Interim Financial Information

Magazine Luiza S.A.

March 31, 2015
with Independent Auditor's Report

Magazine Luiza S.A.

Interim Financial Information

March 31, 2015

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Condomínio São Luiz
Av. Presidente Juscelino Kubitschek, 1830
Torre I - 8º Andar - Itaim Bibi
04543-900 - São Paulo - SP - Brasil

Tel: (5511) 2573-3000
ey.com.br

A free translation from Portuguese into English of independent auditor's review report on individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and on consolidated interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB and specific CVM rules

Independent auditor's report on review of interim financial information

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

Introduction

We have reviewed the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) of Magazine Luiza S.A. ("Company"), identified as Company and Consolidated, respectively, for the three-month period ended March 31, 2015, which comprise the balance sheets as of March 31, 2015 and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Statements and of consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Statements and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

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Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not fairly prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the three-month period ended March 31, 2015, prepared under Company management responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian SEC (CVM) applicable to preparation of Quarterly Information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not fairly prepared, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

São Paulo, May 7, 2015.

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

Alexandre Rubio
Accountant CRC-1SP223361/O-2

Magazine Luiza S.A.

Statement of financial position
At March 31, 2015 and December 31, 2014
(Amounts in thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	**3/31/2015**	**12/31/2014**	**3/31/2015**	**12/31/2014**
Assets					
Current assets					
Cash and cash equivalents	5	**262,569**	391,763	**282,746**	412,170
Securities	6	**337,433**	450,979	**337,433**	450,979
Trade receivables	7	**478,440**	616,585	**480,435**	618,276
Inventories	8	**1,381,899**	1,465,553	**1,388,569**	1,472,738
Related parties	9	**61,519**	93,895	**60,855**	93,220
Taxes recoverable	10	**291,062**	295,205	**291,605**	295,595
Other assets		**74,426**	51,389	**75,979**	52,944
Total current assets		**2,887,348**	3,365,369	**2,917,622**	3,395,922
Noncurrent assets					
Securities	6	**32,285**	-	**32,285**	-
Trade receivables	7	**2,944**	5,020	**2,944**	5,020
Taxes recoverable	10	**95,642**	106,477	**95,642**	106,477
Deferred income tax and social contribution	11	**159,298**	145,436	**160,292**	146,447
Escrow deposits	19	**220,846**	209,648	**220,846**	209,648
Other assets		**50,541**	49,587	**53,032**	51,973
Investments in subsidiaries	12	**49,446**	44,793	**-**	-
Investments in joint ventures	13	**294,653**	319,604	**294,653**	319,604
Property and equipment	14	**560,630**	565,358	**561,461**	566,193
Intangible assets	15	**451,320**	446,080	**493,927**	488,753
Total noncurrent assets		**1,917,605**	1,892,003	**1,915,082**	1,894,115
Total assets		**4,804,953**	5,257,372	**4,832,704**	5,290,037

	Note	Company		Consolidated	
		3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Liabilities and equity					
Current liabilities					
Trade payables	16	**1,235,108**	1,784,902	**1,239,200**	1,789,898
Borrowings and financing	17	**392,405**	591,051	**392,509**	591,443
Payroll, vacation pay and payroll charges		**158,971**	164,739	**161,245**	167,423
Taxes payable		**19,520**	44,008	**21,976**	44,595
Related parties	9	**62,598**	80,525	**62,386**	80,305
Taxes paid in installments		**6,504**	6,504	**6,504**	6,504
Deferred revenue	18	**30,999**	37,734	**30,999**	37,734
Dividends and interest on equity payable		**16,301**	18,319	**16,301**	18,319
Other payables		**113,422**	92,848	**114,991**	95,227
Total current liabilities		**2,035,828**	2,820,630	**2,046,111**	2,831,448
Noncurrent liabilities					
Borrowings and financing	17	**1,486,243**	1,120,184	**1,486,498**	1,120,184
Provision for tax, civil and labor contingencies	19	**229,163**	246,225	**243,890**	265,691
Deferred revenue	18	**299,414**	315,866	**299,414**	315,866
Other payables		**-**	-	**2,486**	2,381
Total noncurrent liabilities		**2,014,820**	1,682,275	**2,032,288**	1,704,122
Total liabilities		**4,050,648**	4,502,905	**4,078,399**	4,535,570
Equity	20				
Capital stock		**606,505**	606,505	**606,505**	606,505
Capital reserve		**11,219**	10,103	**11,219**	10,103
Treasury shares		**(24,311)**	(20,195)	**(24,311)**	(20,195)
Legal reserve		**16,143**	16,143	**16,143**	16,143
Profit retention reserve		**143,173**	143,173	**143,173**	143,173
Other comprehensive income		**(1,276)**	(1,262)	**(1,276)**	(1,262)
Profit for the period		**2,852**	-	**2,852**	-
Total equity		**754,305**	754,467	**754,305**	754,467
Total liabilities and equity		**4,804,953**	5,257,372	**4,832,704**	5,290,037

See accompanying notes.

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Statement of income
Three-month periods ended March 31, 2015 and 2014
(Amounts in thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Net sales revenue	21	**2,228,632**	2,248,888	**2,252,433**	2,268,867
Costs of goods resold and services rendered	22	**(1,632,723)**	(1,644,752)	**(1,638,609)**	(1,648,866)
Gross profit		**595,909**	604,136	**613,824**	620,001
Operating income (expenses)					
Selling	23	**(419,707)**	(418,794)	**(421,328)**	(419,904)
General and administrative	23	**(102,467)**	(96,782)	**(109,042)**	(102,279)
Doubtful account losses		**(6,172)**	(4,725)	**(6,172)**	(4,725)
Depreciation and amortization		**(31,629)**	(26,922)	**(31,748)**	(27,030)
Equity in earnings of subsidiaries	12 and 13	**31,642**	22,380	**26,989**	21,636
Other operating income, net	23 and 24	**18,356**	6,070	**23,129**	6,071
		(509,977)	(518,773)	**(518,172)**	(526,231)
Operating profit before financial result		**85,932**	85,363	**95,652**	93,770
Finance income		**27,642**	28,971	**20,428**	21,008
Financial expenses		**(124,584)**	(95,292)	**(124,755)**	(95,373)
Financial result	25	**(96,942)**	(66,321)	**(104,327)**	(74,365)
Operating income (loss) before income tax and social contribution		**(11,010)**	19,042	**(8,675)**	19,405
Current and deferred income tax and social contribution	11	**13,862**	1,493	**11,527**	1,130
Profit for the period		**2,852**	20,535	**2,852**	20,535
Profit attributable to:					
Owners of the Company		**2,852**	20,535	**2,852**	20,535
Earnings per share					
Basic and diluted (R$ per share)		**0.02**	0.11	**0.02**	0.11

See accompanying notes.

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Statement of comprehensive income
For the three-month periods ended March 31, 2015 and 2014
(Amounts in thousands of Brazilian reais - R$)

	Company and Consolidated	
	3/31/2015	**3/31/2014**
Net income for the period	**2,852**	20,535
Other comprehensive income deriving from previous periods:		
Available-for-sale financial assets deriving from investments		
Available-for-sale financial assets	**(2,103)**	(2,740)
Tax effect	**841**	1,096
Total	**(1,262)**	(1,644)
Other comprehensive income:		
Available-for-sale financial assets deriving from investments		
Available-for-sale financial assets	**(23)**	229
Tax effect	**9**	(91)
Total	**(14)**	138
Statement of comprehensive income	**(1,276)**	(1,506)
Total other comprehensive income for the period, net of taxes	**1,576**	19,029
Attributable to:		
Controlling shareholders	**1,576**	19,029

See accompanying notes.

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Statement of changes in equity
For the three-month periods ended March 31, 2015 and 2014
(Amounts in thousands of Brazilian reais - R$)

	Note	Capital stock	Capital reserve	Treasury shares	Legal reserve	Profit retention reserve	Profit for the period	Other comprehensive Income	Total
Balances at December 31, 2013		606,505	5,640	(20,063)	9,715	94,458	-	(1,644)	694,611
Stock option plan		-	1,115	-	-	-	-	-	1,115
Treasury shares		-	-	(19,764)	-	-	-	-	(19,764)
Profit for the period		-	-	-	-	-	20,535	-	20,535
		606,505	6,755	(39,827)	9,715	94,458	20,535	(1,644)	696,497
Other comprehensive income:									
Financial instruments adjustment		-	-	-	-	-	-	138	138
Balances at March 31, 2014		606,505	6,755	(39,827)	9,715	94,458	20,535	(1,506)	696,635
Balances at December 31, 2014		**606,505**	**10,103**	**(20,195)**	**16,143**	**143,173**	**-**	**(1,262)**	**754,467**
									-
Stock option plan		**-**	**1,116**	**-**	**-**	**-**	**-**	**-**	**1,116**
Treasury shares		**-**	**-**	**(4,116)**	**-**	**-**	**-**	**-**	**(4,116)**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**2,852**	**-**	**2,852**
		606,505	**11,219**	**(24,311)**	**16,143**	**143,173**	**2,852**	**(1,262)**	**754,319**
Other comprehensive income:									
Financial instruments adjustment	13	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**	**(14)**
Balances at March 31, 2015		**606,505**	**11,219**	**(24,311)**	**16,143**	**143,173**	**2,852**	**(1,276)**	**754,305**

See accompanying notes.

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Statement of cash flows
For the three-month periods ended March 31, 2015 and 2014
(Amounts in thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Cash flow from operating activities					
Profit for the period		**2,852**	20,535	**2,852**	20,535
Adjustments to reconcile profit for the period to cash generated from operating activities:					
Income tax and social contribution expenses recognized in P&L	11	**(13,862)**	(1,493)	**(11,527)**	(1,130)
Depreciation and amortization		**31,629**	26,922	**31,748**	27,030
Interest rate accrued over borrowings and financing		**56,153**	34,504	**56,165**	34,504
Yield on securities		**(7,883)**	(8,430)	**(7,883)**	(8,753)
Equity in the earnings (losses) of subsidiaries	12 and 13	**(31,642)**	(22,380)	**(26,989)**	(21,636)
Changes in allowance for asset losses		**13,547**	18,369	**13,547**	18,369
Provision for tax, civil and labor contingencies	19	**(12,480)**	11,523	**(17,219)**	11,554
Gains (losses) on sale, net of write-off of property and equipment		**188**	110	**188**	110
Appropriation of deferred revenue	24	**(23,187)**	(7,937)	**(23,187)**	(7,937)
Stock option plan expenses		**1,116**	1,115	**1,116**	1,115
Adjusted profit for the period		**16,431**	72,838	**18,811**	73,761
(Increase) decrease in operating assets:					
Receivables		**131,615**	9,456	**131,311**	9,651
Securities		**-**	-	**148,558**	193,772
Inventories		**78,713**	(20,151)	**79,228**	(18,971)
Related parties		**30,069**	10,520	**30,058**	10,681
Taxes recoverable		**14,978**	2,960	**14,825**	2,960
Other assets		**(34,962)**	(23,476)	**(35,065)**	(23,907)
Changes in operating assets		**220,413**	(20,691)	**368,915**	174,186
Increase (decrease) in operating liabilities:					
Trade payables		**(549,794)**	(119,838)	**(550,698)**	(123,150)
Payroll, vacation pay and related charges		**(5,768)**	(10,838)	**(6,178)**	(11,166)
Taxes payable		**(24,488)**	(15,301)	**(24,475)**	(15,335)
Related parties		**(17,927)**	(12,068)	**(17,919)**	(12,066)
Tax paid in installments		**-**	(594)	**-**	(594)
Other payables		**15,992**	7,684	**15,287**	8,018
Changes in operating liabilities		**(581,985)**	(150,955)	**(583,983)**	(154,293)
Income tax and social contribution paid		**-**	-	**(462)**	(492)
Dividends received from subsidiaries		**54,233**	23,697	**54,233**	23,697
Cash flow deriving from (used) in operating activities		**(290,908)**	(75,111)	**(142,486)**	116,859
Cash flows from investing activities					
Purchase of property and equipment	14	**(15,589)**	(8,606)	**(15,638)**	(8,703)
Purchase of intangible assets	15	**(16,967)**	(7,851)	**(16,967)**	(7,920)
Investments in exclusive investment fund		**(104,700)**	(346,941)	**-**	-
Redemptions from exclusive investment fund		**253,258**	540,698	**-**	-
Advance for future capital increase (AFAC) in subsidiary		**-**	(1,600)	**-**	-
Cash flow (used in) deriving from investing activities		**116,002**	175,700	**(32,605)**	(16,623)
Cash flow from financing activities					
Borrowings and financing		**575,000**	-	**575,000**	537
Payment of borrowings and financing		**(482,689)**	(93,147)	**(482,722)**	(93,342)
Repayment of interest on borrowings and financing		**(40,465)**	(32,695)	**(40,477)**	(32,695)
Payment of dividends		**(2,018)**	-	**(2,018)**	-
Treasury shares acquired		**(4,116)**	(19,764)	**(4,116)**	(19,764)
Cash flow deriving from (used in) financing activities		**45,712**	(145,606)	**45,667**	(145,264)
Increase (decrease) in cash and cash equivalents		**(129,194)**	(45,017)	**(129,424)**	(45,028)
Cash and cash equivalents at the beginning of the period		**391,763**	278,006	**412,170**	280,306
Cash and cash equivalents at the end of the period		**262,569**	232,989	**282,746**	235,278
Increase (decrease) in cash and cash equivalents		**(129,194)**	(45,017)	**(129,424)**	(45,028)

See accompanying notes.

Magazine Luiza S.A.

Statement of value added
Three-month periods ended March 31, 2015 and 2014
(Amounts in thousands of Brazilian reais - R$)

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Revenue				
Goods and products sold and services rendered	**2,504,002**	2,536,542	**2,529,179**	2,557,463
Allowance for doubtful accounts, net of reversals	**(6,172)**	(4,725)	**(6,172)**	(4,725)
Other operating revenue	**33,853**	6,069	**38,629**	6,070
	2,531,683	2,537,886	**2,561,636**	2,558,808
Inputs acquired from third parties				
Cost of products and goods sold and services rendered	**(1,785,057)**	(1,800,823)	**(1,790,953)**	(1,804,937)
Material, electricity, outsourced services and other	**(245,208)**	(203,442)	**(249,684)**	(206,841)
Impairment of assets	**(4,941)**	(6,380)	**(4,941)**	(6,380)
	(2,035,206)	(2,010,645)	**(2,045,578)**	(2,018,158)
Gross value added	**496,477**	527,241	**516,058**	540,650
Depreciation and amortization	**(31,629)**	(26,922)	**(31,748)**	(27,030)
Net value added generated by the entity	**464,848**	500,319	**484,310**	513,620
Value added received through transfer				
Equity in earnings of subsidiaries	**31,642**	22,380	**26,989**	21,636
Finance income	**27,642**	28,971	**20,428**	21,008
Total value added to distribute	**524,132**	551,670	**531,727**	556,264
Distribution of value added				
Personnel and charges:				
Direct compensation	**185,285**	184,089	**187,965**	186,230
Benefits	**32,599**	34,088	**32,913**	34,276
Government Severance Indemnity Fund for Employees (FGTS)	**18,308**	16,549	**18,505**	16,784
	236,192	234,726	**239,383**	237,290
Taxes, fees and contributions:				
Federal	**10,546**	50,162	**14,010**	51,642
State	**71,734**	79,239	**72,062**	79,315
Municipal	**9,029**	8,653	**9,362**	8,937
	91,309	138,054	**95,434**	139,894
Value distributed to providers of capital:				
Interest	**116,679**	84,521	**116,817**	84,582
Rentals	**69,195**	63,064	**69,304**	63,173
Other	**7,905**	10,770	**7,937**	10,790
	193,779	158,355	**194,058**	158,545
Value distributed to shareholders:				
Retained earnings	**2,852**	20,535	**2,852**	20,535
	524,132	551,670	**531,727**	556,264

See accompanying notes.

1. Operations

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

At March 31, 2015, the Company and its subsidiaries owned 759 stores (756 stores in 2014) and eight distribution centers (eight distribution centers in 2014), located in the South, Southeast, Mid-west and Northeast regions of Brazil.

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

The interim financial information was approved and the Board of Directors authorized its publication on May 6, 2015.

2. Presentation and preparation of the interim financial information

2.1. Accounting practices

The interim financial information is presented in Brazilian reais (R$), which is the Company’s functional and reporting currency.

The individual and consolidated interim financial information has been prepared according to the Brazilian Accounting Pronouncement CPC 21 (R1) (Interim Financial Reporting) and the international standard IAS 34 and presented in conformity with the standards issued by the Brazilian Securities and Exchange Commission.

The accounting practices, policies and main judgments and sources of uncertainties on the estimates adopted when preparing the Company and Consolidated interim financial information are consistent with those adopted and disclosed in Notes 3, 4, 6, 8, 9, 12, 15, 16, 20, 22, 23 and 30 of the financial statements for the year ended December 31, 2014, except for the change in the methodology to calculate the “Allowance for doubtful accounts” described in Note 4 - f). In the year of 2015, the Company adopted the method of recognizing an allowance for doubtful accounts to finance its own installment plan and sell financial services, adopting as criterion the classification of loan operations in the ascending order of risks.

2. Presentation and preparation of the interim financial information (Continued)

2.1. Accounting practices (Continued)

In view of the above mentioned, the interim financial information must be read jointly with the financial statements for the year ended December 31, 2014.

The Statement of Value Added ("DVA") aims at evidencing the wealth created by the Company and its distribution during certain period and is presented pursuant to the Brazilian corporation law, since it is neither required nor mandatory statement under the IFRS.

3. New standards, amendments and interpretations

a) <u>Issued by IASB, but not yet effective until the date this interim financial information was issued and not early adopted by the Company.</u>

IFRS 9 Financial Instruments: In July 2014, IASB issued the final version of IFRS 9 – Financial instruments, which reflects all the phases of the financial instrument project and replaces IAS 39 – Financial Instruments: Recognition and Measurement and all the previous versions of IFRS 9. This standard introduces new requirements on classification and measurement, impairment losses and hedge accounting. IFRS 9 will effective for annual periods as of January 1, 2018, the early adoption is not allowed. The retrospective application is required; however, the presentation of comparative information is not mandatory. The early adoption of previous versions of IFRS 9 (2009, 2010 and 2013) is allowed if date of initial application precedes February 1, 2015. The adoption of IFRS 9 will have effects on the classification and measurement of the Company's financial assets; however, not causing any impact on the classification and measurement of the Company's financial liabilities.

IFRS 15 Revenue from Contracts with Customers: It establishes a five-stage model applied to revenues obtained from contracts with customers, regardless of the type of revenue transaction or industry. It shall apply to all revenue contracts and provides a model to recognize and measure gains or losses with the sale of few non-financial assets not connected to the Company's common activities, e.g., sales of properties, facilities and equipment or intangible assets. This standard also requires extensive disclosures and shall apply for annual periods as of January 1, 2017, and the early adoption is allowed.

3. New standards, amendments and interpretations (Continued)

a) Issued by IASB, but not yet effective until the date this interim financial information was issued and not early adopted by the Company (Continued)

Additionally, the following standards, amendments and interpretations were issued by IASB, but management does not expect impacts on the Company's consolidated financial statements upon their early adoption:

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Equity Interests – Applicable to annual periods as of January 1, 2016, after this date, the early adoption is not accepted in Brazil;

- Amendments to IAS 16 and IAS 38 – Clarifications on Acceptable Depreciation and Amortization Methods – these amendments will be effective prospectively for annual periods starting on or as of January 1, 2016;

The Company intends to adopt these standards when they become effective, disclosing and recognizing the impacts on the interim financial information that may occur upon application of this adoption.

Considering current operations of the Company and its subsidiaries, management does not expect these amendments to have a material effect on the interim financial information as of their adoption.

According to the management's opinion, there are no other standards and interpretations issued, but not yet adopted that could have a material effect on the Company's results and equity.

(Amounts in thousands of Brazilian reais - R$)

4. Notes included in the financial statements as of December 31, 2014 not presented in this interim financial information

This interim financial information is presented in conformity with CPC 21 (R1) and IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the provisions set forth by CVM Circular Letter SNC/SEP 003/2011, of April 28, 2011. The preparation of this interim financial information requires the Company's management to make judgments on the relevance and changes that should be disclosed in explanatory notes. Accordingly, this interim financial information includes selected explanatory information and does not comprise all the explanatory information presented in the financial statements for the year ended December 31, 2014. As permitted by CVM Circular Letter 03/2011, the following explanatory information and its reference to the financial statements as of December 31, 2014 are no longer reported:

- Business combination (Note 29);
- Lease (Note 30);
- Statements of cash flows (Note 31).

5. Cash and cash equivalents

		Company		Consolidated	
	Rates	**3/31/2015**	**12/31/2014**	**3/31/2015**	**12/31/2014**
Cash		**35,141**	30,550	**35,148**	30,558
Banks		**23,120**	35,996	**23,975**	36,262
Bank deposit certificates	From 80% to 105% CDI	**203,664**	324,500	**217,336**	339,459
Non-exclusive investment funds	102% CDI	**644**	717	**6,287**	5,891
Total cash and cash equivalents		**262,569**	391,763	**282,746**	412,170

(Amounts in thousands of Brazilian reais - R$)

6. Securities

Financial assets at fair value through profit or loss	Rates	Company 3/31/2015	Company 12/31/2014	Consolidated 3/31/2015	Consolidated 12/31/2014
Held for trading					
Non-exclusive investment funds	105% CDI	**5,752**	5,597	**5,752**	5,597
Exclusive investment funds:	(a)				
Investment fund quotas		**1,895**	4,190	**1,895**	4,190
Federal government securities and repo operations		**208,242**	339,568	**208,242**	339,568
Time deposits and other securities		**94,415**	101,624	**94,415**	101,624
	Note 9-a	**304,552**	445,382	**304,552**	445,382
At fair value through profit or loss					
Fair value hedge	(b)	**59,414**	-	**59,414**	-
Current		**337,433**	450,979	**337,433**	450,979
Noncurrent		**32,285**	-	**32,285**	-

(a) Considers the exclusive fixed income investment funds. At March 31, 2015, the portfolio was distributed into the four categories described in the table above, which are linked to financial operations securities, indexed to the monthly variation of CDI rate, to return the average profitability of 103% of the CDI to the Company.
(b) Fair value hedge accounting, as detailed in Note 27.

7. Trade receivables

	Company 3/31/2015	Company 12/31/2014	Consolidated 3/31/2015	Consolidated 12/31/2014
Trade receivables:				
Debit and credit cards (a)	**168,288**	190,413	**169,762**	191,792
Own installment plan (b)	**106,591**	107,275	**106,591**	107,275
Additional warranty agreements (c)	**152,256**	162,148	**152,256**	162,148
Total trade receivables	**427,135**	459,836	**428,609**	461,215
Arising from sales agreements (d)	**130,986**	237,512	**131,548**	237,879
Allowance for doubtful accounts	**(41,873)**	(49,511)	**(41,873)**	(49,511)
Present value adjustment	**(34,864)**	(26,232)	**(34,905)**	(26,287)
Total receivables	**481,384**	621,605	**483,379**	623,296
Current assets	**478,440**	616,585	**480,435**	618,276
Noncurrent assets	**2,944**	5,020	**2,944**	5,020

The average term to receive trade receivables is 15 days in the Company and Consolidated. Receivables were assigned to secure borrowings for R$109,961 on March 31, 2015 (R$120,802 at December 31, 2014), represented by credit card receivables.

(Amounts in thousands of Brazilian reais - R$)

7. Trade receivables (Continued)

(a) Refers to credit and debit card receivables, which the Company receives from credit card companies at the amount, term and number of installments defined when the product is sold. At March 31, 2015, the Company had credits granted to financial institutions totaling R$1,391,995 (R$1,515,648 in December 2014), where a discount between 105.0% and 108.0% of CDI is applied, which is recognized in profit or loss under “Financial expenses.” The Company, through card sales transactions, transfers to the credit card companies and financial institutions all risks of payment by customers and, therefore, does not recognize the receivables referring to these credits. The respective financial charges are recorded in profit or loss for the year upon derecognition.

(b) Refers to receivables from sales financed by the Company.

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

(d) Refers to bonuses on products to be received from suppliers, arising from the fulfillment of the purchase volume and a portion of agreements defining the suppliers’ percentage in the disbursements related to advertising and marketing (joint advertising).

Changes in the allowance for doubtful accounts are as follows:

	Company and Consolidated	
	3/31/2015	**12/31/2014**
Balance at the beginning of the period/year	**(49,511)**	(43,190)
(+) Additions	**(8,606)**	(61,247)
(-) Write-offs	**16,244**	54,926
Balance at the end of the period/year	**(41,873)**	(49,511)

The aging list of trade receivables and receivables from sales agreements is as follows:

	Trade Receivables				Receivables from Sales Agreements			
	Company		Consolidated		Company		Consolidated	
	3/31/2015	12/31/2014	3/31/2015	12/31/2014	3/31/2015	12/31/2014	3/31/2015	12/31/2014
Falling due:								
Up to 30 days	**60,636**	70,121	**61,028**	70,550	**32,461**	50,532	**33,023**	50,899
Between 31 and 60 days	**41,482**	45,723	**41,522**	45,912	**22,687**	139,089	**22,687**	139,089
Between 61 and 90 days	**38,301**	43,599	**38,355**	43,816	**5,584**	36,467	**5,584**	36,467
Between 91 and 180 days	**67,333**	79,382	**67,875**	79,718	**2,647**	9,025	**2,647**	9,025
Between 181 and 360 days	**174,214**	179,275	**174,660**	179,483	**10,413**	780	**10,413**	780
Over 361 days	**6,811**	7,832	**6,811**	7,832	**-**	-	**-**	-
	388,777	425,932	**390,251**	427,311	**73,792**	235,893	**74,354**	236,260
Past-due:								
Up to 30 days	**10,809**	7,636	**10,809**	7,636	**23,379**	587	**23,379**	587
Between 31 and 60 days	**6,629**	5,726	**6,629**	5,726	**33,256**	300	**33,256**	300
Between 61 and 90 days	**5,384**	5,210	**5,384**	5,210	**140**	101	**140**	101
Between 91 and 180 days	**15,536**	15,332	**15,536**	15,332	**419**	631	**419**	631
	38,358	33,904	**38,358**	33,904	**57,194**	1,619	**57,194**	1,619
Total	**427,135**	459,836	**428,609**	461,215	**130,986**	237,512	**131,548**	237,879

(Amounts in thousands of Brazilian reais - R$)

8. Inventories

	Company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Resale goods	**1,390,854**	1,475,198	**1,397,524**	1,482,383
Consumption material	**12,223**	11,183	**12,223**	11,183
Provision for losses	**(21,178)**	(20,828)	**(21,178)**	(20,828)
Total	**1,381,899**	1,465,553	**1,388,569**	1,472,738

At March 31, 2015, the Company has revolving inventories assigned as guarantee in lawsuits in progress, totaling approximately R$1,867 (R$1,817 at December 31, 2014).

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

	Company and Consolidated	
	3/31/2015	**12/31/2014**
Opening balance	**(20,828)**	(27,740)
Provision	**(4,941)**	(18,970)
Written-off or sold inventories	**4,591**	25,882
Closing balance	**(21,178)**	(20,828)

(Amounts in thousands of Brazilian reais - R$)

9. Related-party transactions

a) Balances from related parties

	Company		Consolidated	
Current assets	**3/31/2015**	**12/31/2014**	**3/31/2015**	**12/31/2014**
Commissions on services				
Joint ventures:				
Luizacred (i)	**15,312**	24,127	**15,312**	24,127
Luizaseg (ii)	**28,617**	41,292	**28,617**	41,292
	43,929	65,419	**43,929**	65,419
Subsidiaries:				
Luiza Administradora de Consórcios (“LAC”) (iii)	**664**	675	**-**	-
Reimbursement of expenses and costs with consortium draws				
Consortium Group (“LAC”) (iii)	**487**	647	**487**	647
Dividends receivable:				
Luizacred (i)	**2,325**	2,325	**2,325**	2,325
Luizaseg (ii)	**-**	2,307	**-**	2,307
	2,325	4,632	**2,325**	4,632
Balance receivable from credit card sales and accounts receivable by CDC:				
Luizacred (i)	**14,114**	22,522	**14,114**	22,522
Total	**61,519**	93,895	**60,855**	93,220
Securities				
Investment Funds (vii)	**304,552**	445,382	**304,552**	445,382

	Company		Consolidated	
Current Liabilities	**3/31/2015**	**12/31/2014**	**3/31/2015**	**12/31/2014**
Transfers of receivables from services and accounts payable:				
Joint ventures:				
Luizacred (i)	**19,091**	24,234	**19,091**	24,234
Luizaseg (ii)	**39,970**	51,374	**39,970**	51,374
	59,061	75,608	**59,061**	75,608
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**626**	622	**626**	622
Campos Floridos Comércio de Cosméticos Ltda. (viii)	**212**	220	**-**	-
	838	842	**626**	622
Rentals payable and other transfers				
Controlled by the Company’s controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (iv)	**1,231**	1,651	**1,231**	1,651
PJD Agropastoril Ltda. (vi)	**36**	37	**36**	37
	1,267	1,688	**1,267**	1,688
Payables relating to advertising campaigns:				
ETCO - special partnership (v)	**1,432**	2,387	**1,432**	2,387
	62,598	80,525	**62,386**	80,305

(Amounts in thousands of Brazilian reais - R$)

9. Related-party transactions (Continued)

a) Balances from related parties (Continued)

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Income from service intermediation commissions				
Joint ventures:				
Luizacred (i)	**35,399**	37,005	**35,399**	37,005
Luizaseg (ii)	**67,913**	61,538	**67,913**	61,538
	103,312	98,543	**103,312**	98,543
Subsidiaries:				
Luiza Administradora de Consórcio ("LAC") (iii)	**1,977**	1,738	**-**	-
Revenue from return on exclusive fund:				
Investment Funds (vii)	**7,728**	8,311	**7,728**	8,311
Reimbursement of shared expenses				
Joint venture:				
Luizacred (i)	**17,162**	13,328	**17,162**	13,328
Total revenues	**130,179**	121,920	**128,202**	120,182

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Costs related to the acquisition of goods				
Campos Floridos Comércio de Cosméticos Ltda. (viii)	**(1,130)**	(965)	**-**	-
Total costs	**(1,130)**	(965)	**-**	-

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Office building rental expenses				
Controlled by the Company's controlling shareholders:				
MTG Administração, Assessoria e Participações S.A. (iv)	**(4,106)**	(3,650)	**(4,106)**	(3,650)
PJD Agropastoril Ltda. (vi)	**(109)**	(104)	**(109)**	(104)
	(4,215)	(3,754)	**(4,215)**	(3,754)
Freight expenses				
PJD Agropastoril Ltda. (vi)	**(661)**	(370)	**(661)**	(370)
Credit card anticipation charge expenses:				
Luizacred (i)	**(21,099)**	(16,043)	**(21,099)**	(16,043)
Advertising campaign expenses				
Controlled by the Company's controlling shareholders:				
ETCO - Special Partnership (v)	**(84,185)**	(50,823)	**(84,185)**	(50,823)
	(110,160)	(70,990)	**(110,160)**	(70,990)

(Amounts in thousands of Brazilian reais - R$)

9. Related-party transactions (Continued)

a) Balances from related parties (Continued)

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

(c) Commissions on the services monthly provided by the Company, which include the attraction of customers, management and administration of consumer credit transactions, control 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 by the Company's store cashiers, which are transferred to Luizacred on D+1;

(d) Balance receivable referring to Luizacred's dividend proposal.

(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 and proposed dividends. The amounts payable (current liabilities) refer to the transfers of extended warranties sold to Luizaseg, in full, in the month following the sale.

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

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

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

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

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

(viii) Transactions with Campos Floridos Comércio de Cosméticos Ltda., a wholly-owned subsidiary, refer to the sale of products for resale by the Company.

b) Management Compensation

	3/31/2015		**3/31/2014**	
	Board of Directors	**Board of Executive Officers**	**Board of Directors**	**Board of Executive Officers**
Fixed and variable compensation	**102**	**2,041**	102	2,361
Stock option plan	**96**	**733**	96	733

(Amounts in thousands of Brazilian reais - R$)

9. Related-party transactions (Continued)

b) Management Compensation (Continued)

The Company does not grant post-employment benefits, severance benefits, or other long-term benefits. Short-term benefits to the Board of Executive Officers are the same as those extended to other employees of the Company. The Company's Board of Directors approved on April 27, 2015, the management's overall compensation for the year ended December 31, 2015, where a maximum limit for management's overall compensation was estimated at R$18,938.

10. Recoverable taxes

	Company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Recoverable ICMS (a)	**342,422**	347,762	**342,422**	347,762
Recoverable income tax and social contribution	**15,667**	5,511	**15,667**	5,511
Recoverable withholding income tax	**3,649**	13,866	**3,746**	13,876
Recoverable PIS and COFINS	**23,485**	33,062	**23,931**	33,442
Other	**1,481**	1,481	**1,481**	1,481
	386,704	401,682	**387,247**	402,072
Current assets	**291,062**	295,205	**291,605**	295,595
Noncurrent assets	**95,642**	106,477	**95,642**	106,477

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

(Amounts in thousands of Brazilian reais - R$)

11. Income tax and social contribution

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

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Income (loss) before income tax and social contribution	**(11,010)**	19,042	**(8,675)**	19,405
Statutory rate	**34%**	34%	**34%**	34%
Expected income tax and social contribution credit (debit) at statutory rates	**3,743**	(6,474)	**2,950**	(6,598)
Reconciliation for effective rate (effects of applying tax rates):				
Exclusion – equity in the earnings (losses) of subsidiaries	**10,758**	7,609	**9,176**	7,356
Other permanent exclusions, net	**(639)**	358	**(599)**	372
Debit from income tax and social contribution	**13,862**	1,493	**11,527**	1,130
Current	**-**	(1,029)	**(2,318)**	(1,434)
Deferred	**13,862**	2,522	**13,845**	2,564
Total	**13,862**	1,493	**11,527**	1,130
Effective tax rate	**125.9%**	7.8%	**132.9%**	5.8%

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

	Company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Deferred income tax and social contribution assets:				
Tax losses and social contribution tax loss carryforwards	**75,373**	54,853	**76,139**	55,657
Allowance for doubtful accounts	**14,237**	16,834	**14,237**	16,834
Provision for inventory losses	**7,201**	7,081	**7,263**	7,141
Provision for present value adjustment	**10,494**	8,793	**10,494**	8,793
Provision for tax, civil and labor contingencies	**74,690**	80,099	**74,856**	80,246
Other provisions	**6,631**	5,324	**6,631**	5,324
	188,626	172,984	**189,620**	173,995
Deferred income tax and social contribution liabilities:				
Amortization of intangible assets	**(29,328)**	(27,548)	**(29,328)**	(27,548)
Deferred income tax and social contribution	**159,298**	145,436	**160,292**	146,447

(Amounts in thousands of Brazilian reais - R$)

12. Investments in subsidiaries

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

	Época		LAC	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Units of interest held	**4,155**	4,155	**6,500**	6,500
Current assets	**9,616**	10,136	**21,534**	21,312
Noncurrent assets	**6,489**	6,551	**3,608**	3,527
Current liabilities	**5,691**	5,185	**5,468**	6,528
Noncurrent liabilities	**14,531**	19,035	**2,937**	2,812
Capital stock	**11,255**	11,255	**6,500**	6,500
Equity	**(4,117)**	(7,533)	**16,737**	15,499
Net revenues	**8,335**	28,095	**10,845**	39,559
Net income (loss) for the period/year	**3,415**	(1,633)	**1,238**	4,023

Changes in investments	Época		LAC	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Balances at the beginning of the period	**29,294**	23,827	**15,499**	13,576
Advance for Future Capital Increase "AFAC"	**-**	7,100	**-**	-
Dividends proposed	**-**	-	**-**	(2,100)
Equity in the earnings (losses) of subsidiaries	**3,415**	(1,633)	**1,238**	4,023
Balance at the end of the period	**32,709**	29,294	**16,737**	15,499

Total investments in subsidiaries

	3/31/2015	**12/31/2014**
Época Cosmética	**32,709**	29,294
Consortium group ("LAC")	**16,737**	15,499
	49,446	44,793

13. Investments in joint ventures

	Luizacred (a)		Luizaseg (b)	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Total shares - in thousands	**978**	978	**13,883**	13,883
Direct interest percentage	**50%**	50%	**50%**	50%
Current assets	**3,985,860**	4,120,696	**192,510**	190,268
Noncurrent assets	**446,954**	451,520	**137,712**	154,572
Current liabilities	**3,844,186**	3,943,110	**180,964**	187,354
Noncurrent liabilities	**70,124**	67,974	**78,456**	79,410
Capital stock	**274,624**	274,624	**13,884**	13,884
Equity	**518,504**	561,132	**70,802**	78,076
Net revenue	**452,744**	1,746,280	**93,940**	330,620
Net income for the period/year	**47,372**	180,782	**6,606**	18,456

Changes in investments	Luizacred		Luizaseg	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Balance at the beginning of the period	**280,566**	212,501	**39,038**	39,246
Proposed dividends	**(45,000)**	(22,327)	**(6,926)**	(9,818)
Other comprehensive income	**-**	-	**(14)**	382
Equity in the earnings (losses) of subsidiaries	**23,686**	90,392	**3,303**	9,228
Balance at the end of the period	**259,252**	280,566	**35,401**	39,038

Total investments in joint ventures

	3/31/2015	**12/31/2014**
Luizacred	**259,252**	280,566
Luizaseg	**35,401**	39,038
	294,653	319,604

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

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

(Amounts in thousands of Brazilian reais - R$)

14. Property and equipment

Changes in property and equipment for the quarter ended March 31, 2015 are as follows:

	Company	Consolidated
Net property and equipment at December 31, 2014	565,358	566,193
Additions	15,589	15,638
Write-offs	(398)	(398)
Depreciation	(19,919)	(19,972)
Net property and equipment at March 31, 2015	**560,630**	**561,461**
Breakdown of property and equipment at March 31, 2015:		
Cost of property and equipment	996,162	998,348
Accumulated depreciation	(435,532)	(436,887)
Net property and equipment at March 31, 2015	**560,630**	**561,461**

During three-month period, no indications that property and equipment items might be impaired were identified.

15. Intangible assets

Changes in the intangible assets during the quarter ended March 31, 2015 are as follows:

	Company	Consolidated
Net intangible assets at December 31, 2014	446,080	488,753
Additions	16,967	16,967
Write-offs	(17)	(17)
Amortization	(11,710)	(11,776)
Net intangible assets at March 31, 2015	**451,320**	**493,927**
Breakdown of intangible assets at March 31, 2015		
Cost of the intangible assets	652,120	695,723
Accumulated amortization	(200,800)	(201,796)
Net intangible assets at March 31, 2015	**451,320**	**493,927**

During the three-month period, no indications that intangible assets might be impaired were identified.

(Amounts in thousands of Brazilian reais - R$)

16. Trade payables

	Company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Resale of goods - domestic market	**1,249,870**	1,799,113	**1,253,336**	1,803,367
Other trade payables	**8,547**	17,939	**9,287**	18,803
Present value adjustment	**(23,309)**	(32,150)	**(23,423)**	(32,272)
	1,235,108	1,784,902	**1,239,200**	1,789,898

(Amounts in thousands of Brazilian reais - R$)

17. Borrowings and financing

Type	Charge	Collaterals	Final maturity	Company 3/31/2015	Company 12/31/2014	Consolidated 3/31/2015	Consolidated 12/31/2014
Working capital (a)	105% to 116% of CDI	Aval guarantees and credit card receivables	Dec /19	**706,704**	704,434	**707,063**	704,826
Finance leases (b)	CDI/LIBOR	Fiduciary sale/ escrow deposits	Dec /19	**23,888**	26,713	**23,888**	26,713
Innovation financing –FINEP (c)	4% p.a.	Bank guarantee	Dec /22	**22,523**	22,539	**22,523**	22,539
Debentures – Restricted offer (d)	108.8 % to 113.2% of CDI	Credit card receivables	Mar/20	**1,125,533**	957,549	**1,125,533**	957,549
				1,878,648	1,711,235	**1,879,007**	1,711,627
Current liabilities				**392,405**	591,051	**392,509**	591,443
Noncurrent liabilities				**1,486,243**	1,120,184	**1,486,498**	1,120,184

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

(b) 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$1,957 (equivalent to US$610 thousand) was deposited in escrow, recorded in line item “Other noncurrent assets,” which will be redeemed on the final maturity of the contract. This deposit is adjusted for inflation, matched against profit (loss) for the period; (ii) IT equipment and software, whose contracts expire in 2019.

(c) The Company entered into a credit facility agreement with Study and Projects Financing Agency - FINEP, with the purpose of investing in technological innovation research and development projects, in the amount of R$44,968, to be released in four installments. Until March 31, 2015, the first two installments were released, totaling R$22,484.

(Amounts in thousands of Brazilian reais - R$)

17. Borrowings and financing (Continued)

(d) The Company issued the following debentures not convertible into shares:

Issues	Guarantee	Principal Amount R$	Issue Date	Final Maturity	Outstanding Securities	Financial Charges	Company and Consolidated 3/31/2015	Company and Consolidated 12/31/2014
1st issue - single series	Clean	200,000	12/26/2011	6/16/2017	200	113.0% of DI	**153,763**	148,915
2nd issue - 1st series	Clean	100,000	3/22/2013	3/22/2015	-	112.0% of DI	**-**	102,475
2nd issue - 2nd series	Clean	100,000	3/22/2013	3/22/2016	-	114.5% of DI	**-**	102,552
3rd issue - single series	Clean	200,000	10/21/2013	10/21/2016	20,000	108.8% of DI	**209,221**	202,858
4th issue - single series	Clean	400,000	5/30/2014	5/30/2019	40,000	112.0% of DI	**413,484**	400,749
5th issue - single series	(i)	350,000	3/17/2015	3/17/2020	35,000	113.2% of DI	**349,065**	-
							1,125,533	957,549

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

17. Borrowings and financing (Continued)

In year 2014, the Company entered into credit facility agreements with Banco do Nordeste do Brasil S.A. ("BNB"), intended for renovating the stores in the Northeast region and build a new Distribution Center in the city of Candeias (BA). The agreements totaled R$68,013, at the cost of 7% p.a., to be released during 2015. Until March 31, 2015, no amount has been released.

The Company maintains some working capital agreements with covenants. The clauses relating to financial ratios refer to:

i. Banco do Brasil: maintenance of the adjusted net debt/EBITDA ratio below 3.0 times. Adjusted net debt means the sum of any and all bank loans, including debentures and excluding Compror and Vendor, less cash and cash equivalents added to credit card receivables;

ii. Brazilian Federal Savings Bank: maintenance of the net debt/EBITDA ratio below 3.0 times. Additionally, evidence of use of funds raised through Capex plan and use of funds report are required.

iii. 5th Issue of Debentures: maintenance of the adjusted net debt/adjusted EBITDA ratio below 3.0 times. The adjusted net debt is understood as the sum of all loans and borrowings, including debentures, excluding cash and cash equivalents, financial investments, marketable securities, credit card receivables not anticipated. The adjusted EBITDA is calculated in accordance with CVM Rule No. 527 of October 4, 2012, excluding non-recurring operational events (revenue/expenses).

The Company is found to be in compliance with the above-mentioned covenants at March 31, 2015.

(Amounts in thousands of Brazilian reais - R$)

18. Deferred revenue

	Company and Consolidated	
	3/31/2015	**12/31/2014**
Deferred revenue with third parties:		
Exclusive dealing agreement with Banco Itaúcard (a)	**155,875**	159,000
Exploration right agreement - payroll (b)	**4,355**	4,645
Sales agreement - Cardif (c)	**5,250**	22,000
Exploration right agreement - technological assistance (e)	**1,500**	1,750
	166,980	187,395
Deferred revenue from related parties:		
Exclusive dealing agreement with Luizacred (d)	**163,433**	166,205
Total deferred revenue	**330,413**	353,600
Current liabilities	**30,999**	37,734
Noncurrent liabilities	**299,414**	315,866

(a) On September 27, 2009, the Company entered into a partnership agreement 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 20-year period.

As consideration for the aforementioned alliance, Itaú group companies paid in cash R$250,000, of which: (i) R$230,000 relating to the completion of the negotiation, without right of recourse; and (ii) R$20,000 subject to the achievement of profitability targets in Luizacred, subject to refund of a portion or all the amount, to be allocated to profit (loss) over the term of the contract, i.e., 20 years, as targets are achieved.

(b) On August 30, 2013, the Company entered into an assignment agreement for exclusive exploration right for a 62-month term as of November 1, 2013. This partnership enabled the inflow of R$6,000 into the Company's cash. The revenue recognition deriving from funds received is recognized in profit (loss) over the term of the agreement.

(c) On June 21, 2012, considering the merger of subsidiary Lojas Maia, as well as the intention to renew and extend the Operating and Sales Agreement for distribution of several insurance services in Magazine Luiza's distribution chain up to December 31, 2015, the Company entered into an amendment to the abovementioned agreements with Cardif do Brasil, which allowed the inflow of R$80,000 to the Company's cash, R$30,000 of which allocated to joint venture Luizacred, as it waived the priority in the distribution of credit card loss and theft insurance. The revenue recognition deriving from this agreement is recognized in profit (loss) over the term of the agreement.

(d) On December 29, 2010, subsidiary Lojas Maia entered into a partnership agreement with Luizacred, a joint venture, through which it has granted the exclusive right to offer, distribute and sell financial products and services at its store chain for a 19-year period. As a result of such partnership, Luizacred paid R$160,000 in cash to Lojas Maia, which are recognized in profit (loss) over the term of the agreement. As part of this partnership agreement, the amount of R$ 20,000, mentioned in item "(a) ii" above was increased to R$55,000.

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

(e) The Company entered into an assignment agreement for the technological assistance services exclusive right from extended surety insurance acquired by the Company´s clients for a three-year term. This partnership resulted in the inflow of R$3,000 to the Company's cash and revenue recognition deriving from funds received is recognized in profit (loss) over the term of the agreement.

(Amounts in thousands of Brazilian reais - R$)

19. Provision for tax, civil and labor contingencies

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

Parent Company

	Tax	Civil	Labor	Total
Balance at December 31, 2014	206,211	17,122	22,892	246,225
Additions	1,815	1,815	1,950	5,580
Reversal	(21,562)	-	-	(21,562)
Payments	(57)	(3,345)	(1,180)	(4,582)
Inflation Adjustments	3,502	-	-	3,502
Balance at March 31, 2015	**189,909**	**15,592**	**23,662**	**229,163**

Consolidated

	Tax	Civil	Labor	Total
Balance at December 31, 2014	223,113	17,329	25,249	265,691
Additions	1,815	1,837	1,950	5,602
Reversal	(26,321)	(2)	-	(26,323)
Payments	(57)	(3,345)	(1,180)	(4,582)
Inflation Adjustments	3,502	-	-	3,502
Balance at March 31, 2015	**202,052**	**15,819**	**26,019**	**243,890**

As of March 31, 2015, the Company's main lawsuits classified by management as probable loss based on the opinion of its legal counsels, as well as legal obligations whose amounts are deposited in court, for which the amounts were included in the provision for contingencies, are as follows:

a) Tax lawsuits

i. The Company discusses on an administrative and legal basis several tax claims classified as probable loss, therefore, these are accrued, which involve federal taxes, totaling R$4,531 at March 31, 2015 (R$3,570 at December 31, 2014), state taxes, totaling R$21,222 at March 31, 2015 (R$20,043 at December 31, 2014) and municipal taxes totaling R$79 (R$79 at December 31, 2014).

19. Provision for tax, civil and labor contingencies (Continued)

a) Tax lawsuits (Continued)

ii. The Company also has other lawsuits to which escrow deposits are made, as well as other provisions for business combination, which involve federal taxes, totaling R$164,587 (R$182,662 at December 31, 2014), state taxes, totaling R$11,622 at March 31, 2015, (R$16,745 at December 31, 2014) and municipal taxes totaling R$11 (R$14 at December, 2014).

b) Civil lawsuits

Consolidated civil contingencies of R$15,819 at March 31, 2015 (R$17,329 at December 31, 2014) are related to claims filed by customers on possible product defects.

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$26,019 at March 31, 2015 (R$25,249 at December 31, 2014) in consolidated reflects the risk of probable loss assessed by the Company's management jointly with its legal counsels.

In order to deal with tax, civil and labor contingencies, the Company has a balance in escrow deposits of R$220,846 at March 31, 2015 (R$209,648 at December 31, 2014).

The Company is a party to other lawsuits that were assessed by management, based on the opinion of its legal counsels, as possible losses and, therefore, no provision was recognized for such lawsuits. The amounts related to lawsuits involving federal taxes sum up R$298,998 at March 31, 2015 (R$296,062 at December 31, 2014), in relation to state taxes these amounts sum up R$119,401 at March 31, 2015 (R$117,546 at December 31, 2014) and as to municipal taxes these amounts sum up R$564 at March 31, 2015 (R$564 at December 31, 2014).

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

(Amounts in thousands of Brazilian reais - R$)

20. Equity

a) Capital stock

At March 31, 2015, the Company's ownership structure is reported as follows, all shares are non-par, book-entry, registered, common shares:

	Number of shares	Interest %
Controlling shareholders	**127,422,381**	**70.21**
Outstanding shares	**50,935,086**	**28.06**
Treasury shares	**3,137,000**	**1.73**
Total	**181,494,467**	**100.00**

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

b) Treasury shares

In the last quarter, the Company repurchased 744,300 of its shares to be held in treasury, at the average cost of R$5.53.

21. Net sales revenue

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Gross revenue:				
Retail - resale of goods	**2,514,908**	2,570,956	**2,522,545**	2,575,465
Retail - services rendered	**114,479**	107,148	**120,230**	113,721
Consortium management	**-**	-	**11,860**	9,882
	2,629,387	2,678,104	**2,654,635**	2,699,068
Taxes and returns:				
Resale of goods	**(385,321)**	(414,991)	**(385,753)**	(415,111)
Services rendered	**(15,434)**	(14,225)	**(16,449)**	(15,090)
	(400,755)	(429,216)	**(402,202)**	(430,201)
Net sales revenue	**2,228,632**	2,248,888	**2,252,433**	2,268,867

(Amounts in thousands of Brazilian reais - R$)

22. Cost of goods resold and services rendered

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Costs:				
Goods resold	**(1,632,723)**	(1,644,752)	**(1,634,578)**	(1,645,607)
Services rendered	**-**	-	**(4,031)**	(3,259)
	(1,632,723)	(1,644,752)	**(1,638,609)**	(1,648,866)

23. Information on the nature of expenses and other operating income

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

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Personnel expenses	**(234,101)**	(259,533)	**(234,101)**	(259,533)
Service providers expenses	**(156,920)**	(118,998)	**(156,920)**	(118,998)
Other	**(112,797)**	(130,975)	**(116,220)**	(137,581)
Total	**(503,818)**	(509,506)	**(507,241)**	(516,112)

	Company		Consolidated	
	3/31/2015	**3/31/2014**	**3/31/2015**	**3/31/2014**
Classified by function as:				
Selling expenses	**(419,707)**	(418,794)	**(421,328)**	(419,904)
General and administrative expenses	**(102,467)**	(96,782)	**(109,042)**	(102,279)
Other operating income, net (Note 24)	**18,356**	6,070	**23,129**	6,071
	(503,818)	(509,506)	**(507,241)**	(516,112)

Freight expenses related to the transportation of goods from CDs to physical stores and the delivery of products resold to customers are classified as selling expenses.

(Amounts in thousands of Brazilian reais - R$)

24. Other operating income, net

	Company		Consolidated	
	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Loss on sale of property and equipment	**(188)**	(110)	**(188)**	(110)
Recognition of deferred revenue (a)	**23,187**	7,937	**23,187**	7,937
Provision for tax losses	**(854)**	(1,679)	**3,902**	(1,679)
Non-recurring expenses (b)	**(5,070)**	-	**(5,070)**	-
Other	**1,281**	(78)	**1,298**	(77)
Total	**18,356**	6,070	**23,129**	6,071

(a) Refers to the allocation of deferred revenue from the assignment of exploration rights, as described in Note 18.

(b) Expenses referring to stores' pre-operating expenses.

25. Financial income (expenses), net

	Company		Consolidated	
	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Finance income:				
Interest on extended warranty sales	**10,385**	14,757	**10,385**	14,757
Income from short-term financial investments and securities	**10,710**	9,230	**3,489**	1,266
Interest on sale of goods - interest on delay in receivables	**1,285**	1,076	**1,285**	1,076
Exchange gains	**-**	95	**-**	95
Discount obtained	**5,259**	3,806	**5,266**	3,806
Other	**3**	7	**3**	8
	27,642	28,971	**20,428**	21,008
Financial expenses:				
Interest on borrowings and financing	**(60,824)**	(38,956)	**(60,836)**	(38,956)
Charges on credit card advances	**(55,855)**	(45,565)	**(55,981)**	(45,626)
Provision for interest on extended warranty	**(2,434)**	(7,264)	**(2,434)**	(7,264)
Exchange losses	**(488)**	-	**(488)**	-
Other	**(4,983)**	(3,507)	**(5,016)**	(3,527)
	(124,584)	(95,292)	**(124,755)**	(95,373)
Financial result	**(96,942)**	(66,321)	**(104,327)**	(74,365)

26. Segment reporting

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:

(Amounts in thousands of Brazilian reais - R$)

26. Segment reporting (Continued)

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

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

Insurance - through the joint venture Luizaseg, mainly engaged in the offer of extended warranties of products purchased by the Company's customers;

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

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

Statement of income

	3/31/2015			
	Retail (*)	Financial operations	Insurance operations	Consortium management
Gross revenue	2,644,752	226,372	46,970	11,860
Revenue deductions	(401,187)	-	-	(1,015)
Segment net revenue	2,243,565	226,372	46,970	10,845
Costs	(1,636,555)	(30,873)	(6,038)	(4,031)
Gross profit	607,010	195,499	40,932	6,814
Selling expenses	(421,328)	(74,942)	(33,422)	-
General and administrative expenses	(103,660)	(919)	(6,178)	(5,382)
Result from allowance for doubtful accounts	(6,172)	(81,397)	-	-
Depreciation and amortization	(31,669)	(1,569)	(1)	(79)
Equity in earnings of subsidiaries	28,227	-	-	-
Other operating income	23,112	2,795	-	17
Financial income (expenses), net	(104,806)	-	4,149	479
Income tax and social contribution	12,138	(15,781)	(2,177)	(611)
Profit for the period	2,852	23,686	3,303	1,238

Equity accounting reconciliation	
Equity in the earnings of LAC (Note 12)	1,238
Equity in the earnings of Luizacred (Note 13)	23,686
Equity in the earnings of Luizaseg (Note 13)	3,303
(=)Equity accounting of retail segment	28,227
(-)Elimination effect - LAC	(1,238)
(=)Consolidated equity in earnings of subsidiaries	26,989

(*) Consolidated balance including results of Magazine Luiza S.A. and Época Cosméticos.

(Amounts in thousands of Brazilian reais - R$)

26. Segment reporting (Continued)

Statement of income (Continued)

	3/31/2014			
	Retail (*)	Financial operations	Insurance operations	Consortium management
Gross revenue	2,690,924	205,917	30,798	9,882
Revenue deductions	(429,336)	-	-	(865)
Segment net revenue	2,261,588	205,917	30,798	9,017
Costs	(1,647,345)	(26,109)	(3,761)	(3,259)
Gross profit	614,243	179,808	27,037	5,758
				-
Selling expenses	(419,904)	(64,466)	(21,463)	-
General and administrative expenses	(97,589)	(508)	(5,321)	(4,690)
Result from allowance for doubtful accounts	(4,725)	(81,560)	-	-
Depreciation and amortization	(26,949)	(1,627)	(1)	(81)
Equity in earnings of subsidiaries	22,519	-	-	-
Other operating income	6,070	1,396	1	1
Financial income (expenses), net	(74,703)	-	2,740	338
Income tax and social contribution	1,573	(13,211)	(1,189)	(443)
Profit (loss) for the period	20,535	19,832	1,804	883

Equity accounting reconciliation	
Equity in the earnings of LAC	883
Equity in the earnings of Luizacred	19,832
Equity in the earnings of Luizaseg	1,804
(=) Equity accounting of retail segment	22,519
(-) Elimination effect - LAC	(883)
(=) Consolidated equity in earnings of subsidiaries	21,636

(*) Consolidated balance including results of Magazine Luiza S.A. and Época Cosméticos.

The “Financial operations” and “Insurance operations” segments are accounted for by the equity accounting method.

(Amounts in thousands of Brazilian reais - R$)

26. Segment reporting (Continued)

Statements of financial position

	3/31/2015			
	Retail (*)	Financial operations	Insurance operations	Consortium management
Assets				
Cash and cash equivalents	262,862	5,206	114	19,884
Securities	369,718	5,159	142,018	-
Trade receivables	483,379	1,976,364	-	-
Inventories	1,388,569	-	-	-
Investments	311,390	-	-	-
Property and equipment and intangible assets	1,054,420	86,518	5	968
Other	954,625	143,160	22,974	4,290
	4,824,963	2,216,407	165,111	25,142
Liabilities				
Trade payables	1,238,596	-	1,575	604
Borrowings and financing	1,879,007	-	-	-
Interbank deposits	-	1,154,596	-	-
Credit card operations	-	730,151	-	-
Insurance technical reserves	-	-	109,976	-
Provision for tax, civil and labor contingencies	243,439	27,462	297	451
Deferred revenue	330,413	7,500	-	-
Other	379,203	37,446	17,862	7,350
	4,070,658	1,957,155	129,710	8,405
Equity	754,305	259,252	35,401	16,737

Investment reconciliation	
Investment in subsidiaries	
Investment in LAC (Note 12)	16,737
Investment in joint ventures	
Investment in Luizacred (Note 13)	259,252
Investment in Luizaseg (Note 13)	35,401
	294,653
Total investments	311,390
(-) Elimination effect - LAC	(16,737)
(=) Result from consolidated investment	294,653

(*) Consolidated balance including results of Magazine Luiza S.A. and Época Cosméticos.

(Amounts in thousands of Brazilian reais - R$)

26. Segment reporting (Continued)

Statements of financial position (Continued)

	12/31/2014			
	Retail (*)	**Financial operations**	**Insurance operations**	**Consortium management**
Assets				
Cash and cash equivalents	392,366	4,107	406	19,804
Securities	450,979	5,361	139,668	-
Trade receivables	623,296	2,042,635	-	-
Inventories	1,472,738	-	-	-
Investments	335,103	-	-	-
Property and equipment and intangible assets	1,053,948	88,086	6	998
Other	952,942	145,919	32,340	4,037
	5,281,372	2,286,108	172,420	24,839
Liabilities				
Trade payables	1,789,251	-	1,896	647
Borrowings and financing	1,711,627	-	-	-
Interbank deposits	-	1,097,614	-	-
Credit card operations	-	790,014	-	-
Insurance reserves	-	-	101,926	-
Provision for tax, civil and labor contingencies	265,260	26,389	235	431
Deferred revenue	353,600	7,500	-	-
Other	407,167	84,025	29,325	8,262
	4,526,905	2,005,542	133,382	9,340
Equity	754,467	280,566	39,038	15,499

Investment reconciliation

Investment in subsidiaries	
Investment in LAC (Note 12)	15,499
Investment in joint ventures	
Investment in Luizacred (Note 13)	280,566
Investment in Luizaseg (Note 13)	39,038
	319,604
Total investments	335,103
(-) Elimination effect in LAC	(15,499)
(=) Result from consolidated investment	319,604

(*) Consolidated balance including results of Magazine Luiza S.A. and Época Cosméticos.

(Amounts in thousands of Brazilian reais - R$)

27. Financial Instruments

Capital risk management

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 the opening and remodeling of stores, new technologies, process improvement and advanced management methods.

The Company's capital structure comprises financial liabilities, cash and cash equivalents, securities and equity. Periodically, management reviews the capital structure and its ability to settle its liabilities, as well as monitors, on a timely basis, the average term of suppliers in relation to the average term of inventory turnover. Actions are promptly taken when these balances ratio pose significant imbalance.

The Company also adopts the net debt/EBITDA ratio, which in its opinion, represents the most adequate manner to measure its indebtedness, since it reflects the net consolidated financial obligations of immediate funds available for payment, considering its operating cash generation. EBITDA means profit before income tax and social contribution, finance income and expenses, depreciation and amortization.

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

	Company		Consolidated	
	3/31/2015	12/31/2014	3/31/2015	12/31/2014
Borrowings and financing	**1,878,648**	1,711,235	**1,879,007**	1,711,627
(-) Cash and cash equivalents	**(262,569)**	(391,763)	**(282,746)**	(412,170)
(-) Securities	**(369,718)**	(450,979)	**(369,718)**	(450,979)
Net debt	**1,246,361**	868,493	**1,226,543**	848,478
Equity	**754,305**	754,467	**754,305**	754,467

(Amounts in thousands of Brazilian reais - R$)

27. Financial Instruments (Continued)

Categories of financial instruments

	Company		Consolidated	
	3/31/2015	**12/31/2014**	**3/31/2015**	**12/31/2014**
Financial assets				
Loans and receivables:				
Cash and banks	**58,261**	66,546	**59,123**	66,820
Escrow deposits	**220,846**	209,648	**220,846**	209,648
Trade receivables	**481,384**	621,605	**483,379**	623,296
Related parties	**61,519**	93,895	**60,855**	93,220
At fair value through profit or loss:				
Cash equivalents and marketable securities	**574,026**	776,196	**593,341**	796,329
Financial liabilities				
Amortized cost:				
Trade payables	**1,235,108**	1,784,902	**1,239,200**	1,789,898
Related parties	**62,598**	80,525	**62,386**	80,305
Taxes paid in installments	**6,504**	6,504	**6,504**	6,504
At fair value through profit or loss:				
Borrowings and financing	**1,878,648**	1,711,235	**1,879,007**	1,711,627

Fair value measurement

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

The fair value of other financial instruments described above allows approximating their carrying amounts based on the existing payment conditions. The Company has no outstanding assets or liabilities where the fair value could be measured by using non-observable significant information (Level 3) as at March 31, 2015 and December 31, 2014.

Liquidity risk management

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

(Amounts in thousands of Brazilian reais - R$)

27. Financial Instruments (Continued)

Liquidity risk management (Continued)

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

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	Over three years	Total
Trade payables	1,239,200	-	-	1,239,200
Borrowings and financing	365,380	1,238,832	274,795	1,879,007
Related parties	62,386	-	-	62,386
Other payables (former members of Época Cosméticos)	8,000	-	-	8,000
Taxes paid in installments	6,504	-	-	6,504

Considerations on risks

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

Credit risk: arises from the possibility that the Group may incur losses due to non-receipt of amounts billed to their customers, whose consolidated balance amounts to R$428,609 as at March 31, 2015 (R$461,215 as at December 31, 2014). This risk is assessed by the Company as low due to the normal widespread sales, as a result of the large number of customers; however, there are no guarantees of actual receipt of the total balance of trade receivables due to the nature of the Group's activities. In cases in which the concentration of billed amounts is greater, the risk is managed by means of periodic analysis of default rate and the adoption of more efficient collection measures. As at March 31, 2015, the Group recorded past-due or uncollectible balances under "trade receivables," whose terms were renegotiated, in the amount of R$12,694 (R$15,182 as at December 31, 2014), which are included in the Group's analysis on the need to recognize an allowance for doubtful accounts.

27. Financial Instruments (Continued)

Considerations on risks (Continued)

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. Main related risks are variations in the interest and foreign exchange rates.

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

Foreign exchange rate risk management: the Company uses derivatives 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 Company’s Board of Directors. Upon initial recognition of hedge, the Company formally classifies and reports the hedge ratio to which the Company intends to apply the hedge accounting, as well as the objective and the management’s risk management strategy to materialize the hedge. Documentation includes to identify the hedge instrument, the item or transaction, purpose of hedge, the nature of the risk, purpose of hedge, the nature of risks excluded from the hedge ratio, the prospective statement of effective hedge ratio and how the Company will assess the hedge instrument’s efficacy for the purposes of offsetting the exposure to changes in fair value of item, purpose of hedge or cash flows related to risks, purpose of hedge.

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

(Amounts in thousands of Brazilian reais - R$)

27. Financial Instruments (Continued)

Considerations on risks (Continued)

Below, a description of agreements that affected profit or loss for the period ended March 31, 2015:

Instrument	Notional value	Fair value through gain (loss) on swap (a)	Marketable Securities	Bank index		Company index	
				Index	Average Interests	Index	Average % above CDI
Borrowings	R$548,310	R$462,730	R$59,414	US$	2.53%	CDI	108. 8%

(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. Gain on swap fair value of R$1,741, in the quarter ended March 31, 2015, was recognized in the finance income (expense) and offset by similar reduction in loans and borrowings, recorded under same item.

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

As of March 31, 2015, management carried out a sensitivity analysis, taking into account a 25 and 50 percent increase in the expected interest rates (probable scenario), based on future exchange rates disclosed by BM&FBOVESPA and/or BACEN. The expected effects of interest expenses net of finance income of financial investments for the next reporting period (June 30, 2015) are as follows:

	Probable rate	Probable Scenario I	Scenario II (+ 25%)	Scenario III (+ 50%)
Interest to be incurred exposed to:				
CDI	13%	(44,989)	(56,237)	(67,484)
Impact on financial result, net of taxes		(29,693)	(37,116)	(44,539)

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

(Amounts in thousands of Brazilian reais - R$)

28. Insurance

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

As of March 31, 2015 and December 31, 2014, insurance coverage is as follows:

	3/31/2015	12/31/2014
Civil liability and D&O	**41,000**	41,000
Sundry risks - inventories and property and equipment	**1,548,650**	1,740,372
Vehicles	**17,912**	17,832
	1,607,562	1,799,204

29. Subsequent events

As widely published by the press and through notice to the market released on May 4, 2015, the Company suffered an armed robbery at one of its distribution centers, located in the city of Louveira, State of São Paulo. The items stolen mainly included smartphones, tablets and notebooks.

The Distribution Center’s regular activities immediately resumed after the robbery and, thanks to the teamwork between the Police and the Company, a substantial part of the stolen merchandise was successfully recovered. Any monetary effects to be recognized in the financial statements have been analyzed.