Lojas Maia entered into a sales agreement with Luizacred, a jointly-owned subsidiary, through which it has granted exclusivity in the right of offer, distribution and sale of financial products and services in its store chain, for a period of 19 years, to the financial institution. As a result of such partnership, Luizacred paid in cash R$ 160,000 to Lojas Maia (R$ 80,000 in the consolidated refer to the 50% interest of Magazine Luíza in the subsidiary), which will be recognized in income (loss) over the term of the agreement. As part of this partnership agreement, the amount of R$ 20,000, mentioned in item "(a) ii" above was increased to R$ 55,000.

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

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

17. RESERVE FOR TAX, CIVIL AND LABOR CONTINGENCIES

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

Changes in the reserve for tax, civil and labor contingencies, as follows:

Company:

	12/31/2010	Additions	Use/ Write-offs	03/31/2011
Tax	27,982	5,503	-	33,485
Civil	8,644	250	-	8,894
Labor	21,659	1,390	-	23,049
	58,285	7,143	-	65,428

Consolidated:

	12/31/2010	Additions	Use / Write-offs	03/31/2011
Tax	142,711	6,524	(7,614)	141,621
Civil	14,377	250	-	14,627
Labor	24,932	1,423	(117)	26,238
	182,020	8,197	(7,731)	182,486

As of March 31, 2011, the main lawsuits classified by management as probable loss based on the opinion of its legal counsel and for which the amounts were included in the reserve for contingencies are as follows:

a) Tax lawsuits:

(i) The Company is challenging fifteen tax assessment notices filed by the Department of Finance of São Paulo, which claims underpayment of the State VAT (ICMS), allegedly due to incorrect application of rates. The Company recorded a reserve for risks assessed as probable loss by its legal counsel. These tax assessment notices amount to R$ 14,160.

(ii) Lawsuit challenging the constitutionality of the Contribution to the National Institute of Rural Settlement and Agrarian Reform (INCRA), for which an escrow deposit was made totaling R$ 2,502.

(iii) The Company is challenging the increase in the Occupational Accident Risk rate (RAT). Therefore, it filed a lawsuit and deposited the amounts corresponding to the increased rate in an escrow account. The amount of the escrow deposit totals R$ 7,940 as at March 31, 2011.

(iv) The Company challenges at administrative level the FAP (Accident Prevention Factor) index which was prescribed by MPS/CNPS Resolution 1269/06, whose provision totals R$ 8,881 as at March 31, 2011.

(v) Other tax claims assessed by the management of the Parent Company and subsidiary Lojas Maia and their legal counsel as probable loss amount to R$ 43,501, for which a reserve has been recognized. The tax claims are related to tax assessment notices allegedly due to the incorrect application of ICMS rates, as well as to risks related to PIS/COFINS on debits on interest income, tax incentives received and credits subject to challenge with the tax authorities.

(vi) Subsidiary Lojas Maia does not acknowledge the mandatory collection of PIS/COFINS on ICMS tax base, depositing in an escrow account the amount of the related provision, in the total amount of R$ 21,766.

(vii) During the business combination process of subsidiary Lojas Maia, other tax risks relating to ICMS, IRPJ, CSSL and ISS were identified by the Company and weighted in the context of calculation of the related fair values, and an additional reserve of R$ 42,861 was recognized.

b) Civil lawsuits: Civil contingencies of R$ 8,894 (Company) are related to claims filed by customers on possible product defects; the subsidiary Lojas Maia, since it also operates in the retail industry, is party to lawsuits of the same nature in the amount of R$ 5,652. Other balances are recorded in Luiza Administradora de Consórcio.

c) Labor lawsuits:

   i. At the labor courts, the Company is a party to various labor lawsuits, mostly claiming overtime. The accrued amount of R$ 20,900 (company) reflects the likelihood of probable loss assessed by the Company's management and its legal counsel. (The Company is a party to various labor lawsuits, mostly claiming overtime. The accrued amount of R$ 20,900 (parent) reflects the risk of probable loss assessed by the Company's management and its legal counsel.

   ii. The Company is also challenging the payment of social security contribution on paid prior notice, which is being fully deposited in escrow and totals R$ 2,149 (parent company), the total balance recognized at the parent company.

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

a) Tax lawsuits: There are tax lawsuits where the Company and its subsidiaries and jointly-owned subsidiaries are the defendants. The amount estimated by management and its legal counsel relating to these lawsuits, which are at the administrative or legal level, is R$ 130,319 at March 31, 2011.

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

Contingent assets

The Company is party to other tax lawsuits of several nature as plaintiff. The estimated amounts of these lawsuits total approximately R$ 255,900, which were not recorded since they refer to contingent assets. These credits refer primarily to the lawsuit filed to exclude the ICMS from the PIS/COFINS tax base, totaling approximately R$ 170,500. Other credits may be obtained from lawsuits that address the increase in the PIS tax basis, the exclusion of ISS from the PIS/COFINS tax basis, among others.

18. SHAREHOLDERS' EQUITY

In 2010 the Company approved at the Extraordinary Shareholders' Meeting held on December 17, 2010, the reduction of the capital to R$ 177,000 to absorb accumulated losses. As at March 31, 2011, capital was represented by 48,283,255 common shares without par value. Additionally, on April 1, 2011, the Extraordinary Shareholders' Meeting approved the split of all common shares representing the Company's capital, so that each common share was represented by 3.10666710436154 new common shares, resulting in 150,000,000 common shares, as follows:

	Number of shares	Interest - %
LTD Administração e Participações S.A.	121,318,861	80,88
Luiza Participações S.A.	862,411	0,58
Wagner Garcia Participações S.A.	9,273,731	6,18
Brazil Zia I, LLC	14,690,183	9,79
Brazil Zia II, LLC	3,854,796	2,57
Other	18	-
Total	150,000,000	100,00

19. NET SALES

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Gross revenue:				
Retails - resale of goods	1,282,451	994,204	1,532,839	994,204
Retails - services provided	52,470	32,383	30,667	17,547
Loan operations	-	-	110,747	88,759
Insurance operations	-	-	15,847	13,909
Consortium management	-	-	5,964	4,512
	1,334,921	1,026,587	1,696,064	1,118,931
Taxes and returns:				
Resale of goods	(214,781)	(173,299)	(272,239)	(173,301)
Services provided	(7,002)	(4,248)	(7,772)	(4,568)
	(221,783)	(177,547)	(280,011)	(177,869)
Net sales	1,113,138	849,040	1,416,053	941,062

20. COST OF SALES, SERVICES AND FUNDING

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Costs:				
Goods resold	(781,902)	(588,070)	(920,668)	(588,070)
Services provided	-	-	(2,610)	(2,070)
Funding for financial transactions	-	-	(22,917)	(12,009)
	(781,902)	(588,070)	(946,195)	(602,149)

21. OTHER OPERATING INCOME, NET

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Gain on sale of property, plant and equipment (a)	10,662	-	10,662	-
Recognition of deferred income - Assignment of receivables from right of use (b)	11,986	13,737	12,274	12,453
Tax refund (c)	4,285	9,611	4,285	9,611
Reserve for tax contingencies	(1,927)	(4,473)	(1,927)	(4,473)
Management compensation	(1,422)	(1,101)	(1,422)	(1,101)
Employee profit sharing	(675)	(1,381)	(675)	(1,381)
Others	(2,294)	(399)	(4,285)	1,243
Total	20,615	15,994	18,912	16,352

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

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

c) Refer to tax credits pegged to temporary credits on social security contributions of indemnity nature, in the total amount of R$ 4,285 (R$ 5,208 in 2010).

22. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Financial income:				
Interest on extended warranty sales	2,764	2,853	2,764	2,853
Income from short-term financial investments and securities	1,285	476	5,510	1,914
Interest on sale of goods - interest on delay in collection	206	575	296	575
Exchange gains	14	-	14	-
Other	524	1,207	562	1,207
	4,793	5,111	9,146	6,549
Financial expenses:				
Interest on loans and financing	(30,960)	(22,091)	(36,396)	(22,091)
Charges on credit card advances	(17,432)	(10,104)	(14,188)	(6,097)
Provision of interest on extended warranty	(1,102)	(2,831)	(1,102)	(2,831)
Exchange loss	-	(218)	-	(218)
Other	(3,003)	(3,391)	(3,144)	(3,390)
	(52,497)	(38,635)	(54,830)	(34,627)
Financial income (expenses), net	(47,704)	(33,524)	(45,684)	(28,078)

23. SEGMENT REPORTING

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

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

- Retail - mainly resale of goods and provision of services in the Company’s stores;
- Financial transactions - through the jointly-owned subsidiary Luizacred, mainly engaged in the granting of credit to the Company’s customers for acquisition of products;
- Insurance - through the jointly-owned subsidiary Luizaseg, mainly engaged in the offer of extended warranties of products purchased by the Company’s customers;
- Consortium management - through the subsidiary LAC, mainly engaged in the management of consortiums to the Company's customers for purchase of products.

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

Statement of income

	03/31/2011						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Gross revenue from third parties	1,563,506	110,747	15,847	5,964	1,696,064	-	1,696,064
Gross revenue from related parties	24,640	6,232	-	-	30,872	(30,872)	-
Revenue deductions	(279,596)	-	-	(415)	(280,011)	-	(280,011)
Net segment sales	1,308,550	116,979	15,847	5,549	1,446,925	(30,872)	1,416,053
Costs	(920,668)	(22,917)	(1,123)	(2,605)	(947,313)	1,118	(946,195)
Gross profit	387,882	94,062	14,724	2,944	499,612	(29,754)	469,858
Selling expenses	(250,069)	(18,082)	(2,331)	-	(270,482)	-	(270,482)
Selling expenses - related parties	-	(14,262)	(9,261)	-	(23,523)	23,523	-
General and administrative expenses	(77,665)	(1,206)	(1,329)	(3,088)	(83,288)	-	(83,288)
Income (loss) from allowance for doubtful accounts	(1,914)	(49,060)	-	-	(50,974)	-	(50,974)
Depreciation and amortization	(20,785)	(1,331)	(1,285)	(67)	(23,468)	2,337	(21,131)
Equity in subsidiaries	11,885	-	-	-	11,885	(11,885)	-
Other operating income	23,605	(2,434)	(25)	102	21,248	(2,336)	18,912
Financial income (loss)	(47,884)	-	1,996	204	(45,684)	-	(45,684)
Financial income from related parties	(6,232)	-	-	-	(6,232)	6,232	-
Income tax and social contribution	(824)	(3,064)	(991)	(37)	(4,916)	-	(4,916)
Net income for the period	17,999	4,623	1,498	58	24,178	(11,883)	12,295

	03/31/2010						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Gross revenue from third parties	1,011,750	88,759	13,909	4,513	1,118,931	-	1,118,931
Gross revenue from related parties	14,836	4,007	-	-	18,843	(18,843)	-
Revenue deductions	(177,546)	-	-	(323)	(177,869)	-	(177,869)
Net segment sales	849,040	92,766	13,909	4,190	959,905	(18,843)	941,062
Costs	(588,070)	(12,010)	(766)	(2,002)	(602,848)	699	(602,149)
Gross profit	260,970	80,756	13,143	2,188	357,057	(18,144)	338,913
Selling expenses	(186,201)	(24,943)	(257)	-	(211,401)	-	(211,401)
Selling expenses - related parties	-	(5,667)	(8,470)	-	(14,137)	14,137	-
General and administrative expenses	(34,509)	(710)	(2,390)	(2,297)	(39,906)	-	(39,906)
Income (loss) from allowance for doubtful accounts	(2,708)	(40,774)	-	-	(43,482)	-	(43,482)
Depreciation and amortization	(15,285)	(278)	(1,284)	(60)	(16,907)	1,284	(15,623)
Equity in subsidiaries	7,173	-	-	-	7,173	(7,173)	-
Other operating income	15,994	1,502	-	140	17,636	(1,284)	16,352
Financial income (loss)	(29,517)	-	1,309	130	(32,085)	-	(28,078)
Financial income from related parties	(4,007)	-	-	-	(4,007)	4,007	-
Income tax and social contribution	(2,577)	(4,013)	(798)	(54)	(7,442)	-	(7,442)
Net income for the period	9,333	5,873	1,253	47	12,499	(7,173)	9,333

	03/31/2011						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated Balance
Assets							
Cash and cash equivalents	115,509	906	35	9,168	125,618	-	125,618
Securities	-	110,610	56,391	-	167,001	-	167,001
Trade accounts receivable	478,876	1,043,038	-	288	1,522,202	-	1,522,202
Inventories of goods for resale	741,126	-	-	-	741,126	-	741,126
Investments	231,748	-	-	-	231,748	(231,748)	-
Property, plant and equipment and intangible assets	448,462	86,737	3,855	840	539,894	189,993	729,887
Other	348,401	48,046	30,987	1,671	429,105	(32,969)	396,136
	2,364,122	1,289,337	91,268	11,967	3,756,694	(74,724)	3,681,970
Liabilities							
Trade accounts payable	755,689	-	936	98	756,723	-	756,723
Loans and financing	945,505	-	-	-	945,505	-	945,505
Interbank deposits	-	843,609	-	-	843,609	-	843,609
Credit cards operations	-	235,781	-	-	235,781	-	235,781
Technical insurance reserves	-	-	45,103	-	45,103	-	45,103
Reserve for contingencies	130,075	3,545	64	288	133,972	48,514	182,486
Deferred income	392,537	-	-	-	392,537	(82,794)	309,743
Other accounts payable	259,158	70,013	6,550	1,398	337,119	(33,830)	303,289
	2,482,964	1,152,948	52,653	1,784	3,690,349	(68,110)	3,622,239

	12/31/2010						
	Retail	Financial operations	Insurance operations	Consortium management	Total	Exclusions	Consolidated balance
Assets							
Cash and cash equivalents	319,359	249	31	9,226	328,865	-	328,865
Securities	-	5,029	73,654	-	78,683	-	78,683
Trade accounts receivable	518,153	1,025,101	-	131	1,543,385	-	1,543,385
Inventories of goods for resale	849,799	-	-	-	849,799	-	849,799
Investments	(28,837)	-	-	-	(28,837)	28,837	-
Property, plant and equipment and intangible assets	724,766	87,750	5,139	941	818,596	(85,136)	733,460
Other	335,047	80,540	11,510	1,683	428,780	(35,193)	393,588
	2,718,287	1,198,669	90,334	11,981	4,019,271	(91,492)	3,927,780
Liabilities							
Trade accounts payable	1,139,807	-	733	184	1,140,724	-	1,140,724
Loans and financing	774,873	-	-	-	774,873	-	774,873
Interbank deposits	-	856,725	-	-	856,725	-	856,725
Credit cards operations	-	220,230	-	-	220,230	-	220,230
Technical insurance reserves	-	-	43,695	-	43,695	-	43,695
Reserve for contingencies	179,165	2,524	76	255	182,020	-	182,020
Deferred income	407,154	-	-	-	407,154	(85,136)	322,018
Other accounts payable	299,175	67,388	7,165	1,424	375,152	(35,193)	339,959
	2,800,174	1,146,867	51,669	1,863	4,000,573	(120,329)	3,880,344

24. EARNINGS PER SHARE

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

	03/31/2011	03/31/2010
Net income for the period	12,295	9,333
Outstanding shares	150,000	150,000
Basic/diluted earnings (loss) per share	0.08	0.06

25. FINANCIAL INSTRUMENTS

Capital risk management

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

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

Periodically, Management reviews the capital structure and its ability to settle its liabilities, as well as monitors, on a timely basis, the average term of suppliers in relation to the average term of inventory turnover. Actions are promptly taken when the assets resulting from this ratio are higher than the liabilities.

The objectives of capital management are to safeguard the continuous return to the Company’s shareholders and benefits to other related parties, and maintain an ideal capital structure to reduce this cost and maximize its funds to allow for investments in new stores, refurbishment and redesign of existing stores.

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

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

Categories of financial instruments

	Company		Consolidated	
Financial assets	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Loans and receivables (including cash and banks):				
Cash and banks	20,026	156,435	24,525	265,994
Escrow deposits	27,067	24,175	27,067	24,175
Trade accounts receivable	374,169	424,363	1,536,348	1,543,385
Related parties	67,560	40,139	49,237	36,018
Geld for trading:				
Securities	91,612	24,828	140,940	93,327
Available for sale:				
Securities	-	-	167,000	78,683

Financial liabilities	Company 03/31/2011	Company 12/31/2010	Consolidated 03/31/2011	Consolidated 12/31/2010
Amortized cost:				
Loans, financing and interbank deposit	812,776	633,744	945,505	774,873
Credit card operations	-	-	235,781	220,230
Trade accounts payable	641,450	977,173	756,723	1,132,289
Related parties	22,936	33,775	15,295	21,662

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

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

Fair value measurement

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

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

The fair value of other financial instruments described above allows to approximate their carrying amounts based on the existing payment conditions. The Company has no outstanding assets or liabilities where the fair value could be measured by using non-observable significant information (Level 3) as of December 31, 2010 and 2009.

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

Liquidity risk management

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

The table below details the remaining contractual maturity of the Group's financial liabilities and the contractual amortization periods. This table was prepared using the undiscounted cash flows of financial liabilities, based on the closest date when the Group should settle the related obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at yearend. Contractual maturity is based on the most recent date when the Company should settle the related obligations.

	Less than one year	From one to three years	From three to five years	Total
Trade accounts payable	756,723	-	-	756,723
Borrowings and financing	281,161	454,468	209,876	945,505
Related parties	22,936	-	-	22,936

Considerations on risks

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

Credit risk: credit risk arises from the possibility of the Group incurring losses resulting from the non-receipt of amounts billed to its customers. As at March 31, 2011 the balance of credit risks is R$ 1,536,348. This risk is assessed by the Company as low, due to the normal dispersion of sales as a result of the large number of customers; however, there are no guarantees of collection of trade accounts receivable due to the nature of the Group's activities. In cases where the concentration of billed amounts is greater, the risk is managed by periodically analyzing the default rate and adopting more efficient collection measures.

As at March 31, 2011, the Group recorded past-due or uncollectible balances under "trade accounts receivable", whose terms were renegotiated, in the amount of R$ 11,162, which are included in the Group's analysis on the need to recognize an allowance for doubtful accounts.

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

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

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

Below is the description of agreements, whose transactions are registered with the CETIP - Financial Risk Protection System (SPR), affecting income for the year ended March 31, 2011:

Bank	Reference value (notional)	Fair value through gain (loss) do "swap"	Bank index		Company index	
			Index	Interest	Index	Interest
Unibanco	42,697	(9,543)	US$	6.25% p.a.	CDI	108.30%
Bradesco	103,737	(8,475)	US$	4.08% p.a.	CDI	118.80%
Santander	71,733	(3,970)	US$	2.60% p.a.	CDI	107.00%
Itaú BBA	50,893	(2,304)	US$	3.51 % p.a.	CDI	114.80%
Safra	50,775	(1,953)	US$	3.23 % p.a.	CDI	111.90%
Brasil	123,612	(7,035)	US$	4.79% p.a.	CDI	116.00%
	443,447	(33,280)				

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

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

Sensitivity analysis of financial instruments

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

If interest rates were 10% higher or lower and the other variables remained constant, the income for the period ended March 31, 2011 would decrease or increase by R$ 11,301, primarily due to the Group's exposure to interest on borrowings at fixed rates.

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

As at March 31, 2011, Management carried out a sensitivity analysis, taking into account a 25% and 50% increase or decrease in the expected interest rates (probable scenario), using future interest rates disclosed by BM&FBOVESPA, on the balances of borrowings and financing, net of short-term investments, as follows:

	Scenario I Probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Interest to be incurred exposed to:					
CDI	113,010	141,262	84,757	169,515	56,505
TJLP	2,879	3,118	2,639	3,358	2,399
IPCA	2,287	2,653	1,922	3,019	1,556
Total	118,176	147,033	89,318	175,892	60,460

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

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

Sensitivity analysis of derivatives - "swap":

	Reference value (notional)	Reference amount US$ (a)	Scenario I Probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Loans and financing	253,302	155,524	(18,060)	(137,218)	82,690	(247,173)	192,644
Swap	(253,302)	(155,524)	18,060	137,218	(82,690)	247,173	(192,644)
Total	-	-	-	-	-	-	-

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

	Reference (notional) amount	Reference amount US$ (a)	Scenario I Probable	Scenario II	Scenario III	Scenario IV	Scenario V
Foreign suppliers	2,657	1,631	2,773	3,466	2,080	4,159	1,386
Leases - aircrafts	3,240	1,990	3,382	4,228	2,537	5,074	1,691
Total	5,897	3,621	6,155	7,694	4,617	9,233	3,077

(a) Amount translated into US dollars based on the rate disclosed by the Central Bank on March 31, 2011, of R$ 1.6662 per US$ 1.00

26. BUSINESS COMBINATIONS

The initial accounting of the acquisition of Lojas Maia was temporarily calculated for the year ended December 31, 2010 and for this reporting period. On the date of these financial statements, necessary market valuations and other calculations had not been completed and, consequently, had been calculated based on management's best estimate of probable amounts. The final valuation should be completed by July 2010.

27. APPROVAL OF THE FINANCIAL STATEMENTS

The disclosure of the financial statements was approved and authorized by the Board of Directors on May 11, 2011.

28. SUBSEQUENT EVENTS

a) Approval of stock option plan of Magazine Luiza

The Annual Shareholders' Meeting held on April 1, 2011 approved the stock option plan of common shares issued by the Company ("Plan"). As approved in the meeting, management, employees or service providers of the Company and its subsidiaries are eligible to the stock option plan. The Plan will be managed by the Board of Directors, which will have powers to create a special management committee.

The options granted under the plan cannot exceed 3.5% of the Company's subscribed and paid-in capital during the effective period of the plan. Until the date of approval of these financial statements, the plan was not implemented. Accordingly, no stock option was granted to third parties. The plan's implementation conditions, such as beneficiaries, share price, among others, will be set by the Board of Directors.

b) Initial Public Offering

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

On May 2, 2011, Magazine Luiza conducted a primary and secondary public offering of common shares held by the Selling Shareholders, at the offering price of R$ 16.00 per share. Additional shares, defined as "Over-allotment Option" may also be subscribed at the final offering memorandum. Additional shares must be sold under the same conditions and prices of those originally offered to meet a possible excess demand during the offering.

The Over-allotment Option may be exercised by Banco BTG Pactual S.A. 30 days after the commencement of the offering. Below are the amounts involved in the operation:

	Initial lot	Over-allotment	Total
Primary offering:			
Number of shares	33,750,000	4,837,146	38,587,146
Amounts in R$'000	540,000	77,394	617,394
Secondary offering:			
Number of shares	16,564,432	2,710,018	19,274,450
Amounts in R$'000	265,031	43,360	308,391
Total shares	50,314,432	7,547,164	57,861,596
Total offering price	805,031	120,755	925,786

The Company's total shares after the offering will be 183,750,000, excluding the over-allotment option and considering the total exercise of additional shares, the Company's total shares may reach 188,587,146.

Net proceeds from the Primary Offering will be used in (i) the opening of new stores, (ii) the acquisition of companies in the retail and e-commerce segments, (iii) remodeling of stores and (iv) increasing of working capital.

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