Magazine Luiza S.A. 1st Quarter 2013 Earnings Release

São Paulo, May 13, 2013 – Magazine Luiza S.A. (BM&FBOVESPA: MGLU3), one of the largest retail chains focused on durable goods, actively engaged in serving Brazil's low income segment, today announces its results for the first quarter (1Q13). The Company's accounting information is based on consolidated numbers, in millions of reais (except when indicated otherwise), according to International Financial Reporting Standards (IFRS).

Note: In compliance with CPC 19 and IFRS 11, the Company now presents its position in joint ventures (Luizacred and Luizaseg) by treating it as equity income rather than a proportional consolidation of assets, liabilities, revenues and expenses, a practice that was previously used. The effect of the changes to the accounting practices are explained in Note 2.2 in the Quarterly Information. The consolidated results correspond to the retail and consortium segments. To guarantee transparency and breakdown of information, the Company maintained the financial statements by segment in the Annexes.

1Q13 HIGHLIGHTS

Magazine Luiza delivered on its promise to improve gradually its earnings on a quarterly basis. For 1Q13, the Company increased gross profit and gross margin and proportionately reduced operating and financial expenses, reversing a 1Q12 loss.

In 1Q13, gross revenue increased 7.0% to R$2.1 billion. Same-store sales grew 5.2%. Bear in mind that this growth was obtained over a high base of comparison (SSS growth of 15.9% in 1Q12).

E-commerce stood out, expanding 21.1% to R$300.8 million, sustained by an increase in the number of website users, a rise in the number of products and new B2B and market place partnerships.

In 1Q13, the Company inaugurated two conventional stores and closed 14 branches (13 Baú da Felicidade stores) located in overlapping geographic regions. The expansion plan considers the openings of 20-25 new stores in 2013.

Consolidated gross margin increased 0.4 p.p. in 1Q13 over 1Q12, representing 28.2% of net revenue, reflecting our constant focus on improving gross margin in the Northeast region and maintaining margin in other regions.

The company also reduced operating expenses by 0.8 p.p., guaranteeing a better operating result.

Comments

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"We remain confident that we will deliver high single-digit same-store sales growth by the end of 2013," affirmed the Company's CEO Marcelo Silva. "We fulfilled our commitment to preserve gross margin in the South, Southeast and Midwest regions and delivered a better performance in the Northeast."

"We closed 14 stores in the first quarter. We remain focused on profitability and operational efficiency, and we believe we will further improve in the upcoming quarters," affirmed CFO Roberto Rodrigues.

In the consumer finance segment, Luizacred again posted a solid performance in the quarter, with gross revenue expanding 9.8% to R$345.9 million. Gross margin widened by 6.6 p.p. over 1Q12, reaching 90.6%, largely thanks to a reduction in the CDI rate and an increase in the share of direct consumer credit (CDC). EBITDA margin stood at 8.5%, with a net margin of 4.5%, reversing a loss of R$16.7 million in 1Q12 to an income of R$15.6 million in 1Q13. This was a result of the company achieving a balance between offering the right financial products and reducing costs and expenses.

Consolidated Key Indicators

R$ million (except when otherwise indicated)	1Q13	1Q12	% Chg
Total Gross Revenue	2,131.2	1,992.1	7.0%
Total Net Revenue	1,765.6	1,665.9	6.0%
Gross Income	498.2	462.7	7.7%
Gross Margin	28.2%	27.8%	0.4 pp
EBITDA	62.7	22.8	175.4%
EBITDA Margin	3.6%	1.4%	2.2 pp
Net Income	0.8	(40.7)	-102.0%
Net Margin	0.0%	-2.4%	2.5 pp
Same Store Sales Growth	5.2%	15.9%	-
Same Physical Store Sales Growth	2.9%	12.6%	-
Internet Sales Growth	21.1%	42.8%	-
Number of Stores - End of Period	731	730	0.1%
Sales Area - End of Period (M2)	461,981	456,292	1.2%
Credit Card Base - Luizacred (thousand)	3,760	4,251	-11.5%

EXPECTATIONS FOR UPCOMING QUARTERS IN 2013

Same-store sales are expected to record high single-digit growth and between 20% and 30% for e-commerce in 2013. The Company plans to open between 20 and 25 stores in 2013.

The Company expects to reduce the difference in gross margin between stores in the Northeast and those in other regions. To ensure margin preservation across all regions, the Company has developed a Price Management System (Pricing) that will be implemented in the second half of 2013 and is designed to increase pricing intelligence by channel, region and product family.

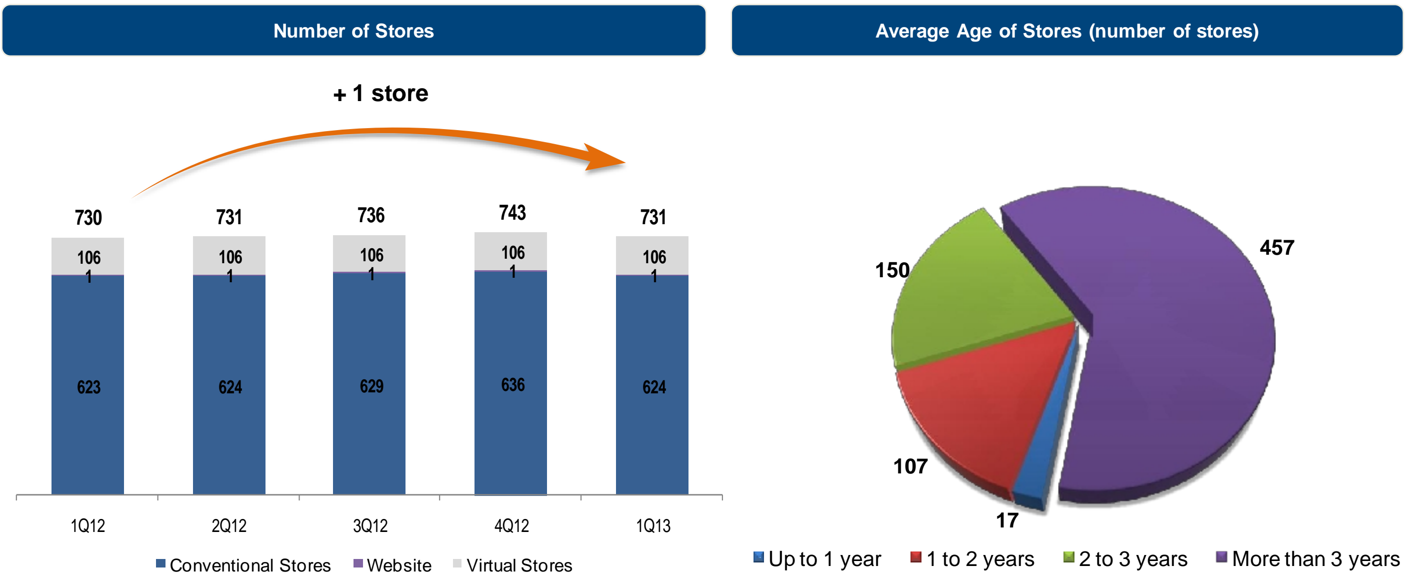
The More with Less program, created in 2012, established stricter control policies for 2013. In 1Q13, we redefined our budget process for each department, adoption "zero base" goals and cost reduction projects, which will be implemented throughout the year. The Company expects more significant gains in the second half of 2013, a period when Magazine Luiza will be launching most of the initiatives, including targeting an increase in store productivity, DCs and Luizacred and a drop in reduction of logistics costs through the multichannel delivery project, payroll tax exemption and an expected drop in electricity costs.

"We would like to emphasize that, after the chain integration process in 2012, we are still in the phase of maturation of one third of our stores. This maturation, combined with the cost reduction and productivity increase targets, should continuously and gradually improve our results in the following quarters," affirmed Marcelo Silva.

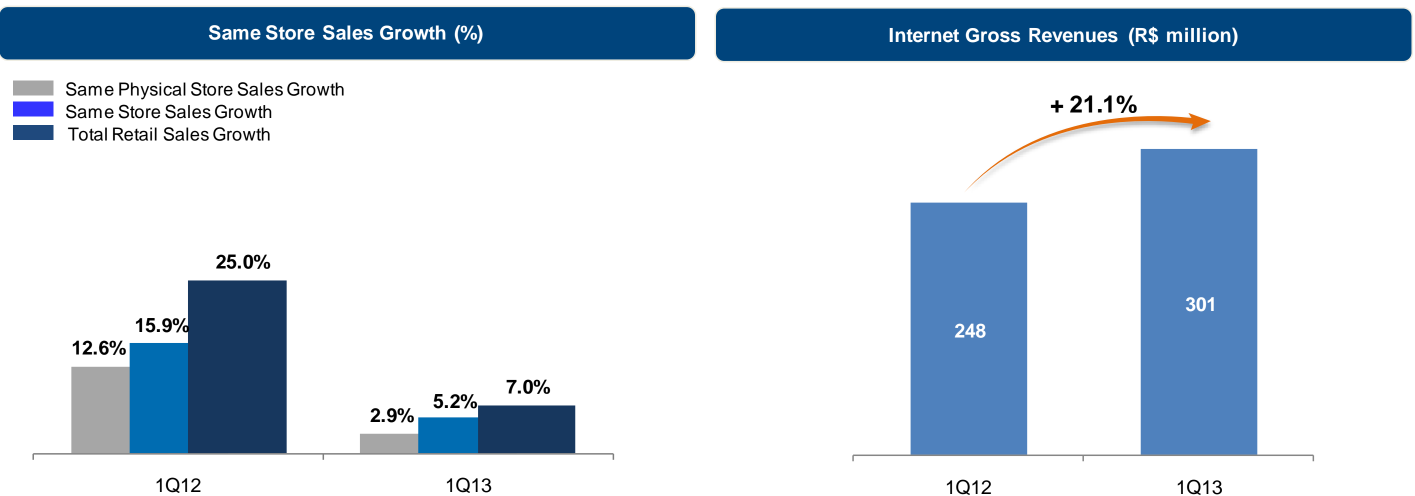
The Company's Management is committed to obtaining better productivity and profitability in the upcoming quarters, ensuring quality services and client satisfaction.

OPERATING PERFORMANCE

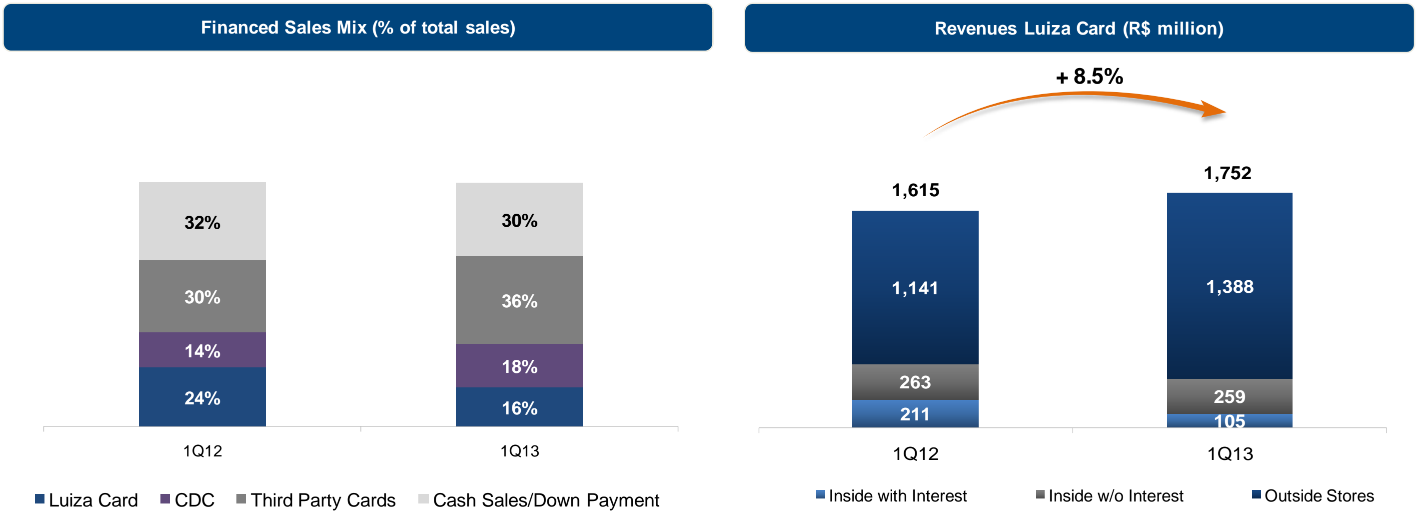
Magazine Luiza ended March 2013 with 731 stores, of which 624 were conventional outlets, 106 virtual multimedia branches and the website. In 1Q13, the Company inaugurated two conventional stores (one in São Bernardo do Campo - SP and one in Petrolina - PE). As part of our focus of boosting productivity and cutting costs and expenses, the Company closed 13 Lojas do Baú and one Magazine Luiza store (7 in Paraná state, 6 in São Paulo state and one in Santa Catarina state), which overlapped with other stores. Note that, of Magazine Luiza's 731 stores, 274 (37.5%) are less than three years old and are in the process of maturation.



In same-store terms, Magazine Luiza grew 5.2% in 1Q13 over 1Q12. The Internet segment maintained its strong growth pace, led by the improvement in the product mix and site content (www.magazineluiza.com.br). In 1Q13, Internet sales climbed 21.1% to R$300.8 million, accounting for 14.2% of retail sales.



Over the past 12 months, Luizacred's credit card base grew significantly, from 4.3 million in 1Q12 to 3.8 million in 1Q13. In 1Q13, total spending on Luiza Cards accounted for 16% of total retail sales, lower than the same period last year, thanks to an increase in Direct Consumer Credit (CDC) and a conservative approach to approving credit.



In 1Q13, total spending on Luiza Cards increased 8.5% to R$1.7 billion. In the same period, the use of Luiza cards outside the Company's stores increased 21.7%, representing 79.2% of total spending (compared to 70.6% in 1Q12).

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

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Gross Revenue

The following table provides a breakdown of gross revenue:

(in R$ million)	1Q13	1Q12	% Chg
Gross Revenue - Retail - Merchandise Sales	2,039.1	1,913.9	6.5%
Gross Revenue - Retail - Services	84.6	71.8	17.8%
Subtotal Retail	**2,123.7**	**1,985.7**	**6.9%**
Gross Revenue - Consortium Management	9.3	7.7	19.6%
Inter-Company Eliminations	(1.7)	(1.3)	28.1%
Total Gross Revenue	**2,131.2**	**1,992.1**	**7.0%**

Magazine Luiza's consolidated gross revenue increased 7.0% to R$2,131.2 million in 1Q13, from R$1,992.1 million 1Q12. This upturn reflects primarily 6.9% growth in the retail segment, with sales totaling R$2,123.7 million in 1Q13, influenced by 5.2% growth in same-store sales. Bear in mind that this growth was obtained over a high base of comparison (SSS growth of 15.9% in 1Q12).

Consolidated Net Revenue

(in R$ million)	1Q13	1Q12	% Chg
Net Revenue - Retail - Merchandise Sales	1,684.7	1,597.5	5.5%
Net Revenue - Retail - Services	74.1	62.6	18.4%
Subtotal Retail	**1,758.8**	**1,660.1**	**5.9%**
Net Revenue - Consortium Management	8.5	7.1	19.4%
Inter-Company Eliminations	(1.7)	(1.3)	28.1%
Total Net Revenue	**1,765.6**	**1,665.9**	**6.0%**

Magazine Luiza's consolidated net revenue increased 6.0%, from R$1,665.9 million in 1Q12 to R$1,765.6 million in 1Q13.

Consolidated Gross Profit

(in R$ million)	1Q13	1Q12	% Chg
Gross Income - Retail - Merchandise Sales	419.0	395.8	5.8%
Gross Income - Retail - Services	74.1	62.6	18.4%
Subtotal Retail	**493.1**	**458.4**	**7.6%**
Gross Income - Consortium Management	5.2	4.3	21.2%
Inter-Company Eliminations	-	-	0.0%
Total Gross Income	**498.2**	**462.7**	**7.7%**

(as % of Net Revenue)	1Q13	1Q12	% Chg
Gross Margin - Retail - Merchandise Sales	24.9%	24.8%	0.1 pp
Gross Margin - Retail - Services	100.0%	100.0%	0.0 pp
Subtotal Retail	**28.0%**	**27.6%**	**0.4 pp**
Gross Margin - Consortium Management	61.1%	60.1%	1.0 pp
Inter-Company Eliminations	0.0%	0.0%	0.0 pp
Total Gross Margin	**28.2%**	**27.8%**	**0.4 pp**

In 1Q13, consolidated gross profit came to R$498.2 million, accompanied by gross margin of 28.2%, up 0.4 p.p. from 1Q12. Gross margin expansion reflects higher store margin in the Northeast and the preservation of margins in other regions.

Operating Expenses

(in R$ million)	1Q13	% NR	1Q12	% NR	% Chg
Selling expenses	(355.1)	-20.1%	(333.3)	-20.0%	6.5%
General and administrative expenses	(94.0)	-5.3%	(89.9)	-5.4%	4.6%
Provisions for loan losses	(4.9)	-0.3%	(4.1)	-0.2%	19.0%
Other operating revenues, net	8.4	0.5%	(6.8)	-0.4%	-223.2%
Total Operating Expenses	**(445.5)**	**-25.2%**	**(434.2)**	**-26.1%**	**2.6%**

Selling Expenses

Selling expenses totaled R$355.1 million in 1Q13, virtually stable compared with 1Q12 and representing 20.1% of net revenue.

General and Administrative Expenses

General and administrative expenses totaled R$94.0 million in 1Q13, representing 5.3% of net revenue, as good as in line with 1Q12.

Provisions for Loan Losses

Provisions for loan losses increased from R$4.1 million in 1Q12 to R$4.9 million in 1Q13 (0.3% of net revenue), flat from 1Q12. Note that these provisions refer only to Magazine Luiza as most of the provisions are recorded over Luizacred (explained in Annex 1).

Other Operating Revenues (Expenses)

(in R$ million)	1Q13	% NR	1Q12	% NR	% Chg
Deferred revenue recorded	8.6	0.5%	7.5	0.5%	14.2%
Non-recurring expenses	(1.4)	-0.1%	(13.1)	-0.8%	-89.4%
Other	1.2	0.1%	(1.3)	-0.1%	-197.6%
Total	**8.4**	**0.5%**	**(6.8)**	**-0.4%**	**-223.2%**

Other net operating expenses (revenue) improved from an expense of R$6.8 million in 1Q12 to a revenue of R$8.4 million in 1Q13, owing mainly to a reduction in non-recurring expenses. These expenses refer to chain integration in 1Q12 and closing of stores in 1Q13.

Equity in Subsidiaries

Equity in subsidiaries improved from a net loss of R$5.7 million in 1Q12 to a profit of R$10.0 million in 1Q13, equivalent to 0.6% of net revenues, influenced by an improvement at Luizacred (as explained in Annex 1).

EBITDA

(in R$ million)	1Q13	% NR	1Q12	% NR	% Chg
EBITDA	**62.7**	**3.6%**	**22.8**	**1.4%**	**175.4%**
Extraordinary costs	-	0.0%	7.5	0.5%	-100.0%
Extraordinary revenue	-	0.0%	-	0.0%	0.0%
Extraordinary Expenses	-	0.0%	26.0	1.6%	-100.0%
Deferred revenue adjustment	-	0.0%	-	0.0%	0.0%
Adjusted EBITDA	**62.7**	**3.6%**	**56.3**	**3.4%**	**11.5%**

In 1Q13, earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) reached R$62.7 million, accompanied by margin of 3.6%. The main factors that influenced EBITDA were the increase in gross margin, decrease in operational expenses and increase in equity in subsidiaries. The operating result reflects the beginning of a gradual improvement in profitability following the integration of chains Lojas Maia and Baú da Felicidade.

Financial Result

CONSOLIDATED FINANCIAL RESULTS (in R$ million)	1Q13	% NR	1Q12	% NR	% Chg
Financial Expenses	(59.3)	-3.4%	(63.3)	-3.8%	-6.3%
Interest on loans and financing	(26.0)	-1.5%	(30.8)	-1.9%	-15.8%
Interest on prepayment of receivables – third party cards	(15.7)	-0.9%	(10.9)	-0.7%	44.4%
Interest on prepayment of receivables – Luiza Card	(10.1)	-0.6%	(12.5)	-0.7%	-19.3%
Other expenses	(7.6)	-0.4%	(9.1)	-0.5%	-16.8%
Financial Revenues	14.0	0.8%	14.5	0.9%	-3.3%
Gains on marketable securities	0.4	0.0%	1.3	0.1%	-69.8%
Other financial revenues	13.6	0.8%	13.2	0.8%	3.4%
Total Financial Results	(45.3)	-2.6%	(48.8)	-2.9%	-7.2%

Net financial expenses totaled R$45.3 million in 1Q13, declining from 2.9% of net revenue in 1Q12 to 2.6% in 1Q13. The financial result was mainly influenced by a reduction in the CDI rate and an increase in working capital requirements.

Consolidated Net Income

The 1Q13 net result was positive by R$0.8 million, in line with our goal of gradually improving our results and profitability in 2013. Magazine Luiza reversed a loss of R$40.7 million in 1Q12.

Working Capital

CONSOLIDATED (R$ million)	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
Accounts receivables	448.8	486.5	490.2	479.2	452.8
Inventories	974.9	1,068.8	1,306.9	1,131.3	1,134.2
Related parties	85.0	73.6	67.6	69.0	73.7
Recoverable taxes	190.4	208.5	40.8	21.7	24.1
Other assets	63.3	38.0	71.9	84.1	76.1
Current operating assets	1,762.5	1,875.3	1,977.4	1,785.2	1,760.9
Suppliers	1,169.8	1,326.3	1,173.2	1,016.4	1,039.8
Payroll, vacation and related charges	115.8	138.3	139.5	127.8	112.0
Taxes payable	20.4	47.8	13.8	15.6	22.2
Related parties	41.7	51.1	29.5	51.2	31.9
Taxes in installments	9.0	9.1	9.2	2.9	2.9
Other accounts payable	113.1	80.9	94.8	82.9	70.5
Current operating liabilities	1,469.9	1,653.6	1,460.2	1,296.8	1,279.2
Working Capital	292.6	221.8	517.3	488.5	481.7
% of Gross revenue in the last 12 months	3.4%	2.6%	6.4%	6.2%	6.4%
Balance of Discounted Receivables	838.2	791.4	659.5	536.8	467.7
Working Capital Ajusted	1,130.8	1,013.1	1,176.8	1,025.3	949.4
% of Gross revenue in the last 12 months	13.2%	12.0%	14.5%	13.0%	12.6%

In March 2013, net working capital stood at R$292.6 million, representing only 3.4% of gross revenue in the past 12 months, higher than the 2.6% in December 2012 owing to the seasonality of the period. Working capital requirements are typically higher in the first quarter, particularly because of purchase payments made at the end of 2012.

However, the reduction in relation to March 2012 is primarily owed to an improvement in inventory turnover and part of the booking of taxes recoverable in the long term. In March 2013, the Company had accrued tax credits arising from ICMS tax substitution totaling R$288.3 million, of which R$152.0 million was recognized under current assets and R$136.3 million under non-current assets. These credits will be realized through a request for compensation of debits of a similar nature to the states where the credits originated.

On the same date, the balance of prepaid receivables from third-party credit cards was R$838.2 million. Considering the balance of discounted receivables, working capital requirements would correspond to 13.2% of gross revenue.

Capex

CAPEX (in R$ million)	1Q13	1Q12
New Stores	5.2	6.5
Remodeling	7.3	11.0
Technology	8.4	7.3
Logistics	5.4	12.5
Other	0.9	6.3
Total	**27.3**	**43.6**

Investments in fixed and intangible assets fell from R$43.6 million in 1Q12 to R$27.3 million in 1Q13, and include renovations to existing stores as well as investments in technology, logistics and new stores (inaugurated and yet to be inaugurated). In 1Q13, two conventional stores were opened, while investments started on four more stores, which will be opened in 2Q13.

Net Debt

CONSOLIDATED (R$ million)	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
(+) Current loans and financing	404.3	317.2	223.0	225.9	122.4
(+) Non-current loans and financing	1,016.2	918.8	892.6	901.0	863.2
(=) Gross Debt	1,420.5	1,236.0	1,115.5	1,126.9	985.6
(-) Cash and cash equivalents	152.3	418.9	92.9	137.5	174.2
(-) Current securities	476.2	126.4	204.4	186.1	80.3
(-) Total Cash	628.5	545.3	297.4	323.6	254.5
(=) Net Debt	792.0	690.7	818.2	803.3	731.1
Short term debt/total	28%	26%	20%	20%	12%
Long term debt/total	72%	74%	80%	80%	88%
Ajusted EBITDA (LTM)	305.3	298.8	326.6	341.0	330.0
Net Debt/ Ajusted EBITDA	2.6 x	2.3 x	2.5 x	2.4 x	2.2 x

In March 2013, Magazine Luiza had loans and financing in the amount of R$1,420.5 million, and cash and financial investments of R$628.5 million. Net debt totaled R$792.0 million, equivalent to 2.6x adjusted EBITDA of the past 12 months.

The higher debt balance at the close of March 2013 over December 2012 reflects the higher working capital requirements explained above. In the end of this year, the variation in working capital is usually negative, consequently reducing debt.

According to the previous proportional consolidation method, including Luizacred and Luizaseg, net debt would stand at R$689.1 million, 2.3 times adjusted EBITDA in the last 12 months, versus 2.1 times in December 2012, as disclosed in our 4Q12 earnings release.

ANNEX I
LUIZACRED

Operating Indicators

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

In March 2013, Luizacred had a total base of 3.8 million cards issued. In the last 12 months, the total card base decreased by 11.5%, partially offset by the increased share of direct consumer credit (CDC). In 1Q13, purchases outside Magazine Luiza stores represented 79.2% of total card billings, 21.7% up on 1Q12.

Luizacred's credit portfolio, including credit cards, direct consumer credit and personal loans, totaled R$3.6 billion at the close of 1Q13.

LUIZACRED – Key Indicators (R$ million)	1Q13	1Q12	% Chg
Total Card Base (thousand)	3,760	4,251	-11.5%
Luiza Card Sales – In chain	364	475	-23.3%
Luiza Card Sales – Outside Brand	1,388	1,141	21.7%
CDC Sales	306	237	29.1%
Personal Loans Sales	40	59	-32.1%
Total Luizacred Sales	**2,098**	**1,911**	**9.8%**
Card Portfolio	2,512	2,656	-5.4%
CDC Portfolio	979	537	82.2%
Personal Loans Portfolio	83	141	-41.0%
Total Portfolio	**3,574**	**3,334**	**7.2%**

Credit and Collection Policy

Credit is granted at Luizacred according to the policies and criteria established by the Credit Modeling and Policy area of Itaú Unibanco. The policies are defined on proprietary statistics models using the Risk Adjusted Return on Capital (RAROC) model as the criterion. Maintaining its conservative approach, Luizacred maintained its credit approval rate low in 1Q13.

Income Statement

LUIZACRED – Income (R$ million)	1Q13	V.A.	1Q12	V.A.	% Chg
Financial Intermediation Revenue	285.3	100.0%	262.0	100.0%	8.9%
Cards	157.6	55.2%	170.3	65.0%	-7.4%
CDC	108.5	38.0%	61.7	23.5%	75.9%
Personal Loans	19.2	6.7%	30.0	11.5%	-36.0%
Financial Intermediation Expenses	(196.8)	-69.0%	(202.8)	-77.4%	-3.0%
Market Funding Operations	(32.5)	-11.4%	(50.6)	-19.3%	-35.7%
Provision for Loan Losses	(164.2)	-57.6%	(152.2)	-58.1%	7.9%
Gross Financial Intermediation Income	88.6	31.0%	59.2	22.6%	49.6%
Other Operating Revenues (Expenses)	(62.6)	-21.9%	(86.9)	-33.2%	-28.0%
Service Revenue	60.6	21.2%	53.1	20.3%	14.0%
Personnel Expenses	(0.6)	-0.2%	(1.8)	-0.7%	-67.4%
Other Administrative Expenses	(105.8)	-37.1%	(114.8)	-43.8%	-7.8%
Depreciation and Amortization	(3.3)	-1.2%	(3.3)	-1.3%	-0.9%
Tax Expenses	(17.8)	-6.2%	(16.7)	-6.4%	6.6%
Other Operating Revenues (Expenses)	4.3	1.5%	(3.4)	-1.3%	-228.3%
Income Before Tax	26.0	9.1%	(27.7)	-10.6%	-193.7%
Income Tax and Social Contribution	(10.4)	-3.6%	11.1	4.2%	-193.9%
Net Income	15.6	5.5%	(16.7)	-6.4%	-193.6%

Revenue from Financial Intermediation

In 1Q13, gross revenue from financial intermediation increased 8.9% over 1Q12, mainly due to the higher share of direct consumer credit.

Provisions for Loan Losses

Luizacred's default indicators at the close of March 2013 were 4.3 p.p. lower than in March 2012. Overdue above 90 days (NPL 90) reduced 4.0 p.p. over March 2012 and increased 0.5 p.p. over December 2012, thanks to seasonality. Luizacred maintained its conservative approach and, therefore, provisions for loan losses stood at 4.6% of total portfolio in 1Q13, up from 4.3% in 4Q12.

Coverage ratio was in line with December 2012 and above March 2012, equivalent to 147%.

PORTFOLIO OVERDUE	Mar-13		Dec-12		Sep-12		Jun-12		Mar-12	
Total Portfolio (R$ million)	3,573.6	100.0%	3,650.3	100.0%	3,408.4	100.0%	3,441.8	100.0%	3,334.1	100.0%
000 to 014 days	3,103.9	86.9%	3,229.4	88.5%	2,917.3	85.6%	2,893.3	84.1%	2,754.4	82.6%
015 to 030 days	50.6	1.4%	41.0	1.1%	42.2	1.2%	45.3	1.3%	52.9	1.6%
031 to 060 days	45.2	1.3%	34.3	0.9%	39.8	1.2%	43.3	1.3%	47.8	1.4%
061 to 090 days	64.6	1.8%	46.8	1.3%	53.2	1.6%	58.9	1.7%	56.8	1.7%
091 to 120 days	42.9	1.2%	35.6	1.0%	51.8	1.5%	51.0	1.5%	46.5	1.4%
121 to 150 days	31.3	0.9%	27.0	0.7%	39.6	1.2%	48.9	1.4%	44.3	1.3%
151 to 180 days	31.0	0.9%	28.1	0.8%	38.5	1.1%	46.8	1.4%	54.4	1.6%
180 to 360 days	204.0	5.7%	208.0	5.7%	226.0	6.6%	254.3	7.4%	277.1	8.3%
Overdue from 15-90 days	160.5	4.5%	122.1	3.3%	135.1	4.0%	147.5	4.3%	157.5	4.7%
Overdue above 90 days	309.2	8.7%	298.8	8.2%	355.9	10.4%	400.9	11.6%	422.2	12.7%
Total Overdue	469.7	13.1%	420.9	11.5%	491.1	14.4%	548.5	15.9%	579.7	17.4%
Allowance for doubtful in IFRS	454.2	12.7%	456.4	12.5%	460.8	13.5%	467.5	13.6%	467.5	14.0%
Coverage (%)	147%		153%		129%		117%		111%	

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

Gross Financial Intermediation Revenue

As a result of the sharp direct consumer credit revenue growth and the CDI reduction, gross margin from financial intermediation in 1Q13 was 31.0%, an 8.4 p.p. increase over 1Q12 (28.3%).

Other Operating Revenues (Expenses)

- **Service Revenue:** increased by 14.0% over 1Q12, mainly driven by fees and commissions for the use of Luiza cards outside the stores;
- **Selling and Administrative Expenses** (personnel, administrative, amortization and taxes): equivalent to 44.7% of financial intermediation revenue, 7.5 p.p. down on 1Q12 and virtually in line with 4Q12, due to the project to reduce costs and expenses and the adjustment of the mix of different financial products;
- **Other Operating Revenues (Expenses):** net revenues of R$4.3 million, equivalent to 1.5% of financial intermediation revenue.

Operating Result

The operating result in 1Q13 was R$26.0 million, equivalent to 9.1% of financial intermediation revenue, representing an improvement over the operating loss of R$27.7 million in 1Q12.

Shareholders’ Equity

According to the accounting practices established by the Brazilian Central Bank, Luizacred shareholders’ equity in March 2012 stood at R$396.7 million. As a result of adjustments required under IFRS, Luizacred’s shareholders’ equity for use in the financial statements of Magazine Luiza was R$379.1 million.

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q13	V.A.	1Q12	V.A.	% Chg
Gross Revenue	2,131.2	120.7%	1,992.1	119.6%	7.0%
Taxes and Deductions	(365.6)	-20.7%	(326.3)	-19.6%	12.1%
Net Revenue	1,765.6	100.0%	1,665.9	100.0%	6.0%
Total Costs	(1,267.4)	-71.8%	(1,203.2)	-72.2%	5.3%
Gross Income	498.2	28.2%	462.7	27.8%	7.7%
Selling expenses	(355.1)	-20.1%	(333.3)	-20.0%	6.5%
General and administrative expenses	(94.0)	-5.3%	(89.9)	-5.4%	4.6%
Provisions for loan losses	(4.9)	-0.3%	(4.1)	-0.2%	19.0%
Other operating revenues, net	8.4	0.5%	(6.8)	-0.4%	-223.2%
Equity in Subsidiaries	10.0	0.6%	(5.7)	-0.3%	-275.5%
Total Operating Expenses	(435.5)	-24.7%	(439.9)	-26.4%	-1.0%
EBITDA	62.7	3.6%	22.8	1.4%	175.4%
Depreciation and Amortization	(24.7)	-1.4%	(20.8)	-1.2%	18.7%
EBIT	38.1	2.2%	2.0	0.1%	1785.7%
Financial Results	(45.3)	-2.6%	(48.8)	-2.9%	-7.2%
Operating Income	(7.2)	-0.4%	(46.8)	-2.8%	-84.6%
Income Tax and Social Contribution	8.0	0.5%	6.0	0.4%	32.4%
Net Income	0.8	0.0%	(40.7)	-2.4%	-102.0%

Reconciliation of EBITDA for extraordinary expenses

	1Q13	V.A.	1Q12	V.A.	% Chg
EBITDA	62.7	3.6%	22.8	1.4%	-
Extraordinary costs	-	0.0%	7.5	0.5%	-
Extraordinary revenues	-	0.0%	-	0.0%	-
Extraordinary expenses	-	0.0%	26.0	1.6%	-
Adjusted deferred revenues	-	0.0%	-	0.0%	-
Adjusted EBITDA	62.7	3.6%	56.3	3.4%	-

	1Q13	V.A.	1Q12	V.A.	% Chg
Net Income	0.8	0.0%	(40.7)	-2.4%	-
Extraordinary operational results	-	0.0%	33.5	2.0%	-
Extraordinary financial results	-	0.0%	-	0.0%	-
Tax over extraordinary results	-	0.0%	(11.4)	-0.7%	-
Extraordinary tax credits	-	0.0%	8.3	0.5%	-
Adjusted Net Income	0.8	0.0%	(10.3)	-0.6%	-

Note: Non-recurring expenses of R$33.5 million in 1Q12, as detailed in our 1Q12 earnings release.

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
CURRENT ASSETS					
Cash and cash equivalents	152.3	418.9	92.9	137.5	174.2
Securities	476.2	126.4	204.4	186.1	80.3
Accounts receivable	448.8	486.5	490.2	479.2	452.8
Inventories	974.9	1,068.8	1,306.9	1,131.3	1,134.2
Related parties	85.0	73.6	67.6	69.0	73.7
Taxes recoverable	190.4	208.5	40.8	21.7	24.1
Other assets	63.3	38.0	71.9	164.1	76.1
Total current assets	2,391.0	2,420.6	2,274.8	2,188.9	2,015.5
NON-CURRENT ASSETS					
Accounts receivable	3.4	0.4	1.3	1.4	1.8
Deferred income tax and social contribution	156.5	148.3	152.5	152.4	134.3
Recoverable taxes	144.4	137.4	9.2	21.6	24.3
Judicial deposits	138.5	129.3	115.0	120.6	103.2
Other assets	39.1	39.6	38.2	17.1	21.2
Investments in subsidiaries	224.6	222.9	213.2	207.3	202.9
Fixed assets	575.5	574.0	550.7	527.8	512.3
Intangible assets	436.2	435.3	435.5	437.5	441.3
Total non-current assets	1,718.1	1,687.2	1,515.5	1,485.5	1,441.2
TOTAL ASSETS	4,109.1	4,107.7	3,790.3	3,674.4	3,456.7

LIABILITIES (R$ million)	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
CURRENT LIABILITIES					
Suppliers	1,169.8	1,326.3	1,173.2	1,016.4	1,039.8
Loans and financing	404.3	317.2	223.0	225.9	122.4
Payroll, vacation and related charges	115.8	138.3	139.5	127.8	112.0
Taxes payable	20.4	47.8	13.8	15.6	22.2
Related parties	41.7	51.1	29.5	66.2	31.9
Taxes in installments	9.0	9.1	9.2	2.9	2.9
Deferred revenue	36.2	37.1	38.0	38.9	29.6
Dividends payable	-	-	-	-	1.7
Other accounts payable	113.1	80.9	94.8	82.9	70.5
Total current liabilities	1,910.4	2,007.9	1,721.2	1,576.6	1,432.9
NON-CURRENT LIABILITIES					
Loans and financing	1,016.2	918.8	892.6	901.0	863.2
Taxes in installments	1.2	1.8	2.4	3.0	3.7
Provision for tax, civil and labor risks	196.2	187.6	173.5	173.8	176.6
Deferred revenue	367.5	375.2	382.8	403.6	381.0
Deferred income tax and social contribution	-	-	6.5	7.9	11.8
Other accounts payable	0.7	0.6	5.9	6.0	6.5
Total non-current liabilities	1,581.8	1,483.9	1,463.6	1,495.3	1,442.8
SHAREHOLDERS' EQUITY					
Capital stock	606.5	606.5	606.5	606.5	606.5
Capital reserve	3.5	2.8	2.1	1.4	0.7
Legal reserve	4.0	4.0	4.0	4.0	4.0
Profit retention reserve	2.6	2.6	9.3	9.3	10.4
Other comprehensive income	(0.5)	0.1	0.1	0.1	0.1
Accumulated losses	0.8	-	(16.5)	(18.8)	(40.7)
Total shareholders' equity	616.9	616.0	605.6	602.5	581.0
TOTAL	4,109.1	4,107.7	3,790.3	3,674.4	3,456.7

ANNEX IV
RESULTS BY SEGMENT – 1Q13

1Q13 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons.Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	2,123.7	9.3	(1.7)	2,131.2	172.9	21.2	(41.9)	2,283.5
Taxes and Deductions	(364.8)	(0.8)	-	(365.6)	-	-	-	(365.6)
Net Revenue	1,758.8	8.5	(1.7)	1,765.6	172.9	21.2	(41.9)	1,917.9
Total Costs	(1,265.8)	(3.3)	1.7	(1,267.4)	(16.3)	(2.4)	-	(1,286.0)
Gross Income	493.1	5.2	-	498.2	156.7	18.8	(41.9)	631.8
Selling expenses	(355.1)	-	-	(355.1)	(61.8)	(13.9)	36.8	(393.9)
General and administrative expenses	(89.5)	(4.5)	-	(94.0)	(0.3)	(3.2)	-	(97.5)
Provisions for loan losses	(4.9)	-	-	(4.9)	(82.1)	-	-	(87.0)
Equity in Subsidiaries	10.5	-	(0.5)	10.0	-	-	(10.0)	0.0
Other operating revenues, net	8.4	0.0	-	8.4	2.2	0.2	(1.4)	9.4
Total Operating Expenses	(430.5)	(4.5)	(0.5)	(435.5)	(142.0)	(16.9)	25.4	(569.0)
EBITDA	62.6	0.7	(0.5)	62.7	14.6	1.9	(16.5)	62.8
Depreciation and Amortization	(24.6)	(0.1)	-	(24.7)	(1.6)	(0.0)	1.4	(24.9)
EBIT	38.0	0.6	(0.5)	38.1	13.0	1.9	(15.1)	37.9
Financial Results	(45.4)	0.2	-	(45.3)	-	1.8	5.0	(38.4)
Operating Income	(7.4)	0.7	(0.5)	(7.2)	13.0	3.7	(10.0)	(0.5)
Income Tax and Social Contribution	8.2	(0.3)	-	8.0	(5.2)	(1.5)	-	1.3
Net Income	0.8	0.5	(0.5)	0.8	7.8	2.2	(10.0)	0.8
Gross Margin	28.0%	61.1%	0.0%	28.2%	90.6%	88.7%	100.0%	32.9%
EBITDA Margin	3.6%	7.7%	29.0%	3.6%	8.5%	8.8%	39.3%	3.3%
Net Margin	0.0%	5.8%	29.0%	0.0%	4.5%	10.6%	24.0%	0.0%

ANNEX V
RESULTS BY SEGMENT – 1Q12

1Q12 (in R$ million)	Retail	Consortium 100%	Eliminations	Consolidated	Cons.Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
Gross Revenue	1,985.7	7.7	(1.3)	1,992.1	157.5	18.4	(35.6)	2,132.5
Taxes and Deductions	(325.6)	(0.7)	-	(326.3)	-	-	-	(326.3)
Net Revenue	1,660.1	7.1	(1.3)	1,665.9	157.5	18.4	(35.6)	1,806.3
Total Costs	(1,201.7)	(2.8)	1.3	(1,203.2)	(25.3)	(1.7)	(0.0)	(1,230.2)
Gross Income	458.4	4.3	-	462.7	132.3	16.7	(35.6)	576.1
Selling expenses	(333.3)	-	-	(333.3)	(65.8)	(11.9)	29.3	(381.6)
General and administrative expenses	(86.2)	(3.7)	-	(89.9)	(0.9)	(2.6)	-	(93.4)
Provisions for loan losses	(4.1)	-	-	(4.1)	(76.1)	-	-	(80.2)
Equity in Subsidiaries	(5.1)	-	(0.6)	(5.7)	-	-	5.7	-
Other operating revenues, net	(6.9)	0.1	-	(6.8)	(1.7)	(0.1)	(1.7)	(10.4)
Total Operating Expenses	(435.7)	(3.6)	(0.6)	(439.9)	(144.5)	(14.6)	33.3	(565.6)
EBITDA	22.7	0.7	(0.6)	22.8	(12.2)	2.1	(2.2)	10.5
Depreciation and Amortization	(20.7)	(0.1)	-	(20.8)	(1.7)	(0.0)	1.7	(20.7)
EBIT	2.0	0.6	(0.6)	2.0	(13.9)	2.1	(0.5)	(10.2)
Financial Results	(49.0)	0.2	-	(48.8)	-	2.2	6.2	(40.3)
Operating Income	(47.0)	0.9	(0.6)	(46.8)	(13.9)	4.4	5.7	(50.5)
Income Tax and Social Contribution	6.3	(0.3)	-	6.0	5.5	(1.7)	-	9.8
Net Income	(40.7)	0.6	(0.6)	(40.7)	(8.3)	2.6	5.7	(40.7)
Gross Margin	27.6%	60.1%	0.0%	27.8%	84.0%	90.8%	100.0%	31.9%
EBITDA Margin	1.4%	10.0%	44.2%	1.4%	-7.7%	11.6%	6.3%	0.6%
Net Margin	-2.5%	8.2%	44.2%	-2.4%	-5.3%	14.2%	-16.1%	-2.3%

Reconciliation of EBITDA for extraordinary expenses

	Retail	Consortium 100%	Eliminations	Consolidated	Cons.Finance 50%	Insurance 50%	Eliminations	Consolidated Pro-Forma
EBITDA	22.7	0.7	(0.6)	22.8	(12.2)	2.1	(2.2)	10.5
Extraordinary costs	7.5	-	-	7.5	-	-	-	7.5
Extraordinary revenues	-	-	-	-	-	-	-	-
Extraordinary expenses	26.0	-	-	26.0	-	-	-	26.0
Adjusted deferred revenues	-	-	-	-	-	-	-	-
Adjusted EBITDA	56.2	0.7	(0.6)	56.3	(12.2)	2.1	(2.2)	44.0
Adjusted EBITDA Margin	3.4%	10.0%	44.2%	3.4%	-7.7%	11.6%	6.3%	2.4%
Net Income	(40.7)	0.6	(0.6)	(40.7)	(8.3)	2.6	5.7	(40.7)
Extraordinary operational results	33.5	-	-	33.5	-	-	-	33.5
Extraordinary financial results	-	-	-	-	-	-	-	-
Tax over extraordinary results	(11.4)	-	-	(11.4)	-	-	-	(11.4)
Extraordinary tax credits	8.3	-	-	8.3	-	-	-	8.3
Adjusted Net Income	(10.3)	0.6	(0.6)	(10.3)	(8.3)	2.6	5.7	(10.3)
Adjusted Net Income Margin	-0.6%	8.2%	44.2%	-0.6%	-5.3%	14.2%	-16.1%	-0.6%

ANNEX VI
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS (PRO-FORMA)

CONSOLIDATED PRO-FORMA (R$ million)	1Q13	V.A.	1Q12	V.A.	% Chg
Gross Revenue	2,283.5	119.1%	2,132.5	118.1%	7.1%
Taxes and Deductions	(365.6)	-19.1%	(326.3)	-18.1%	12.1%
Net Revenue	1,917.9	100.0%	1,806.3	100.0%	6.2%
Total Costs	(1,286.0)	-67.1%	(1,230.2)	-68.1%	4.5%
Gross Income	631.8	32.9%	576.1	31.9%	9.7%
Selling expenses	(393.9)	-20.5%	(381.6)	-21.1%	3.2%
General and administrative expenses	(97.5)	-5.1%	(93.4)	-5.2%	4.4%
Provisions for loan losses	(87.0)	-4.5%	(80.2)	-4.4%	8.5%
Other operating revenues, net	9.4	0.5%	(10.4)	-0.6%	-190.5%
Total Operating Expenses	(569.0)	-29.7%	(565.6)	-31.3%	0.6%
EBITDA	62.8	3.3%	10.5	0.6%	498.6%
Depreciation and Amortization	(24.9)	-1.3%	(20.7)	-1.1%	20.3%
EBIT	37.9	2.0%	(10.2)	-0.6%	-470.9%
Financial Results	(38.4)	-2.0%	(40.3)	-2.2%	-4.8%
Operating Income	(0.5)	0.0%	(50.5)	-2.8%	-99.0%
Income Tax and Social Contribution	1.3	0.1%	9.8	0.5%	-
Net Income	0.8	0.0%	(40.7)	-2.3%	-102.0%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	62.8	3.3%	10.5	0.6%	-
Extraordinary costs	-	0.0%	7.5	0.4%	-
Extraordinary revenues	-	0.0%	-	0.0%	-
Extraordinary expenses	-	0.0%	26.0	1.4%	-
Adjusted deferred revenues	-	0.0%	-	0.0%	-
Adjusted EBITDA	62.8	3.3%	44.0	2.4%	-

Net Income	0.8	0.0%	(40.7)	-2.3%	-
Extraordinary operational results	-	0.0%	33.5	1.9%	-
Extraordinary financial results	-	0.0%	-	0.0%	-
Tax over extraordinary results	-	0.0%	(11.4)	-0.6%	-
Extraordinary tax credits	-	0.0%	8.3	0.5%	-
Adjusted Net Income	0.8	0.0%	(10.3)	-0.6%	-

ANNEX VII
BREAKDOWN OF SALES AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)	1Q13	V.A.	1Q12	V.A.	Growth Total
Virtual Stores	93.8	4.4%	85.2	4.3%	10.1%
Website	300.8	14.2%	248.5	12.5%	21.1%
Subtotal – Virtual Stores	**394.6**	18.6%	**333.7**	16.8%	18.3%
Conventional Stores	1,726.8	81.4%	1,650.9	83.2%	4.6%
Total	**2,121.5**	100.0%	**1,984.5**	100.0%	6.9%

Number of stores per channel – End of the period	Mar-12	Part(%)	Mar-12	Part(%)	Growth Total
Virtual Stores	106	14.5%	106	14.5%	-
Website	1	0.1%	1	0.1%	-
Subtotal – Virtual Stores	**107**	14.6%	**107**	14.7%	-
Conventional Stores	624	85.4%	623	85.3%	1
Total	**731**	100.0%	**730**	100.0%	1
Total Sales Area (m²)	**461,981**	100.0%	**456,292**	100%	1.2%

Note: In compliance with Technical Pronouncement CPC 36, the booking of the proceeds from the exclusive funds whose quotas are 100% owned by Magazine Luiza changed from financial income to operating income from services in the retail segment in the amount of R$2.2 million in 1Q13 and R$1.2 million in 1Q12. The differences in gross revenue from the retail segment in the breakdown by channel and income statements refer to these classifications.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

May 14, 2013 (Tuesday)

11:00 a.m. – Brasília Time

10:00 a.m. – US EST

Callers from Brazil:
Dial-in: +55 11 2188-0155
Access code: Magazine Luiza
Webcast link:
http://webcast.mzvaluemonitor.com/Cover.aspx?PlatformId=1225

Callers from other countries:
Dial-in: +1 646 843-6054
Access code: Magazine Luiza
Webcast link:
http://webcast.mzvaluemonitor.com/Cover.aspx?PlatformId=1226

Replay (available for 7 days):
Dial-in: +55 11 2188-0155
Portuguese version: Magazine Luiza / English version: Magazine Luiza

Investor Relations

Roberto Bellissimo Rodrigues
Chief Financial and Investor Relations Officer

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IR, M&A and New Businesses Director

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IR Coordinator

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ri@magazineluiza.com.br

About Magazine Luiza

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

EBITDA, Adjusted EBITDA and Adjusted Net Income

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

Disclaimer

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

Quarterly Information

Magazine Luiza S.A.

March 31, 2013

Magazine Luiza S.A.

Quarterly information

March 31, 2013

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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly information prepared in accordance with Brazilian and international standards on review engagements

Independent auditor's review report on quarterly information

The Management, Shareholders and Officers
Magazine Luiza S.A.
Franca, SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Magazine Luiza S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2013, comprising the balance sheet as at March 31, 2013, and the related statements of operations, of comprehensive income, of changes in equity, and cash flow statement for the quarter then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) 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 specific rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on 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 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

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

Conclusion on the consolidated interim financial information

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

Emphasis of matter

Restatement of corresponding figures

As mentioned in Note 2, due to a change in the accounting practice applicable to joint ventures, introduced by CPC 19 (R2) and IFRS 11 – Joint Arrangements, the corresponding individual and consolidated figures relating to the balance sheet as at December 31, 2012 and the individual and consolidated corresponding quarterly information relating to the statements of operations, of comprehensive income, of changes in equity, cash flow statement and statement of value added (supplemental information) for the three-month period ended March 31, 2012, presented for purposes of comparison, have been adjusted and are restated as required by CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors, and CPC 26 (R1) – Presentation of Financial Statements. Our conclusion does not contain any modifications regarding this matter.

Other matters

Interim statement 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, 2013, prepared under Management's responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the 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 are not presented fairly, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

São Paulo, May 13, 2013

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

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

Alexandre Rubio
Accountant CRC-1SP223361/O-2

Magazine Luiza S.A.

Balance sheets
March 31, 2013 and December 31, 2012
(Amounts in thousands of Brazilian reais - R$)

		Company		**Consolidated**	
	Note	**03/31/2013**	**12/31/2012**	**03/31/2013**	**12/31/2012**
Assets					**(Restated)**
Current assets					
Cash and cash equivalents	4.1	**139,350**	404,143	**152,276**	418,879
Securities	4.2	**476,231**	126,385	**476,231**	126,385
Trade account receivables	5	**448,829**	486,474	**448,829**	486,474
Inventories	6	**974,924**	1,068,762	**974,924**	1,068,762
Due from related parties	7	**85,593**	74,342	**85,006**	73,625
Taxes recoverable	8	**190,389**	208,490	**190,402**	208,503
Other receivables		**62,178**	37,130	**63,302**	37,950
Total current assets		**2,377,494**	2,405,726	**2,390,970**	2,420,578
Noncurrent assets					
Trade account receivables	5	**3,365**	398	**3,365**	398
Deferred income and social contribution taxes	9	**156,000**	147,758	**156,480**	148,301
Taxes recoverable	8	**144,424**	137,365	**144,424**	137,365
Judicial deposits		**138,455**	129,348	**138,455**	129,348
Other receivables		**38,395**	38,943	**39,052**	39,565
Investments in subsidiaries	10	**10,763**	12,272	**-**	-
Investments in jointly-controlled entities	11	**224,621**	222,894	**224,621**	222,894
Property and equipment	12	**574,797**	573,223	**575,514**	573,957
Intangible assets	13	**435,980**	435,049	**436,237**	435,338
Total noncurrent assets		**1,726,800**	1,697,250	**1,718,148**	1,687,166
Total assets		**4,104,294**	4,102,976	**4,109,118**	4,107,744

	Note	Company		Consolidated	
		03/31/2013	12/31/2012	03/31/2013	12/31/2012 (Restated)
Liabilities and equity					
Current liabilities					
Trade accounts payable	14	**1,169,375**	1,325,992	**1,169,848**	1,326,310
Loans and financing	15	**404,340**	317,198	**404,340**	317,198
Salaries, vacation pay and related taxes		**114,602**	136,586	**115,821**	138,255
Taxes payable		**19,738**	47,401	**20,406**	47,800
Due to related parties	7	**41,742**	51,291	**41,742**	51,291
Taxes in installments		**9,005**	9,128	**9,005**	9,128
Deferred income	16	**36,185**	37,104	**36,185**	37,104
Other payables		**112,686**	80,541	**113,081**	80,775
Total current liabilities		**1,907,673**	2,005,241	**1,910,428**	2,007,861
Noncurrent liabilities					
Loans and financing	15	**1,016,201**	918,766	**1,016,201**	918,766
Taxes in installments		**1,188**	1,783	**1,188**	1,783
Provision for tax, civil and labor contingencies	17	**194,822**	186,027	**196,234**	187,553
Deferred income	16	**367,519**	375,167	**367,519**	375,167
Other payables		**-**	-	**657**	622
Total noncurrent liabilities		**1,579,730**	1,481,743	**1,581,799**	1,483,891
Total liabilities		**3,487,403**	3,486,984	**3,492,227**	3,491,752
Equity					
Capital		**606,505**	606,505	**606,505**	606,505
Capital reserve		**3,525**	2,820	**3,525**	2,820
Legal reserve		**4,025**	4,025	**4,025**	4,025
Earnings retention reserve		**2,561**	2,561	**2,561**	2,561
Other comprehensive income		**(527)**	81	**(527)**	81
Tax loss carryforwards		**802**	-	**802**	-
Total equity		**616,891**	615,992	**616,891**	615,992
Total liabilities and equity		**4,104,294**	4,102,976	**4,109,118**	4,107,744

See accompanying notes.

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Statements of operations
Three-month periods ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian reais - R$)

	Note	Company		Consolidated	
		03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012 (Restated)**
Net sales revenue	18	**1,756,627**	1,422,845	**1,765,608**	1,665,851
Costs of resale of goods and services	19	**(1,265,787)**	(1,015,758)	**(1,267,387)**	(1,203,199)
Gross profit		**490,840**	407,087	**498,221**	462,652
Operating income (expenses)					
Selling expenses	20	**(355,073)**	(287,445)	**(355,073)**	(333,349)
General and administrative expenses	20	**(89,467)**	(67,170)	**(93,995)**	(89,879)
Allowance for doubtful accounts		**(4,869)**	(2,393)	**(4,869)**	(4,090)
Depreciation and amortization		**(24,575)**	(16,532)	**(24,651)**	(20,762)
Profit sharing at subsidiary	10 and 11	**10,527**	(31,097)	**10,036**	(5,717)
Other operating income (expenses), net	21	**8,408**	(6,992)	**8,423**	(6,835)
		(455,049)	(411,629)	**(460,129)**	(460,632)
Income from operations before financial income (expenses)		**35,791**	(4,542)	**38,092**	2,020
Financial income		**16,060**	15,162	**14,014**	14,506
Financial expenses		**(59,291)**	(56,017)	**(59,296)**	(63,279)
Financial income (expenses)	22	**(43,231)**	(40,855)	**(45,282)**	(48,773)
					-
Income (loss) before income and social contribution taxes		**(7,440)**	(45,397)	**(7,190)**	(46,753)
Current and deferred income and social contribution taxes	9	**8,242**	4,682	**7,992**	6,038
Income (loss) for the period/year		**802**	(40,715)	**802**	(40,715)
Income (loss) attributable to:					
Owners of the Company		**802**	(40,715)	**802**	(40,715)
Earnings (loss) per share					
Basic and diluted earnings per share (R$)		**0.00**	(0.23)	**0.00**	(0.23)

See accompanying notes.

Magazine Luiza S.A.

Statements of changes in equity
Periods ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian reais - R$)

	Capital	Capital reserve	Legal reserve	Retained profits reserve	Retained earnings (accumulated losses)	Other comprehensive income	Total
Balances at December 31, 2011	606,505	-	4,025	10,415	-	-	620,945
							-
Stock option plan	-	705	-	-	-	-	705
Loss for the period	-	-	-	-	(40,715)	-	(40,715)
	606,505	705	4,025	10,415	(40,715)	-	580,935
Other comprehensive income:							
Adjustments to financial instruments	-	-	-	-	-	69	69
Balances at March 31, 2012	**606,505**	**705**	**4,025**	**10,415**	**(40,715)**	**69**	**581,004**
Balances at December 31, 2012	**606,505**	**2,820**	**4,025**	**2,561**	**-**	**81**	**615,992**
							-
Stock option plan	**-**	**705**	**-**	**-**	**-**	**-**	**705**
Profit for the period	**-**	**-**	**-**	**-**	**802**	**-**	**802**
	606,505	**3,525**	**4,025**	**2,561**	**802**	**81**	**617,499**
Other comprehensive income:							
Adjustments to financial instruments	**-**	**-**	**-**	**-**	**-**	**(608)**	**(608)**
Balances at March 31, 2013	**606,505**	**3,525**	**4,025**	**2,561**	**802**	**(527)**	**616,891**

See accompanying notes.

Magazine Luiza S.A.

Cash flow statements
Periods ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian reais - R$)

	Note	Company		Consolidated	
		03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012**
			(Restated)		**(Restated)**
Cash flows from operating activities					
Profit (loss) for the period		**802**	(40.715)	**802**	(40.715)
Adjustments to reconcile profit for the period to net cash provided by operating activities:					
Income and social contribution tax expenses in P&L	9	**(8,242)**	(4,682)	**(7,992)**	(6,038)
Depreciation and amortization		**24,575**	16,532	**24,651**	20,762
Interest on loans and financing		**21,857**	21,402	**21,857**	24,837
Income from exclusive investment fund		**(2,215)**	(1,168)	**(2,215)**	(1,168)
Profit sharing at subsidiaries	10 and 11	**(10,527)**	31,097	**(10,036)**	5,717
Changes in allowance for inventory losses		**14,583**	6,043	**14,978**	7,740
Provision for tax, civil and labor contingencies	17	**9,960**	8,079	**10,049**	11,589
Fixed assets disposed of, net of gains		**177**	501	**177**	501
Recognition of deferred income	21	**(8,567)**	(4,823)	**(8,567)**	(7,502)
Stock option costs		**705**	705	**705**	705
(Increase) decrease in operating assets:					
Trade accounts receivable		**25,829**	59,212	**23,792**	46,146
Securities		**(71)**	-	**(347,631)**	(52,267)
Inventories		**88,104**	101,573	**89,746**	126,788
Due to related parties		**(13,824)**	21,810	**(13,954)**	23,639
Taxes recoverable		**11,042**	6,598	**11,042**	4,337
Other receivables		**(33,607)**	(54,635)	**(33,946)**	(59,712)
Increase (decrease) in operating liabilities:					
Trade accounts payable		**(156,617)**	(215,964)	**(156,462)**	(226,936)
Salaries, vacation pay and related taxes		**(21,984)**	(10,623)	**(22,434)**	(9,208)
Taxes payable		**(27,663)**	(12,214)	**(27,581)**	(12,416)
Due to related parties		**(9,549)**	(13,797)	**(9,549)**	(8,560)
Taxes in installments		**(718)**	(707)	**(718)**	(707)
Other payables		**30,980**	(29,697)	**30,973**	(23,928)
Cash used in operating activities		**(64,970)**	(115,473)	**(412,313)**	(176,396)
Income and social contribution taxes paid		**-**	(346)	**-**	(541)
Dividends received from subsidiaries		**12,274**	-	**10,274**	-
Net cash provided by operating activities		**(52,696)**	(115,819)	**(402,039)**	(176,937)
Cash flows from investing activities					
Additions to property and equipment	12	**(18,935)**	(24,785)	**(18,957)**	(36,543)
Additions to intangible assets	13	**(8,322)**	(3,252)	**(8,327)**	(7,024)
Investments in exclusive investment fund		**(543,126)**	(187,150)	**-**	-
Investments in investment fund units		**195,566**	134,883	**-**	-
Investment in subsidiary		**-**	(49,465)	**-**	(24,000)
Net cash used in investing activities		**(374,817)**	(129,769)	**(27,284)**	(67,567)
Cash flows from financing activities					
Loans and financing		**202,460**	301,010	**202,460**	301,010
Repayment of loans and financing		**(17,765)**	(17,580)	**(17,765)**	(17,599)
Payment of interest on loans and financing		**(21,975)**	(33,975)	**(21,975)**	(33,975)
Cash flows provided by financing activities		**162,720**	249,455	**162,720**	249,436
Increase (decrease) in cash and cash equivalents		**(264,793)**	3,867	**(266,603)**	4,932
Cash and cash equivalents at beginning of period		**404,143**	150,980	**418,879**	169,282
Cash and cash equivalents at end of period		**139,350**	154,847	**152,276**	174,214
Increase (decrease) in cash and cash equivalents		**(264,793)**	3,867	**(266,603)**	4,932

See accompanying notes.

Magazine Luiza S.A.

Statements of value added
Periods ended March 31, 2013 and 2012
(Amounts in thousands of Brazilian reais - R$)

	Company		Consolidated	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012 (Restated)**
Revenues				
Sale of goods, products and services	**1,999,173**	1,596,466	**2,010,646**	1,890,660
Allowance for doubtful accounts, net of reversals	**(4,869)**	(2,393)	**(4,869)**	(4,090)
Other operating income	**17,008**	3,431	**17,023**	9,760
	2,011,312	1,597,504	**2,022,800**	1,896,330
Inputs acquired from third parties				
Cost of sales and services	**(1,379,489)**	(1,099,314)	**(1,382,783)**	(1,286,791)
Materials, power, outside services and other	**(165,041)**	(131,630)	**(166,642)**	(164,156)
Loss and recovery of receivables	**(4,519)**	(2,904)	**(4,519)**	(2,904)
	(1,549,049)	(1,233,848)	**(1,553,944)**	(1,453,851)
Gross value added	**462,263**	363,656	**468,856**	442,479
Depreciation and amortization	**(24,575)**	(16,532)	**(24,651)**	(20,762)
Value added created by the entity, net	**437,688**	347,124	**444,205**	421,717
Value added received in transfer				
Share of profits of subsidiaries	**10,527**	(31,097)	**10,036**	(5,717)
Finance income	**16,060**	15,162	**14,014**	14,506
		-		
Total value added for distribution	**464,275**	331,189	**468,255**	430,506
Value added distributed				
Personnel and payroll charges:				
Salaries and wages	**156,899**	126,553	**158,872**	145,465
Benefits	**30,990**	25,080	**31,160**	30,048
Unemployment Compensation Fund (FGTS)	**14,200**	12,178	**14,386**	14,217
	202,089	163,811	**204,418**	189,730
Taxes and fees:				
Federal	**70,378**	71,379	**71,644**	100,014
State	**72,281**	36,030	**72,281**	64,556
Local	**6,359**	5,125	**6,629**	5,956
	149,018	112,534	**150,554**	170,526
Debt capital:				
Interest	**51,748**	50,755	**51,748**	57,621
Leases	**53,074**	39,542	**53,144**	47,687
Other	**7,544**	5,262	**7,589**	5,657
	112,366	95,559	**112,481**	110,965
Equity capital:				
Retained earnings (accumulated losses)	**802**	(40,715)	**802**	(40,715)
	464,275	331,189	**468,255**	430,506

See accompanying notes.

1. Operations

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

As at March 31, 2013, the Company and its subsidiaries have 731 stores (743 stores as at December 31, 2012) and eight distribution centers (eight distribution centers as at December 31, 2012) located in the South, Southeast, Central-West and Northeast regions of the country.

The Company holds equity interests in other companies, as detailed below:

(a) 50% direct interest in Luizacred S.A.’s voting capital - 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) 50% direct interest in Luizaseg S.A.’s voting capital 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 purchase clubs created to purchase vehicles, motorcycles, home appliances and furniture;

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

2. Basis for presentation and accounting policies

2.1. Accounting policies

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

The Company's individual and consolidated interim financial information for the periods ended March 31, 2013 and 2012 have been prepared in conformity with CPC 21 (R)1) (Interim Financial Reporting) and IAS 34 and the standards issued by the Brazilian Securities and Exchange Commission.

The accounting policies adopted in preparing the individual and consolidated interim financial information are consistent with those adopted and disclosed in Note 2 to the financial statements for the year ended December 31, 2012, except for the application of CPC 19 (R2) – Joint Arrangements and IFRS 11 - Joint Arrangements, which requires the transition from the proportionate consolidation to the equity method of accounting in recording joint ventures, the effects of which are disclosed in Note 2.2 below. Accordingly, this interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2012.

The statement of value added (SVA) is intended to disclose the value added created by the Company and its distribution during a certain period and is presented by the Company, as required by Brazilian Corporation Law, as part of its individual financial statements and as supplementary information to the consolidated financial statements, since it is neither provided for nor mandatory under IFRS.

Other matters

For better presentation, the amount of R$ 89,110 thousand relating to federal taxes on purchases, under caption 'Taxes payable', was reclassified to "Cost of sales and services".

2. Basis for presentation and accounting policies (Continued)

2.2. Application of IFRS 11 and CPC 19 (R2) – Joint Arrangements to the Company´s equity interests in joint ventures

Under CPC 19 (R1) – Investments in Joint Ventures (prior to the transition to IFRS 11 and CPC 19 (R2)), the Company´s interests in the assets, liabilities, revenues and expenses of Luizacred and Luizaseg, both classified as joint ventures, were presented using the proportionate consolidation in the consolidated financial statements. Upon adoption of IFRS 11 and CPC 19 (R2), the Company was required to present equity interests in joint ventures under the equity method of accounting. The effect of such application is shown below:

Impact on P&L	Consolidated 03/31/2012
Decrease in net sales revenue	(139,249)
Decrease in costs of sales and services	26,982
Decrease in gross profit	(112,267)
Decrease in selling, general and administrative expenses	51,828
Decrease in losses on doubtful accounts	76,098
Increase in depreciation and amortization	(59)
Decrease in profit sharing at subsidiaries	(5,717)
Increase in other operating income, net	3,518
Decrease in operating expenses	125,668
Decrease in financial income (expenses)	(9,612)
Decrease in current and deferred income and social contribution taxes	(3,789)
Net effects on P&L	-

2. Basis for presentation and accounting policies (Continued)

2.2. Application of IFRS 11 and CPC 19 (R2) - Joint Arrangements to the Company´s equity interests in joint ventures (Continued)

Impact on the balance sheet	Consolidated 12/31/2012
Decrease in cash and cash equivalents	(4,249)
Decrease in securities	(48,842)
Decrease in trade accounts receivable	(1,618,005)
Increase in related parties	38,084
Decrease in taxes recoverable	(6,268)
Decrease in other receivables	(10,112)
Decrease in current assets	(1,649,392)
Decrease in securities	(59,255)
Decrease in trade accounts receivable	(1,373)
Decrease in deferred income and social contribution taxes	(53,429)
Decrease in taxes recoverable	(1,044)
Decrease in judicial deposits	(8,444)
Decrease in other receivables	(340)
Decrease in investments in jointly-controlled subsidiaries	222,894
Decrease in property and equipment	(1,228)
Decrease in intangible assets	(5,400)
Increase in noncurrent assets	92,381
Decrease in trade accounts payable	(1,845)
Decrease in interbank deposits	(990,021)
Decrease in credit card operations	(566,664)
Decrease in payroll, vacation pay and related charges	(1,282)
Decrease in taxes payable	(32,374)
Increase in related parties	25,302
Increase in deferred income	5,544
Decrease in technical insurance reserves	(34,140)
Decrease in other payables	(3,673)
Decrease in current liabilities	(1,599,153)
Decrease in provisions for tax, civil and labor contingencies	(11,649)
Decrease in technical insurance reserves	(27,353)
Increase in deferred income	81,144
Increase in noncurrent liabilities	42,142
Effect on equity	-

2. Basis for presentation and accounting policies (Continued)

2.2. Application of IFRS 11 and CPC 19 (R2) - Joint Arrangements to the Company´s equity interests in joint ventures (Continued)

Impact on cash flow statements	Consolidated 03/312012
Decrease in income and social contribution tax expenses recognized in P&L	3,789
Increase in depreciation and amortization	59
Increase in profit sharing at subsidiaries	5,717
Decrease in changes in the provision for inventory losses	(76,098)
Decrease in provisions for tax, civil and labor contingencies	(6,594)
Decrease in recognition of deferred income	(1,390)
Increase in operating cash flows	58,651
Decrease in cash flows from operating activities	(14,887)
Increase in changes in income and social contribution taxes paid	4,746
Decrease in cash flows from operating activities	(26,007)
Increase in cash flows from additions to intangible assets	(333)
Increase in cash flows and investments in exclusive investment fund	187,150
Decrease in cash flows from redemptions from exclusive investment fund	(134,883)
Decrease in cash flows from investments in subsidiaries	(24,000)
Increase in cash flows from investing activities	27,934
Increase in total cash flows	1,927

Impact on the statement of value added	Consolidated 03/31/2012
Decrease in sale of products and services	**(139,250)**
Decrease in allowance for doubtful accounts, net of reversals	**76,098**
Decrease in other operating income	**(1,523)**
Decrease in revenue	**(64,675)**
Decrease in cost of sales and services	**26,984**
Decrease in materials, power, outside services and other	**46,076**
Decrease in inputs acquired from third parties	**73,060**
Decrease in depreciation and amortization	**(59)**
Decrease in profit sharing at subsidiaries	**(5,717)**
Decrease in financial income	**(3,381)**
Net effect on the statement of value added	**(772)**
Decrease in direct compensation	**(1,072)**
Decrease in benefits	**(362)**
Decrease in FGTS	**(46)**
Decrease in payroll and related charges	**(1,480)**
Decrease in federal taxes	**(3,550)**
Decrease in local taxes	**(1,795)**
Decrease in taxes and fees	**(5,345)**
Increase in interest	**6,231**
Decrease in leases	**(91)**
Decrease in other	**(87)**
Increase in debt capital	**6,053**
Net effect on the statement of value added	**(772)**

2. Basis for presentation and accounting policies (Continued)

2.3. Standards, interpretations and revised standards not yet effective and which were not early adopted by the Company

There are no other standards and interpretations issued and not yet adopted that in Management’s opinion can significantly impact P&L for the period or the equity reported by the Company.

3. Notes included in the financial statements as at December 31, 2012 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 in CVM Circular Letter SNC/SEP No. 003/2011, of April 28, 2011. The preparation of this interim financial information requires the Company´s management to make judgments on the significance of the 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, 2012. As permitted by CVM Circular Letter No. 03/2011, the following explanatory information is presented:

- Credit card operations (Note 17);
- Technical insurance reserves (Note 19);
- Taxes in installments (Note 21);
- Equity (Note 22);
- Employee benefits (Note 28);
- Commitments (Note 31)
- Cash flow statements (Note 32); and
- Insurance (Note 33).

4. Cash and cash equivalents and securities

4.1. Cash and cash equivalents

		Company		Consolidated	
	Rates	03/31/2013	12/31/2012	03/31/2013	12/31/2012 (Restated)
Cash		**25,240**	16,973	**25,248**	16,977
Banks		**20,740**	86,819	**22,482**	88,445
Financial assets at fair value through profit or loss and held for trading:					
Bank deposit certificates	80% to 105% CDI	**32,822**	237,828	**33,244**	238,244
Non-exclusive investment funds	102% CDI	**60,548**	62,523	**71,302**	75,213
Total cash and cash equivalents		**139,350**	404,143	**152,276**	418,879

4.2. Securities

Financial assets at fair value through profit or loss		Company and Consolidated	
		03/31/2013	12/31/2012 (Restated)
Held for trading			
Non-exclusive investment fund	105% CDI	**4,404**	4,333
Exclusive investment fund:			
Investment fund units	(a)	**7,153**	7,210
Federal government bonds	(a)	**70,518**	2,898
Repurchase agreements	(a)	**316,912**	33,339
Time deposits and other securities	(a)	**77,244**	78,605
		471,827	122,052
Total securities		**476,231**	126,385

(a) Refers to fixed income exclusive investment fund. As at March 31, 2013, the portfolio is substantially distributed into the four categories described in the table below, which are linked to financial operations and securities, indexed to the monthly variation of the Interbank Deposit Certificate (CDI) rate, intended to provide the Company a return equivalent to an average yield of 103% of the CDI.

5. Trade accounts receivable

	Company and Consolidated	
	03/31/2013	12/31/2012 (Restated)
Trade accounts receivable:		
Debit and credit cards (a)	**220,635**	230,151
Own credit system (b)	**75,386**	81,623
Extended warranty agreements (c)	**88,907**	84,691
Total trade accounts receivable	**384,928**	396,465
Commercial agreements (d)	**121,889**	155,610
Allowance for doubtful accounts	**(36,459)**	(38,496)
Adjustment to present value	**(18,164)**	(26,707)
Total trade accounts receivable	**452,194**	486,872
Current assets	**448,829**	486,474
Noncurrent assets	**3,365**	398

The amounts classified as trade accounts receivable above are classified as receivables and, therefore, measured at amortized cost. The Company´s days sales outstanding is 17 days, Company and consolidated.

The adjustment to present value is calculated on the reporting dates for all trade accounts receivable, expect for those arising from commercial agreements settled in the short term and whose impact is not material. The calculation of such adjustment is based on the term of realization of the underlying asset by using a discount rate based on the average rate of financial charges collected from end customers, as stated in Note 2.1.3 to the financial statements for the year ended December 31, 2012. This rate is taken into consideration by the Group's Management in performing market valuations of the time value of money and the specific risks relating to these assets.

Accounts receivable were given in guarantee for loans in the amount of R$139,158 at March 31, 2013 (R$ 144,802 at December 31, 2012), represented by credit card receivables.

5. Trade accounts receivable (Continued)

(a) Trade accounts receivable from credit card sales, which the Company receives from credit card companies at the amounts, terms and number of installments defined upon sale of the product.

As at March 31, 2013, the Company had credits granted to financial institutions totaling R$ 838,246 (R$791,361 as at December 31, 2012), on which a discount ranging from 105.0% to 108.0% of CDI is applied, recognized in P&L under "Financial expenses". The Company, through advances from cards, transfers to the credit card companies and financial institutions all risks of payment by customers and, therefore, derecognizes 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 full extended warranty amount, in the month subsequent to the sale and receives from customers according to the transaction term.

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

Changes in allowance for doubtful accounts are as follows:

	Company and consolidated	
	03/31/2013	**12/31/2012**
		(Restated)
Opening balance	**(38,496)**	(24,456)
(+) Additions	**(8,849)**	(37,125)
(-) Write-offs	**10,886**	23,085
Closing balances	**(36,459)**	(38,496)

5. Trade accounts receivable (Continued)

The aging list of trade accounts receivable is as follows:

	Company and consolidated	
	03/31/2013	12/31/2012 (Restated)
Current:		
Up to 30 days	**52,896**	54,932
31 to 60 days	**36,649**	34,545
61 to 90 days	**28,284**	29,765
91 to 180 days	**105,523**	107,162
181 to 360 days	**119,672**	143,024
Over 361 days	**17,152**	6,051
	360,176	375,479
Overdue:		
Up to 30 days	**5,598**	6,091
31 to 60 days	**4,792**	3,839
61 to 90 days	**3,628**	3,246
91 to 180 days	**10,734**	7,810
	24,752	20,986
Total	**384,928**	396,465

The aging list of trade accounts receivable from sales agreements is as follows:

	Company and consolidated	
	03/31/2013	12/31/2012
Current:		
Up to 30 days	**49,816**	26,458
31 to 60 days	**28,146**	46,379
61 to 90 days	**9,613**	57,681
91 to 180 days	**21,689**	16,284
181 to 360 days	**83**	188
	109,347	146,990
Overdue:		
Up to 30 days	**3,425**	1,376
31 to 60 days	**2,163**	456
61 to 90 days	**895**	896
91 to 180 days	**908**	1,010
181 to 360 days	**1,068**	2,072
Over 361 days	**4,083**	2,810
	12,542	8,620
Total	**121,889**	155,610

6. Inventories

	Company and consolidated	
	03/31/2013	**12/31/2012**
Goods for resale	**986,422**	1,079,285
Supplies	**11,192**	9,706
Advances to suppliers	**7**	826
Provision for losses	**(22,697)**	(21,055)
Total	**974,924**	1,068,762

As at March 31, 2013 and December 31, 2012, the Company's rotating inventories provided in guarantee for the lawsuits in progress amount to approximately R$17,163.

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

	Company and consolidated	
	03/31/2013	**12/31/2012**
Opening balance for the period	**(21,055)**	(15,034)
Inventories written off or sold	**4,092**	19,385
Additions due to merger	**-**	(3,781)
Recognition of provision	**(5,734)**	(21,625)
Balance at end of period	**(22,697)**	(21,055)

The provision for inventory losses did not change in relation to the financial statements for the year ended December 31, 2012.

7. Transactions with related parties

a) Related-party balances

Current assets	Company 03/31/2013	Company 12/31/2012	Consolidated 03/31/2013	Consolidated 12/31/2012 (Restated)
Commissions on services provided and trade accounts receivable (CDC)				
Jointly-owned subsidiaries:				
Luizacred (i)	**47,360**	31,520	**47,360**	31,520
Luizaseg (ii)	**17,674**	18,985	**17,674**	18,985
	65,034	50,505	**65,034**	50,505
Subsidiaries:				
Consortia Group (“LAC”) (iii)	**587**	717	**-**	-
Reimbursed consortia expenses and costs				
Subsidiaries:				
Consortia Group (“LAC”) (iii)	**1,034**	1,154	**1,034**	1,154
	1,034	1,154	**1,034**	1,154
Dividends receivable:				
Luizacred (i)	**1,130**	1,130	**1,130**	1,130
Luizaseg (ii)	**-**	2,573	**-**	2,573
	1,130	3,703	**1,130**	3,703
Receivables from credit card sales:				
Luizacred (i)	**17,808**	18,263	**17,808**	18,263
Total current assets	**85,593**	74,342	**85,006**	73,625
Securities				
ML Renda Fixa Créd. Privado Fundo de Investimento (viii)	**471,827**	122,052	**471,827**	122,052

Current liabilities	Company 03/31/2013	Company 12/31/2012	Consolidated 03/31/2013	Consolidated 12/31/2012 (Restated)
Onlending of services provided				
Jointly-owned subsidiaries:				
Luizacred (i)	**20,495**	23,623	**20,495**	23,623
Luizaseg (ii)	**19,696**	25,551	**19,696**	25,551
	40,191	49,174	**40,191**	49,174
Subsidiaries:				
Consortia Group (“LAC”) (iii)	**558**	698	558	698
Rental payable and other onlending				
Subsidiaries of the Company’s owners:				
MTG Administração, Assessoria e Participações S.A. (v)	**816**	1,258	**816**	1,258
PJD Agropastoril Ltda. (vii)	**83**	137	**83**	137
	899	**1,395**	**899**	**1,395**
Subsidiaries of the Company’s owners:				
Balances of marketing campaigns payable:				
ETCO - Empresa Técnica de Comunicação Ltda. (vi)	**94**	24	94	24
Total current liabilities	**41,742**	51,291	**41,742**	51,291

7. Transactions with related parties (Continued)

b) Related-party transactions

	Company		Consolidated	
	03/31/2013	**03/31/2012**	**03/31/2013**	**03/31/2012 (Restated)**
Income from intermediation				
Jointly-owned subsidiaries:				
Luizacred (i)	**45,946**	34,940	**45,946**	**34,940**
Luizaseg (ii)	**27,731**	23,726	**27,731**	**23,726**
	73,677	58,666	**73,677**	**58,666**
Income from exclusive fund:				
ML Renda Fixa Créd. Privado Fundo de Investimento (viii)	**2,215**	1,168	**2,215**	1,168
Subsidiaries:				
Consortia Group (“LAC”) (iii)	**1,694**	1,321	**-**	-
Reimbursement of shared expenses				
Jointly-owned subsidiary:				
Luizacred (i)	**13,632**	6,989	**13,632**	6,989
Subsidiaries:				
Lojas Maia (iv)	**-**	5,524	**-**	-
Financial income from loans				
Lojas Maia (iv)	**-**	1,108	**-**	-
Total revenues	**91,218**	74,776	89,524	66,823

	Parent and Consolidated	
	03/31/2013	**03/31/2012 (Restated)**
Office building rental expenses		
Subsidiaries of the Company’s owners:		
MTG Administração, Assessoria e Participações S.A. (v)	**(2,994)**	(368)
PJD Agropastoril Ltda. (vii)	**(103)**	(128)
	(3,097)	(496)
Expenses with advanced credit card charges:		
Luizacred (i)	**(10,062)**	(12,461)
Expenses with marketing campaigns		
Subsidiaries of the Company’s owners:		
ETCO - Empresa Técnica de Comunicação Ltda. (vi)	**(37,015)**	(31,500)
Total expenses	**(50,174)**	(44,457)

(i) The transactions with Luizacred, jointly-owned subsidiary of 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 sale of products financed to customers by Luizacred, received by the Company on the following day (“D+1”).

7. Transactions with related parties (Continued)

b) Related-party transactions (Continued)

(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.

(d) Balance receivables from Luizacred's dividend proposal.

(ii) Receivables (current assets) and revenues of Luizaseg, jointly-owned subsidiary of NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., refer to the commissions on services monthly provided by the Company related to the sale of supplementary guarantees and proposed dividends. Payables (current liabilities) refer to the transfers of extended warranties sold to Luizaseg, in full, in the month following the sale.

(iii) Receivables (current assets) of LAC, jointly-owned subsidiary, refer to commissions and sales by the Company as the representative of the purchase club operations. Payables (current liabilities) refer to the transfers to be made to LAC relating to the consortia installments received by the Company in the cashiers of its points of sale.

(iv) Refer to all transactions of Lojas Maia, jointly-owned subsidiary through its merger on April 30, 2012, comprising the following: (i) Reimbursement of the marketing expenses assumed by the Company, based on the formal agreement entered into by the parties; and (ii) loan between the parties falling due on April 30, 2012 and yielding interest of 100% of the CDI rate.

(v) 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.

(vi) 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 agreements, also including transfers relating to placement, media production and graphic design services.

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

(viii) Transactions with ML Renda Fixa Crédito Privado Fundo de Investimento refer to exclusive investment fund operations (see Note 4.2 – Securities).

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

	03/31/2013	03/31/2012
Compensation paid to the Board of Directors	**133**	60
Compensation paid to the Board of Executive Officers	**1,599**	1,534
Total	**1,732**	1,594

7. Transactions with related parties (Continued)

c) Management compensation (Continued)

The compensation to the Board of Directors comprises compensation to the members of the internal and non-statutory committees, which support the Board of Directors. The Company does not grant post-employment benefits, severance benefits, or any other long-term benefits to management. The short-term benefits to the Board of Executive Officers are the same benefits granted to the employees. These benefits are included in the compensation to the Board of Executive Officers. The Company also offers the Stock Option Plan to its management, employees or service providers, as described in Note 22 to the financial statements for the year ended December 31, 2012. In addition, the Company does not provide any benefit to key management personnel of its related parties.

Under Brazilian legislation and the Company's articles of incorporation, the shareholders must determine and approve at the General Meeting the annual management compensation. For the year ended December 31, 2013, the maximum management compensation was R$10,186.

8. Taxes recoverable

	Company		Consolidated	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012 (Restated)
ICMS recoverable (a)	**330,444**	320,594	**330,444**	320,594
IRPJ and CSLL recoverable	**2,087**	7,849	**2,087**	7,849
IRRF recoverable	**2,181**	10,365	**2,194**	10,378
Taxes on revenue (PIS and COFINS)	**89**	7,037	**89**	7,037
Other	**12**	10	**12**	10
Total	**334,813**	345,855	**334,826**	345,868
Current assets	**190,389**	208,490	**190,402**	208,503
Noncurrent assets	**144,424**	137,365	**144,424**	137,365

(a) Refer to accumulated ICMS credits, own and under the tax substitution regime, from application of the different rates on the interstate receiving and shipping of goods. Such credits will be performed through reimbursement and offset of debts of the same nature with the state that originated the credit.

9. Income and social contribution taxes

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

	Company		Consolidated	
	3/31/2013	**3/31/2012**	**3/31/2013**	**3/31/2012 (restated)**
Loss before income and social contribution taxes	**(7,440)**	(45,397)	**(7,190)**	(46,753)
Statutory rate	**34%**	34%	**34%**	34%
Expected income and social contribution tax credits (debts) at statutory rates	**2,530**	15,435	**2,445**	15,896
Effect of tax losses not recorded as deferred tax assets of the subsidiaries - Lojas Maia	**-**			(8,280)
Reconciliation to actual tax rate (effect of applying tax rates):				
Deduction - equity at subsidiaries	**3,579**	(10,573)	**3,412**	(1,944)
Other permanent (add-backs) deductions, net	**2,133**	(180)	**2,135**	366
Income and social contribution tax assets (debit)	**8,242**	4,682	**7,992**	6,038
Current	**-**	-	**(187)**	(197)
Deferred	**8,242**	4,682	**8,179**	6,235
Total	**8,242**	4,682	**7,992**	6,038
Effective rate	**110.8%**	10.3%	**111.2%**	12.9%

9. Income and social contribution taxes (Continued)

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

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012 (restated)
Deferred income and social contribution tax assets:				
Tax loss carryforwards	**88,947**	75,337	**88,947**	75,337
Allowance for doubtful accounts	**13,593**	18,459	**13,593**	18,459
Provision for inventory losses	**7,717**	7,159	**7,717**	7,159
Provision for tax, civil, and labor contingencies	**56,095**	49,849	**56,575**	50,392
Other provisions	**115**	1,648	**115**	1,648
	166,467	152,452	**166,947**	152,995
Deferred income and social contribution tax liabilities:				
Temporary difference for adoption of RTT (2)	**(10,467)**	(4,694)	**(10,467)**	(4,694)
Deferred income and social contribution taxes	**156,000**	147,758	**156,480**	148,301

(2) The Company adopted the Transition Tax Regime (RTT), as prescribed by Law No. 11941/09, which, as from adoption of new accounting practices, creates temporary differences on tax bases.

The asset recorded is limited to the amounts whose realization is supported by future taxable profit projections, approved by Management. The projections of future taxable profit include several estimates related to the performance of the Brazilian and world economies, selection of exchange rates, sales volume, sales price, tax rates, and others, which may change in relation to actual data and amounts. As income and social contribution tax income or expenses arise not only from taxable profit but also from the Group’s tax and corporate structure, expected realization of temporarily nondeductible differences, existence of nontaxable profit, nondeductible expenses, and several other variables, there is no direct correlation between the Company’s and its subsidiary’s profits and the income and social contribution tax income or expenses. Accordingly, the growth in the realization of temporarily nondeductible differences should not be considered as an indication of the Company's and its subsidiary’s future earnings.

10. Investment in subsidiary

The Company holds 100% of the shares of subsidiary Luiza Administradora de Consórcio (“LAC”) as at March 31, 2013 and December 31, 2012. Changes in the investment in the subsidiary, disclosed in the individual financial statements, are as follows:

	Luiza Administradora de Consórcio (“LAC”)	
	3/31/2013	**12/31/2012**
Shares held	**6,500**	6,500
Current assets	**14,063**	15,569
Noncurrent assets	**2,111**	2,188
Current liabilities	**3,342**	3,337
Noncurrent liabilities	**2,069**	2,148
Net revenue	**8,460**	30,755
Capital	**6,500**	6,500
Equity	**10,763**	12,272
Income for the year/period	**491**	2,501

Changes in investments	**3/31/2013**	**12/31/2012**
Opening balances	**12,272**	9,771
Distributed dividends	**(2,000)**	-
Equity in earnings of subsidiary	**491**	2,501
Closing balances	**10,763**	12,272

11. Investments in joint ventures

	Luizacred		Luizaseg	
	3/31/2013	**12/31/2012**	**3/31/2013**	**12/31/2012**
Total shares – in thousands	**978**	978	**13,883**	13,883
Direct interest percentage	**50%**	50%	**50%**	50%
Current assets	**3,225,644**	3,299,478	**106,442**	124,647
Noncurrent assets	**337,352**	326,972	**55,010**	122,432
Current liabilities	**3,142,232**	3,224,852	**44,324**	109,885
Noncurrent liabilities	**41,662**	38,096	**28,837**	54,907
Net revenue	**345,898**	1,334,394	**21,194**	172,670
Capital	**274,624**	274,623	**13,883**	13,884
Equity	**379,102**	363,502	**70,140**	82,286
Income for the year	**15,598**	14,782	**4,474**	21,240

Changes in investments	**3/31/2013**	**12/31/2012**	**3/31/2013**	**12/31/2012**
Opening balance	**181,751**	122,858	**41,143**	38,398
Capital increase	**-**	19,465	**-**	-
Addition through merger of subsidiary	**-**	30,532	**-**	-
Proposed dividends	**-**	(1,131)	**(7,700)**	(7,949)
Other comprehensive income	**-**	-	**(609)**	75
Equity in earnings of investee	**7,799**	10,027	**2,237**	10,619
Closing balance	**189,550**	181,751	**35,071**	41,143

11. Investments in joint ventures (Continued)

Total investments in joint ventures	3/31/2013	12/31/2012
Luizacred	**189,550**	181,751
Luizaseg	**35,071**	41,143
	224,621	222,984

The Company's equity interests in joint ventures are described in Note 1.

The equity interests in joint ventures are presented in Company and consolidated under the equity method of accounting, according to the provisions of CPC 19 (R2) – Joint Arrangements and IFRS 11 - Joint Arrangements.

12. Property and equipment

Changes in property and equipment for the quarter ended March 31, 2011 are as follows:

	Company	Consolidated (restated)
Net property and equipment at December 31, 2012	573,223	573,957
Additions	18,935	18,957
Write-offs	(155)	(155)
Depreciation	(17,206)	(17,245)
Net property and equipment at March 31, 2013	574,797	575,514
Breakdown of property and equipment at March 31, 2013:		
Cost of property and equipment	920,143	921,866
Accumulated depreciation	(345,346)	(346,352)
Net property and equipment at March 31, 2013	574,797	575,514

During the quarter there was no indication of impairment of property and equipment items.

13. Intangible assets

Changes in intangible assets for the quarter ended March 31, 2013 are as follows:

	Company	Consolidated (restated)
Net intangible assets at December 31, 2012	435,049	435,338
Additions	8,322	8,327
Write-offs	(22)	(22)
Amortization	(7,369)	(7,406)
Net intangible assets at March 31, 2013	435,980	436,237
Breakdown of intangible assets at March 31, 2013		
Cost of the intangible assets	565,471	566,318
Accumulated amortization	(129,491)	(130,081)
Net intangible assets at March 31, 2013	435,980	436,237

During the quarter there was no indication of impairment of intangible assets.

14. Trade accounts payable

	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012 (restated)
Goods for resale - domestic market	**1,164,890**	1,323,817	**1,164,890**	1,323,817
Other trade accounts payable	**16,162**	14,369	**16,635**	14,687
Discount to present value	**(11,677)**	(12,194)	**(11,677)**	(12,194)
	1,169,375	1,325,992	**1,169,848**	1,326,310

15. Loans and financing

Type	Charges	Guarantees	Final maturity	Company 3/31/2013	Company 12/31/2012	Consolidated 3/31/2013	Consolidated 12/31/2012
BNDES (a)	TJLP + 2.38% p.a. (ii) IPCA + 8.91% p.a. (same in 2012)	Bank guarantee	Dec 13	**10,391**	13,579	**10,391**	13,579
Working capital (b)	107.5% to 118.8% of CDI p.a. (same in 2012)	(b)	Mar 15	**785,526**	801,494	**785,526**	801,494
Finance leases (c)	CDI/TJLP/LIBOR (same in 2012)	Collateral transfer/ guarantee deposits	Dec 19	**15,303**	18,032	**15,303**	18,032
Debentures - restricted offer (d)	113% of CDI	-	Jun 14	**403,206**	200,180	**403,206**	200,180
Promissory notes (e)	105% of CDI	-	Mar 15	**206,115**	202,679	**206,115**	202,679
				1,420,541	1,235,964	**1,420,541**	1,235,964
Current liabilities				**404,340**	317,198	**404,340**	317,198
Noncurrent liabilities				**1,016,201**	918,766	**1,016,201**	918,766

(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 sureties, guarantees, and part of the credit card receivables, as described in Note 5.

Part of funding was contracted in foreign currency, subject to fixed interest and exchange fluctuations. In order to hedge its transactions against foreign exchange risks, the Company entered into swap transactions of charges contracted for DI-indexed fixed interest. This is a fully matched transaction that does not expose the Company to foreign exchange or foreign interest rate risks.

(c) The Company has finance lease agreements relating to: (i) an aircraft, whose agreement was entered into in 2005 and expires in 2016. For this agreement, R$1,228 (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 agreement. This deposit, equivalent to 15% of the total asset amount, is adjusted for foreign exchange fluctuation, with a contra entry in profit or loss for the period; (ii) IT equipment and software, whose agreements expire in 2019.

15. Loans and financing (Continued)

(d) The Company conducted its first issue of unsecured, nonconvertible debentures, in a single series, for public distribution with restricted placement efforts, in accordance with CVM Ruling No. 476/09, on December 26, 2011. A total of 200 debentures were issued, with unit face value of R$1,000 each, totaling R$200,000. The debentures will have a thirty-month term from the issue date, therefore maturing on June 26, 2014. The debentures' unit face value is adjusted for inflation and bear interest corresponding to 113% of accumulated variation of daily average DI, a managed prime rate, which will be paid semiannually, the first on June 26, 2012. In this transaction the Company incurred costs of R$1,722, which will be allocated to profit or loss over the same period. Taking into account the transaction costs, the estimated effective interest rate (TIR) is approximately 116.38% of the CDI, per year.

The debentures were paid in on January 6, 2012, after registration and compliance with CETIP settlement rules, at their unit face value plus prorated interest from the date of issue to the date of effective payment.

On March 7, 2013 the Company conducted its second issue of unsecured, non-privileged, nonconvertible debentures, in two series, for public distribution with restricted placement efforts. A total of 200 debentures were issued, with unit face value of R$1,000 each, totaling R$200,000. For legal purposes, the issue of these debentures was on March 22, 2013 in two series: (a) 1st series amounting to R$ 100,000, effective for two years, the unit value is not adjusted by interest, and bears interest equivalent to 112.00% of the average accumulated variation of the DI; the 2nd series, amounting to, R$ 100,000, is effective for three years, the unit value is not adjusted by interest, and bears interest equivalent to 114.50% of the DI.

(e) On October 4, 2012, the Company's Board of Directors approved the second issue of promissory notes, in a single series, for public distribution with restricted placement efforts. A total of 20 promissory notes were issued, with unit face value of R$10,000, totaling R$200,000. The promissory notes are effective for 360 days from the issue date. The unit face value of the promissory notes is not adjusted, which bear interest calculated from the issue date, equivalent to 105.00% of average accumulated variation of the daily DI. The funds raised were used to reinforce the Company's cash position.

15. Loans and financing (Continued)

The Company entered into certain working capital agreements with covenants. The covenants with financial ratios refer to:

(i) Banco do Brasil: maintenance of the adjusted net debt-to-EBITDA ratio below 3 times. Adjusted net debt refers to the sum of any and all bank loans, including debentures and excluding compror and vendor transactions, less cash and cash equivalents plus receivables from credit cards.

(ii) Federal Savings and Loans Bank (Caixa Econômica Federal): maintenance of the adjusted net debt-to-EBITDA ratio below 3.5 times. Additionally, it requires evidence of use of funds raised based on an investment plan and fund use reports.

16. Deferred income

	Company and consolidated	
	3/31/2013	12/31/2012
Deferred income from third parties:		
Exclusivity agreement with Banco Itaúcard (a)	**180,875**	184,000
Exploitation right agreement - payroll (b)	**613**	1,531
Business agreement - Cardiff (c)	**36,608**	38,360
	218,096	223,891
Deferred income from related parties:		
Exclusivity agreement with Luizacred (d)	**185,608**	188,380
Total deferred income	**403,704**	412,271
Current liabilities	**36,185**	37,104
Noncurrent liabilities	**367,519**	375,167

(a) On September 27, 2009, the company entered into an "Association Agreement" with the financial institutions Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaúcard S.A., under which the Company assigns to Luizacred the exclusive right to offer, distribute and sell financial products and services in its store chain during a 20-year period.

Under this association, the Itaú entities paid R$250,000 in cash, of which: (i) R$230,000 relate to the closed deal, without recourse, and; (ii) R$20,000 are linked to the achievement of profitability targets at Luizacred, which could be partially or fully returned, to be allocated to profit or loss over the agreement period—20 years—as the targets are achieved.

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

16. Deferred income (Continued)

(c) On June 21, 2012, as a result of the merger of subsidiary Lojas Maia and the intention to renew and extend the Operating and Business Agreement for distribution of several insurance services within Magazine Luiza's distribution chain up to December 31, 2015, the Company and Cardiff do Brasil signed an amendment to the referred agreements, which allowed the inflow of R$80,000 into the Company's cash, R$30,000 of which are allocated to the joint venture Luizacred, since it waived the priority in the distribution of credit card loss and theft insurance. The recognition of revenue arising from this agreement is allocated to profit or loss over the agreement period.

(d) On December 29, 2010, subsidiary Lojas Maia entered into an association agreement with Luizacred, a joint venture, whereby it grants the exclusive right to offer, distribute and sell financial products and services in its store chain during a 19-year period. Under this agreement, Luizacred paid R$160,000 in cash to Lojas Maia (R$80,000 in consolidated is eliminated from Luizacred's intangible assets), which are recognized in profit or loss over the agreement period. As part of this association agreement, the amount of R$20,000, referred to in letter "(a) ii" above was increased to R$55,000.

On December 16, 2011, the Company signed an amendment to the association agreement with joint venture Luizacred, due to the increase of the Company's operations resulting from the acquisition of New-Utd. Under this amendment, Luizacred paid R$48,000 in cash to the Company, which will be allocated to profit or loss over the remaining agreement period.

On February 22, 2013, the Company entered into a new amendment to the association agreement, aiming at transferring Luizacred's credit card issuance activities ("Luiza Card"), and the related assets and liabilities, to Itaú or an Itaú affiliate ("Transfer"), a transaction that should be completed by June 30, 2013. After the transfer, Magazine Luiza will continue to receive 50% of Luiza Card's results through profit sharing, thus maintaining its economic interest. This amendment also maintains its exclusive dealing rights up to 2029.

17. Provision for tax, civil and labor contingencies

The Company and its subsidiary are parties to labor, civil and tax lawsuits in progress for which it has filed administrative or legal defense. In those cases where the opinion of the legal counsel is unfavorable, the Company recognized, as at March 31, 2013, a provision for tax, civil and labor contingencies in noncurrent liabilities that corresponds to Group's management's best estimate of future disbursement. Changes in the provision for tax, civil and labor contingencies are as follows:

Company

	12/31/2012	Additions	Reversals	Write-offs	Adjustments	3/31/2013
Tax	151,485	9,533	(5,040)	-	3,972	**159,950**
Civil	10,098	845		(634)		**10,309**
Labor	24,444	650	-	(531)	-	**24,563**
	186,027	11,028	(5,040)	(1,165)	3,972	**194,822**

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

Consolidated

	12/31/2012 (restated)	Additions	Reversals	Write-offs	Adjustments	3/31/2013
Tax	151,485	9,533	(5,040)	-	3,972	**159,950**
Civil	11,292	946	(3)	(750)	-	**11,485**
Labor	24,776	650	(9)	(618)	-	**24,799**
	187,553	11,129	(5,052)	(1,368)	3,972	**196,234**

As at March 31, 2013, the Company's main lawsuits classified by management as probable loss based on the opinion of its legal counsel, and the legal obligations whose amounts are deposited in escrow and included in the provision for contingencies above, are as follows:

a) Tax lawsuits

(i) The Company is challenging 32 tax delinquency notices imposed by the São Paulo Finance Office, claiming underpayment of the State VAT (ICMS), allegedly resulting from incorrect application of rates. The Company recorded a provision for contingencies for cases assessed as probable loss by its legal counsel. These tax delinquency notices total R$20,086 at March 31, 2013 (R$18,687 at December 31, 2012). Of this amount, approximately, R$17,613 is guaranteed by revolving inventories of Company goods.

(ii) The Company is challenging through an injunction the constitutionality of the Contribution to the National Agrarian Settlement and Reform Institute (INCRA). Accordingly, judicial deposits are being made and the related provision for tax contingencies was set up, totaling R$5,633 at March 31, 2013 (R$5,353 at December 31, 2012).

(iii) The Company is challenging the increase in the Occupational Accident Risk (RAT) tax rate. Therefore, it filed a lawsuit and made a judicial deposit in the amount corresponding to the increased rate. The provision totals R$32,457 at March 31, 2013 (R$29,652 at December 31, 2012).

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

a) Tax lawsuits (Continued)

(iv) The Company is challenging at the administrative level the FAP (Accident Prevention Factor) index which was prescribed by MPS/CNPS Resolution No. 1269/06, for which the provision totals R$24,285 at March 31, 2013 (R$22,123 at December 31, 2012).

(v) Other tax lawsuits assessed by the Company management and its legal counsel as probable loss amount to R$29,511 at March 31, 2013 (R$31,227 at December 31, 2012), for which a provision has been set up, and are related to tax delinquency notices for alleged differences in the ICMS rates used, as well as risks related to PIS/COFINS levied on interest income, tax incentives received, and credits subject to challenge by tax authorities.

(vi) The merged subsidiary Lojas Maia did not acknowledge the mandatory collection of PIS/COFINS on the ICMS tax base, and made a judicial deposit, setting up the related provision totaling R$40,526 at March 31, 2013 (R$36,554 at December 31, 2012).

(vii) During the business combination process of merged 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 provision was recognized, totaling R$7,452 at March 31, 2013 (R$7,889 at December 31, 2012).

b) Civil lawsuits

The Company's civil contingencies, amounting to R$11,485 at March 31, 2013 (R$11,292 at December 31, 2012) are related to claims filed by customers for possible product defects. Other immaterial balances are recorded in the Company's joint ventures.

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

c) Labor claims

i. At the labor courts, the Company is a party to various labor claims, mostly seeking overtime payment.

The amount provided for of R$17,674 at March 31, 2013 (R$18,483 at December 31, 2012) at the Company reflects the likelihood of probable loss assessed by the Company management and its legal counsel. Other immaterial balances are recorded in the Company's subsidiary and joint ventures.

ii. The Company is also challenging the payment of social security contribution tax on paid prior notice, which is being judicially deposited in full and totals R$7,125 at March 31, 2013 (R$6,383 at December 31, 2012).

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

Tax lawsuits: there are tax lawsuits where the Company and its subsidiaries and joint ventures are the defendants. The amount estimated by management and its legal counsel relating to these lawsuits, which are at the administrative or court level, is R$347,189 at March 31, 2013 (R$339,161 at December 31, 2012).

The main lawsuits classified as possible losses are described below:

PIS/COFINS - Administrative lawsuits, which are pending in the Regional Judgment Authority and the CARF, relating to tax notices served due to possible differences in tax bases due to credits calculated and offset, but not ratified by the Brazilian IRS, among others involving lower amounts. The amounts involved in these proceedings total R$176,214.

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

c) Labor claims (Continued)

ICMS - Administrative and court proceedings relating to tax notices served due to: (i) possible differences in ICMS tax rates; (ii) noncompliance with certain accessory obligations, (iii) acquisition of goods from suppliers whose registrations were later declared invalid by the tax authority; and (iv) discussion on the tax rate increase in the state of São Paulo, from 17% to 18%, in which the government does not accept reimbursement of a 1% difference, among others involving lower amounts in the total estimated amount of R$170,975.

d) 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 natures as a plaintiff. The estimated amounts of these lawsuits total approximately R$396,334 at March 31, 2013 (R$371,821 at December 31, 2012), 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$229,843. Other credits may be obtained from lawsuits that address the increase in the PIS/COFINS tax base, the exclusion of ISS from the PIS/COFINS tax base, among others.

18. Net operating revenue

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012 (restated)
Gross revenue:				
Retail - product resale	**2,039,077**	1,624,693	**2,039,077**	1,913,893
Retail – services provided	**82,392**	64,088	**82,913**	70,483
Purchase club management	**-**	-	**9,258**	7,743
	2,121,469	1,688,781	**2,131,248**	1,992,119
Taxes and returns:				
Product resale	**(354,330)**	(257,538)	**(354,330)**	(316,374)
Services provided	**(10,512)**	(8,398)	**(11,310)**	(9,894)
	(364,842)	(265,936)	**(365,640)**	(326,268)
Net sales revenue	**1,756,627**	1,422,845	**1,765,608**	1,665,851

19. Costs of sales and services

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012 (restated)
Costs:				
Products resold	**(1,265,787)**	(1,015,758)	**(1,265,787)**	(1,201,694)
Services provided	**-**	-	**(1,600)**	(1,505)
	(1,265,787)	(1,015,758)	**(1,267,387)**	(1,203,199)

20. Information on the nature of the expenses recognized in P&L

The Group presented P&L using a classification of the expenses according to their function. Information on the nature of these expenses recognized in P&L is shown below:

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012 (restated)
Personnel expenses	**(241,363)**	(201,417)	**(241,363)**	(230,184)
Service providers	**(98,684)**	(76,059)	**(98,684)**	(97,830)
Other	**(96,085)**	(84,131)	**(100,598)**	(102,049)
Total	**(436,132)**	(361,607)	**(440,645)**	(430,063)
Classified by function as:				
Selling expenses	**(355,073)**	(287,445)	**(355,073)**	(333,349)
General and administrative expenses	**(89,467)**	(67,170)	**(93,995)**	(89,879)
Other operating income/expenses, net	**8,408**	(6,992)	**8,423**	(6,835)
	(436,132)	(361,607)	**(440,645)**	(430,063)

21. Other operating income, net

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012 (restated)
Gain (loss) on sale of property and equipment items	**(117)**	(270)	**(117)**	(270)
Recognition of deferred income (a)	**8,567**	4,823	**8,567**	7,502
Provision for tax contingencies	**1,413**	(1,570)	**1,413**	(1,570)
Nonrecurring expenses (b)	**(1,390)**	(10,424)	**(1,390)**	(13,060)
Other	**(65)**	449	**(50)**	563
Total	**8,408**	(6,992)	**8,423**	(6,835)

(a) Refers to allocation of deferred income due to assignment of exploitation rights, as described in note 16.

(b) In 2012, these referred basically to nonrecurring costs incurred on the chain merger process. In 2013 these refer to expenses for closing of stores.

22. Financial income (expenses)

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012 (restated)
Financial income:				
Interest on extended warranty sales	**10,282**	5,722	**10,282**	5,722
Income from short-term investments and securities	**2,448**	2,094	**402**	1,333
Interest on sale of goods - Interest on delay in collection	**877**	317	**877**	416
Exchange gains	**33**	92	**33**	92
Discounts obtained	**2,202**	2,046	**2,202**	2,052
Other	**218**	4,891	**218**	4,891
	16,060	15,162	**14,014**	14,506
Financial expenses:				
Interest on loans and financing	**(25,956)**	(25,978)	**(25,956)**	(30,842)
Charges on credit card advances	**(25,781)**	(21,349)	**(25,781)**	(23,350)
Accrued interest on extended warranty	**(3,980)**	(3,428)	**(3,980)**	(3,428)
Other	**(3,574)**	(5,262)	**(3,579)**	(5,659)
	(59,291)	(56,017)	**(59,296)**	(63,279)
Financial costs, net	**(43,231)**	(40,855)	**(45,282)**	(48,773)

23. Segment reporting

CPC 22 and IFRS 8 - Segment Reporting require that operating segments 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 the financial and operating activities, the Company classified activities into Retail, Credit, Insurance and Purchase Club Management operations. These classifications are considered as the primary segments for information disclosure. The characteristics of each segment are described below.

Retail - mainly resale of goods and provision of services at the Company's stores;

Financial transactions - through the jointly-owned subsidiary Luizacred, mainly engaged in granting credit to the Company's customers for acquisition of products;

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

Purchase club management - through the subsidiary LAC, mainly engaged in managing purchase clubs for purchase of products by the Company's customers.

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.

23. Segment reporting (Continued)

P&L

	3/31/2013			
	Retail	**Financial operations**	**Insurance operations**	**Purchase club management**
Gross revenue from third parties	**2,082,936**	**167,918**	**21,194**	**9,258**
Gross revenue from related parties	**40,748**	**5,031**	**-**	**-**
Deductions	**(364,842)**	**-**	**-**	**(798)**
Net segment revenue	**1,758,842**	**172,949**	**21,194**	**8,460**
Costs	**(1,265,787)**	**(16,266)**	**(2,393)**	**(1,600)**
Costs with related parties	**-**	**-**	**-**	**(1,694)**
Gross profit	**493,055**	**156,683**	**18,801**	**5,166**
Selling expenses	**(355,073)**	**(38,841)**	**-**	**-**
Selling expenses - related parties	**-**	**(22,973)**	**(13,866)**	**-**
General and administrative expenses	**(89,467)**	**(298)**	**(3,227)**	**(4,528)**
Loss on allowance for doubtful accounts	**(4,869)**	**(82,110)**	**-**	**-**
Depreciation and amortization	**(24,575)**	**(1,646)**	**(5)**	**(76)**
Equity in earnings of investees	**10,527**	**-**	**-**	**-**
Other operating income	**8,408**	**2,173**	**163**	**15**
Financial income (expenses)	**(40,415)**	**-**	**1,848**	**164**
Financial expenses with related parties	**(5,031)**	**-**	**-**	**-**
Income and social contribution taxes	**8,242**	**(5,189)**	**(1,477)**	**(250)**
Income for the period	**802**	**7,799**	**2,237**	**491**

	3/31/2012			
	Retail	**Financial operations**	**Insurance operations**	**Purchase club management**
Gross revenue from third parties	1,953,875	151,306	18,443	7,743
Gross revenue from related parties	31,822	6,231	-	-
Deductions	(325,613)	-	-	(655)
Net segment revenue	1,660,084	157,537	18,443	7,088
Costs	(1,201,694)	(25,280)	(1,702)	(1,708)
Costs with related parties				(1,118)
Gross profit	458,390	132,257	16,741	4,262
Selling expenses	(333,349)	(48,284)	-	-
Selling expenses - related parties	-	(17,470)	(11,863)	-
General and administrative expenses	(86,222)	(915)	(2,628)	(3,657)
Loss on allowance for doubtful accounts	(4,090)	(76,098)	-	-
Depreciation and amortization	(20,685)	(1,660)	-	(77)
Equity in earnings of investees	(5,134)	-	-	-
Other operating income	(6,936)	(1,694)	(106)	102
Financial income (expenses)	(42,782)	-	2,213	240
Financial expenses with related parties	(6,231)	-	-	-
Income and social contribution taxes	6,324	5,528	(1,739)	(286)
Income (loss) for the period	(40,715)	(8,336)	2,618	584

23. Segment reporting (Continued)

P&L (Continued)

	3/31/2013			
	Retail	**Financial operations**	**Insurance operations**	**Purchase club management**
Assets				
Cash and cash equivalents	**139,350**	**2,428**	**24**	**12,926**
Securities	**476,231**	**5,017**	**95,486**	**-**
Trade accounts receivable	**452,194**	**1,587,664**	**-**	**-**
Inventories of products for resale	**974,924**	**-**	**-**	**-**
Investments	**235,384**	**-**	**-**	**-**
Property and equipment and intangible assets	**1,010,777**	**99,183**	**13**	**-**
Other	**815,434**	**87,206**	**12,708**	**3,248**
	4,104,294	**1,781,498**	**108,231**	**16,174**
Liabilities				
Trade accounts payable	**1,169,375**	**-**	**1,311**	**473**
Loans and financing	**1,420,541**	**-**	**-**	**-**
Interbank deposits	**-**	**967,950**	**-**	
Credit card transactions	**-**	**552,305**	**-**	
Insurance technical reserves	**-**	**-**	**64,696**	
Deferred income	**403,704**	**7,500**	**-**	**-**
Other	**298,961**	**50,861**	**7,058**	**3,526**
	3,487,403	**1,591,947**	**73,161**	**5,411**

	12/31/2012			
	Retail	**Financial operations**	**Insurance operations**	**Purchase club management**
Assets				
Cash and cash equivalents	404,143	4,244	5	14,736
Securities	126,385	5,024	103,073	-
Trade accounts receivable	486,872	1,619,378	-	-
Inventories of products for resale	1,068,762		-	-
Investments	235,166	-	-	-
Property and equipment and intangible assets	1,008,272	100,802	16	1,023
Other	773,376	83,777	20,448	1,998
	4,102,976	1,813,225	123,542	17,757
Liabilities				
Trade accounts payable	1,325,992	-	1,845	318
Loans and financing	1,235,964	-	-	-
Interbank deposits	-	990,021	-	-
Credit card transactions	-	566,664	-	-
Insurance technical reserves	-	-	61,493	-
Provision for contingent liabilities	186,027	11,548	101	1,526
Deferred income	412,271	7,500	-	-
Other payables	326,730	55,741	18,960	3,641
	3,486,984	1,631,474	82,399	5,485

24. 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 investments in new stores, refurbishment and redesign of existing stores.

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 liabilities, and monitors, on a timely basis, the average term of trade accounts payable in relation to the average term of inventory turnover. Actions are taken when assets are higher than the liabilities.

The Company also uses the net debt-to-EBITDA ratio, which in its opinion, represents the most adequate manner to measure its indebtedness, since it reflects the consolidated financial obligations less cash and cash equivalents for payment, considering cash from operating activities. Net debt means the sum of any and all loans and financing in current and noncurrent liabilities, less cash and cash equivalents in current assets. EBITDA means earnings before interest, taxes, deprecation and amortization.

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

	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012 (restated)
Loans and financing	**1,420,541**	1,235,964	**1,420,541**	1,235,964
(-) Cash and cash equivalents	**(139,350)**	(404,143)	**(152,276)**	(418,879)
(-) Securities	**(476,231)**	(126,385)	**(476,231)**	(126,385)
Net debt	**804,960**	705,436	**792,034**	690,700
Equity	**616,891**	615,992	**616,891**	615,992

24. Financial instruments (Continued)

Categories of financial instruments

	Company		Consolidated	
	3/31/2013	**12/31/2012**	**3/31/2013**	**12/31/2012 (restated)**
Financial assets				
Loans and receivables (including cash and banks):				
Cash and banks	**45,980**	103,792	**47,730**	105,422
Judicial deposits	**138,455**	129,348	**138,455**	129,348
Trade accounts receivable	**452,193**	486,872	**452,193**	486,872
Related parties	**85,593**	74,342	**85,006**	73,625
Held for trading:				
Cash and cash equivalents and securities	**569,601**	426,736	**580,777**	439,842
Financial liabilities				
Amortized cost:				
Loans, financing and interbank deposits	**1,420,541**	1,235,964	**1,420,541**	1,235,964
Trade accounts payable	**1,169,375**	1,325,992	**1,169,848**	1,326,310
Related parties	**41,742**	51,291	**41,742**	51,291
Taxes in installments	**10,193**	10,911	**10,193**	10,911

The Company management believes that 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.

Fair value measurement

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

Cash and cash equivalents are classified as 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 enables an approximation to 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) at March 31, 2013 and December 31, 2012.

24. Financial instruments (Continued)

Liquidity risk management

The Company's Finance Department has the ultimate responsibility for managing the liquidity risk and prepared a proper liquidity risk management model to manage funding requirements as well as liquidity in the short, medium and long-terms. 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 the year end.

Contractual maturity is based on the most recent date when the Group should settle the related obligations.

	Less than one year	One to three years	Three to five years	Total
Loans and financing	404,340	835,165	181,036	1,420,541
Trade accounts payable	1,169,375	-	-	1,169,375
Related parties	41,742	-	-	41,742
Taxes in installments	9,005	713	475	10,193

Risk considerations

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

24. Financial instruments (Continued)

Risk considerations (Continued)

Credit risk: arises from the possibility of the Company incurring losses due to non-receipt of amounts billed from customers, totaling R$384,928 at March 31, 2013 (R$396,465 at December 31, 2012). 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 actual receipt of the total balance of trade accounts receivable 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 adoption of more efficient collection measures. At March 31, 2013, the Group recorded past-due or uncollectible balances that had been restructured, amounting to R$11,210 (R$11,196 at December 31, 2012), 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. These transactions' inherent risks are managed through the definition of operating and sales policies, setting limits for derivative transactions, and monitoring positions assumed.

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.

Currency risk: the Company uses derivative financial instruments recorded in balance sheet and P&L 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 interest-bearing foreign currency-denominated loans, for which it entered into swap transactions to hedge against exchange rate changes, swapping contracted interest rate and foreign currency exchange rate change for CDI plus fixed rate. This is a matched transaction which consists formally of a loan agreement and a swap transaction entered into on the same date, with the same maturity and counterparty and that should be settled by its net value. Thus, management believes that, in essence, this is a loan transaction denominated in foreign currency, subject to a given interest rate; accordingly, the accounting treatment and related disclosures reflect the essence of the transaction.

The Company does not adopt hedge accounting prescribed by CPC 38.

Below is the description of agreements affecting P&L for the period ended March 31, 2013:

Bank	Notional amount	Fair value with gain (loss) on swap (a)	Bank index		Company index	
			Index	Interest	Index	Interest
Bradesco	33,525	6,517	US$	4.08% p.a.	CDI	118% p.a.
Banco do Brasil	87,120	18,563	US$	4.79% p.a.	CDI	116% p.a.
	120,645	25,080				

(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 carried out in the reporting periods that are no longer classified as hedging transactions or future commitments subject to cash flow hedge.

Sensitivity analysis of financial instruments

At March 31, 2013, 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 and/or BACEN. The expected effects of interest expenses net of financial income from short-term investments for the 12-month period are as follows:

	Probable rate	Scenario I probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Future interest exposed to:						
CDI	6.90%	42,105	52,632	31,579	63,158	21,053
TJLP	6.00%	1,411	1,541	1,198	1,712	1,027
IPCA	5.60%	1,295	1,395	1,127	1,528	993
Total		44,811	55,568	33,904	66,398	23,073

24. Financial instruments (Continued)

Sensitivity analysis of financial instruments (Continued)

As discussed above, the Group management understands that there is no significant market risk arising from changes in exchange rates since all material financial liabilities recorded in foreign currency are tied to swap transactions, so that these loans are denominated in local currency. Accordingly, changes in swap instruments and loans and financing are offset.

25. Approval of financial statements

The financial statements were approved and authorized for disclosure by the Board of Directors on May 10, 2013.