Magazine Luiza S.A.
3rd Quarter 2012 Earnings Release

São Paulo, November 12, 2012 – Magazine Luiza S.A. (BM&FBOVESPA: MGLU3), one of the largest retail chains focused on durable goods, actively engaged in serving Brazil's low income segment, hereby announces its results for the third quarter of 2012 (3Q12). The Company's accounting information is based on consolidated numbers, in millions of reais (except when indicated otherwise), according to the International Financial Reporting Standards (IFRS).

3rd QUARTER 2012 HIGHLIGHTS

The third quarter of 2012 was marked by the substantial 15.2% sales growth, better aging indicators of Luizacred's portfolio and conclusion of the Lojas Maia integration process in October, starting a new phase in the retail sector, with greater efficiency and capture of synergies

Significant Sales Growth

Magazine Luiza's consolidated gross revenue in 3Q12 totaled R$2.2 billion, a 15.2% increase over 3Q11. Same-store sales grew 9.6%, exceeding the market average to result in market share gains. Note that this increase was obtained over a high-sales period (3Q11) and during the systems integration of the stores in the northeast. Internet sales climbed 25.5%, totaling R$269.0 million in 3Q12.

Sustainable Growth

The Company posted sustainable growth in 3Q12, maintaining the conservative credit approval practices adopted by Luizacred and the restriction on interest-free sales. Consolidated gross margin increased by 0.8 p.p. over 3Q11, corresponding to 33.5% of net revenue, reflecting the improvement in Luizacred's margin and a slight reduction in the retail margin, impacted by the higher share of internet sales and the integration of Lojas Maia.

Lojas Maia Integration Process

The Company replaced the systems at practically all the stores in the northeast in 3Q12 (the remaining 32 stores were integrated in October), thus concluding the Lojas Maia integration process. Consequently, all of the Company's stores use Magazine Luiza's systems, which will improve gross margin from 4Q12 and, especially in 2013, through a more efficient management of prices and inventories, and a reduction in general and administrative expenses.

Reduction and Rationalization of Costs and Expenses

The Company reaffirms that its core focus in 2012 continues to be its commitment to the rationalization of costs and expenses, including the revision of store expenses and all other operating expenses. In 3Q12, selling, general and administrative (SG&A) expenses in the retail segment fell by 0.8 p.p. from 3Q11, from 26.2% to 25.4% of net revenue, thanks to the rationalization of expenses proposed in the 2012 strategic plan.

Luizacred

The total overdue loan portfolio declined by 3.3 p.p. between September 2011 and September 2012. The above 90 days overdue loan portfolio merits special mention, dropping from 13.6% to 10.4% of total portfolio (compared to 11.6% in June 2012). Luizacred maintained its conservative approach in 3Q12, with substantial provisions for loan losses and credit approval rates lower than in 3Q11. Coverage ratio increased from 111% in September 2011 to 129% in September 2012 (117% in June 2012).

Results

The Company posted net income of R$2.3 million in 3Q12. Despite the growth, sales came slightly below expectations and, combined with the efforts towards the systems integration of the stores in the northeast, prevented a greater dilution of operating expenses in the quarter. Non-recurring integration expenses totaled R$6.3 million and were concentrated in the training of more than 4,000 employees and the systems integration of almost all the stores in the northeast. Including the 104 Baú stores and the 150 stores in the northeast, the Company integrated more than 1/3 of its stores in less than a year, marking the onset of a new phase in the retail sector.

EXPECTATIONS FOR 4Q12 AND 2013

Sales Growth

The Company is confident of continuing its substantial growth in sales through the maturation of new stores and the stores in the northeast, as well as internet sales. The Brazilian economy is expected to perform better in 4Q12, which should increase same-store sales and improve the year's consolidated results.

Capture of Synergies from Integration of Chains

With the integration of Maia and Baú stores concluded, the Company should benefit in 2013 from a fully integrated management, with the dilution of administrative and logistics expenses. In addition, the unification of systems should benefit working capital and price management, and help increasing the gross and net margins at the stores in the northeast.

Brand Change in Salvador's metropolitan region (Bahia)

In October 2012, the Lojas Maia brand was converted to Magazine Luiza at a grand event marking the reopening of the stores in Salvador's metropolitan region. After two months of remodeling, the stores have become highly attractive, with a new product mix and more modern ambience, stimulating a significant sales growth in the region.

Investments and Expansion

Apart from investments in technology, logistics and store remodeling, the Company plans the organic opening of nine more stores in 4Q12, for a total of 22 new stores in 2012, 12 of them in the northeast and ten in south/southeast.

Results

The Company strongly believes that profitability will increase in a consistent manner next quarter and in 2013, given the growing maturation of new stores, the continuation of the program to reduce and dilute operating expenses and the capture of synergies from the integration of Baú and Maia stores.

KEY INDICATORS

R$ million (except when otherwise indicated)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Total Gross Revenue	2,179.0	1,891.8	15.2%	6,431.4	5,332.1	20.6%
Total Net Revenue	1,844.4	1,602.7	15.1%	5,451.4	4,491.5	21.4%
EBITDA	68.8	92.2	-25.4%	150.0	248.1	-39.5%
EBITDA Margin	3.7%	5.8%	-2.0 pp	2.8%	5.5%	-2.8 pp
EBITDA	70.1	94.2	-25.6%	186.9	239.4	-21.9%
EBITDA Margin	3.8%	5.9%	-2.1 pp	3.4%	5.3%	-1.9 pp
Net Income	2.3	11.7	-79.9%	(16.5)	28.6	-157.6%
Net Margin	0.1%	0.7%	-0.6 pp	-0.3%	0.6%	-0.9 pp
Net Income	3.2	19.0	-83.2%	2.4	28.8	-91.7%
Net Margin	0.2%	1.2%	-1.0 pp	0.0%	0.6%	-0.6 pp
Same Store Sales Growth	9.6%	20.0%	-	12.7%	19.8%	-
Same Physical Store Sales Growth	7.4%	16.6%	-	9.0%	16.3%	-
Internet Sales Growth	25.5%	48.0%	-	37.0%	48.2%	-
Number of Stores - End of Period	736	684	7.6%	736	684	7.6%
Sales Area - End of Period (M2)	461,506	441,256	4.6%	461,506	441,256	4.6%
Credit Card Base - Luizacred (thousand)	4,042	4,174	-3.2%	4,042	4,174	-3.2%

MGLU3: R$ 10.85 per share
Total Shares: 186,494,467
Market Cap: R$ 2.0 billion

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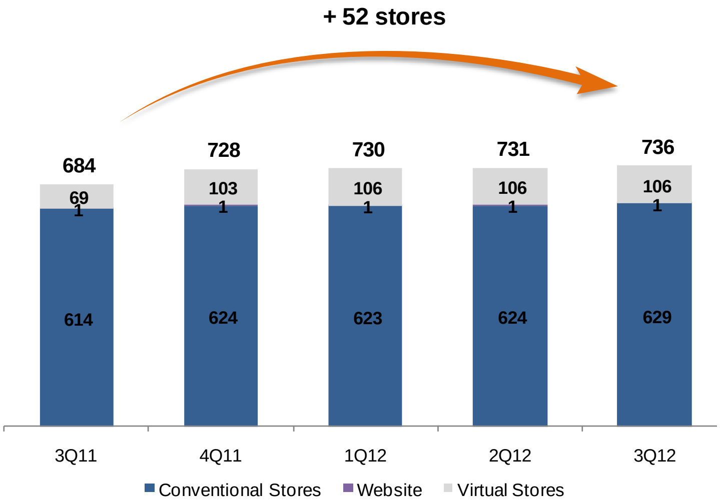
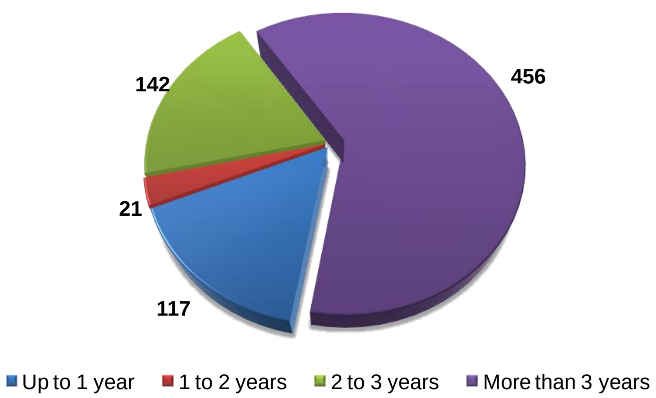
OPERATING PERFORMANCE

Magazine Luiza ended September 2012 with 736 stores, of which 629 were conventional stores, 106 virtual stores, apart from the website, for a total increase of 52 stores over the same period last year. In 3Q12, the Company opened five conventional stores (two in Pernambuco and one each in Bahia, Minas Gerais and Mato Grosso do Sul). Note that, of Magazine Luiza's 736 stores, 280 (38%) are less than three years old and have yet not reached complete maturation.

Number of Stores

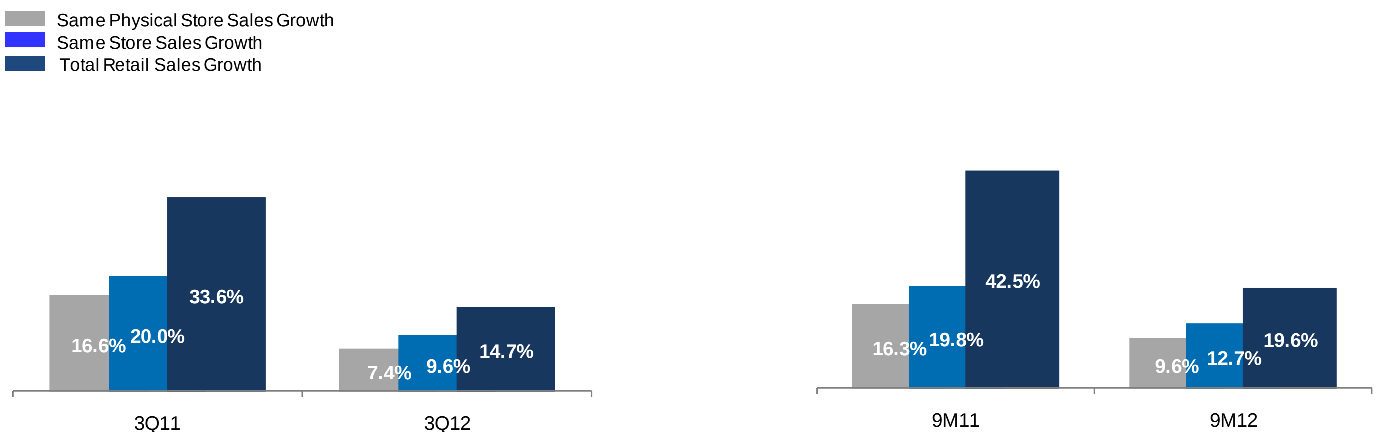


Average Age of Stores (number of stores)



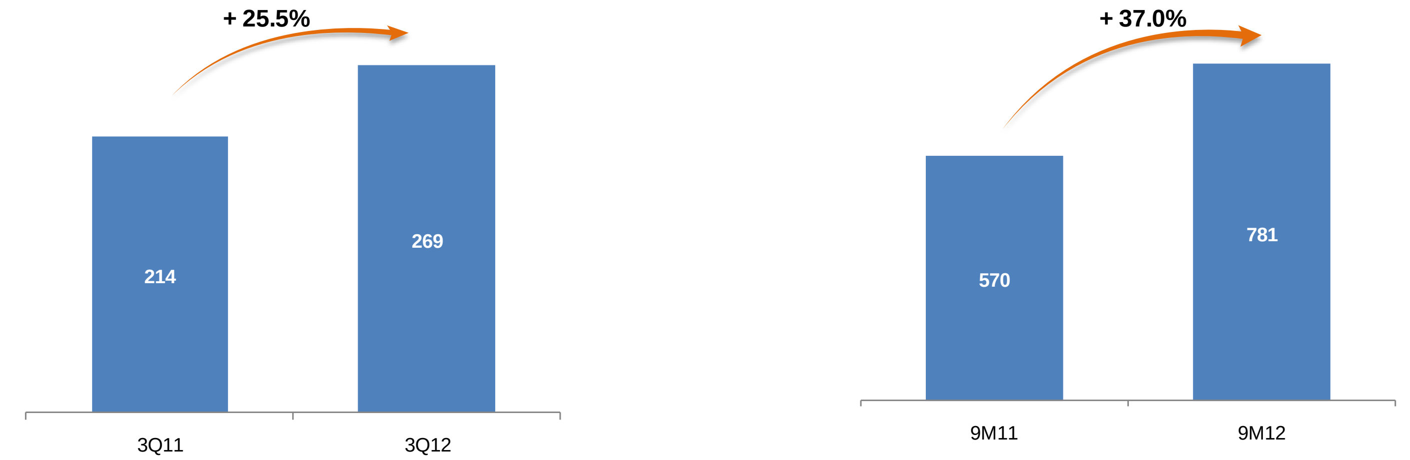
In same-store terms, Magazine Luiza grew 9.6% in 3Q12 over 3Q11 and 12.7% in 9M12 over 9M11.

Same Store Sales Growth (%)



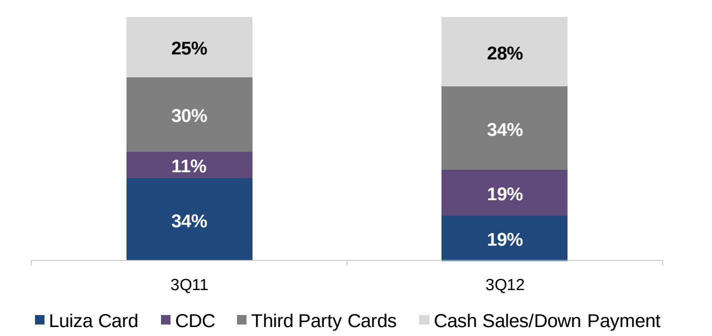
The Internet segment maintains its strong growth pace, increasing its product mix and site content (www.magazineluiza.com.br). In 3Q12, Internet sales climbed 25.5% to R$269.0 million, accounting for 13.3% of retail sales. In 9M12, sales totaled R$781.0 million, 37.0% more than in 9M11.

Internet Gross Revenues (R$ million)

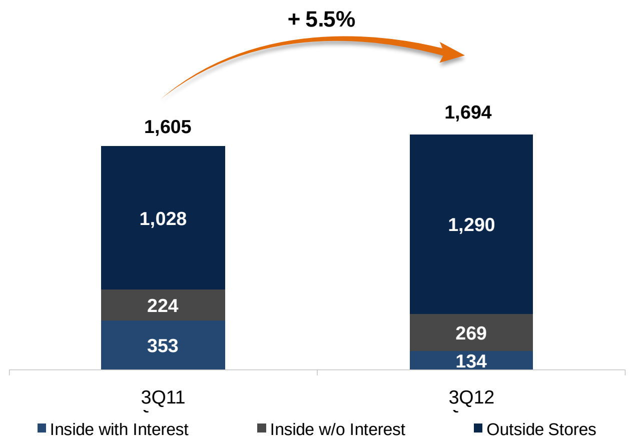


Luizacred's credit card base decreased from 4.2 million in 3Q11 to 4.0 million in 3Q12. In 3Q12, total spending on Luiza Card accounted for 18% of total retail sales, lower than in the same period last year, due to the conservative approval rate, which was partially offset by the increase in Direct Credit to Consumer (CDC).

Financed Sales Mix (% of total sales)



Revenues Luiza Card (R$ million)



In 3Q12, total spending on Luiza Card increased by 5.5% to R$1.7 billion. In the same period, the use of Luiza Card outside the Company's stores increased by 25.5%, corresponding to 76.2% of total spending (compared to 64.0% in 3Q11).

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

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated Gross Revenue

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

(R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Gross Revenue - Retail - Merchandise Sales	1,947.5	1,699.7	14.6%	5,748.7	4,809.2	19.5%
Gross Revenue - Retail - Services	77.0	65.7	17.2%	221.8	183.1	21.1%
Subtotal Retail	**2,024.5**	**1,765.4**	**14.7%**	**5,970.5**	**4,992.3**	**19.6%**
Gross Revenue - Consumer Finance	166.5	135.3	23.0%	491.5	368.2	33.5%
Gross Revenue - Insurance Operations	23.5	17.9	31.4%	62.5	50.3	24.3%
Gross Revenue - Consortium Management	8.8	7.2	21.9%	24.5	19.9	23.1%
Inter-Company Eliminations	(44.3)	(34.1)	30.0%	(117.6)	(98.6)	19.3%
Total Gross Revenue	**2,179.0**	**1,891.8**	**15.2%**	**6,431.4**	**5,332.1**	**20.6%**

Magazine Luiza’s consolidated gross revenue increased from R$1,891.8 million in 3Q11 to R$2,179.0 million in 3Q12, up by a significant 15.2%, mainly driven by the following factors:

- 14.7% growth in the retail segment, with sales totaling R$2,024.5 million in 3Q12, influenced by the 9.6% growth in same-store sales and the increase in store count. Sales in the northeast region totaled R$287.0 million, equivalent to 14.2% of total retail sales. Note that the growth in same-store sales in the northeast, accounting for 7.2% in 3Q12, was affected extraordinarily by the integration process and the remodeling of stores in the metropolitan region of Salvador, but has since returned to above the Company's average sales growth;

- 23.0% growth in revenue from the consumer finance segment, from R$135.3 million in 3Q11 to R$166.5 million in 3Q12. Revenue growth at Luizacred was chiefly influenced by the increase in direct credit to consumer and service revenues.

In 9M12, consolidated gross revenue increased by 20.6%, totaling R$6,431.4 million.

Consolidated Net Revenue

(R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Net Revenue - Retail - Merchandise Sales	1,623.8	1,420.0	14.4%	4,800.2	3,994.4	20.2%
Net Revenue - Retail - Services	66.9	56.8	17.8%	192.6	158.6	21.4%
Subtotal Retail	**1,690.7**	**1,476.8**	**14.5%**	**4,992.7**	**4,153.0**	**20.2%**
Net Revenue - Consumer Finance	166.5	135.3	23.0%	491.5	368.2	33.5%
Net Revenue - Insurance Operations	23.5	17.9	31.4%	62.5	50.3	24.3%
Net Revenue - Consortium Management	8.0	6.8	18.9%	22.4	18.6	20.5%
Inter-Company Eliminations	(44.3)	(34.1)	30.0%	(117.6)	(98.6)	19.3%
Total Net Revenue	**1,844.4**	**1,602.7**	**15.1%**	**5,451.4**	**4,491.5**	**21.4%**

Magazine Luiza’s consolidated net revenue increased by 15.1%, from R$1,602.7 million in 3Q11 to R$1,844.4 million in 3Q12. Net revenue growth was in line with gross revenue growth.

In 9M12, consolidated net revenue increased by 21.4% to reach R$5,451.4 million.

Consolidated Gross Profit

(R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Gross Income - Retail - Merchandise Sales	420.1	372.8	12.7%	1,220.2	1,061.8	14.9%
Gross Income - Retail - Services	66.9	56.8	17.8%	192.6	158.6	21.4%
Subtotal Retail	**487.0**	**429.6**	**13.4%**	**1,412.8**	**1,220.4**	**15.8%**
Gross Income - Consumer Finance	147.3	107.9	36.5%	425.6	296.1	43.7%
Gross Income - Insurance Operations	21.8	16.5	31.7%	57.5	46.7	23.3%
Gross Income - Consortium Management	5.0	2.4	103.0%	13.9	7.9	74.9%
Inter-Company Eliminations	(42.8)	(32.8)	30.2%	(113.4)	(94.9)	19.5%
Total Gross Income	**618.2**	**523.6**	**18.1%**	**1,796.4**	**1,476.1**	**21.7%**

(as % of Net Revenue)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Gross Margin - Retail - Merchandise Sales	25.9%	26.3%	-0.4 pp	25.4%	26.6%	-1.2 pp
Gross Margin - Retail - Services	100.0%	100.0%	0.0 pp	100.0%	100.0%	0.0 pp
Subtotal Retail	**28.8%**	**29.1%**	**-0.3 pp**	**28.3%**	**29.4%**	**-1.1 pp**
Gross Margin - Consumer Finance	88.4%	79.7%	8.7 pp	86.6%	80.4%	6.2 pp
Gross Margin - Insurance Operations	92.9%	92.7%	0.2 pp	92.1%	92.8%	-0.7 pp
Gross Margin - Consortium Management	61.7%	36.1%	25.6 pp	62.0%	42.7%	19.3 pp
Inter-Company Eliminations	96.6%	96.4%	0.2 pp	96.4%	96.3%	0.1 pp
Total Gross Margin	**33.5%**	**32.7%**	**0.8 pp**	**33.0%**	**32.9%**	**0.1 pp**

In 3Q12, consolidated gross profit came to R$618.2 million, up 18.1%, accompanied by a gross margin of 33.5%, up 0.8 p.p. from 3Q11. Following are the main factors influencing gross profit:

- Gross margin from the retail segment was 28.8% in 3Q12, slightly higher than the 2Q12 margin of 28.5%, but lower than the 3Q11 margin of 29.1%. Gross margin from merchandise sales was impacted by the higher share of Internet sales and the integration of Lojas Maia.

  Gross margin from the stores in the northeast was 25.3% in 3Q12, compared to 29.4% registered by other Magazine Luiza stores. The integration of Lojas Maia's systems, concluded in October, will help bring the northeast region's gross margin on par with other regions where the Company operates.

- Gross margin from the consumer finance segment stood at 88.4% in 3Q12, 8.7 p.p. more than in 3Q11, thanks to the reduction in the CDI rate, the increased share of direct consumer credit and services revenues.

In 9M12, consolidated gross profit came to R$1,796.4 million, up 21.7%, accompanied by a margin of 33.0%.

Operating Expenses

(R$ million)	3Q12	% NR	3Q11	% NR	% Chg	9M12	% NR	9M11	% NR	% Chg
Selling expenses	(387.7)	-21.0%	(335.5)	-20.9%	15.6%	(1,141.9)	-20.9%	(939.0)	-20.9%	21.6%
General and administrative expenses	(91.0)	-4.9%	(89.8)	-5.6%	1.3%	(270.8)	-5.0%	(240.0)	-5.3%	12.8%
Provisions for loan losses	(84.1)	-4.6%	(68.1)	-4.2%	23.5%	(252.7)	-4.6%	(171.8)	-3.8%	47.1%
Other operating revenues, net	13.3	0.7%	62.0	3.9%	-78.5%	19.0	0.3%	122.7	2.7%	-84.5%
Total Operating Expenses	**(549.5)**	**-29.8%**	**(431.5)**	**-26.9%**	**27.4%**	**(1,646.3)**	**-30.2%**	**(1,228.0)**	**-27.3%**	**34.1%**

Selling Expenses

Consolidated selling expenses totaled R$387.7 million in 3Q12, equivalent to 21.0% of net revenue, in line with 3Q11 and slightly above 2Q12 (20.7%). Even with the reduction of operational expenses, thanks to the rationalization of costs and expenses project, intensified this quarter, sales came below expectations, preventing a greater dilution of operating expenses in this quarter.

In 9M12, selling expenses amounted to R$1,141.9 million, equivalent to 20.9% of net revenue.

General and Administrative Expenses

General and Administrative (G&A) expenses came to R$91.0 million in 3Q12, corresponding to 4.9% of net revenue, 0.7 p.p. lower than in the previous year, thanks to expenses rationalization proposed in the strategic planning of 2012.

In 9M12, G&A expenses totaled R$270.8 million, declining from 5.3% to 5.0% of net revenue.

Provisions for Loan Losses

Provisions for loan losses increased from R$68.1 million in 3Q11 (equivalent to 4.2% of consolidated net revenue) to R$84.1 million in 3Q12 (4.6% of consolidated net revenue), reflecting the conservative approach adopted by Luizacred in maintaining substantial provisions for loan losses.

Provisions for loan losses in 9M12 totaled R$252.7 million, increasing their ratio to net revenue from 3.8% to 4.6%.

Other Operating Expenses (Revenue)

(R$ million)	3Q12	% NR	3Q11	% NR	% Chg	9M12	% NR	9M11	% NR	% Chg
Deferred revenues recorded	8.2	0.4%	12.4	0.8%	-34.0%	37.8	0.7%	37.0	0.8%	2.1%
Expenses with chains integration	(6.3)	-0.3%	(11.4)	-0.7%	-44.7%	(22.6)	-0.4%	(11.4)	-0.3%	98.7%
Personal credit operations	4.7	0.3%	12.0	0.7%	-60.9%	11.9	0.2%	46.0	1.0%	-74.2%
Expenses with introduction of chips	-	0.0%	-	0.0%	-	(7.8)	-0.1%	-	0.0%	-
Other	6.8	0.4%	49.0	3.1%	-86.2%	(0.1)	0.0%	51.1	1.1%	-100.3%
Total	**13.3**	**0.7%**	**62.0**	**3.9%**	**-78.5%**	**19.0**	**0.3%**	**122.7**	**2.7%**	**-84.5%**

Net other operating revenue fell from R$62.0 million in 3Q11 to R$13.3 million in 3Q12, mainly due to the following factors:

- Reduction in the booking of deferred revenues, from R$12.4 million in 3Q11 to R$8.2 million in 3Q12. Note that the booking of revenue from the joint venture with Itaú Unibanco was lower due to the change of the accounting methodology to the straight-line method in 4Q11;

- Non-recurring expenses with the integration of the store chains, totaling R$6.3 million in 3Q12;

- Change in the booking of personal loans, which are now recognized under Luizacred's financial intermediation result, thereby reducing revenue from profit sharing from R$12.0 million in 3Q11 to R$4.7 million in 3Q12 (payroll-deductible loans are still booked as profit sharing);

- Reduction in other operating revenues, from R$49.0 million in 3Q11 (including R$32.6 of reversed tax provisions in Lojas Maia and R$21.5 million in revenues from Luizacred marketing selling structure) to R$6.8 million in 3Q12 (including non recurring fiscal provision benefits of R$5.0 million).

In 9M12, net other operating revenue totaled R$19.0 million, declining from 2.7% to just 0.3% of net revenue.

EBITDA

In 3Q12, earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) reached R$68.8 million, accompanied by a margin of 3.7%. The consolidated result was chiefly impacted by the conclusion of the Lojas Maia integration process and non-recurring expenses, as well as higher provisions for loan losses. Excluding non-recurring expenses and revenues, adjusted EBITDA was R$70.1 million (margin of 3.8%).

Note that EBITDA of northeast region reached R$5.8 million in 3Q12 and did not yet reflect the expected benefits after the integration of Lojas Maia.

In 9M12, adjusted EBITDA stood at R$186.9 million, accompanied by an adjusted margin of 3.4%.

Financial Result

CONSOLIDATED FINANCIAL RESULTS (R$ million)	3Q12	% NR	3Q11	% NR	9M12	% NR	9M11	% NR
Financial Expenses	(55.0)	-3.0%	(53.4)	-3.3%	(170.7)	-3.1%	(165.5)	-3.7%
Interest on loans and financing	(27.5)	-1.5%	(33.8)	-2.1%	(87.6)	-1.6%	(108.4)	-2.4%
Interest on prepayment of receivables – third party cards	(15.1)	-0.8%	(7.4)	-0.5%	(42.5)	-0.8%	(21.6)	-0.5%
Interest on prepayment of receivables – Luiza Card	(5.0)	-0.3%	(5.6)	-0.3%	(17.3)	-0.3%	(17.9)	-0.4%
Other expenses	(7.4)	-0.4%	(6.7)	-0.4%	(23.3)	-0.4%	(17.6)	-0.4%
Financial Revenues	14.3	0.8%	16.0	1.0%	45.5	0.8%	40.1	0.9%
Gains on marketable securities	6.2	0.3%	10.4	0.7%	17.4	0.3%	26.8	0.6%
Other financial revenues	8.1	0.4%	5.6	0.3%	28.1	0.5%	13.3	0.3%
Total Financial Results	(40.7)	-2.2%	(37.4)	-2.3%	(125.2)	-2.3%	(125.5)	-2.8%

Net financial expenses totaled R$40.7 million in 3Q12, declining from 2.3% of net revenue in 3Q11 to 2.2% in 3Q12. The financial result was influenced positively by the reduction in the CDI rate, which was partially offset by the increase in working capital requirements.

In 9M12, net financial expenses totaled R$125.2 million, declining from 2.8% to 2.3% of net revenue for the period.

Consolidated Net Income

The 3Q12 net result was positive by R$2.3 million, with a margin of 0.1%, also influenced by the conclusion of the Lojas Maia integration process and non-recurring expenses, as well as higher provisions for loan losses. Excluding non-recurring revenues and expenses, adjusted net income was R$3.2 million, equivalent to 0.2% of net revenue.

In 9M12, Magazine Luiza posted an adjusted net income of R$2.4 million.

Working Capital

CONSOLIDATED (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
Accounts receivables	1,963.6	1,966.5	1,884.4	1,927.8	1,758.3
Inventories	1,306.9	1,131.3	1,134.2	1,264.7	1,001.0
Related parties	32.6	33.6	31.5	42.6	42.0
Recoverable taxes	42.4	26.5	27.8	24.6	26.1
Other assets	108.5	109.5	87.8	59.4	70.4
Current operating assets	3,454.0	3,267.4	3,165.8	3,319.1	2,897.9
Suppliers	1,175.6	1,018.4	1,041.0	1,267.8	988.1
Interbank deposits	966.2	1,018.6	1,021.5	981.5	928.1
Operations with credit cards	482.9	463.2	415.6	436.1	349.1
Payroll, vacation and related charges	140.0	128.3	112.6	121.6	133.1
Taxes payable	34.5	31.7	34.1	49.3	36.2
Related parties	13.8	17.4	13.6	25.5	21.0
Taxes in installments	9.2	2.9	2.9	2.9	3.9
Technical insurance provisions	36.1	34.0	32.0	32.5	29.9
Other accounts payable	99.2	82.9	70.5	94.6	62.5
Current operating liabilities	2,957.6	2,797.3	2,743.6	3,011.7	2,551.9
Working Capital	496.5	470.0	422.2	307.3	346.0

Note (1): The balance of accounts receivable is disclosed net of prepaid credit card receivables, totaling R$659.5 million in September 2012, R$536.8 million in June 2012, R$467.7 million in March 2012, R$441.0 million in December 2011 and R$344.9 million in September 2011.
Note (2): In June 2012, a sum of R$80.0 million was excluded from “Other Assets” account. This amount refers to the New Operational Agreement with Cardif, received in July 2012. Also, a sum of R$15.0 million was excluded from “Related Parties” under liabilities, relating to the transfer to Luizacred (50% of R$30 million).

In September 2012, net working capital stood at R$496.5 million, representing 5.7% of gross revenue in the past 12 months. On the same date, the balance of prepaid receivables from third-party credit cards was R$659.5 million, due to the increased share of third-party cards in Company’s total sales. Considering the balance of discounted receivables, working capital requirements would correspond to 13.3% of gross revenue.

Capex

CAPEX (R$ million)	3Q12	3Q11	9M12	9M11
New Stores	4.4	7.5	16.0	21.0
Remodeling	18.6	19.3	37.7	44.4
Technology	5.7	11.8	17.0	29.5
Others	16.0	11.5	52.5	17.7
Total	**44.8**	**50.2**	**123.1**	**112.6**

Investments in fixed and intangible assets fell from R$50.2 million in 3Q11 to R$44.8 million in 3Q12, and include renovations to existing stores as well as investments in technology, logistics and new stores (inaugurated and yet to be inaugurated). In 3Q12, five conventional stores were opened, while investments started on nine more stores to be opened in 4Q12. Other investments include logistics, which totaled R$11.1 million in 3Q12.

Net Debt

In September 2012, Magazine Luiza had loans and financing in the amount of R$1,115.5 million, and cash and financial investments of R$400.7 million, resulting in net debt of R$714.8 million, equivalent to 2.4x adjusted EBITDA of the past 12 months.

In 3Q12, net debt was practically stable, from R$705.5 million in June 2012 to R$714.8 million in September 2012.

CONSOLIDATED (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
(+) Current loans and financing	223.0	225.9	122.4	129.7	140.8
(+) Non-current loans and financing	892.6	901.0	863.2	581.7	617.1
(=) Gross Debt	1,115.5	1,126.9	985.6	711.3	757.9
(-) Cash and cash equivalents	99.0	140.3	176.1	173.1	78.0
(-) Current securities	274.3	255.1	162.7	75.0	259.5
(-) Non-current securities	27.4	26.0	37.4	43.3	35.4
(-) Total Cash	400.7	421.4	376.3	291.3	372.8
(=) Net Debt	714.8	705.5	609.4	420.0	385.1
Short term debt/total	20%	20%	12%	18%	19%
Long term debt/total	80%	80%	88%	82%	81%
Ajusted EBITDA (LTM)	293.8	318.0	310.5	346.3	334.2
Net Debt/ Ajusted EBITDA	2.4 x	2.2 x	2.0 x	1.2 x	1.2 x

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (R$ million)	3Q12	V.A.	3Q11	V.A.	% Chg	9M12	V.A.	9M11	V.A.	% Chg
Gross Revenue	2,179.0	118.1%	1,891.8	118.0%	15.2%	6,431.4	118.0%	5,332.1	118.7%	20.6%
Taxes and Deductions	(334.6)	-18.1%	(289.1)	-18.0%	15.7%	(979.9)	-18.0%	(840.6)	-18.7%	16.6%
Net Revenue	1,844.4	100.0%	1,602.7	100.0%	15.1%	5,451.4	100.0%	4,491.5	100.0%	21.4%
Total Costs	(1,226.2)	-66.5%	(1,079.0)	-67.3%	13.6%	(3,655.1)	-67.0%	(3,015.4)	-67.1%	21.2%
Gross Income	618.2	33.5%	523.6	32.7%	18.1%	1,796.4	33.0%	1,476.1	32.9%	21.7%
Selling expenses	(387.7)	-21.0%	(335.5)	-20.9%	15.6%	(1,141.9)	-20.9%	(939.0)	-20.9%	21.6%
General and administrative expenses	(91.0)	-4.9%	(89.8)	-5.6%	1.3%	(270.8)	-5.0%	(240.0)	-5.3%	12.8%
Provisions for loan losses	(84.1)	-4.6%	(68.1)	-4.2%	23.5%	(252.7)	-4.6%	(171.8)	-3.8%	47.1%
Other operating revenues, net	13.3	0.7%	62.0	3.9%	-78.5%	19.0	0.3%	122.7	2.7%	-84.5%
Total Operating Expenses	(549.5)	-29.8%	(431.5)	-26.9%	27.4%	(1,646.3)	-30.2%	(1,228.0)	-27.3%	34.1%
EBITDA	68.8	3.7%	92.2	5.8%	-25.4%	150.0	2.8%	248.1	5.5%	-39.5%
Depreciation and Amortization	(22.9)	-1.2%	(22.8)	-1.4%	0.7%	(66.6)	-1.2%	(65.7)	-1.5%	1.5%
EBIT	45.8	2.5%	69.4	4.3%	-34.0%	83.4	1.5%	182.4	4.1%	-54.3%
Financial Results	(40.7)	-2.2%	(37.4)	-2.3%	8.7%	(125.2)	-2.3%	(125.5)	-2.8%	-0.2%
Operating Income	5.1	0.3%	32.0	2.0%	-83.9%	(41.8)	-0.8%	56.9	1.3%	-173.5%
Income Tax and Social Contribution	(2.8)	-0.2%	(20.3)	-1.3%	-86.3%	25.4	0.5%	(28.4)	-0.6%	-189.4%
Net Income	2.3	0.1%	11.7	0.7%	-79.9%	(16.5)	-0.3%	28.6	0.6%	-157.6%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	68.8	3.7%	92.2	5.8%	-	150.0	2.8%	248.1	5.5%	-
Extraordinary costs	-	0.0%	-	0.0%	-	15.0	0.3%	-	0.0%	-
Extraordinary revenues	(5.0)	-0.3%	(32.6)	-2.0%	-	(5.0)	-0.1%	(32.6)	-0.7%	-
Extraordinary expenses	6.3	0.3%	40.0	2.5%	-	35.6	0.7%	40.0	0.9%	-
Adjusted deferred revenues	-	0.0%	(5.4)	-0.3%	-	(8.8)	-0.2%	(16.1)	-0.4%	-
Adjusted EBITDA	70.1	3.8%	94.2	5.9%	-	186.9	3.4%	239.4	5.3%	-

Net Income	2.3	0.1%	11.7	0.7%	-	(16.5)	-0.3%	28.6	0.6%	-
Extraordinary operational results	1.3	0.1%	2.0	0.1%	-	36.9	0.7%	(8.7)	-0.2%	-
Extraordinary financial results	-	0.0%	-	0.0%	-	10.6	0.2%	-	0.0%	-
Tax over extraordinary results	(0.4)	0.0%	(0.7)	0.0%	-	(16.1)	-0.3%	3.0	0.1%	-
Extraordinary tax credits	-	0.0%	6.0	0.4%	-	(12.5)	-0.2%	6.0	0.1%	-
Adjusted Net Income	3.2	0.2%	19.0	1.2%	-	2.4	0.0%	28.8	0.6%	-

Notes to the non-recurring results in 2Q12:
(1) *Non-recurring revenues totaled R$5.0 million, related to non recurring reversal of tax provisions.*
(2) *Non-recurring expenses totaled R$6.3 million, related to chains integration process.*

ANNEX II
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
CURRENT ASSETS					
Cash and cash equivalents	99.0	140.3	176.1	173.1	78.0
Securities	274.3	255.1	162.7	75.0	259.5
Accounts receivable	1,963.6	1,966.5	1,884.4	1,927.8	1,758.3
Inventories	1,306.9	1,131.3	1,134.2	1,264.7	1,001.0
Related parties	32.6	33.6	31.5	42.6	42.0
Taxes recoverable	42.4	26.5	27.8	24.6	26.1
Other assets	108.5	189.5	87.8	59.4	70.4
Total current assets	3,827.4	3,742.7	3,504.6	3,567.1	3,235.4
NON-CURRENT ASSETS					
Securities	27.4	26.0	37.4	43.3	35.4
Accounts receivable	2.3	2.6	3.6	9.4	6.3
Deferred income tax and social contribution	205.1	206.9	191.6	178.9	183.7
Recoverable taxes	12.1	21.6	24.3	31.0	29.5
Judicial deposits	123.2	128.7	103.2	89.0	75.3
Other assets	38.5	17.3	29.2	19.8	18.8
Fixed assets	552.0	529.2	513.7	489.9	406.6
Intangible assets	441.0	443.2	447.1	448.9	448.6
Total non-current assets	1,401.6	1,375.4	1,350.2	1,310.2	1,204.1
TOTAL ASSETS	5,229.0	5,118.2	4,854.8	4,877.4	4,439.4

LIABILITIES (R$ million)	Sep-12	Jun-12	Mar-12	Dec-11	Sep-11
CURRENT LIABILITIES					
Suppliers	1,175.6	1,018.4	1,041.0	1,267.8	988.1
Loans and financing	223.0	225.9	122.4	129.7	140.8
Interbank deposits	966.2	1,018.6	1,021.5	981.5	928.1
Operations with credit cards	482.9	463.2	415.6	436.1	349.1
Payroll, vacation and related charges	140.0	128.3	112.6	121.6	133.1
Taxes payable	34.5	31.7	34.1	49.3	36.2
Related parties	13.8	32.4	13.6	25.5	21.0
Taxes in installments	9.2	2.9	2.9	2.9	3.9
Deferred revenue	32.5	33.4	24.1	24.1	25.6
Dividends payable	-	-	1.7	1.7	-
Technical insurance provisions	36.1	34.0	32.0	32.5	29.9
Other accounts payable	99.2	82.9	70.5	94.6	62.5
Total current liabilities	3,213.1	3,071.6	2,891.7	3,167.1	2,718.3
NON-CURRENT LIABILITIES					
Loans and financing	892.6	901.0	863.2	581.7	617.1
Taxes in installments	2.4	3.0	3.7	4.4	4.0
Provision for tax, civil and labor risks	185.5	185.7	188.1	173.4	165.8
Technical insurance provisions	17.2	20.5	20.5	17.9	18.2
Deferred revenue	300.3	319.7	288.2	294.3	259.4
Deferred income tax and social contribution	6.6	8.1	11.9	10.8	11.5
Other accounts payable	5.9	6.1	6.5	6.9	5.5
Total non-current liabilities	1,410.4	1,444.0	1,382.1	1,089.3	1,081.7
SHAREHOLDERS' EQUITY					
Capital stock	606.5	606.5	606.5	606.5	606.5
Capital reserve	2.1	1.4	0.7	-	-
Legal reserve	4.0	4.0	4.0	4.0	3.4
Profit retention reserve	9.3	9.3	10.4	10.4	1.0
Other comprehensive income	0.1	0.1	0.1	-	-
Accumulated losses	(16.5)	(18.8)	(40.7)	-	28.6
Total shareholders' equity	605.6	602.5	581.0	620.9	639.5
TOTAL	5,229.0	5,118.2	4,854.8	4,877.4	4,439.4

ANNEX III
FINANCIAL STATEMENTS - RETAIL

RETAIL INCOME STATEMENT (R$ million)	3Q12	V.A.	3Q11	V.A.	% Chg	9M12	V.A.	9M11	V.A.	% Chg
Gross Revenue	2,024.5	119.7%	1,765.4	119.5%	14.7%	5,970.5	119.6%	4,992.3	120.2%	19.6%
Taxes and Deductions	(333.8)	-19.7%	(288.6)	-19.5%	15.7%	(977.8)	-19.6%	(839.3)	-20.2%	16.5%
Net Revenue	1,690.7	100.0%	1,476.8	100.0%	14.5%	4,992.7	100.0%	4,153.0	100.0%	20.2%
Total Costs	(1,203.7)	-71.2%	(1,047.2)	-70.9%	14.9%	(3,580.0)	-71.7%	(2,932.7)	-70.6%	22.1%
Gross Income	487.0	28.8%	429.6	29.1%	13.4%	1,412.8	28.3%	1,220.4	29.4%	15.8%
Selling expenses	(347.4)	-20.5%	(304.4)	-20.6%	14.1%	(1,008.0)	-20.2%	(844.0)	-20.3%	19.4%
General and administrative expenses	(82.8)	-4.9%	(82.5)	-5.6%	0.4%	(247.5)	-5.0%	(219.2)	-5.3%	12.9%
Provisions for loan losses	(4.4)	-0.3%	(2.7)	-0.2%	64.0%	(15.8)	-0.3%	(7.3)	-0.2%	116.7%
Other operating revenues, net	11.4	0.7%	33.8	2.3%	-66.1%	20.2	0.4%	75.2	1.8%	-73.1%
Total Operating Expenses	(423.2)	-25.0%	(355.8)	-24.1%	18.9%	(1,251.0)	-25.1%	(995.4)	-24.0%	25.7%
EBITDA	63.8	3.8%	73.8	5.0%	-13.5%	161.8	3.2%	225.0	5.4%	-28.1%
Depreciation and Amortization	(21.9)	-1.3%	(22.4)	-1.5%	-2.2%	(65.6)	-1.3%	(64.6)	-1.6%	1.5%
EBIT	41.9	2.5%	51.4	3.5%	-18.5%	96.2	1.9%	160.4	3.9%	-40.0%
Equity in Subsidiaries	6.8	0.4%	14.9	1.0%	-54.4%	6.9	0.1%	28.9	0.7%	-76.0%
Financial Results	(47.9)	-2.8%	(45.8)	-3.1%	4.5%	(149.3)	-3.0%	(150.8)	-3.6%	-1.0%
Operating Income	0.8	0.0%	20.5	1.4%	-96.0%	(46.2)	-0.9%	38.5	0.9%	-220.1%
Income Tax and Social Contribution	1.5	0.1%	(8.8)	-0.6%	-	29.8	0.6%	(9.9)	-0.2%	-
Net Income	2.3	0.1%	11.7	0.8%	-79.9%	(16.5)	-0.3%	28.6	0.7%	-157.6%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	63.8	3.8%	73.8	5.0%	-	161.8	3.2%	225.0	5.4%	-
Extraordinary costs	-	0.0%	-	0.0%	-	15.0	0.3%	-	0.0%	-
Extraordinary revenues	(5.0)	-0.3%	(32.6)	-2.2%	-	(5.0)	-0.1%	(32.6)	-0.8%	-
Extraordinary expenses	6.3	0.4%	40.0	2.7%	-	35.6	0.7%	40.0	1.0%	-
Adjusted deferred revenues	-	0.0%	(5.4)	-0.4%	-	(8.8)	-0.2%	(16.1)	-0.4%	-
Adjusted EBITDA	65.1	3.9%	75.8	5.1%	-	198.6	4.0%	216.3	5.2%	-

Net Income	2.3	0.1%	11.7	0.8%	-	(16.5)	-0.3%	28.6	0.7%	-
Extraordinary operational results	1.3	0.1%	2.0	0.1%	-	36.9	0.7%	(8.7)	-0.2%	-
Extraordinary financial results	-	0.0%	-	0.0%	-	10.6	0.2%	-	0.0%	-
Tax over extraordinary results	(0.4)	0.0%	(0.7)	0.0%	-	(16.1)	-0.3%	3.0	0.1%	-
Extraordinary tax credits	-	0.0%	6.0	0.4%	-	(12.5)	-0.2%	6.0	0.1%	-
Adjusted Net Income	3.2	0.2%	19.0	1.3%	-	2.4	0.0%	28.8	0.7%	-

ANNEX IV
RESULTS BY SEGMENT – 3Q12

3Q12 (R$ million)	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	2,024.5	166.5	23.5	8.8	(44.3)	2,179.0
Taxes and Deductions	(333.8)	-	-	(0.8)	-	(334.6)
Net Revenue	1,690.7	166.5	23.5	8.0	(44.3)	1,844.4
Total Costs	(1,203.7)	(19.2)	(1.7)	(3.1)	1.5	(1,226.2)
Gross Income	487.0	147.3	21.8	5.0	(42.8)	618.2
Selling expenses	(347.4)	(61.8)	(16.2)	-	37.7	(387.7)
General and administrative expenses	(82.8)	(0.8)	(3.2)	(4.1)	(0.0)	(91.0)
Provisions for loan losses	(4.4)	(79.8)	-	-	-	(84.1)
Other operating revenues, net	11.4	2.1	0.2	0.2	(0.7)	13.3
Total Operating Expenses	(423.2)	(140.2)	(19.2)	(3.9)	37.0	(549.5)
EBITDA	63.8	7.1	2.6	1.1	(5.8)	68.8
Depreciation and Amortization	(21.9)	(1.7)	(0.0)	(0.1)	0.7	(22.9)
EBIT	41.9	5.4	2.6	1.0	(5.1)	45.8
Equity in Subsidiaries	6.8	-	-	-	(6.8)	-
Financial Results	(47.9)	-	1.8	0.2	5.1	(40.7)
Operating Income	0.8	5.4	4.4	1.3	(6.8)	5.1
Income Tax and Social Contribution	1.5	(2.2)	(1.7)	(0.4)	-	(2.8)
Net Income	2.3	3.3	2.7	0.8	(6.8)	2.3
Gross Margin	28.8%	88.4%	92.9%	61.7%	96.6%	33.5%
EBITDA Margin	3.8%	4.2%	11.1%	13.4%	13.1%	3.7%
Net Margin	0.1%	2.0%	11.5%	10.5%	15.3%	0.1%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	63.8	7.1	2.6	1.1	(5.8)	68.8
Extraordinary costs	-	-	-	-	-	-
Extraordinary revenues	(5.0)	-	-	-	-	(5.0)
Extraordinary expenses	6.3	-	-	-	-	6.3
Adjusted deferred revenues	-	-	-	-	-	-
Adjusted EBITDA	65.1	7.1	2.6	1.1	(5.8)	70.1
Ajusted EBITDA Margin	3.9%	4.2%	11.1%	13.4%	13.1%	3.8%

Net Income	2.3	3.3	2.7	0.8	(6.8)	2.3
Extraordinary operational results	1.3	-	-	-	-	1.3
Extraordinary financial results	-	-	-	-	-	-
Tax over extraordinary results	(0.4)	-	-	-	-	(0.4)
Extraordinary tax credits	-	-	-	-	-	-
Adjusted Net Income	3.2	3.3	2.7	0.8	(6.8)	3.2
Adjusted Net Income Margin	0.2%	2.0%	11.5%	10.5%	15.3%	0.2%

ANNEX V
RESULTS BY SEGMENT – 3Q11

3Q11 (R$ million)	Retail Pro-Forma	Cons. Finance 50%	Insurance 50%	Consortium 100%	Eliminations	Consolidated
Gross Revenue	1,765.4	135.3	17.9	7.2	(34.1)	1,891.8
Taxes and Deductions	(288.6)	-	-	(0.5)	-	(289.1)
Net Revenue	1,476.8	135.3	17.9	6.8	(34.1)	1,602.7
Total Costs	(1,047.2)	(27.5)	(1.3)	(4.3)	1.2	(1,079.0)
Gross Income	429.6	107.9	16.5	2.4	(32.8)	523.6
Selling expenses	(304.4)	(47.0)	(11.3)	-	27.3	(335.5)
General and administrative expenses	(82.5)	(0.7)	(2.9)	(3.7)	-	(89.8)
Provisions for loan losses	(2.7)	(65.4)	-	-	-	(68.1)
Other operating revenues, net	33.8	30.8	(0.0)	(0.3)	(2.3)	62.0
Total Operating Expenses	(355.8)	(82.3)	(14.3)	(4.0)	24.9	(431.5)
EBITDA	73.8	25.5	2.3	(1.6)	(7.9)	92.2
Depreciation and Amortization	(22.4)	(1.3)	(1.3)	(0.1)	2.3	(22.8)
EBIT	51.4	24.2	1.0	(1.7)	(5.6)	69.4
Equity in Subsidiaries	14.9	-	-	-	(14.9)	-
Financial Results	(45.8)	-	2.5	0.3	5.6	(37.4)
Operating Income	20.5	24.2	3.6	(1.4)	(14.9)	32.0
Income Tax and Social Contribution	(8.8)	(10.7)	(1.4)	0.6	-	(20.3)
Net Income	11.7	13.5	2.1	(0.8)	(14.9)	11.7
Gross Margin	29.1%	79.7%	92.7%	36.1%	96.4%	32.7%
EBITDA Margin	5.0%	18.9%	12.9%	-23.4%	23.2%	5.8%
Net Margin	0.8%	10.0%	12.0%	-11.6%	43.7%	0.7%

Reconciliation of EBITDA for extraordinary expenses

EBITDA	73.8	25.5	2.3	(1.6)	(7.9)	92.2
Extraordinary costs	-	-	-	-	-	-
Extraordinary revenues	(32.6)	-	-	-	-	(32.6)
Extraordinary expenses	40.0	-	-	-	-	40.0
Adjusted deferred revenues	(5.4)	-	-	-	-	(5.4)
Adjusted EBITDA	75.8	25.5	2.3	(1.6)	(7.9)	94.2
Ajusted EBITDA Margin	5.1%	18.9%	12.9%	-23.4%	23.2%	5.9%

Net Income	11.7	13.5	2.1	(0.8)	(14.9)	11.7
Extraordinary operational results	2.0	-	-	-	-	2.0
Extraordinary financial results	-	-	-	-	-	-
Tax over extraordinary results	(0.7)	-	-	-	-	(0.7)
Extraordinary tax credits	6.0	-	-	-	-	6.0
Adjusted Net Income	19.0	13.5	2.1	(0.8)	(14.9)	19.0
Adjusted Net Income Margin	1.3%	10.0%	12.0%	-11.6%	43.7%	1.2%

ANNEX VI
SALES MIX AND NUMBER OF STORES PER CHANNEL

Gross Revenue by Channel (R$ million)	3Q12	V.A.	3Q11	V.A.	Growth Total
Virtual Stores	98.1	4.8%	69.6	3.9%	41.0%
Website	269.0	13.3%	214.4	12.1%	25.5%
Subtotal – Virtual Channel	**367.2**	18.1%	**284.0**	16.1%	29.3%
Conventional Stores	1,657.4	81.9%	1,481.5	83.9%	11.9%
Total	**2,024.5**	100.0%	**1,765.5**	100.0%	14.7%

Gross Revenue by Channel (R$ million)	9M12	V.A.	9M11	V.A.	Growth Total
Virtual Stores	272.0	4.6%	198.3	4.0%	37.1%
Website	781.0	13.1%	570.1	11.4%	37.0%
Subtotal – Virtual Channel	**1,053.0**	17.6%	**768.5**	15.4%	37.0%
Conventional Stores	4,917.5	82.4%	4,223.9	84.6%	16.4%
Total	**5,970.5**	100.0%	**4,992.4**	100.0%	19.6%

Number of stores per channel – End of the period	Sep-12	Part(%)	Sep-11	Part(%)	Growth Total
Virtual Stores	106	14.4%	69	10.1%	37
Website	1	0.1%	1	0.1%	-
Subtotal – Virtual Channel	**107**	14.5%	**70**	10.2%	37
Conventional Stores	629	85.5%	614	89.8%	15
Total	**736**	100.0%	**684**	100.0%	52
Total Sales Area (m²)	**461,506**	100.0%	**441,256**	100.0%	4.6%

ANNEX VII
LUIZACRED

Operating Indicators

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

In September 2012, Luizacred had a total base of 4.0 million cards issued. In the past 12 months, the total card base decreased by 3.2%. In 3Q12, purchases outside stores represented 76.2% of total Card billings, up 25.5% over 3Q11.

Luizacred's credit portfolio, including credit cards, CDC and personal loans, totaled R$3.4 billion at the close of 3Q12.

LUIZACRED – Key Indicators (R$ million)	3Q12	3Q11	% Chg	9M12	9M11	% Chg
Total Card Base (thousand)	4,042	4,174	-3.2%	4,042	4,174	-3.2%
Luiza Card Sales – In chain	404	578	-30.2%	1,328	1,636	-18.8%
Luiza Card Sales – Outside Brand	1,290	1,028	25.5%	3,728	2,665	39.9%
CDC Sales	316	171	84.9%	846	448	88.9%
Personal Loans Sales	39	54	-27.3%	143	193	-25.6%
Total Luizacred Sales	2,049	1,830	11.9%	6,045	5,514	9.6%
Card Portfolio	2,527	2,484	1.7%	2,527	2,484	1.7%
CDC Portfolio	777	389	99.8%	777	389	99.8%
Personal Loans Portfolio	104	139	-24.9%	104	139	-24.9%
Total Portfolio	3,408	3,012	13.2%	3,408	3,012	13.2%

Loan and Collection Policy

Credit is granted at Luizacred according to the policies and criteria established by the Credit Modeling and Policy area of Itaú Unibanco. The policies are defined based on proprietary statistics models using the Risk Adjusted Return on Capital (RAROC) model as the criterion. Continuing its conservative approach, Luizacred maintained its credit approval rate low in 3Q12.

Revenue from Financial Intermediation

Gross revenue from financial intermediation increased by 22.5% between 3Q11 and 3Q12, mainly due to higher share of CDC in retail sales.

Provisions for Loan Losses

The aging indicators of Luizacred's portfolio at the close of September 2012 were significantly better than in June 2012 and September 2011, however, provisions for loan losses stood at 4.7% of total portfolio in 3Q12, higher than the 4.3% recorded in 3Q11.

Luizacred's balance of provision for loan losses reduced R$6.7 million in 3Q12, from R$467.5 million in June 2012 to R$460.8 million in September 2012 (13.5% of total portfolio). Since the portfolio balance overdue more than 90 days decreased R$45.0 million, from R$400.9 million in June 2012 to R$355.9 million in September 2012, the coverage ratio increased from 117% to 129%.

PORTFOLIO OVERDUE	Sep-12		Jun-12		Mar-12		Dec-11		Sep-11	
Total Portfolio (R$ million)	3,408.4	100.0%	3,441.8	100.0%	3,334.1	100.0%	3,334.2	100.0%	3,011.7	100.0%
000 to 014 days	2,917.3	85.6%	2,893.3	84.1%	2,754.4	82.6%	2,773.8	83.2%	2,478.2	82.3%
015 to 030 days	42.2	1.2%	45.3	1.3%	52.9	1.6%	43.2	1.3%	34.2	1.1%
031 to 060 days	39.8	1.2%	43.3	1.3%	47.8	1.4%	39.5	1.2%	36.2	1.2%
061 to 090 days	53.2	1.6%	58.9	1.7%	56.8	1.7%	64.4	1.9%	52.7	1.8%
091 to 120 days	51.8	1.5%	51.0	1.5%	46.5	1.4%	53.2	1.6%	54.0	1.8%
121 to 150 days	39.6	1.2%	48.9	1.4%	44.3	1.3%	46.4	1.4%	48.8	1.6%
151 to 180 days	38.5	1.1%	46.8	1.4%	54.4	1.6%	41.9	1.3%	51.8	1.7%
180 to 360 days	226.0	6.6%	254.3	7.4%	277.1	8.3%	271.8	8.2%	255.7	8.5%
Overdue from 15-90 days	135.1	4.0%	147.5	4.3%	157.5	4.7%	147.0	4.4%	123.2	4.1%
Overdue above 90 days	355.9	10.4%	400.9	11.6%	422.2	12.7%	413.3	12.4%	410.3	13.6%
Total Overdue	491.1	14.4%	548.5	15.9%	579.7	17.4%	560.4	16.8%	533.5	17.7%
Allowance for doubtful accounts in I FRS	460.8	13.5%	467.5	13.6%	467.5	14.0%	469.5	14.1%	455.7	15.1%
Coverage (%)	129%		117%		111%		114%		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 Income

As a result of the sharp revenue growth and the reduction of the CDI, gross margin from financial intermediation in 3Q12 was 28.3%, a 2.3 p.p. increase over 2Q12 (26.0%).

Other Operating Revenues (Expenses)

- **Service Revenues:** increased by 25.7% over 3Q11, mainly driven by fees and commissions for the use of Luiza Cards outside the stores;

- **Selling and Administrative Expenses** (personnel, administrative, amortization and taxes): corresponded to 46.5% of financial intermediation income, up 3.0 p.p. from 3Q11 and 0.7 p.p. from 2Q12 due to higher expenses with maintenance of Luiza Card;

- **Other Operating Revenues (Expenses):** totaled R$4.3 million, equivalent to 1.6% of financial intermediation income, significantly lower than in 3Q11, mainly due to the revenue of R$42.9 million in 3Q11 from the sale of Luizacred's marketing structure and personal loans revenues, which are now recognized under Luizacred's financial intermediation result.

Operating Results

Operating result in 3Q12 was R$10.8 million, equivalent to 3.9% of financial intermediation revenue, representing an improvement over the operating loss of R$27.7 million in the 1Q12 and profit of R$6.9 million in 2Q12.

Income Statement

LUIZACRED – Income (R$ million)	3Q12	V.A.	3Q11	V.A.	% Chg	9M12	V.A.	9M11	V.A.	% Chg
Financial Intermediation Revenue	276.2	100.0%	225.5	100.0%	22.5%	815.0	100.0%	611.1	100.0%	33.4%
Cards	166.5	60.3%	147.2	65.3%	13.1%	510.3	62.6%	429.2	70.2%	18.9%
CDC	86.7	31.4%	51.4	22.8%	68.8%	221.6	27.2%	155.0	25.4%	43.0%
Personal Loans	23.0	8.3%	26.9	11.9%	-14.7%	83.1	10.2%	26.9	4.4%	208.6%
Financial Intermediation Expenses	(198.0)	-71.7%	(185.8)	-82.4%	6.6%	(605.5)	-74.3%	(473.1)	-77.4%	28.0%
Market Funding Operations	(38.5)	-13.9%	(54.9)	-24.4%	-29.9%	(131.7)	-16.2%	(144.2)	-23.6%	-8.6%
Provision for Loan Losses	(159.5)	-57.8%	(130.9)	-58.0%	21.9%	(473.8)	-58.1%	(328.9)	-53.8%	44.0%
Gross Financial Intermediation Income	78.2	28.3%	39.7	17.6%	97.0%	209.5	25.7%	137.9	22.6%	51.9%
Other Operating Revenues (Expenses)	(67.4)	-24.4%	8.8	3.9%	-869.1%	(219.4)	-26.9%	(58.3)	-9.5%	276.4%
Service Revenue	56.8	20.6%	45.2	20.0%	25.7%	167.9	20.6%	125.3	20.5%	34.0%
Personnel Expenses	(1.7)	-0.6%	(1.4)	-0.6%	17.6%	(4.7)	-0.6%	(5.4)	-0.9%	-12.4%
Other Administrative Expenses	(106.7)	-38.6%	(80.2)	-35.6%	33.0%	(327.4)	-40.2%	(242.2)	-39.6%	35.1%
Depreciation and Amortization	(3.3)	-1.2%	(2.7)	-1.2%	24.8%	(9.9)	-1.2%	(8.0)	-1.3%	23.5%
Tax Expenses	(16.8)	-6.1%	(13.8)	-6.1%	21.6%	(50.0)	-6.1%	(37.6)	-6.2%	32.9%
Other Operating Revenues (Expenses)	4.3	1.6%	61.7	27.3%	-93.0%	4.6	0.6%	109.6	17.9%	-95.8%
Income Before Tax	10.8	3.9%	48.4	21.5%	-77.7%	(10.0)	-1.2%	79.6	13.0%	-112.5%
Income Tax and Social Contribution	(4.3)	-1.6%	(21.3)	-9.5%	-79.8%	3.7	0.5%	(30.9)	-5.1%	-112.0%
Net Income	6.5	2.4%	27.1	12.0%	-76.0%	(6.3)	-0.8%	48.7	8.0%	-112.9%

Shareholders’ Equity

According to the accounting practices established by the Brazilian Central Bank, Luizacred shareholders’ equity in September 2012 stood at R$340.9 million. As a result of adjustments required under IFRS, the shareholders’ equity of Luizacred for use in the financial statements of Magazine Luiza was R$344.7 million.

RESULTS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous interpreting)

November 13, 2012 (Tuesday)

13:00 PM – Brasilia Time

10:00 AM – US EST

Callers from Brazil:

Dial-in: +55 11 3127-4971

Access code: Magazine Luiza

Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/605

Callers from other countries:

Dial-in: +1 516 3001066

Access code: Magazine Luiza

Webcast link: http://webcast.mzvaluemonitor.com/Home/Login/606

Replay (available for 7 days):

Dial-in: +55 11 3127-4999

Portuguese version: 79212933# / English version: 37310434#

Investor Relations

Roberto Bellissimo Rodrigues	**Tatiana Santos**	**Anderson Rezende**
Chief Financial and Investor Relations Officer	IR and New Businesses Manager	IR and New Businesses Coordinator

Phone: +55 11 3504-2727

ri@magazineluiza.com.br

About Magazine Luiza

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

EBITDA, Adjusted EBITDA and Adjusted Net Income

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

Disclaimer

Quarterly Information (ITR)

Magazine Luiza S.A.

September 30, 2012

Magazine Luiza S.A.

Quarterly Information

September 30, 2012

Contents

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

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

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

Introduction

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

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

Scope of review

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

Conclusion on the individual interim financial information

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

Conclusion on the consolidated interim financial information

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

Other matters

Statements of value added

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

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

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

São Paulo, November 12, 2012

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

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

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

Magazine Luiza S.A.

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

	Note	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
		09/30/2012	12/31/2011	09/30/2012	12/31/2011
Assets					
Current assets					
Cash and cash equivalents	4.1	78,217	150,980	99,026	173,117
Securities	4.2	204,442	26,876	274,331	74,957
Accounts receivable	5	490,235	436,326	1,963,588	1,927,828
Inventories	6	1,306,919	1,092,081	1,306,919	1,264,657
Related parties	7	68,393	130,165	32,595	42,601
Taxes recoverable		40,800	18,749	42,417	24,608
Other assets	8	71,113	21,819	108,529	59,359
Total current assets		2,260,119	1,876,996	3,827,405	3,567,127
Noncurrent assets					
Securities	4.2	-	-	27,353	43,267
Accounts receivable	5	1,331	5,858	2,265	9,407
Deferred income and social contribution taxes	9	152,239	122,333	205,076	178,907
Taxes recoverable		9,166	15,182	12,099	31,042
Judicial deposits		114,956	53,534	123,234	88,969
Other assets		37,545	15,782	38,516	19,789
Investments in subsidiaries	10	12,034	72,877	-	-
Investments in jointly-controlled subsidiaries	11	213,231	161,256	-	-
Property and equipment	12	550,083	417,295	552,026	489,938
Intangible assets	13	435,165	175,716	441,033	448,908
Total noncurrent assets		1,525,750	1,039,833	1,401,602	1,310,227
Total assets		3,785,869	2,916,829	5,229,007	4,877,354

	Note	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
		09/30/2012	12/31/2011	09/30/2012	12/31/2011
Liabilities and equity					
Current liabilities					
Suppliers	14	1,172,693	1,091,013	1,175,623	1,267,774
Loans and financing	15	222,983	94,979	222,983	129,671
Interbank deposits	16	-	-	966,187	981,478
Operations with credit cards		-	-	482,900	436,130
Payroll, vacation and related charges		137,526	109,726	139,985	121,596
Taxes payable		13,401	33,289	34,489	49,324
Related parties	7	29,806	45,737	13,799	25,492
Tax payment in installments	17	9,248	2,854	9,248	2,854
Deferred revenue	18	38,023	19,217	32,479	24,092
Dividends payable		-	1,662	-	1,662
Technical insurance reserves		-	-	36,115	32,464
Other accounts payable		94,314	78,715	99,248	94,598
Total current liabilities		1,717,994	1,477,192	3,213,056	3,167,135
Noncurrent liabilities					
Loans and financing	15	892,566	496,278	892,566	581,664
Tax payment in installments	17	2,377	4,398	2,377	4,398
Provision for tax, civil and labor risks	19	172,815	84,176	185,460	173,404
Technical insurance reserves		-	-	17,182	17,853
Deferred revenue	18	382,813	230,490	300,282	294,261
Deferred income and social contribution taxes	8	6,476	-	6,594	10,765
Other accounts payable		5,265	3,350	5,927	6,929
Total noncurrent liabilities		1,462,312	818,692	1,410,388	1,089,274
Total liabilities		3,180,306	2,295,884	4,623,444	4,256,409
Equity					
Capital	20	606,505	606,505	606,505	606,505
Capital reserve	20	2,115	-	2,115	-
Legal reserve	20	4,025	4,025	4,025	4,025
Retained earnings reserve	20	9,306	10,415	9,306	10,415
Other comprehensive income		67	-	67	-
Loss for the period		(16,455)	-	(16,455)	-
Total liabilities and equity		605,563	620,945	605,563	620,945
Total liabilities and equity		3,785,869	2,916,829	5,229,007	4,877,354

See accompanying notes.

Magazine Luiza S.A.

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

		Nine-month periods ended				Third quarters ended			
		Company - BR GAAP		Consolidated - IFRS and BR GAAP		Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	Note	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
			(Reclassified)	(Reclassified)			(Reclassified)		(Reclassified)
Net revenue	21	**4,680,797**	3,571,980	**5,451,442**	4,491,513	**1,690,691**	1,277,518	**1,844,411**	1,602,658
Cost of goods resold, services rendered and fund raising for financial operations	22	**(3,338,455)**	(2,515,477)	**(3,655,090)**	(3,015,387)	**(1,203,693)**	(901,263)	**(1,226,168)**	(1,079,047)
Gross income		**1,342,342**	1,056,503	**1,796,352**	1,476,126	**486,998**	376,255	**618,243**	523,611
Operating income (expenses)									
Selling expenses		**(948,194)**	(736,605)	**(1,141,862)**	(939,026)	**(347,433)**	(263,676)	**(387,684)**	(335,494)
General and administrative expenses		**(222,662)**	(180,275)	**(270,826)**	(239,996)	**(82,818)**	(68,660)	**(90,969)**	(89,813)
Provisions for loan losses		**(14,093)**	(7,285)	**(252,674)**	(171,754)	**(4,370)**	(2,665)	**(84,133)**	(68,104)
Depreciation and amortization		**(59,877)**	(54,025)	**(66,628)**	(65,672)	**(21,936)**	(18,583)	**(22,947)**	(22,779)
Equity in subsidiaries	10 and 11	**(20,620)**	33,008	**-**	-	**6,792**	15,831	**-**	-
Other operating income (expenses), net	24	**19,118**	45,103	**19,021**	122,745	**11,449**	9,663	**13,310**	61,957
		(1,246,328)	(900,079)	**(1,712,969)**	(1,293,703)	**(438,316)**	(328,090)	**(572,423)**	(454,233)
Operating income (loss) before financial expenses		**96,014**	156,424	**83,383**	182,423	**48,682**	48,165	**45,820**	69,378
Financial results	25	**(140,402)**	(129,703)	**(125,210)**	(125,477)	**(47,862)**	(38,554)	**(40,690)**	(37,422)
Operating income (loss) before income and social contribution taxes		**(44,388)**	26,721	**(41,827)**	56,946	**820**	9,611	**5,130**	31,956
Income and social contribution taxes – current and deferred	8	**27,933**	1,837	**25,372**	(28,388)	**1,528**	2,070	**(2,782)**	(20,275)
Net income (loss) for the period		**(16,455)**	28,558	**(16,455)**	28,558	**2,348**	11,681	**2,348**	11,681
				-61%	-50%				
Net income (loss) attributable to:									
Company owners		**(16,455)**	28,558	**(16,455)**	28,558	**2,348**	11,681	**2,348**	11,681
Earnings (loss) per share									
Basic and diluted (reais per share)		**(0.09)**	0.16	**(0.09)**	0.16	**0.01**	0.06	**0.01**	0.06

See accompanying notes.

Magazine Luiza S.A.

Statements of changes in equity
Nine- and three-month periods ended September 30, 2012 and 2011
(In thousands of reais)

	Note	Capital	Capital reserve	Legal reserve	Retained earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Total
Balances at December 31, 2010		43,000	-	3,442	994	-	-	47,436
Capital increase, net of expenses with share issue and related tax effects	20	563,505	-	-	-	-	-	563,505
Net income for the year		-	-	-	-	28,558	-	28,558
Balances at September 30, 2011		**606,505**	**-**	**3,442**	**994**	**28,558**	**-**	**639,499**
Balances at December 31, 2011		**606,505**	**-**	**4,025**	**10,415**	**-**	**-**	**620,945**
Stock option plan		**-**	**2,115**	**-**	**-**	**-**	**-**	**2,115**
Loss for the period		**-**	**-**	**-**	**-**	**(16,455)**	**-**	**(16,455)**
Dividends		**-**	**-**	**-**	**(1,109)**	**-**	**-**	**(1,109)**
		606,505	**2,115**	**4,025**	**9,306**	**(16,455)**	**-**	**605,496**
Other comprehensive income:								
Adjustment of financial instruments		**-**	**-**	**-**	**-**	**-**	**67**	**67**
Balances at September 30, 2012		**606,505**	**2,115**	**4,025**	**9,306**	**(16,455)**	**67**	**605,563**

See accompanying notes.

Magazine Luiza S.A.

Cash flow statements
Nine- and three-month periods ended September 30, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

		Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	Note	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Cash flow from operating activities					
Net income (loss) for the period		**(16,455)**	28,558	**(16,455)**	28,558
Adjustments to reconcile net income (loss) for the period to cash from operating activities:					
Income and social contribution tax expense recognized in P&L	8	**(27,933)**	(1,837)	**(25,372)**	28,388
Depreciation and amortization		**59,877**	54,025	**66,628**	65,672
Interest on loans and financing provisioned		**70,310**	70,828	**74,753**	83,883
Boutique investment fund yield		**(8,436)**	(15,017)	**(8,436)**	(15,017)
Equity in subsidiaries	10 and 11	**20,620**	(33,008)	**-**	-
Changes in provision for losses on assets		**25,276**	8,472	**263,857**	170,418
Provision for tax, civil and labor risks	19	**17,200**	21,560	**27,819**	(7,351)
Fixed and intangible asset disposal, net of gain on disposal		**2,288**	(10,600)	**2,305**	(10,600)
Deferred revenue	24	**(30,822)**	(35,960)	**(37,770)**	(36,984)
Tax refunds		**-**	-	**-**	-
Expenses with stock option plan		**2,115**	-	**2,115**	-
(Increase) decrease in operating assets:					
Accounts receivable		**13,687**	9,982	**(281,292)**	(392,915)
Securities		**-**	-	**(5,738)**	(8,047)
Inventories		**(68,779)**	(93,527)	**(53,445)**	(149,884)
Related parties		**73,244**	(71,015)	**10,006**	(22,447)
Taxes recoverable		**4,775**	12,167	**1,480**	1,093
Other assets		**(79,914)**	(31,477)	**(102,162)**	(31,961)
			-		-
Increase (decrease) in operating liabilities:			-		-
Suppliers		**(98,496)**	(142,456)	**(92,151)**	(144,152)
Interbank deposits		**-**	-	**(15,291)**	71,339
Operations with credit card		**-**	-	**46,770**	128,843
Technical insurance reserves		**-**		**2,980**	4,381
Payroll, vacation and related charges		**15,223**	7,598	**18,389**	16,567
Taxes payable		**(20,236)**	(17,461)	**(14,754)**	(34,822)
Related parties		**(68,663)**	(5,988)	**(11,693)**	(697)
Tax payment in installments		**4,373**	(6,941)	**4,373**	(41,721)
Other accounts payable		**22,910**	(3,975)	**40,063**	(21,945)
Cash used in operating activities		**(87,836)**	(256,072)	**(103,021)**	(319,401)
Income and social contribution taxes paid		**(346)**	(3,596)	**(5,484)**	(3,596)
Receipt of dividends from subsidiaries		**7,150**	5,970	**-**	-
Net cash used in (provided by) operating activities		**(81,032)**	(253,698)	**(108,505)**	(322,997)
Cash flow from investing activities					
Fixed asset purchases	11	**(92,348)**	(73,491)	**(106,249)**	(91,219)
Intangible asset purchase	12	**(12,963)**	(17,812)	**(16,897)**	(21,420)
Boutique investment fund investments		**(694,800)**	(1,202,688)	**(694,800)**	(1,202,688)
Redemption of boutique investment fund investments		**525,670**	1,009,597	**525,670**	1,009,597
Investment in subsidiaries		**(49,465)**	(106,956)	**-**	(106,956)
Cash provided by company merger		**5,459**	-	**-**	-
Cash from fixed asset disposal		**-**	15,525	**-**	32,605
Cash used in investing activities		**(318,447)**	(375,825)	**(292,276)**	(380,081)
Cash flow from financing activities					
Capital increase due to public offer of shares		**-**	552,993	**-**	552,993
Raising of loans and financing		**478,413**	184,723	**478,413**	184,791
Loans and financing repayment		**(80,043)**	(198,361)	**(80,069)**	(223,611)
Interest on loans and financing paid		**(68,883)**	(57,305)	**(68,883)**	(61,992)
Dividends paid		**(2,771)**	-	**(2,771)**	-
Cash provided by (used in) financing activities		**326,716**	482,050	**326,690**	452,181
Decrease in cash and cash equivalents		**(72,763)**	(147,473)	**(74,091)**	(250,897)
Cash and cash equivalents at the beginning of the period		**150,980**	181,263	**173,117**	328,865
Cash and cash equivalents at the end of the period		**78,217**	33,790	**99,026**	77,968
Decrease in cash and cash equivalents		**(72,763)**	(147,473)	**(74,091)**	(250,897)

See accompanying notes.

Magazine Luiza S.A.

Statements of value added
Nine- and three-month periods ended September 30, 2012 and 2011
(Amounts expressed in thousands of reais - R$)

	Company - BR GAAP		Consolidated - IFRS and BR GAAP	
	09/30/2012	09/30/2011 (Reclassified)	09/30/2012	09/30/2011 (Reclassified)
Revenues				
Sale of goods, products and services	**5,285,515**	4,032,179	**6,124,237**	5,097,125
Allowance for doubtful accounts, net of reversals	**(14,093)**	(7,285)	**(252,674)**	(171,754)
Other operating revenues	**40,392**	47,685	**73,674**	62,744
	5,311,814	4,072,579	**5,945,237**	4,988,115
Inputs acquired from third parties				
Cost of products, goods and services sold	**(3,635,480)**	(2,760,628)	**(3,952,157)**	(3,264,771)
Materials, energy, outsourced services and others	**(423,257)**	(294,567)	**(597,917)**	(360,991)
Loss on assets	**(9,080)**	(5,813)	**(9,080)**	(5,813)
	(4,067,817)	(3,061,008)	**(4,559,154)**	(3,631,575)
Gross value added	**1,243,997**	1,011,571	**1,386,083**	1,356,540
Depreciation and amortization	**(59,877)**	(54,025)	**(66,628)**	(65,672)
Net value added generated by the entity	**1,184,120**	957,546	**1,319,455**	1,290,868
Value added received in transfer				
Equity in subsidiaries	**(20,620)**	33,008	**-**	-
Financial income	**38,461**	29,606	**45,530**	40,050
Total value added to be distributed	**1,201,961**	1,020,160	**1,364,985**	1,330,918
Value added distribution				
Payroll and charges:				
Direct remuneration	**406,651**	331,926	**437,811**	379,299
Benefits	**80,982**	62,688	**88,611**	75,463
FGTS	**38,274**	28,622	**41,189**	33,552
	525,907	423,236	**567,611**	488,314
Taxes, charges and contributions:				
Federal	**199,437**	189,464	**274,206**	316,068
State	**165,241**	120,265	**202,489**	205,099
Municipal	**16,978**	14,465	**22,311**	18,122
	381,656	324,194	**499,006**	539,289
Interest on third party debt:				
Interest	**156,112**	142,622	**147,488**	147,962
Rent	**131,989**	85,465	**144,033**	108,624
Other	**22,752**	16,085	**23,302**	18,171
	310,853	244,172	**314,823**	274,757
Interest on equity:				
Retained earnings (accumulated losses)	**(16,455)**	28,558	**(16,455)**	28,558
	1,201,961	1,020,160	**1,364,985**	1,330,918

See accompanying notes.

1. Operations

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

At September 30, 2012, the Company and its subsidiaries had 736 stores (728 stores at December 31, 2011) and 9 distribution centers (8 distribution centers at December 31, 2011) located in the Brazilian South, Southeast, Mid-West and Northeast regions.

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

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

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

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

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

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

2. Basis of presentation and summary of significant accounting practices

2.1. Accounting practices

This quarterly information (ITR) was approved by the executive board on November 9, 2012.

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

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

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

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

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

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

2.1. Accounting practices (Continued)

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

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

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

In addition, the Company changed the criterion for recognition of interest on discount of credit card receivables, which started to be recognized in P&L for the year at the time of the discount, since the Company no longer bears the risk of realization of such receivables. This change generated an additional expense for the period of R$11,441.

Other matters

In addition, to allow better presentation, the following amounts were reclassified in the statement of operations for the six-month period ended September 30, 2011: i) R$ 5,171 thousand related to management fees and profit sharing, from “Other operating income, net” to “General and administrative expenses”, and ii) R$ 46,268 related to credit card expenses, from “Other operating income, net” to “Selling expenses". In the statement of value added, there was reclassification for the six-month period ended September 30, 2011, of R$ 332,376 related to tax substitution costs from the group of “Taxes, charges and contributions” to the group of “Cost of products, goods and services sold”. Also, in note “Related parties”, we disclosed additional information about transactions involving revenues for R$30,408 in Company (R$49,437 in consolidated) and expenses for R$86,540 in consolidated.

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

2.1. Accounting practices (Continued)

Other matters (Continued)

In the cash flow statement there was reclassification for the six-month period ended September 30, 2011: i) “Boutique investment fund yield”, in the amount of R$ 15,017 from the group of “Cash flow from investing activities ” to the group of “Cash flow from operating activities”, ii) R$ 4,381 related to technical insurance reserves from “Other accounts payable” to “Technical insurance provisions”, (iii) account “Receipt of dividends from subsidiaries” for R$5,970 of group “Cash flows from investing activities” for group “Cash flows from operating activities”.

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

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

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

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

- Operations with credit cards (Note 15);

(In thousands of reais)

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

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

4. Cash and cash equivalents and securities

4.1. Cash and cash equivalents

		Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	Rates	09/30/2012	12/31/2011	09/30/2012	12/31/2011
Cash		**17,070**	10,751	**17,077**	13,260
Banks		**32,564**	32,820	**40,511**	41,428
Financial assets stated at fair value through profit or loss and held for trading:					
Bank deposit certificates	From 95.0% to 102.5% CDI	**28,320**	106,876	**30,750**	113,025
Non-exclusive investment funds	102.0% CDI	**263**	533	**10,688**	5,404
Total cash and cash equivalents		**78,217**	150,980	**99,026**	173,117

(In thousands of reais)

4. Cash and cash equivalents and securities (Continued)

4.2. Securities

Financial assets stated at fair value through profit or loss	Average rates	Company (BR GAAP) 09/30/2012	Company (BR GAAP) 12/31/2011	Consolidated (IFRS and BR GAAP) 09/30/2012	Consolidated (IFRS and BR GAAP) 12/31/2011
Held for trading					
Non-exclusive investment fund	105% CDI	**4,366**	-	**38,918**	29,587
Boutique investment fund:					
Investment fund shares	(a)	**6,643**	-	**6,643**	-
Federal public securities	(a)	**9,466**	22,476	**9,466**	22,476
Repurchase agreements	(a)	**24,993**	2,803	**24,993**	2,803
Term deposits and other securities	(a)	**158,974**	1,597	**158,974**	1,597
Available for sale					
Fixed income securities - LFT	100% Selic	**-**	-	**62,690**	61,761
Total marketable securities		**204,442**	26,876	**301,684**	118,224
Current assets		**204,442**	26,876	**274,331**	74,957
Non-current assets		**-**	-	**27,353**	43,267
Total		**204,442**	26,876	**301,684**	118,224

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

5. Accounts receivable

	Company (BR GAAP) 09/30/2012	Company (BR GAAP) 12/31/2011	Consolidated (IFRS and BR GAAP) 09/30/2012	Consolidated (IFRS and BR GAAP) 12/31/2011
Trade accounts receivable:				
Debit and credit cards (a)	**261,809**	262,117	**261,809**	293,739
Own credit sales (b)	**83,492**	59,824	**83,492**	73,492
Supplementary guarantee contracts (c)	**67,750**	31,434	**67,750**	31,434
Credit operations (d)	**-**	-	**1,709,121**	1,667,164
Total trade accounts receivable	**413,051**	353,375	**2,122,172**	2,065,829
Commercial agreements (e)	**136,101**	128,265	**136,101**	146,738
Provisions for loan losses	**(30,186)**	(24,456)	**(265,020)**	(259,221)
Present value adjustment	**(27,400)**	(15,000)	**(27,400)**	(16,111)
Total accounts receivable	**491,566**	442,184	**1,965,853**	1,937,235
Current	**490,235**	436,326	**1,963,588**	1,927,828
Noncurrent	**1,331**	5,858	**2,265**	9,407

5. Accounts receivable (Continued)

The amounts classified as accounts receivable presented above are classified as receivables and thus measured at amortized cost. Average days sales outstanding are of 19 days – Company and 88 days – Consolidated.

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

There was assignment of title to accounts receivable in guarantee of loans in the amount of R$ 152,742 at September 30, 2012 (R$187,269 at December 31,2011), represented by accounts receivable in connection with credit cards.

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

At September 30, 2012, the Company had assigned title to accounts receivable to financial institutions totaling R$659,549 (R$441,012 at December 31, 2011), to which there is application of a discount from 106.5% to 108.0% of CDI, posted to financial expenses in P&L. Through the advance on credit card receivables operation, the Company transfers to the credit card companies and financial institutions all the risks related to customers' default, as such, the balance of accounts receivable is net of these credits.

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

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

(In thousands of reais)

5. Accounts receivable (Continued)

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

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

Changes in the provisions for loan losses are as follows:

	Company		Consolidated	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Balance at the beginning of the period	**(24,456)**	(28,172)	**(259,221)**	(182,924)
(+) Additions	**(14,093)**	(18,710)	**(252,674)**	(250,362)
(-) Write-offs	**8,363**	22,426	**246,875**	174,065
Balance at the end of the period	**(30,186)**	(24,456)	**(265,020)**	(259,221)

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

	Company		Consolidated	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Falling due:				
Up to 30 days	**54,907**	29,895	**581,425**	509,045
From 31 to 60 days	**36,809**	39,248	**357,925**	330,951
From 61 to 90 days	**28,753**	48,713	**248,886**	249,269
From 91 to 180 days	**145,996**	101,132	**398,291**	401,886
From 181 to 360 days	**119,923**	109,075	**239,693**	281,020
Above 361 days	**5,952**	8,440	**6,927**	12,433
	395,543	336,503	**1,836,350**	1,784,604
Overdue:				
Up to 30 days	**6,209**	4,573	**36,813**	26,046
From 31 to 60 days	**3,605**	2,882	**20,329**	18,622
From 61 to 90 days	**2,725**	2,468	**26,851**	31,843
From 91 to 180 days	**4,969**	6,949	**65,499**	71,431
From 181 to 360 days	**-**	-	**136,232**	132,636
Above 361 days	**-**	-	**98**	647
	17,508	16,872	**285,822**	281,225
Total	**413,051**	353,375	**2,122,172**	2,065,829

(In thousands of reais)

5. Accounts receivable (Continued)

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

	Company		Consolidated	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Falling due:				
Up to 30 days	**39,111**	32,270	**39,111**	35,281
From 31 to 60 days	**22,213**	55,221	**22,213**	63,650
From 61 to 90 days	**6,182**	16,195	**6,182**	17,609
From 91 to 180 days	**46,603**	15,637	**46,603**	17,276
From 181 to 360 days	**23**	850	**23**	944
Above 361 days	**-**	-	**-**	-
	114,132	120,173	**114,132**	134,760
Overdue:				
Up to 30 days	**4,031**	2,056	**4,031**	3,106
From 31 to 60 days	**3,354**	1,145	**3,354**	1,926
From 61 to 90 days	**2,604**	387	**2,604**	658
From 91 to 180 days	**6,068**	1,429	**6,068**	2,577
From 181 to 360 days	**3,278**	1,661	**3,278**	2,297
Above 361 days	**2,634**	1,414	**2,634**	1,414
	21,969	8,092	**21,969**	11,978
Total	**136,101**	128,265	**136,101**	146,738

6. Inventories

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Resale goods	**1,320,633**	1,101,316	**1,320,633**	1,274,953
Consumption materials	**6,903**	5,171	**6,903**	7,891
Advance to suppliers	**831**	628	**831**	628
Provisions for losses	**(21,448)**	(15,034)	**(21,448)**	(18,815)
Total	**1,306,919**	1,092,081	**1,306,919**	1,264,657

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

(In thousands of reais)

6. **Inventories** (Continued)

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

	Company		Consolidated	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Balance at the beginning of the period	**(15,034)**	(18,597)	**(18,815)**	(32,629)
Inventories written off or sold	**8,550**	9,643	**8,550**	20,043
Addition for merger	**(3,781)**	-	**-**	-
Setting up of provision	**(11,183)**	(6,080)	**(11,183)**	(6,229)
Balance at the end of the period	**(21,448)**	(15,034)	**(21,448)**	(18,815)

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

7. Related parties

a) Related party balance

	Company (BRGAAP)		Consolidated (IFRS and BR GAAP)	
Current assets	**09/30/2012**	**12/31/2011**	**09/30/2012**	**12/31/2011**
Commissions for services rendered				
Jointly-controlled subsidiaries:				
Luizacred (i)	**32,799**	30,415	**16,174**	15,555
Luizaseg (ii)	**13,435**	10,788	**6,717**	5,394
	46,234	41,203	**22,891**	20,949
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**757**	498	**-**	-
Refund of expenses and expenses with consortium drawings				
Subsidiaries:				
Grupo de Consórcios (“LAC”) (iii)	**1,028**	169	**1,028**	749
Lojas Maia (iv)	**-**	24,498	**-**	-
	1,028	24,667	**1,028**	749
Dividends receivable:				
Luizacred (i)	**3,022**	2,451	**-**	-
Luizaseg (ii)	**-**	1,774	**-**	-
	3,022	4,225	**-**	-
Balance receivable from credit card sales:				
Luizacred (i)	**17,352**	39,008	**8,676**	20,903
Loan agreements with subsidiary:				
Lojas Maia (iv)	**-**	20,564	**-**	-
Total current assets	**68,393**	130,165	**32,595**	42,601

(In thousands of reais)

7. Related parties (Continued)

a) Related party balance (Continued)

Current liabilities	Company (BRGAAP) 09/30/2012	Company (BRGAAP) 12/31/2011	Consolidated (IFRS and BR GAAP) 09/30/2012	Consolidated (IFRS and BR GAAP) 12/31/2011
Transfer of amounts received in connection with services rendered				
Jointly-controlled subsidiaries:				
Luizacred (i)	**17,230**	15,656	**7,225**	3,805
Luizaseg (ii)	**10,831**	16,785	**5,414**	8,391
	28,061	32,441	**12,639**	12,196
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**585**	574	**-**	574
Rent payable and other fund transfers				
Controlled by Company majority shareholders:				
MTG Administração, Assessoria e Participações S.A. (v)	**886**	1,103	**886**	1,103
PJD Agropastoril Ltda. (vii)	**32**	31	**32**	31
	918	1,134	**918**	1,134
Controlled by Company majority shareholders:				
Balance of advertising campaigns payable:				
ETCO - Empresa Técnica de Comunicação Ltda. (vi)	**242**	11,588	**242**	11,588
Total current liabilities	**29,806**	45,737	**13,799**	25,492
Other balances with related parties				
Itaú Unibanco S.A. (viii)				
Credit card operations:	**-**	-	**966,187**	981,478
Redecard S.A. (ix).				
Other balances with related parties	**-**	-	**482,900**	436,130

(In thousands of reais)

7. Related parties (Continued)

b) Transactions with related parties

	Nine-month period ended				Quarter ended			
	Company (BRGAAP)		Consolidated (IFRS and BR GAAP)		Company (BRGAAP)		Consolidated (IFRS and BR GAAP)	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Revenue from service intermediation commissions								
Jointly-controlled subsidiaries:								
Luizacred (i)	**95,812**	91,718	**47,906**	45,859	**30,678**	31,897	**15,339**	15,948
Luizaseg (ii)	**84,384**	62,318	**42,192**	31,159	**32,828**	22,648	**16,414**	11,324
	180,196	154,036	**90,098**	77,018	**63,506**	54,545	**31,753**	27,272
Subsidiaries:								
Consortium Group (“LAC”) (iii)	**4,197**	3,609	**-**	-	**1,502**	1,214	**-**	-
Refund of shared expenses								
Jointly-controlled subsidiary:								
Luizacred (i)	**27,173**	35,030	**13,587**	17,515	**9,275**	11,201	**4,638**	5,600
Subsidiaries:								
Lojas Maia (iv)	**7,131**	30,408	**-**	-	**-**	8,282	**-**	-
Financial income from intercompany loan:								
Lojas Maia (iv)	**1,108**	-	**-**	-	**-**	-	**-**	-
Revenue from personal credit operation - Profit Sharing:								
Itaú Unibanco S.A. (viii)	**-**	-	**11,859**	38,258	**-**	-	**4,682**	4,183
Transactions with other Itaú Group companies:								
Financial service intermediation (ix)	**-**	-	**9,268**	11,179	**-**	-	**2,722**	6,275
	-	-	**9,268**	11,179	**-**	-	**2,722**	6,275
Result from fixed asset sale								
Controlled by Company majority shareholders:								
MTG Administração, Assessoria e Participações S.A. (v)	**-**	10,661	**-**	10,661	**-**	-	**-**	-
Total revenues	**219,805**	223,744	**124,812**	154,631	**74,283**	75,242	**43,795**	43,330

(In thousands of reais)

7. Related parties (Continued)

b) Transactions with related parties (Continued)

	Nine-month period ended				Quarter ended			
	Company (BRGAAP)		Consolidated (IFRS and BR GAAP)		Company (BRGAAP)		Consolidated (IFRS and BR GAAP)	
	09/30/2012	**09/30/2011**	**09/30/2012**	**09/30/2011**	**09/30/2012**	**09/30/2011**	**09/30/2012**	**09/30/2011**
Expenses with rent of commercial buildings								
Controlled by Company majority shareholders:								
MTG Administração, Assessoria e Participações S.A. (v)	**(2,763)**	(4,530)	**(2,763)**	(4,530)	**(1,943)**	(969)	**(1,943)**	(969)
PJD Agropastoril Ltda. (vii)	**(320)**	(436)	**(320)**	(436)	**(129)**	(38)	**(129)**	(38)
	(3,083)	(4,966)	**(3,083)**	(4,966)	**(2,072)**	(1,007)	**(2,072)**	(1,007)
Expenses with charges on advance on credit card receivables:								
Luizacred (i)	**(34,774)**	-	**(17,387)**	-	**(10,164)**	24,709	**(5,082)**	12,355
Expenses with charges on interbank deposits:								
Itaú Unibanco (viii)	**-**	-	**(65,860)**	(76,778)	**-**	-	**(19,235)**	(29,384)
Shared costs:								
Itaú Unibanco (viii)	**-**	-	**(11,518)**	(8,777)	**-**	-	**(3,871)**	(4,271)
Cardif do Brasil Vida e Previdência S.A. (x)	**-**	-	**(1,025)**	(985)	**-**	-	**(235)**	(337)
Expenses with advertising campaigns								
Controlled by Company majority shareholders:								
ETCO - Empresa Técnica de Comunicação Ltda. (vi)	**(109,203)**	(64,320)	**(109,203)**	(64,320)	**(40,113)**	(20,769)	**(40,113)**	(20,769)
Total expenses	**(147,060)**	(69,286)	**(208,076)**	(155,826)	**(52,349)**	2,933	**(70,608)**	(43,413)

7. Related parties (Continued)

b) Transactions with related parties (Continued)

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

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

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

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

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

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

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

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

7. Related parties (Continued)

b) Transactions with related parties (Continued)

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

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

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

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

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

(a) Interbank deposits and related charges posted to P&L, according to Note 16, correspond to fund raisings by Luizacred.

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

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

(In thousands of reais)

7. Related parties (Continued)

b) Transactions with related parties (Continued)

ix. Transactions with other affiliates, which are controlled by Itaú Unibanco S.A., refer to intermediation of financial services, mainly related to insurance sales and banking communication operations.

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

The Company also has balances related to deferred revenues from related parties, presented in specific account heading, as described in Note 18.

c) Management compensation

	Nine-month period ended	
	09/30/2012	**09/30/2011**
Board of directors compensation	**246**	150
Executive board compensation	**4,493**	4,063
Total	**4,739**	4,213

The Company does not have post-employment benefits, labor contract termination benefits or other long-term benefits, other than the stock option plan detailed in Note 20. Short-term benefits for the executive board are the same granted to other employees. The amounts of such benefits are included in executive board compensation. On April 1, 2011, the Company's board of directors approved a share-based compensation plan for management and certain board members. Share options related to this plan were granted on January 5, 2012, see Note 20. In addition, the Company does not have any benefits for key management personnel of its related parties.

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

(In thousands of reais)

8. Other assets

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Prepaid expenses (a)	**35,681**	4,131	**35,681**	6,085
Credits from securities issued to cover court-ordered debts (b)	**31,875**	8,838	**31,875**	8,838
Settlement in progress	**-**	-	**21,735**	20,733
IPI benefit (c)	**9,857**	5,493	**9,857**	5,493
Prepaid personnel expenses	**8,013**	6,881	**8,013**	7,146
Intermediation of services receivable	**8,535**	4,594	**17,004**	11,253
Escrow deposits	**4,570**	6,944	**4,570**	6,944
Other	**10,127**	720	**18,310**	12,656
Total	**108,658**	37,601	**147,045**	79,148
Current assets	**71,113**	21,819	**108,529**	59,359
Noncurrent assets	**37,545**	15,782	**38,516**	19,789

a) Prepaid expenses in connection with services to be advertised, insurance contracts, and taxes, among others, which will be expensed in accordance with the deadlines set by the contracts.

b) Credits from securities issued to cover court-ordered debts in the States of Paraná and São Paulo. The variation in balance arises from return on credits from securities previously used, as described in Note 17.

c) Receivable from suppliers in connection with IPI benefit, granted to the home appliances and furniture line.

(In thousands of reais)

9. Income and social contribution taxes

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

	Nine-month periods ended				Quarter ended			
	Company		Consolidated		Company		Consolidated	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Net income (loss) before income and social contribution taxes	**(44,388)**	26,721	**(41,827)**	56,946	**820**	9,611	**5,130**	31,956
Applicable rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Credit (debit) income and social contribution taxes at ruling rates	**15,092**	(9,085)	**14,221**	(19,362)	**(279)**	(3,268)	**(1,744)**	(10,865)
Effect from deferred tax balance due to rate difference of CSSL for financial institutions, from 9% to 15%	**-**	-	**705**	45	**-**	-	**(175)**	(595)
Effect from tax losses not recorded as deferred taxes of merged company Lojas Maia	**-**	-	**(8,149)**	-	**-**	-	**-**	-
Deferred taxes on temporary differences of Lojas Maia, after merger	**20,741**	-	**20,741**	-	**-**	-	**-**	-
Reconciliation with effective rate (effects from application of tax rates):								
Exclusion - Equity in subsidiaries	**(7,011)**	11,223	**-**	-	**2,309**	5,383	**-**	-
Other permanent (additions) exclusions, net	**(889)**	(301)	**(2,146)**	(9,071)	**(502)**	(45)	**(863)**	(8,815)
Income and social contribution tax credit (debit)	**27,933**	1,837	**25,372**	(28,388)	**1,528**	2,070	**(2,782)**	(20,275)
Current	**-**	-	**(4,968)**	(35,176)	**-**	-	**(2,235)**	(14,703)
Deferred	**27,933**	1,837	**30,340**	6,788	**1,528**	2,070	**(547)**	(5,572)
Total	**27,933**	1,837	**25,372**	(28,388)	**1,528**	2,070	**(2,782)**	(20,275)

(In thousands of reais)

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)	
	09/30/2012	12/31/2011	09/30/2012	12/31/2011
Deferred income and social contribution tax assets:				
Income and social contribution tax losses	**80,129**	68,747	**82,256**	72,470
Temporary difference due to adoption of RTT(1)	**2,313**	3,219	**2,313**	3,219
Provision for loan losses	**17,085**	9,512	**58,426**	51,618
Provision for inventory losses	**8,078**	5,112	**8,078**	5,112
Provision for tax, civil and labor risks	**44,013**	28,620	**45,949**	30,256
Provision for tax, civil and labor risks in business combinations	**-**	-	**-**	4,345
Other provisions	**621**	7,123	**8,054**	11,887
	152,239	122,333	**205,076**	178,907
Deferred income and social contribution tax liabilities:				
Amortization of intangibles in business combinations	**-**	-	**-**	10,693
Temporary difference due to adoption of RTT(1)	**6,476**	-	**6,476**	-
Other	**-**	-	**118**	72
	6,476	-	**6,594**	10,765

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

10. Investments in subsidiaries

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

	Luiza Administradora de Consórcio ("LAC")		Lojas Maia	
	09/30/2012	12/31/2011	04/30/2012 Merger date	12/31/2011
Units of interest /shares held	**6,500**	6,500	5,000	5,000
Current assets	**15,479**	11,815	269,761	270,313
Noncurrent assets	**1,797**	2,170	210,580	190,955
Current liabilities	**3,974**	3,607	311,663	288,716
Noncurrent liabilities	**1,268**	607	336,331	340,026
Net revenue	**22,357**	25,795	311,951	777,998
Capital	**6,500**	6,500	47,000	17,000
Equity (capital deficiency)	**12,034**	9,771	(167,653)	(167,473)
Net income (loss) for the year/period	**2,263**	(354)	(30,177)	10,246

(In thousands of reais)

10. Investments in subsidiaries (Continued)

Changes in investments	09/30/2012	12/31/2011	09/30/2012	12/31/2011
Balance at the beginning of the period	**9,771**	10,125	**63,106**	96,017
Advance for future capital increase	**-**	-	**30,000**	12,000
Loss on share subscription	**-**	-	**-**	(55,157)
Equity pickup	**2,263**	(354)	**(30,177)**	10,246
Merged book net assets	**-**	-	**(62,929)**	-
Balance at the end of the period	**12,034**	9,771	**-**	63,106

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

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

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

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

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

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

	Luizacred		Luizaseg	
	09/30/2012	12/31/2011	09/30/2012	12/31/2011
Total shares - in thousands	**978**	847	**13,883**	13,883
Direct shareholding percentage	**50%**	40.55% (i)	**50%**	50%
Current assets	**3,045,182**	2,944,752	**158,586**	104,350
Non-current assets	**330,792**	326,468	**59,000**	91,910
Current liabilities	**2,992,216**	2,955,772	**101,202**	83,626
Non-current liabilities	**39,056**	12,468	**34,622**	35,838
Net revenue	**982,916**	1,057,740	**124,992**	137,508
Capital	**274,624**	226,624	**13,884**	13,884
Equity	**344,702**	302,980	**81,762**	76,796
Net income (loss) for the year/period	**(6,278)**	45,494	**15,596**	14,942

	Luizacred		Luizaseg	
Changes investments	09/30/2012	12/31/2011	09/30/2012	12/31/2011
Balances at the beginning of the period	**122,858**	51,802	**38,398**	37,116
Capital increase	**19,464**	-	**-**	-
Addition for merger of subsidiary	**30,532**			
Relative interest increase (see statement presented hereinafter)	**-**	55,157	**-**	-
Proposed dividends	**-**	(2,489)	**(5,381)**	(6,189)
Other comprehensive income	**-**	-	**67**	-
Equity pickup	**(504)**	18,388	**7,797**	7,471
Balances at the end of the period	**172,350**	122,858	**40,881**	38,398

Total of investments in jointly-controlled subsidiaries	09/30/2012	12/31/2011
Luizacred	**172,350**	122,858
Luizaseg	**40,881**	38,398
	213,231	161,256

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

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

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

(In thousands of reais)

12. Property and equipment

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

	Company	Consolidated
Property and equipment, net at December 31, 2011	**417,295**	**489,938**
Additions	**92,348**	**106,249**
Addition for merger – Lojas Maia	**81,825**	**-**
Write-offs	**(1,917)**	**(1,917)**
Depreciation	**(39,468)**	**(42,244)**
Property and equipment, net at September 30, 2012	**550,083**	**552,026**
Breakdown of property and equipment at September 30, 2012:		
Property and equipment cost	**867,754**	**876,908**
Accumulated depreciation	**(317,671)**	**(324,882)**
Property and equipment, net at September 30, 2012	**550,083**	**552,026**

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

13. Intangible assets

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

	Company	Consolidated
Intangible assets, net at December 31, 2011	**175,716**	**448,908**
Additions	**12,963**	**16,897**
Addition for merger – Lojas Maia	**267,266**	**-**
Write-offs	**(371)**	**(388)**
Amortization	**(20,409)**	**(24,384)**
Intangible assets, net at September 30, 2012	**435,165**	**441,033**
Breakdown of intangible assets at September 30, 2012		
Intangible assets cost	**550,360**	**561,115**
Accumulated amortization	**(115,195)**	**(120,082)**
Intangible assets, net at September 30, 2012	**435,165**	**441,033**

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

(In thousands of reais)

14. Trade accounts payable

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	09/30/2012	**12/31/2011**	**09/30/2012**	**12/31/2011**
Resale goods - domestic market	**1,172,584**	1,077,806	**1,175,514**	1,257,299
Other suppliers	**9,148**	26,690	**9,148**	26,690
Present value adjustments	**(9,039)**	(13,483)	**(9,039)**	(16,215)
	1,172,693	1,091,013	**1,175,623**	1,267,774

(In thousands of reais)

15. Loans and financing

Type	Charges	Guarantees	Final maturity	Company 09/30/2012	Company 12/31/2011	Consolidated 09/30/2012	Consolidated 12/31/2011
BNDES (a)	TJLP + 2.38% p.a. (i) IPCA + 8.91% p.a. (ii)	Bank guarantee	Dec/13	**23,128**	32,297	**23,128**	32,297
Working capital (b)	107.5% to 118.8% of CDI p.a.	(b)	Mar/15	**764,603**	538,594	**764,603**	658,646
Finance leases (c)	CDI/TJLP/LIBOR	Chattel mortgage / Escrow deposits	Dec/19	**19,538**	20,366	**19,538**	20,392
Debentures – restricted placement (d)	113% of CDI	-	Jun/14	**204,545**	-	**204,545**	-
Promissory notes (e)	109% of CDI	-	Oct/12	**103,735**	-	**103,735**	-
				1,115,549	591,257	**1,115,549**	711,335
Current liabilities				**222,983**	94,979	**222,983**	129,671
Noncurrent liabilities				**892,566**	496,278	**892,566**	581,664

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

(b) his financing is secured by sureties, commercial pledge and part of credit card receivables, as described in Note 5.

Part of loans was raised in foreign currency, which is subject to fixed interest and exchange variation. In order to hedge its operations against the risk of exchange rate variation, the Company has taken out “swaps” of contractual charges for variable interest corresponding to a CDI percentage. It is a fully “tied” operation, which does not expose the Company to foreign exchange rate or foreign interest rate risks. The effect from this operation is shown in Note 27.

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

(In thousands of reais)

15. Loans and financing (Continued)

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

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

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

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

There was no change in the Company's contractual covenants in relation to December 31, 2011, other than the addendum to prove the use of funds provided through the investment plan and report on their use. At September 30, 2012 the Company complied with its contractual obligations.

16. Interbank deposits

		Consolidated (IFRS and BR GAAP)	
Type	**Charges**	**09/30/2012**	**12/31/2012**
Interbank deposits	103.9% of CDI	**966,187**	981,478

Interbank deposits are securities issued by financial institutions and trading thereof is restricted to the interbank market and refer to interbank fund raising by Luizacred from Itaú Unibanco Holding S.A., of which maturities are scheduled for up to 90 days:

(In thousands of reais)

17. Taxes paid in installments

	Company		Consolidated	
	09/30/2012	12/31/2012	09/30/2012	12/31/2012
ICMS – Tax Installment Law No. 17082	**6,504**	-	**6,504**	-
REFIS IV	**5,121**	7,252	**5,121**	7,252
	11,625	7,252	**11,625**	7,252
Current liabilities	**9,248**	2,854	**9,248**	2,854
Noncurrent liabilities	**2,377**	4,398	**2,377**	4,398

In the 3rd quarter of this year, the Company joined the tax installment program related to State VAT (ICMS) debts enforceable by the Paraná State Finance Department. These tax liabilities were challenged in court by the Company's legal counsel, since they had been offset in the past against government securities issued to cover court-ordered debts of that state. Nevertheless, this offset was not accepted by Paraná State Finance Department by virtue of an amendment to the State Law effective by then, which was disputed in court. Having joined the tax installment program, the Company's court-ordered credits previously used were returned to it, as duly adjusted for inflation, and recorded under "Other assets".

Total debts amounting to R$19,536 were waived by operation of Law no. 17082/2012 in the amount of R$5,011 and the resulting debt balance was partially offset with judicial deposits in the amount of R$8,021; for the remainder of R$6,504, court-ordered issued security credits were offered as settlement under the terms provided for by the regulatory law itself, and are currently analyzed by Paraná State Finance Department.

18. Deferred revenue

	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	09/30/2012	12/31/2012	09/30/2012	12/31/2012
Deferred revenue from third parties:				
Exclusivity agreement with Banco Itaucard (a)	**187,125**	196,500	**187,125**	196,500
Exploration right agreement – payroll (b)	**2,450**	5,207	**2,450**	5,207
Commercial agreement - Cardif (c)	**40,109**	-	**47,609**	16,802
	229,684	201,707	**237,184**	218,509
Deferred revenue from related parties:				
Exclusivity agreement with Luizacred (d)	**191,152**	48,000	**95,577**	99,844
	191,152	48,000	**95,577**	99,844
Total deferred revenue	**420,836**	249,707	**332,761**	318,353
Current liabilities	**38,023**	19,217	**32,479**	24,092
Noncurrent liabilities	**382,813**	230,490	**300,282**	294,261

(In thousands of reais)

18. Deferred revenue (Continued)

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

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

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

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

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

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

19. Provision for tax, civil and labor risks

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

Company

	12/31/2012	Additions	Addition for merger	Reversal	Write-offs	09/30/2012
Tax	50,424	14,607	81,127	(1,086)	(9,670)	**135,402**
Civil	8,521	2,850	-	-	(1,822)	**9,549**
Labor	25,231	2,729	2,873	(1,900)	(1,069)	**27,864**
	84,176	20,186	84,000	(2,986)	(12,561)	**172,815**

(In thousands of reais)

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

Consolidated

	12/31/2012	Additions	Reversal	Write-offs	Restatement	09/30/2012
Tax	126,233	21,045	(1,086)	(9,670)	288	**136,810**
Civil	17,935	6,192	(14)	(4,855)	302	**19,560**
Labor	29,236	3,040	(1,965)	(1,238)	17	**29,090**
	173,404	30,277	(3,065)	(15,763)	607	**185,460**

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

a) Tax proceedings

(i) The Company has filed opposition against nineteen tax assessments by the São Paulo State Finance Department, which alleges ICMS underpayment, supposedly due to error in tax rate application. The Company set up a related provision for cases involving probable loss in the opinion of its legal advisors. These tax assessments aggregate R$12,952 at September 30, 2012 (R$15,706 at December 31, 2011). Out of this amount, approximately R$13,685 is secured by the Company's revolving goods inventories.

(ii) The Company is questioning in court through petition for writ of mandamus the constitutionality of the obligation of INCRA contribution payment. For this, the Company has made judicial deposits in an account bound to the legal proceeding, totaling at September 30, 2012 the amount of R$4,137 (R$3,477 at December 31, 2011), with a provision set up in the same amount.

(iii) The Company is questioning in court the increase in the Occupational Accident Risk (RAT) rate. For this, it filed a judicial proceeding and started to deposit in court, in an account bound to the proceeding, the amounts referring to the tax rate increase. The judicial deposit aggregates R$24,137 at September 30, 2012 (R$17,532 at December 31, 2011).

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

a) Tax proceedings (Continued)

(iv) The Company is questioning at the administrative level the Accident Prevention Factor (FAP) index imposed by MPS/CNPS Resolution No. 1269/06, for which the provision totals R$18,234 at September 30, 2012 (R$13,709 at December 31, 2011).

(v) Other tax proceedings considered by management of the Company and its legal advisors as involving probable loss aggregate R$28,741 at September 30, 2012 (R$36,193 at December 31, 2011), which were provisioned and relate to tax notices for supposed differences in application of ICMS rates, as well as PIS/COFINS related risks referring to debts on interest income, tax incentives received and tax credits that may be questioned by the tax authorities.

(vi) Merged subsidiary Lojas Maia did not recognize PIS/COFINS levied on ICMS calculation base, thus made a judicial deposit and set up a related provision in the amount of R$36,554 at September 30, 2012 (R$33,084 at December 31, 2011).

(vii) In the business combination with Lojas Maia, other tax risks related to ICMS, IRPJ, CSSL and ISS were detected by the Company and weighted to determine the related fair values, with recording of an additional provision of R$ 12,055 at September 30, 2012 (R$6,532 at December 31, 2011).

b) Civil proceedings

Civil contingencies of the Company in the amount of R$9,548 at September 30, 2012 (R$8,521 at December 31, 2011) relate to customer claims related to possible product defects. The remaining balances are not relevant and are recorded in the jointly-controlled subsidiaries of the Company.

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

c) Labor proceedings

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

The provisioned amount of R$22,442 at September 30, 2012 (R$21,932 at December 31, 2011) – Company reflects the risk of probable loss assessed by Company management together with its legal advisors. The remaining balances are not relevant and are recorded in other subsidiaries and jointly-controlled subsidiaries of the Company.

(ii) The Company is also challenging payment of social security contribution on labor prior notice, which is being fully deposited in court, in the amount of R$5,422 at September 30, 2012 (R$3,299 at December 31, 2011), balance which is fully provisioned by the Company.

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

Tax proceedings: The Company and its subsidiaries and jointly-controlled subsidiaries are defendants in certain tax proceedings. The amount estimated by management and its legal advisors related to these proceedings at administrative or judicial level totals R$ 342,051 at September 30, 2012 (R$377,309 at December 31, 2011).

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

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

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

c) Labor proceedings (Continued)

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

d) Civil and labor proceedings

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

Contingent assets

The Company is claimant in other tax proceedings of sundry nature. These proceedings aggregate the estimated amount of approximately R$365,841 at September 30, 2012 (R$294,528 at December 31, 2011) and were not recorded for representing contingent assets. Such credits mainly refer to the challenge in court in order to exclude ICMS from the PIS/COFINS tax base, and total approximately R$233,358. Other credits are claimed in proceedings challenging PIS tax base expansion and ISS exclusion from PIS/COFINS tax base, among others.

20. Equity

Stock option plan

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

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

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

(In thousands of reais)

20. **Equity** (Continued)

Stock option plan (Continued)

Under CPC 10 R1 and IFRS 2, the effects from transactions with share-based payments were recorded in P&L for the year, considering the fair value of share purchase options, resulting in R$ 2,115 at September 30, 2012. The chart below sets out the maximum shareholding dilution percentage, to which the current shareholders will be subject in case of exercise until September 30 of all options granted:

	09/30/2012
Current number of shares	**186,494,467**
Balance of share options in force	**3,524,732**
Maximum dilution percentage	**1.89%**

Dividends

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

Earnings per share

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

	09/30/2012	**09/30/2011**
Net income for the periods attributable to Company owners	**(16,455)**	28,558
Weighted average number of outstanding shares in the period	**186,494**	170,389
Basic and diluted earnings per share (in reais)	**(0.09)**	0.17

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

(In thousands of reais)

21. Net revenue

	Nine-month period ended				Three-month period ended			
	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)		Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Gross revenue								
Retail - goods resale	**5,368,333**	4,077,152	**5,748,736**	4,809,192	**1,947,495**	1,451,905	**1,947,495**	1,699,721
Retail - service rendering	**212,274**	171,824	**121,570**	102,481	**77,018**	60,853	**37,827**	37,205
Credit operations	**-**	-	**474,071**	350,286	**-**	-	**161,429**	129,768
Insurance operations	**-**	-	**62,496**	50,260	**-**	-	**23,454**	17,853
Consortium administration	**-**	-	**24,481**	19,892	**-**	-	**8,793**	7,211
	5,580,607	4,248,976	**6,431,354**	5,332,111	**2,024,513**	1,512,758	**2,178,998**	1,891,758
Taxes and returns:								
Goods resale	**(871,770)**	(654,026)	**(948,578)**	(814,768)	**(323,704)**	(227,049)	**(323,704)**	(279,733)
Service rendering	**(28,040)**	(22,970)	**(31,334)**	(25,830)	**(10,118)**	(8,191)	**(10,883)**	(9,367)
	(899,810)	(676,996)	**(979,912)**	(840,598)	**(333,822)**	(235,240)	**(334,587)**	(289,100)
Net revenue	**4,680,797**	3,571,980	**5,451,442**	4,491,513	**1,690,691**	1,277,518	**1,844,411**	1,602,658

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

	Nine-month period ended				Three-month period ended			
	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)		Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Cost of:								
Goods resold	**(3,338,455)**	(2,515,477)	**(3,579,952)**	(2,932,665)	**(1,203,693)**	(901,263)	**(1,203,693)**	(1,047,184)
Services rendered	**-**	-	**(9,266)**	(10,622)	**-**	-	**(3,238)**	(4,403)
Funding for financial operations	**-**	-	**(65,872)**	(72,100)	**-**	-	**(19,237)**	(27,460)
	(3,338,455)	(2,515,477)	**(3,655,090)**	(3,015,387)	**(1,203,693)**	(901,263)	**(1,226,168)**	(1,079,047)

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

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

	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Personnel expenses	**(651,529)**	(527,750)	**(691,783)**	(596,730)
Expenses with service providers	**(252,771)**	(189,628)	**(336,544)**	(288,876)
Other	**(247,438)**	(154,399)	**(365,340)**	(170,671)
Total	**(1,151,738)**	(871,777)	**(1,393,667)**	(1,056,277)

(In thousands of reais)

23. Information on the nature of expenses recognized in the statement of operations for the period (Continued)

	Company (BR GAAP)	Consolidated (IFRS and BRGAAP)	Company (BR GAAP)	Consolidated (IFRS and BRGAAP)
	09/30/2012	**09/30/2011**	**09/30/2012**	**09/30/2011**
Classified by function as:				
Selling expenses	**(948,194)**	(736,605)	**(1,141,862)**	(939,026)
General and administrative expenses	**(222,662)**	(180,275)	**(270,826)**	(239,996)
Other operating revenues, net	**19,118**	45,103	**19,021**	122,745
	(1,151,738)	(871,777)	**(1,393,667)**	(1,056,277)

24. Other operating revenues, net

	Nine-month period ended				Three-month period ended			
	Company (BR GAAP)		Consolidated (IFRS and BRGAAP)		Company (BR GAAP)		Consolidated (IFRS and BRGAAP)	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Gain (loss) on fixed asset disposals (a)	**(586)**	10,665	**(586)**	10,665	**(55)**	13	**(55)**	3
Deferred revenue (b)	**30,822**	35,960	**37,770**	36,991	**8,881**	11,986	**8,161**	12,360
Provision for tax losses	**7,352**	(2,308)	**7,352**	30,310	**7,802**	(1,735)	**7,802**	30,883
Expenses with network integration (c)	**(19,999)**	-	**(22,635)**	(11,389)	**(6,293)**	-	**(6,293)**	(11,389)
Personal credit operations (d)	**-**	-	**11,860**	46,038	**-**	-	**4,682**	11,963
Expenses with financial claims (e)	**-**	-	**(3,978)**	(5,958)	**-**	-	**(887)**	(2,443)
Expenses with issue of credit cards with "chips" (f)	**-**	-	**(7,837)**	-	**-**	-	**-**	-
Other	**1,529**	786	**(2,925)**	16,088	**1,114**	(601)	**(100)**	20,580
Total	**19,118**	45,103	**19,021**	122,745	**11,449**	9,663	**13,310**	61,957

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

(b) Refers to recording of deferred revenue in connection with assignment of exploration rights, as described in Note 18.

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

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

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

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

(In thousands of reais)

25. Financial results

	Nine-month period ended				Three-month period ended			
	Company		Consolidated		Company		Consolidated	
	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011	09/30/2012	09/30/2011
Financial income:								
Interest on extended guarantee sales	**17,603**	9,059	**17,603**	9,059	**7,234**	3,266	**7,234**	3,266
Short-term investments and securities yield	**10,467**	17,182	**17,384**	26,789	**4,112**	7,523	**6,201**	10,449
Interest on goods sales - interest on late payment	**1,358**	1,420	**1,496**	1,677	**591**	331	**591**	862
Exchange gains	**92**	1,420	**92**	214	**-**	1,255	**-**	49
Discounts obtained	**3,067**	214	**3,081**	1,875	**297**	-	**297**	1,304
Other	**5,874**	311	**5,874**	436	**10**	7	**10**	93
	38,461	29,606	**45,530**	40,050	**12,244**	12,382	**14,333**	16,023
Financial expenses:								
Interest on loans and financing	**(81,240)**	(92,178)	**(87,578)**	(108,416)	**(27,459)**	(28,262)	**(27,459)**	(33,849)
Charges on advance on credit card receivables	**(74,872)**	(50,444)	**(59,910)**	(39,546)	**(25,277)**	(16,423)	**(20,194)**	(12,945)
Provision for interest on extended guarantee sales	**(10,065)**	(5,379)	**(10,065)**	(5,379)	**(3,350)**	(1,128)	**(3,350)**	(1,128)
Exchange losses	**(349)**	(486)	**(349)**	(486)	**(16)**	(842)	**(16)**	(486)
Other	**(12,337)**	(10,822)	**(12,838)**	(11,700)	**(4,004)**	(4,281)	**(4,004)**	(5,037)
	(178,863)	(159,309)	**(170,740)**	(165,527)	**(60,106)**	(50,936)	**(55,023)**	(53,445)
Financial results	**(140,402)**	(129,703)	**(125,210)**	(125,477)	**(47,862)**	(38,554)	**(40,690)**	(37,422)

26. Information by operating segment

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

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

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

26. Information by operating segment (Continued)

- Consortium administration – through subsidiary LAC, of which the main business purpose is consortium administration for products acquisition by Company customers.

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

(In thousands of reais)

26. Information by operating segment (Continued)

Statements of operations

	09/30/2012						
	Retail	Financial operations	Insurance operations	Consortium administration	Total	Eliminations	Consolidated balance
Gross revenue from third parties	5,870,306	474,071	62,496	24,481	6,431,354	-	6,431,354
Gross revenue from related parties	100,230	17,387	-	-	117,617	(117,617)	-
Deductions	(977,788)	-	-	(2,124)	(979,912)	-	(979,912)
Net revenue from segment	4,992,748	491,458	62,496	22,357	5,569,059	(117,617)	5,451,442
Costs	(3,579,952)	(65,872)	(4,968)	(8,495)	(3,659,287)	4,197	(3,655,090)
Gross profit (loss)	1,412,796	425,586	57,528	13,862	1,909,772	(113,420)	1,796,352
Selling expenses	(1,007,973)	(134,828)	939	-	(1,141,862)	-	(1,141,862)
Selling expenses – related parties	-	(53,841)	(42,192)	-	(96,033)	96,033	-
General and administrative expenses	(247,457)	(2,353)	(9,617)	(11,399)	(270,826)	-	(270,826)
Provisions for loan losses	(15,790)	(236,884)	-	-	(252,674)	-	(252,674)
Depreciation and amortization	(65,591)	(4,971)	(8)	(216)	(70,786)	4,158	(66,628)
Equity in subsidiaries	6,923	-	-	-	6,923	(6,923)	-
Other operating revenues	20,207	2,305	247	420	23,178	(4,158)	19,021
Financial income (expenses)	(131,956)	-	6,039	707	(125,210)	-	(125,210)
Financial income (expenses) - related parties	(17,387)	-	-	-	(17,387)	17,387	-
Income and social contribution taxes	29,773	1,847	(5,138)	(1,110)	25,372	-	25,372
Net income (loss) for the period	(16,455)	(3,139)	7,798	2,264	(9,533)	(6,923)	(16,455)

(In thousands of reais)

26. Information by operating segment (Continued)

Statements of operations (Continued)

	09/30/2011						
	Retail	Financial operations	Insurance operations	Consortium administration	Total	Eliminations	Consolidated balance
Gross revenue from third parties	4,911,673	350,286	50,260	19,892	5,332,111	-	5,332,111
Gross revenue from related parties	80,627	17,925	-	-	98,552	(98,552)	-
Deductions	(839,257)	-	-	(1,341)	(840,598)	-	(840,598)
Net revenue from segment	4,153,043	368,211	50,260	18,551	4,590,065	(98,552)	4,491,513
Costs	(2,932,665)	(72,100)	(3,604)	(10,627)	(3,018,996)	3,609	(3,015,387)
Gross profit (loss)	1,220,378	296,111	46,656	7,924	1,571,069	(94,943)	1,476,126
Selling expenses	(842,948)	(95,096)	(982)	-	(939,026)	-	(939,026)
Selling expenses – related parties	-	(45,859)	(31,159)	-	(77,018)	77,018	-
General and administrative expenses	(219,242)	(2,686)	(8,232)	(9,836)	(239,996)	-	(239,996)
Provisions for loan losses	(7,285)	(164,469)	-	-	(171,754)	-	(171,754)
Depreciation and amortization	(64,599)	(4,024)	(3,855)	(204)	(72,682)	7,010	(65,672)
Equity in subsidiaries	28,889	-	-	-	28,889	(28,889)	-
Other operating revenues	74,115	55,843	(107)	(96)	129,755	(7,010)	122,745
Financial income (expenses)	(132,899)	-	6,744	678	(125,477)	-	(125,477)
Financial income (expenses) - related parties	(17,925)	-	-	-	(17,925)	17,925	-
Income and social contribution taxes	(9,926)	(15,455)	(3,615)	608	(28,388)	-	(28,388)
Net income (loss) for the period	28,558	24,365	5,450	(926)	57,447	(28,889)	28,558

(In thousands of reais)

26. Information by operating segment (Continued)

Balance sheets

	09/30/2012						
	Retail	Financial operations	Insurance operations	Consortium administration	Total	Eliminations	Consolidated balance
Assets							
Cash and cash equivalents	78,217	2,340	3,761	14,708	99,026	-	99,026
Securities	204,442	5,153	92,089	-	301,684	-	301,684
Accounts receivable	490,235	1,473,353	-	-	1,963,588	-	1,963,588
Inventories	1,306,919	-	-	-	1,306,919	-	1,306,919
Investments	225,265	-	-	-	225,265	(225,265)	-
Property and equipment and intangible assets	985,248	102,425	20	942	1,088,635	(95,576)	993,059
Other assets	495,543	104,716	12,923	1,626	614,808	(50,077)	564,731
	3,785,869	1,687,987	108,793	17,276	5,599,925	(370,918)	5,229,007
Liabilities							
Suppliers	1,172,693	-	2,411	519	1,175,623	-	1,175,623
Loans and financing	1,115,549	-	-	-	1,115,549	-	1,115,549
Interbank deposits	-	966,187	-	-	966,187	-	966,187
Credit card operations	-	482,900	-	-	482,900	-	482,900
Insurance reserves	-	-	53,297	-	53,297	-	53,297
Provision for tax, civil and labor risks	172,815	11,909	84	652	185,460	-	185,460
Deferred revenue	420,836	7,500	-	-	428,336	(95,575)	332,761
Other accounts payable	298,413	47,140	12,120	4,071	361,744	(50,077)	311,667
	3,180,306	1,515,636	67,912	5,242	4,769,096	(145,652)	4,623,444

(In thousands of reais)

26. Information by operating segment (Continued)

Balance sheets (Continued)

	12/31/2012						
	Retail	**Financial operations**	**Insurance operations**	**Consortium administration**	**Total**	**Eliminations**	**Consolidated balance**
Assets							
Cash and cash equivalents	158,171	3,817	18	11,111	173,117	-	173,117
Securities	26,876	5,315	86,033	-	118,224	-	118,224
Accounts receivable	504,836	1,432,399	-	-	1,937,235	-	1,937,235
Inventories	1,264,657	-	-	-	1,264,657	-	1,264,657
Investments	32,186	-	-	-	32,186	(32,186)	-
Property and equipment and intangible assets	930,254	107,342	4	980	1,038,580	(99,734)	938,846
Other assets	461,117	86,737	12,075	1,894	561,823	(116,548)	445,275
	3,378,097	1,635,610	98,130	13,985	5,125,822	(248,468)	4,877,354
Liabilities							
Suppliers	1,266,046	-	1,066	662	1,267,774	-	1,267,774
Loans and financing	711,335	-	-	-	711,335	-	711,335
Interbank deposits	-	981,478	-	-	981,478	-	981,478
Credit card operations	-	436,130	-	-	436,130	-	436,130
Insurance reserves	-	-	50,317	-	50,317	-	50,317
Provision for tax, civil and labor risks	166,569	6,167	61	607	173,404	-	173,404
Deferred revenue	418,088	-	-	-	418,088	(99,735)	318,353
Other accounts payable	362,588	60,345	8,288	2,945	434,166	(116,548)	317,618
	2,924,626	1,484,120	59,732	4,214	4,472,692	(216,283)	4,256,409

(In thousands of reais)

27. Financial instruments

Capital risk management

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

The Company's capital structure comprises financial liabilities, cash and cash equivalents, marketable securities and equity, comprising capital stock and retained earnings.
Periodically, management reviews the Company's capital structure and its capacity to settle its liabilities, and also timely monitors the average days payable outstanding in relation to average inventory churn, taking necessary measures when these balances result in assets in excess of liabilities.

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

The Company also uses the Net Debt/EBITDA ratio which, in its view, better reflects indebtedness, since it reflects consolidated financial obligations net of cash available for payments, considering cash provided by its operating activities.
'Net debt' is construed to be the sum of any and all loans and financing in current and non-current liabilities, less cash and cash equivalents in current assets. EBITDA is construed to be net income before income and social contribution taxes, financial expenses and financial income and depreciation and amortization.

Category of financial instruments:

	Company		Consolidated	
	09/30/2012	**12/31/2012**	**09/30/2012**	**12/31/2012**
Loans and financing	**1,115,549**	591,257	**1,115,549**	711,335
(-) Cash and cash equivalents	**(78,217)**	(150,980)	**(99,026)**	(173,117)
(-) Securities	**(204,442)**	(26,876)	**(301,684)**	(118,224)
Net debt	**832,890**	413,401	**714,839**	419,994
Equity	**605,563**	620,945	**605,563**	620,945

(In thousands of reais)

27. Financial instruments (Continued)

Category of financial instruments

	Company		Consolidated	
Financial assets	**09/30/2012**	**12/31/2012**	**09/30/2012**	**12/31/2012**
Loans and receivables (including cash and banks):				
Cash and banks	**49,634**	43,571	**57,588**	54,688
Judicial deposits	**114,956**	53,534	**123,234**	88,969
Accounts receivable	**491,566**	442,184	**1,965,853**	1,937,235
Related parties	**68,393**	130,165	**32,595**	42,601
Held for trading:				
Cash equivalents and securities	**233,025**	134,285	**343,122**	174,892
Available for sale:				
Securities	**-**	-	**59,049**	61,761
Financial liabilities				
Amortized cost:				
Loans, financing and interbank deposits	**1,115,549**	591,257	**2,081,736**	1,692,813
Credit card operations	**-**	-	**482,900**	436,130
Trade accounts payable	**1,172,693**	1,091,013	**1,175,623**	1,267,774
Related parties	**29,806**	45,737	**13,799**	25,492

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

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

(In thousands of reais)

27. Financial instruments (Continued)

Fair value measurement

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

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

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

Liquidity risk management

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

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

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

	Less than one year	One to three years	Three to five years	More than five years	Total
Trade accounts payable	1,175,623	-	-	-	1,175,623
Loans and financing	222,983	782,631	79,229	30,706	1,115,549
Related parties	13,799	-	-	-	13,799

27. Financial instruments (Continued)

Considerations about risks

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

Credit risk: Credit risk arises from the possibility of the Group to incur losses from non-receipt of amounts billed to its customers, which at September 30, 2012 amount to R$ 1,963,588 (R$ 1,937,235 at December 31, 2011). This risk is assessed by the Company as low, in view of the natural sales diversification, due to the large number of customers, but there is no security interest ensuring receipt of the total balance of accounts receivable, due to the nature of the Group's business. For cases where the concentration of the invoiced amounts is higher, the risk is managed through periodic reviews of the level of default, as well as the adoption of more effective collection forms. At September 30, 2012, the Group had overdue accounts receivable, whose terms were renegotiated in the amount of R$ 149,856 (R$ 89,694 at December 31, 2011), which are included in the Group’s analysis on the need for setting up an allowance for doubtful accounts.

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

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

(In thousands of reais)

27. Financial instruments (Continued)

Considerations about risks (Continued)

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

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

Bank	Notional value	Fair value with swap gain (loss) (a)	Index - Bank		Index - Company	
			Index	Interest	Index	Interest
Bradesco	55,873	11,380	US$	4.08% p.a.	CDI	118% p.a.
Banco do Brasil	104,742	22,778	US$	4.79% p.a.	CDI	116% p.a.
	160,615	34,159				

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

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

(In thousands of reais)

27. Financial instruments (Continued)

Sensitivity analysis of financial instruments

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

	Probable rate	Scenario I probable	Scenario II (+ 25%)	Scenario III (- 25%)	Scenario IV (+ 50%)	Scenario V (- 50%)
Interest to be incurred subject to:						
CDI	9.70%	48,437	60,546	36,328	72,655	24,218
TJLP	6.00%	1,411	1,541	1,198	1,712	1,027
IPCA	5.20%	1,361	1,465	1,184	1,606	1,043
Total		51,209	63,552	38,710	75,973	26,289

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

28. Subsequent events

Issuance of promissory notes

On October 4, 2012, the Company’s Board of Directors approved its second issue of promissory notes, in a single series, for public distribution with restricted placement efforts. Twenty promissory notes were issued at a par value of R$ 10,000 each, thus totaling R$ 200,000. The Promissory Notes will have a term of 360 days after the date of their issue. The Promissory Notes will not have their par value adjusted and will yield interest calculated from the date of issuance, corresponding to 105.00% of the accumulated variation of the average daily rates of DI - Interbank Deposits. The funds raised were intended to strengthen the cash position of the Company.