# Summary

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## COMPANY DATE / COMPOSITION OF CAPITAL STOCK

| QUANTITY OF SHARES (In Thousand) | CURRENT QUARTER 06/30/2011 |
|---|---|
| **PAID-UP CAPITAL** | |
| COMMON – ON | 122,537 |
| PREFERRED - PN | 0 |
| TOTAL | 122,537 |
| **TREASURY SHARES** | |
| COMMON – ON | 0 |
| PREFERRED – PN | 0 |
| TOTAL | 0 |

## COMPANY DATE / DIVIDENDS DECLARED AND/OR PAID OUT DURING AND AFTER QUARTER

| EVENT | APPROVAL | TYPE | BEGINNING PAYMENT | SHARE'S TYPE | SHARE'S CLASS | AMOUNT PER SHARE |
|---|---|---|---|---|---|---|
| Board of Directors Meeting | 12/16/2010 | Interest on Capital | 04/20/2011 | ON | | 0.57400 |
| Board of Directors Meeting | 03/14/2011 | Interest on Capital | | ON | | 0.15100 |
| Shareholders General Meeting | 04/11/2011 | Dividend | 04/20/2011 | ON | | 1,31420 |
| Board of Directors Meeting | 06/26/2011 | Interest on Capital | | ON | | 0.15440 |

**INDIVIDUAL STATEMENTS / BALANCE SHEETS - ASSETS - (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 06/30/2011 | Prior end of year 12/31/2010 |
|---|---|---|---|
| 1 | TOTAL ASSETS | 1,721,617 | 2,048,144 |
| 1.01 | CURRENT ASSETS | 805,441 | 1,297,982 |
| 1.01.01 | CASH AND CASH EQUIVALENTS | 161,818 | 457,538 |
| 1.01.03 | TRADE ACCOUNTS RECEIVABLE | 294,515 | 535,730 |
| 1.01.03.01 | CUSTOMERS | 281,733 | 505,484 |
| 1.01.03.02 | OTHER TRADE ACCOUNTS RECEIVABLE | 12,782 | 30,246 |
| 1.01.04 | INVENTORIES | 317,849 | 275,950 |
| 1.01.06 | RECOVERABLE TAXES | 21,485 | 18,487 |
| 1.01.06.01 | CURRENT RECOVERABLE TAXES | 21,485 | 18,487 |
| 1.01.07 | PREPAID EXPENSES | 9,774 | 10,277 |
| 1.02 | NONCURRENT ASSETS | 916,176 | 750,162 |
| 1.02.01 | LONG -TERM ASSETS | 242,881 | 253,444 |
| 1.02.01.03 | TRADE ACCOUNTS RECEIVABLE | 5,428 | 5,872 |
| 1.02.01.03.02 | OTHER TRADE ACCOUNTS RECEIVABLE | 5,428 | 5,872 |
| 1.02.01.06 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 64,210 | 75,457 |
| 1.02.01.06.01 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 64,210 | 75,457 |
| 1.02.01.09 | OTHER NONCURRENT ASSETS | 173,243 | 172,115 |
| 1.02.01.09.03 | JUDICIAL DEPOSITS | 9,733 | 9,508 |
| 1.02.01.09.04 | RECOVERABLE TAXES | 13,510 | 12,607 |
| 1.02.01.09.05 | FIDC LOJAS RENNER | 150,000 | 150,000 |
| 1.02.02 | INVESTMENTS | 155,871 | 22,743 |
| 1.02.02.01 | INVESTMENTS IN SUBSIDIARIES | 155,871 | 22,743 |
| 1.02.02.01.02 | INVESTMENTS IN SUBSIDIARIES | 155,808 | 22,680 |
| 1.02.02.01.04 | OTHER INVESTMENTS IN SUBSIDIARIES | 63 | 63 |
| 1.02.03 | PROPERTY, PLANT AND EQUIPMENT – NET | 445,042 | 406,998 |
| 1.02.03.01 | PROPERTY, PLANT AND EQUIPMENT IN OPERATION | 436,177 | 390,941 |
| 1.02.03.03 | PROPERTY, PLANT AND EQUIPMENT ON GOING | 8,865 | 16,057 |
| 1.02.04 | INTANGIBLE – NET | 72,382 | 66,977 |
| 1.02.04.01 | INTANGIBLE | 72,382 | 66,977 |
| 1.02.04.01.02 | OTHER | 72,382 | 66,977 |

**INDIVIDUAL STATEMENTS / BALANCE SHEETS - LIABILITIES AND SHAREHOLDERS' EQUITY (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 06/30/2011 | Prior end of year 12/31/2010 |
|---|---|---|---|
| 2 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,721,617 | 2,048,144 |
| 2.01 | CURRENT LIABILITIES | 596,585 | 897,921 |
| 2.01.01 | SOCIAL AND LABOR OBLIGATIONS | 62,010 | 72,082 |
| 2.01.01.01 | SOCIAL OBLIGATIONS | 17,504 | 15,744 |
| 2.01.01.01.01 | SOCIAL CHARGES | 17,504 | 15,744 |
| 2.01.01.02 | LABOR OBLIGATIONS | 44,506 | 56,338 |
| 2.01.01.02.01 | SALARIES PAYABLE | 44,506 | 56,338 |
| 2.01.02 | SUPPLIERS | 263,684 | 317,078 |
| 2.01.02.01 | NATIONAL SUPPLIERS | 263,684 | 317,078 |
| 2.01.03 | FISCAL OBLIGATIONS | 114,125 | 145,429 |
| 2.01.03.01 | FEDERAL FISCAL OBLIGATIONS | 46,799 | 67,736 |
| 2.01.03.01.01 | INCOME TAX AND SOCIAL CONTRIBUTION | 17,622 | 22,037 |
| 2.01.03.01.02 | OTHER FEDERAL FISCAL OBLIGATIONS | 29,177 | 45,699 |
| 2.01.03.02 | STATE FISCAL OBLIGATIONS | 66,945 | 77,104 |
| 2.01.03.03 | MUNICIPAL FISCAL OBLIGATIONS | 381 | 589 |
| 2.01.04 | LOANS AND FINANCING | 49,638 | 200,314 |
| 2.01.04.01 | LOANS AND FINANCING | 49,638 | 200,314 |
| 2.01.04.01.01 | NACIONAL CURRENT | 49,638 | 200,314 |
| 2.01.05 | OTHER OBLIGATIONS | 88,101 | 145,437 |
| 2.01.05.02 | OTHER | 88,101 | 145,437 |
| 2.01.05.02.01 | DIVIDENDS AND INTEREST ON EQUITY PAYABLE | 33,068 | 61,167 |
| 2.01.05.02.02 | MINIMUN DIVIDEND MANDATORY PAYABLE | - | 16,208 |
| 2.01.05.02.04 | RENTS PAYABLE | 26,047 | 26,456 |
| 2.01.05.02.05 | OTHER OBLIGATIONS | 28,986 | 34,552 |
| 2.01.05.02.06 | STATUTORY PARTICIPATIONS | - | 7,054 |
| 2.01.06 | PROVISIONS | 19,027 | 17,581 |
| 2.01.06.01 | FISCAL, LABOR, SECURITY AND CIVIL PROVISIONS | 19,027 | 17,581 |
| 2.01.06.01.04 | CIVIL PROVISIONS | 12,606 | 11,943 |
| 2.01.06.01.05 | LABOR RISK PROVISIONS | 6,421 | 5,638 |
| 2.02 | NONCURRENT LIABILITIES | 108,087 | 128,915 |
| 2.02.01 | LOANS AND FINANCING | 30,345 | 36,415 |
| 2.02.01.01 | LOANS AND FINANCING | 30,345 | 36,415 |
| 2.02.01.01.01 | NATIONAL CURRENCY | 30,345 | 36,415 |
| 2.02.02 | OTHER OBLIGATIONS | 44,991 | 49,228 |
| 2.02.02.01 | RELATED PARTIES LIABILITIES | 13,974 | 17,335 |
| 2.02.02.01.02 | SUBSIDIARIES DEBT | 13,974 | 17,335 |
| 2.02.02.02 | OTHER | 31,017 | 31,893 |
| 2.02.02.02.03 | TAX AND CONTRIBUTION PAYABLE | 26,916 | 28,964 |
| 2.02.02.02.04 | OTHER OBLIGATIONS | 4,101 | 2,929 |
| 2.02.04 | PROVISIONS | 32,751 | 43,272 |
| 2.02.04.01 | FISCAL, LABOR, SECURITY AND CIVIL PROVISIONS | 32,751 | 43,272 |
| 2.02.04.01.01 | FISCAL PROVISIONS | 32,751 | 29,099 |
| 2.02.04.01.04 | CIVIL PROVISIONS | - | 14,173 |
| 2.03 | SHAREHOLDERS' EQUITY | 1,016,945 | 1,021,308 |
| 2.03.01 | CAPITAL | 413,725 | 408,734 |
| 2.03.02 | CAPITAL RESERVES | 183,845 | 173,570 |
| 2.03.02.02 | PREMIUM RESERVE | 118,165 | 118,165 |
| 2.03.02.04 | OPTIONS GRANTED | 65,680 | 55,405 |
| 2.03.04 | REVENUE RESERVES | 297,030 | 441,614 |
| 2.03.04.01 | LEGAL RESERVE | 1,812 | 1,812 |
| 2.03.04.08 | ADDITIONAL DIVIDEND PROPOSED | - | 144,584 |
| 2.03.04.10 | RESERVES FOR INVESTMENTS AND EXPANSION | 295,218 | 295,218 |
| 2.03.05 | RETAINED EARNINGS/ACCUMULATED DEFICIT | 123,737 | - |
| 2.03.06 | CARRYING VALUE ADJUSTMENTS | (1,392) | (2,610) |

**INDIVIDUAL STATEMENTS / STATEMENTS OF INCOME (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 04/01/2011 to 06/30/2011 | Current semester 01/01/2011 to 06/30/2011 | Prior quarter 04/01/2010 to 06/30/2010 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|---|---|
| 3.01 | NET REVENUE SALES OF GOODS AND FINANCIAL PRODUCTS AND SERVICES | 807,439 | 1,399,549 | 696,352 | 1,196,188 |
| 3.01.01 | NET REVENUE SALES OF GOODS | 727,909 | 1,245,616 | 629,989 | 1,070,235 |
| 3.01.02 | NET REVENUE SALES FINANCIAL PRODUCTS AND SERVICES | 79,530 | 153,933 | 66,363 | 125,953 |
| 3.02 | COST OF GOODS SOLD AND FINANCIAL PRODUCTS AND SERVICES | (339,146) | (588,693) | (296,957) | (509,746) |
| 3.02.01 | COST OF GOODS SOLD | (333,621) | (577,014) | (290,146) | (496,924) |
| 3.02.02 | COST OF FINANCIAL PRODUCTS AND SERVICES | (5,525) | (11,679) | (6,811) | (12,822) |
| 3.03 | GROSS PROFIT | 468,293 | 810,856 | 399,395 | 686,442 |
| 3.04 | OPERATING (EXPENSES) INCOME | (315,281) | (600,042) | (270,647) | (508,353) |
| 3.04.01 | SELLING | (178,131) | (345,810) | (149,678) | (287,352) |
| 3.04.02 | GENERAL AND ADMINISTRATIVE | (57,929) | (109,441) | (50,098) | (91,064) |
| 3.04.03 | LOSS ON RECEIVABLES, NET | (28,580) | (47,361) | (28,568) | (52,152) |
| 3.04.04 | OTHER OPERATING INCOME | 878 | 1,747 | 720 | 1,762 |
| 3.04.05 | OTHER OPERATING EXPENSES | (56,516) | (106,998) | (48,600) | (90,677) |
| 3.04.05.01 | OTHER OPERATING EXPENSES | (28,665) | (53,079) | (25,670) | (44,777) |
| 3.04.05.02 | STOCK OPTION PLAN | (5,549) | (10,276) | (4,629) | (8,458) |
| 3.04.05.03 | DEPRECIATION AND AMORTIZATION | (22,253) | (43,736) | (17,891) | (36,655) |
| 3.04.05.04 | RESULT ON DISPOSAL OR WRITTE-OFF OF FIXED ASSETS | (49) | 93 | (410) | (787) |
| 3.04.06 | EQUITY IN THE RESULTS OF INVESTEES | 4,997 | 7,821 | 5,577 | 11,130 |
| 3.05 | OPERATING PROFIT BEFORE FINANCIAL RESULTS AND TAXES | 153,012 | 210,814 | 128,748 | 178,089 |
| 3.06 | FINANCIAL RESULTS | 2,124 | 7,915 | 7,107 | 12,568 |
| 3.06.01 | FINANCIAL INCOME | 5,933 | 17,018 | 10,463 | 21,131 |
| 3.06.02 | FINANCIAL EXPENSES | (3,809) | (9,103) | (3,356) | (7,563) |
| 3.07 | PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAXES | 155,136 | 218,729 | 135,855 | 190,657 |
| 3.08 | INCOME TAX AND SOCIAL CONTRIBUTION | (41,592) | (57,598) | (44,897) | (62,796) |
| 3.08.01 | CURRENT | (44,848) | (46,351) | (52,093) | (63,606) |
| 3.08.02 | DEFERRED | 3,256 | (11,247) | 7,196 | 810 |
| 3.09 | NET RESULTS OF CONTINUED OPERATIONS | 113,544 | 161,131 | 90,958 | 127,861 |
| 3.11 | NET INCOME (LOSS) FOR THE PERIOD | 113,544 | 161,131 | 90,958 | 127,861 |
| 3.99 | EARNINGS PER SHARE (REAIS / SHARE) | | | | |
| 3.99.01 | EARNINGS PER SHARE - BASIC | | | | |
| 3.99.01.01 | ON | 0.9275 | 1.3166 | 0.7462 | 1.0490 |
| 3.99.02 | EARNINGS PER SHARE - DILUTED | | | | |
| 3.99.02.01 | ON | 0.9094 | 1.2913 | 0.7354 | 1.0339 |

**INDIVIDUAL STATEMENTS / STATEMENTS OF COMPREHENSIVE INCOME (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 04/01/2011 to 06/30/2011 | Current semester 01/01/2011 to 06/30/2011 | Prior quarter 04/01/2010 to 06/30/2010 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|---|---|
| 4.01 | NET INCOME FOR THE PERIOD | 113,544 | 161,131 | 90,958 | 127,861 |
| 4.02 | OTHER COMPREHENSIVE INCOME | (420) | 1,218 | 435 | 998 |
| 4.02.01 | CASH FLOW HEDGE | (420) | 1,218 | 435 | 998 |
| 4.03 | TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 113,124 | 162,349 | 91,393 | 128,859 |

**INDIVIDUAL STATEMENTS / STATEMENTS OF CASH FLOW – INDIRECT METHOD (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current semester 01/01/2011 to 06/30/2011 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|
| 6.01 | NET CASH FROM OPERATING ACTIVITIES | 144,505 | 122,628 |
| 6.01.01 | CASH FLOW FROM OPERATING ACTIVITIES | 208,224 | 177,570 |
| 6.01.01.01 | NET INCOME FOR THE PERIOD | 161,131 | 127,861 |
| 6.01.01.02 | DEPRECIATION AND AMORTIZATION | 43,711 | 36,630 |
| 6.01.01.03 | AMORTIZATION OF GOODWILL | 25 | 25 |
| 6.01.01.04 | GAIN (LOSS) ON SALE OR DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT | 370 | 838 |
| 6.01.01.05 | ACCRUED INTEREST, NET OF INTEREST PAID | (29) | (23) |
| 6.01.01.06 | STOCK OPTION PLAN | 10,276 | 8,458 |
| 6.01.01.07 | EQUITY IN THE RESULTS OF INVESTEES | (7,821) | (11,130) |
| 6.01.01.08 | PROVISION FOR TAX, CIVIL AND LABOR RISKS | (9,075) | 5,949 |
| 6.01.01.09 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 11,247 | (810) |
| 6.01.01.10 | PROVISIONS FOR LOSSES ON ASSETS | (1,611) | 9,772 |
| 6.01.02 | CHANGES IN ASSETS AND LIABILITIES | (63,719) | (66,245) |
| 6.01.02.01 | TRADE ACCOUNTS RECEIVABLE | 217,975 | 73,980 |
| 6.01.02.02 | INVENTORIES | (34,514) | (81,190) |
| 6.01.02.03 | (LOSSES) GAINS UNREALIZED ON DERIVATIVE | 1,218 | 998 |
| 6.01.02.04 | OTHER RECEIVABLES | 14,510 | 666 |
| 6.01.02.05 | JUDICIAL DEPOSITS | (225) | 118 |
| 6.01.02.06 | FINANCING – FINANCIAL SERVIVCES OPERATIONS | (150,647) | 15,016 |
| 6.01.02.07 | SUPPLIERS | (53,394) | (24,928) |
| 6.01.02.08 | SALARIES AND VACATIONS | (11,832) | (5,701) |
| 6.01.02.09 | TAXES AND CONTRIBUTIONS PAYABLE | (31,592) | (39,843) |
| 6.01.02.10 | OTHER PAYABLES | (4,394) | (3,203) |
| 6.01.02.11 | RENTS PAYABLE | (409) | (3,062) |
| 6.01.02.12 | LIABILITIES UNDER BY-LAWS | (7,054) | (6,007) |
| 6.01.02.13 | DUE TO RELATED PARTIES | (3,361) | 6,911 |
| 6.01.03 | OTHERS | - | 11,303 |
| 6.01.03.01 | DIVIDENDS RECEIVED FROM SUBSIDIARIES | - | 11,303 |
| 6.02 | NET CASH FROM INVESTING ACTIVITIES | (212,861) | (36,334) |
| 6.02.01 | ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT | (72,186) | (33,424) |
| 6.02.02 | ACQUISITIONS INTANGIBLE ASSETS | (15,406) | (3,021) |
| 6.02.03 | PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT | 62 | 111 |
| 6.02.04 | CAMICADO – INVESTMENT | (125,331) | - |
| 6.03 | NET CASH FROM FINANCING ACTIVITIES | (227,364) | (139,801) |
| 6.03.01 | BORROWINGS | - | - |
| 6.03.02 | CAPITAL INCREASE | 4,991 | 684 |
| 6.03.03 | REPAYMENT OF LOAN | (6,069) | (4,409) |
| 6.03.04 | INTEREST ON EQUITY AND DIVIDENDS PAID | (226,286) | (136,076) |
| 6.05 | INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (295,720) | (53,507) |
| 6.05.01 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 457,538 | 410,713 |
| 6.05.02 | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 161,818 | 357,206 |

**INDIVIDUAL STATEMENTS / STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 01/01/2011 TO 06/30/2011 (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | CAPITAL | CAPITAL RESERVES | REVENUE RESERVES | RETAINED EARNINGS | CARRYING VALUE ADJUSTMENT | TOTAL |
|---|---|---|---|---|---|---|---|
| 5.01 | BALANCES AS OF DECEMBER 31, 2010 | 408,734 | 173,570 | 441,614 | - | (2,610) | 1,021,308 |
| 5.02 | PRIOR YEAR ADJUSTMENTS | - | - | - | - | - | - |
| 5.03 | BALANCES ADJUSTED | 408,734 | 173,570 | 441,614 | - | (2,610) | 1,021,308 |
| 5.04 | CAPITAL TRANSACTIONS WITH STOCKHOLDERS | 4,991 | 10,275 | (144,584) | (37,394) | - | (166,712) |
| 5.04.01 | CAPITAL INCREASE | 4,991 | - | - | - | - | 4,991 |
| 5.04.03 | OPTIONS GRANTED RECOGNIZED | - | 10,275 | - | - | - | 10,275 |
| 5.04.06 | DIVIDENDS | - | - | - | - | - | - |
| 5.04.07 | INTEREST ON EQUITY | - | - | - | (37,394) | - | (37,394) |
| 5.04.08 | RESERVES FOR INVESTMENTS AND EXPANSION | - | - | - | - | - | - |
| 5.04.09 | ADDITIONAL DIVIDEND PROPOSED APPROVED | - | - | (144,584) | - | - | (144,584) |
| 5.05 | TOTAL COMPREHENSIVE INCOME | - | - | - | 161,131 | 1,218 | 162,349 |
| 5.05.01 | NET INCOME FOR THE PERIOD | - | - | - | 161,131 | - | 161,131 |
| 5.05.02 | OTHER COMPREHENSIVE INCOME | - | - | - | - | 1,218 | 1,218 |
| 5.05.02.01 | CARRYING VALUE ADJUSTMENTS | - | - | - | - | 1,218 | 1,218 |
| 5.07 | BALANCES AS OF MARCH 31, 2011 | 413,725 | 183,845 | 297,030 | 123,737 | (1,392) | 1,016,945 |

**INDIVIDUAL STATEMENTS / STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 01/01/2010 TO 06/30/2010 (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | CAPITAL | CAPITAL RESERVES | REVENUE RESERVES | RETAINED EARNINGS | CARRYING VALUE ADJUSTMENT | TOTAL |
|---|---|---|---|---|---|---|---|
| 5.01 | BALANCES AS OF DECEMBER 31, 2009 | 402,945 | 156,184 | 308,819 | - | (1,512) | 866,436 |
| 5.02 | PRIOR YEAR ADJUSTMENTS | - | - | - | - | - | - |
| 5.03 | BALANCES ADJUSTED | 402,945 | 156,184 | 308,819 | - | (1,512) | 866,436 |
| 5.04 | CAPITAL TRANSACTIONS WITH STOCKHOLDERS | 684 | 8,459 | (88,796) | - | - | (79,653) |
| 5.04.01 | CAPITAL INCREASE | 684 | - | - | - | - | 684 |
| 5.04.03 | OPTIONS GRANTED RECOGNIZED | - | 8,459 | - | - | - | 8,459 |
| 5.04.06 | DIVIDENDS | - | - | - | - | - | - |
| 5.04.07 | INTEREST ON EQUITY | - | - | - | - | - | - |
| 5.04.08 | RESERVES FOR INVESTMENTS AND EXPANSION | - | - | - | - | - | - |
| 5.04.09 | ADDITIONAL DIVIDEND PROPOSED APPROVED | - | - | (88,796) | - | - | (88,796) |
| 5.05 | TOTAL COMPREHENSIVE INCOME | - | - | - | 127,861 | 998 | 128,859 |
| 5.05.01 | NET INCOME FOR THE PERIOD | - | - | - | 127,861 | - | 127,861 |
| 5.05.02 | OTHER COMPREHENSIVE INCOME | - | - | - | - | 998 | 998 |
| 5.05.02.01 | CARRYING VALUE ADJUSTMENTS | - | - | - | - | 998 | 998 |
| 5.07 | BALANCES AS OF MARCH 31, 2010 | 403,629 | 164,643 | 220,023 | 127,861 | (514) | 915,642 |

**INDIVIDUAL STATEMENTS / STATEMENTS OF VALUE ADDED (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current semester 01/01/2011 to 06/30/2011 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|
| 7.01 | REVENUES | 1,769,631 | 1,504,078 |
| 7.01.01 | SALES OF GOODS, FINANCIAL PRODUCTS AND SERVICES | 1,816,575 | 1,555,130 |
| 7.01.02 | OTHER REVENUES | 417 | 1,100 |
| 7.01.02.01 | RESULT ON DISPOSAL OR WRITTE-OFF OF FIXED ASSETS | 93 | (787) |
| 7.01.02.02 | OTHER OPERATING INCOME | 324 | 1,887 |
| 7.01.04 | LOSSES ON RECEIVABLE, NET | (47,361) | (52,152) |
| 7.02 | INPUT PURCHASED FROM THIRD PARTIES | (949,654) | (808,018) |
| 7.02.01 | COST OF SALES OF GOODS, FINANCIAL PRODUCTS AND SERVICES (INCLUDING TAXES) | (709,226) | (603,544) |
| 7.02.02 | MATERIALS, ENERGY, OUTSIDES SERVICES AND OTHER | (231,387) | (193,707) |
| 7.02.03 | LOSSES ON THE COLLECTION OF ASSETS | (9,041) | (10,767) |
| 7.03 | GROSS VALUE ADDED | 819,977 | 696,060 |
| 7.04 | RETENTIONS | (43,736) | (36,655) |
| 7.04.01 | DEPRECIATION AND AMORTIZATION | (43,736) | (36,655) |
| 7.05 | NET VALUE ADDED PRODUCED | 776,241 | 659,405 |
| 7.06 | VALUE ADDED RECEIVED IN TRANSFER | 24,935 | 31,261 |
| 7.06.01 | EQUITY IN SUBSIDIARIES | 7,821 | 11,130 |
| 7.06.02 | FINANCIAL REVENUES | 17,114 | 20,131 |
| 7.07 | VALUE ADDED TO DISTRIBUTE | 801,176 | 690,666 |
| 7.08 | DISTRIBUTED VALUE ADDED | 801,176 | 690,666 |
| 7.08.01 | PERSONNEL EXPENSES | 179,021 | 149,531 |
| 7.08.01.01 | COMPENSATION | 128,124 | 108,566 |
| 7.08.01.02 | BENEFITS | 26,530 | 19,221 |
| 7.08.01.03 | GOVERNMENT SEVERANCE INDEMNITY FUND FOR EMPLOYEES (FGTS) | 11,070 | 9,577 |
| 7.08.01.04 | OTHER | 13,297 | 12,167 |
| 7.08.01.04.01 | STOCK OPTION PLAN | 10,276 | 8,458 |
| 7.08.01.04.02 | COMPENSATION OF OFFICERS | 3,021 | 3,709 |
| 7.08.02 | TAXES AND CONTRIBUTIONS | 378,963 | 347,470 |
| 7.08.02.01 | FEDERAL TAXES | 169,442 | 169,861 |
| 7.08.02.02 | STATE TAXES | 200,629 | 170,040 |
| 7.08.02.03 | MUNICIPAL EXPENSES | 8,892 | 7,569 |
| 7.08.03 | INTEREST ON THIRD PARTIES' CAPITAL | 82,061 | 65,804 |
| 7.08.03.02 | RENTALS EXPENSES | 73,096 | 58,339 |
| 7.08.03.03 | OTHER | 8,965 | 7,465 |
| 7.08.03.03.01 | FINANCIAL EXPENSES | 8,965 | 7,465 |
| 7.08.04 | INTEREST ON CAPITAL | 161,131 | 127,861 |
| 7.08.04.01 | PROPOSED INTEREST ON EQUITY AND DIVIDENDS | 37,394 | - |
| 7.08.04.03 | RETAINED EARNINGS | 123,737 | 127,861 |

**CONSOLIDATED STATEMENTS / BALANCE SHEETS - ASSETS - (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 06/30/2011 | Prior end of year 12/31/2010 |
|---|---|---|---|
| 1 | TOTAL ASSETS | 2,228,907 | 2,456,015 |
| 1.01 | CURRENT ASSETS | 1,441,844 | 1,872,921 |
| 1.01.01 | CASH AND CASH EQUIVALENTS | 242,212 | 683,661 |
| 1.01.03 | TRADE ACCOUNTS RECEIVABLE | 838,260 | 893,748 |
| 1.01.03.01 | CUSTOMERS | 824,958 | 863,493 |
| 1.01.03.02 | OTHER TRADE ACCOUNTS RECEIVABLE | 13,302 | 30,255 |
| 1.01.04 | INVENTORIES | 337,473 | 275,950 |
| 1.01.06 | RECOVERABLE TAXES | 22,084 | 18,610 |
| 1.01.06.01 | CURRENT RECOVERABLE TAXES | 22,084 | 18,610 |
| 1.01.07 | PREPAID EXPENSES | 1,815 | 952 |
| 1.02 | NONCURRENT ASSETS | 787,063 | 583,094 |
| 1.02.01 | LONG -TERM ASSETS | 97,074 | 103,451 |
| 1.02.01.03 | TRADE ACCOUNTS RECEIVABLE | 5,428 | 5,872 |
| 1.02.01.03.02 | OTHER TRADE ACCOUNTS RECEIVABLE | 5,428 | 5,872 |
| 1.02.01.06 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 68,047 | 75,457 |
| 1.02.01.06.01 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 68,047 | 75,457 |
| 1.02.01.09 | OTHER NONCURRENT ASSETS | 23,599 | 22,122 |
| 1.02.01.09.03 | JUDICIAL DEPOSITS | 10,089 | 9,515 |
| 1.02.01.09.04 | RECOVERABLE TAXES | 13,510 | 12,607 |
| 1.02.02 | INVESTMENTS | 63 | 63 |
| 1.02.02.01 | INVESTMENTS IN SUBSIDIARIES | 63 | 63 |
| 1.02.02.01.04 | OTHER INVESTMENTS IN SUBSIDIARIES | 63 | 63 |
| 1.02.03 | PROPERTY, PLANT AND EQUIPMENT – NET | 453,996 | 412,603 |
| 1.02.03.01 | PROPERTY, PLANT AND EQUIPMENT IN OPERATION | 444,768 | 396,546 |
| 1.02.03.03 | PROPERTY, PLANT AND EQUIPMENT ON GOING | 9,228 | 16,057 |
| 1.02.04 | INTANGIBLE – NET | 235,930 | 66,977 |
| 1.02.04.01 | INTANGIBLE | 76,046 | 66,977 |
| 1.02.04.01.02 | OTHER | 76,046 | 66,977 |
| 1.02.04.02 | GOODWILL | 159,884 | - |

**CONSOLIDATED STATEMENTS / BALANCE SHEETS - LIABILITIES AND SHAREHOLDERS' EQUITY (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 06/30/2011 | Prior end of year 12/31/2010 |
|---|---|---|---|
| 2 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 2,228,907 | 2,456,015 |
| 2.01 | CURRENT LIABILITIES | 755,123 | 977,575 |
| 2.01.01 | SOCIAL AND LABOR OBLIGATIONS | 65,042 | 72,108 |
| 2.01.01.01 | SOCIAL OBLIGATIONS | 18,561 | 15,753 |
| 2.01.01.01.01 | SOCIAL CHARGES | 18,561 | 15,753 |
| 2.01.01.02 | LABOR OBLIGATIONS | 46,481 | 56,355 |
| 2.01.01.02.01 | SALARIES PAYABLE | 46,481 | 56,355 |
| 2.01.02 | SUPPLIERS | 289,480 | 318,285 |
| 2.01.02.01 | NATIONAL SUPPLIERS | 289,480 | 318,285 |
| 2.01.03 | FISCAL OBLIGATIONS | 118,906 | 146,674 |
| 2.01.03.01 | FEDERAL FISCAL OBLIGATIONS | 51,048 | 68,940 |
| 2.01.03.01.01 | INCOME TAX AND SOCIAL CONTRIBUTION | 18,418 | 23,001 |
| 2.01.03.01.02 | OTHER FEDERAL FISCAL OBLIGATIONS | 32,630 | 45,939 |
| 2.01.03.02 | STATE FISCAL OBLIGATIONS | 67,452 | 77,104 |
| 2.01.03.03 | MUNICIPAL FISCAL OBLIGATIONS | 406 | 630 |
| 2.01.04 | LOANS AND FINANCING | 145,461 | 279,426 |
| 2.01.04.01 | LOANS AND FINANCING | 145,461 | 279,426 |
| 2.01.04.01.01 | NACIONAL CURRENT | 145,461 | 279,426 |
| 2.01.05 | OTHER OBLIGATIONS | 117,059 | 143,501 |
| 2.01.05.02 | OTHER | 117,059 | 143,501 |
| 2.01.05.02.01 | DIVIDENDS AND INTEREST ON EQUITY PAYABLE | 33,068 | 61,167 |
| 2.01.05.02.02 | MINIMUN DIVIDEND MANDATORY PAYABLE | - | 16,208 |
| 2.01.05.02.04 | RENTS PAYABLE | 20,441 | 20,809 |
| 2.01.05.02.05 | OTHER OBLIGATIONS | 63,550 | 38,263 |
| 2.01.05.02.06 | STATUTORY PARTICIPATIONS | - | 7,054 |
| 2.01.06 | PROVISIONS | 19,175 | 17,581 |
| 2.01.06.01 | FISCAL, LABOR, SECURITY AND CIVIL PROVISIONS | 19,175 | 17,581 |
| 2.01.06.01.04 | CIVIL PROVISIONS | 12,642 | 11,943 |
| 2.01.06.01.05 | LABOR RISK PROVISIONS | 6,533 | 5,638 |
| 2.02 | NONCURRENT LIABILITIES | 456,839 | 457,132 |
| 2.02.01 | LOANS AND FINANCING | 372,383 | 377,076 |
| 2.02.01.01 | LOANS AND FINANCING | 372,383 | 377,076 |
| 2.02.01.01.01 | NATIONAL CURRENCY | 372,383 | 377,076 |
| 2.02.02 | OTHER OBLIGATIONS | 51,132 | 36,642 |
| 2.02.02.02 | OTHER | 51,132 | 36,642 |
| 2.02.02.02.03 | TAX AND CONTRIBUTION PAYABLE | 27,813 | 28,964 |
| 2.02.02.02.04 | OTHER OBLIGATIONS | 23,319 | 7,678 |
| 2.02.04 | PROVISIONS | 33,324 | 43,414 |
| 2.02.04.01 | FISCAL, LABOR, SECURITY AND CIVIL PROVISIONS | 33,324 | 43,414 |
| 2.02.04.01.01 | FISCAL PROVISIONS | 33,324 | 29,241 |
| 2.02.04.01.04 | CIVIL PROVISIONS | - | 14,173 |
| 2.03 | SHAREHOLDERS' EQUITY | 1,016,945 | 1,021,308 |
| 2.03.01 | CAPITAL | 413,725 | 408,734 |
| 2.03.02 | CAPITAL RESERVES | 183,845 | 173,570 |
| 2.03.02.02 | PREMIUM RESERVE | 118,165 | 118,165 |
| 2.03.02.04 | OPTIONS GRANTED | 65,680 | 55,405 |
| 2.03.04 | REVENUE RESERVES | 297,030 | 441,614 |
| 2.03.04.01 | LEGAL RESERVE | 1,812 | 1,812 |
| 2.03.04.08 | ADDITIONAL DIVIDEND PROPOSED | - | 144,584 |
| 2.03.04.10 | RESERVES FOR INVESTMENTS AND EXPANSION | 295,218 | 295,218 |
| 2.03.05 | RETAINED EARNINGS/ACCUMULATED DEFICIT | 123,737 | - |
| 2.03.06 | CARRYING VALUE ADJUSTMENTS | (1,392) | (2,610) |

**CONSOLIDATED STATEMENTS / STATEMENTS OF INCOME (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 04/01/2011 to 06/30/2011 | Current semester 01/01/2011 to 06/30/2011 | Prior quarter 04/01/2010 to 06/30/2010 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|---|---|
| 3.01 | NET REVENUE SALES OF GOODS AND FINANCIAL PRODUCTS AND SERVICES | 836,419 | 1,435,186 | 701,979 | 1,207,713 |
| 3.01.01 | NET REVENUE SALES OF GOODS | 749,653 | 1,267,360 | 629,989 | 1,070,235 |
| 3.01.02 | NET REVENUE SALES FINANCIAL PRODUCTS AND SERVICES | 86,766 | 167,826 | 71,990 | 137,478 |
| 3.02 | COST OF GOODS SOLD AND FINANCIAL PRODUCTS AND SERVICES | (351,223) | (600,770) | (296,957) | (509,746) |
| 3.02.01 | COST OF GOODS SOLD | (345,698) | (589,091) | (290,146) | (496,924) |
| 3.02.02 | COST OF FINANCIAL PRODUCTS AND SERVICES | (5,525) | (11,679) | (6,811) | (12,822) |
| 3.03 | GROSS PROFIT | 485,196 | 834,416 | 405,022 | 697,967 |
| 3.04 | OPERATING (EXPENSES) INCOME | (333,704) | (623,865) | (275,480) | (518,314) |
| 3.04.01 | SELLING | (185,211) | (352,211) | (148,731) | (285,784) |
| 3.04.02 | GENERAL AND ADMINISTRATIVE | (60,560) | (112,083) | (50,098) | (91,064) |
| 3.04.03 | LOSS ON RECEIVABLES, NET | (28,926) | (47,735) | (28,568) | (52,152) |
| 3.04.04 | OTHER OPERATING INCOME | 878 | 1,747 | 720 | 1,763 |
| 3.04.05 | OTHER OPERATING EXPENSES | (59,885) | (113,583) | (48,803) | (91,077) |
| 3.04.05.01 | OTHER OPERATING EXPENSES | (31,708) | (59,306) | (25,841) | (45,114) |
| 3.04.05.02 | STOCK OPTION PLAN | (5,549) | (10,276) | (4,629) | (8,458) |
| 3.04.05.03 | DEPRECIATION AND AMORTIZATION | (22,579) | (44,094) | (17,923) | (36,718) |
| 3.04.05.04 | RESULT ON DISPOSAL OR WRITTE-OFF OF FIXED ASSETS | (49) | 93 | (410) | (787) |
| 3.05 | OPERATING PROFIT BEFORE FINANCIAL RESULTS AND TAXES | 151,492 | 210,551 | 129,542 | 179,653 |
| 3.06 | FINANCIAL RESULTS | 1,380 | 7,150 | 7,079 | 12,531 |
| 3.06.01 | FINANCIAL INCOME | 5,958 | 17,045 | 10,467 | 20,136 |
| 3.06.02 | FINANCIAL EXPENSES | (4,578) | (9,895) | (3,388) | (7,605) |
| 3.07 | PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAXES | 152,872 | 217,701 | 136,621 | 192,184 |
| 3.08 | INCOME TAX AND SOCIAL CONTRIBUTION | (39,328) | (56,570) | (45,663) | (64,323) |
| 3.08.01 | CURRENT | (46,421) | (49,160) | (52,859) | (65,133) |
| 3.08.02 | DEFERRED | 7,093 | (7,410) | 7,196 | 810 |
| 3.09 | NET RESULTS OF CONTINUED OPERATIONS | 113,544 | 161,131 | 90,958 | 127,861 |
| 3.11 | NET INCOME (LOSS) FOR THE PERIOD | 113,544 | 161,131 | 90,958 | 127,861 |
| 3.11.01 | ASSIGNED TO PARENT COMPANY STOCKHOLDERS | 113,544 | 161,131 | 90,958 | 127,861 |
| 3.99 | EARNINGS PER SHARE (REAIS / SHARE) | | | | |
| 3.99.01 | EARNINGS PER SHARE - BASIC | | | | |
| 3.99.01.01 | ON | 0.9275 | 1.3166 | 0.7462 | 1.0490 |
| 3.99.02 | EARNINGS PER SHARE - DILUTED | | | | |
| 3.99.02.01 | ON | 0.9094 | 1.2913 | 0.7354 | 1.0339 |

**CONSOLIDATED STATEMENTS / STATEMENTSOF COMPREHENSIVE INCOME (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current quarter 04/01/2011 to 06/30/2011 | Current semester 01/01/2011 to 06/30/2011 | Prior quarter 04/01/2010 to 06/30/2010 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|---|---|
| 4.01 | NET INCOME FOR THE PERIOD | 113,544 | 161,131 | 90,958 | 127,861 |
| 4.02 | OTHER COMPREHENSIVE INCOME | (420) | 1,218 | 435 | 998 |
| 4.02.01 | CASH FLOW HEDGE | (420) | 1,218 | 435 | 998 |
| 4.03 | TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 113,124 | 162,349 | 91,393 | 128,859 |
| 4.03.01 | ASSIGNED TO PARENT COMPANY STOCKHOLDERS | 113,124 | 162,349 | 91,393 | 128,859 |

**CONSOLIDATED STATEMENTS / STATEMENTS OF CASH FLOW – INDIRECT METHOD (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | Current semester 01/01/2011 to 06/30/2011 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|
| 6.01 | NET CASH FROM OPERATING ACTIVITIES | 32,668 | 123,842 |
| 6.01.01 | CASH FLOW FROM OPERATING ACTIVITIES | 214,621 | 188,767 |
| 6.01.01.01 | NET INCOME FOR THE PERIOD | 161,131 | 127,861 |
| 6.01.01.02 | DEPRECIATION AND AMORTIZATION | 44,069 | 36,693 |
| 6.01.01.03 | AMORTIZATION OF GOODWILL | 25 | 25 |
| 6.01.01.04 | GAIN (LOSS) ON SALE OR DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT | 370 | 838 |
| 6.01.01.05 | ACCRUED INTEREST, NET OF INTEREST PAID | 58 | (23) |
| 6.01.01.06 | STOCK OPTION PLAN | 10,276 | 8,458 |
| 6.01.01.07 | PROVISION FOR TAX, CIVIL AND LABOR RISKS | (8,496) | 5,953 |
| 6.01.01.08 | DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION | 7,410 | (810) |
| 6.01.01.09 | PROVISIONS FOR LOSSES ON ASSETS | (222) | 9,772 |
| 6.01.02 | CHANGES IN ASSETS AND LIABILITIES | (181,953) | (64,925) |
| 6.01.02.01 | TRADE ACCOUNTS RECEIVABLE | 32,179 | 67,513 |
| 6.01.02.02 | INVENTORIES | (54,946) | (81,190) |
| 6.01.02.03 | (LOSSES) GAINS UNREALIZED ON DERIVATIVE | 1,218 | 998 |
| 6.01.02.04 | OTHER RECEIVABLES | 12,157 | 409 |
| 6.01.02.05 | JUDICIAL DEPOSITS | (574) | 111 |
| 6.01.02.06 | FINANCING – FINANCIAL SERVIVCES OPERATIONS | (142,080) | 21,933 |
| 6.01.02.07 | INVESTMENTS IN SUBORDINATE QUOTAS FIDC LOJAS RENNER | 1,377 | - |
| 6.01.02.08 | SUPPLIERS | (28,805) | (24,897) |
| 6.01.02.09 | SALARIES AND VACATIONS | (9,874) | (5,698) |
| 6.01.02.10 | TAXES AND CONTRIBUTIONS PAYABLE | (26,111) | (39,817) |
| 6.01.02.11 | OTHER PAYABLES | 40,928 | 2,982 |
| 6.01.02.12 | RENTS PAYABLE | (368) | (1,262) |
| 6.01.02.13 | LIABILITIES UNDER BY-LAWS | (7,054) | (6,007) |
| 6.02 | NET CASH FROM INVESTING ACTIVITIES | (254,810) | (36,334) |
| 6.02.01 | ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT | (75,770) | (33,424) |
| 6.02.02 | ACQUISITIONS INTANGIBLE ASSETS | (179,102) | (3,021) |
| 6.02.03 | PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT | 62 | 111 |
| 6.03 | NET CASH FROM FINANCING ACTIVITIES | (219,307) | (139,801) |
| 6.03.01 | BORROWINGS | 15,199 | - |
| 6.03.02 | CAPITAL INCREASE | 4,991 | 684 |
| 6.03.03 | REPAYMENT OF LOAN | (13,211) | (4,409) |
| 6.03.04 | INTEREST ON EQUITY AND DIVIDENDS PAID | (226,286) | (136,076) |
| 6.05 | INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (441,449) | (52,293) |
| 6.05.01 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 683,661 | 411,370 |
| 6.05.02 | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 242,212 | 359,077 |

**CONSOLIDATED STATEMENTS / STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 01/01/2011 TO 06/30/2011 (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | CAPITAL | CAPITAL RESERVES | REVENUE RESERVES | RETAINED EARNINGS | CARRYING VALUE ADJUSTMENT | TOTAL |
|---|---|---|---|---|---|---|---|
| 5.01 | BALANCES AS OF DECEMBER 31, 2010 | 408,734 | 173,570 | 441,614 | - | (2,610) | 1,021,308 |
| 5.02 | PRIOR YEAR ADJUSTMENTS | - | - | - | - | - | - |
| 5.03 | BALANCES ADJUSTED | 408,734 | 173,570 | 441,614 | - | (2,610) | 1,021,308 |
| 5.04 | CAPITAL TRANSACTIONS WITH STOCKHOLDERS | 4,991 | 10,275 | (144,584) | (37,394) | - | (166,712) |
| 5.04.01 | CAPITAL INCREASE | 4,991 | - | - | - | - | 4,991 |
| 5.04.03 | OPTIONS GRANTED RECOGNIZED | - | 10,275 | - | - | - | 10,275 |
| 5.04.06 | DIVIDENDS | - | - | - | - | - | - |
| 5.04.07 | INTEREST ON EQUITY | - | - | - | (37,394) | - | (37,394) |
| 5.04.08 | RESERVES FOR INVESTMENTS AND EXPANSION | - | - | - | - | - | - |
| 5.04.09 | ADDITIONAL DIVIDEND PROPOSED APPROVED | - | - | (144,584) | - | - | (144,584) |
| 5.05 | TOTAL COMPREHENSIVE INCOME | - | - | - | 161,131 | 1,218 | 162,349 |
| 5.05.01 | NET INCOME FOR THE PERIOD | - | - | - | 161,131 | - | 161,131 |
| 5.05.02 | OTHER COMPREHENSIVE INCOME | - | - | - | - | 1,218 | 1,218 |
| 5.05.02.01 | CARRYING VALUE ADJUSTMENTS | - | - | - | - | 1,218 | 1,218 |
| 5.07 | BALANCES AS OF MARCH 31, 2011 | 413,725 | 183,845 | 297,030 | 123,737 | (1,392) | 1,016,945 |

**CONSOLIDATED STATEMENTS / STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 01/01/2010 TO 06/30/2010 (IN THOUSANDS OF REAIS - R$)**

| CODE | DESCRIPTION | CAPITAL | CAPITAL RESERVES | REVENUE RESERVES | RETAINED EARNINGS | CARRYING VALUE ADJUSTMENT | TOTAL |
|---|---|---|---|---|---|---|---|
| 5.01 | BALANCES AS OF DECEMBER 31, 2009 | 402,945 | 156,184 | 308,819 | - | (1,512) | 866,436 |
| 5.02 | PRIOR YEAR ADJUSTMENTS | - | - | - | - | - | - |
| 5.03 | BALANCES ADJUSTED | 402,945 | 156,184 | 308,819 | - | (1,512) | 866,436 |
| 5.04 | CAPITAL TRANSACTIONS WITH STOCKHOLDERS | 684 | 8,459 | (88,796) | - | - | (79,653) |
| 5.04.01 | CAPITAL INCREASE | 684 | - | - | - | - | 684 |
| 5.04.03 | OPTIONS GRANTED RECOGNIZED | - | 8,459 | - | - | - | 8,459 |
| 5.04.09 | ADDITIONAL DIVIDEND PROPOSED APPROVED | - | - | (88,796) | - | - | (88,796) |
| 5.05 | TOTAL COMPREHENSIVE INCOME | - | - | - | 127,861 | 998 | 128,859 |
| 5.05.01 | NET INCOME FOR THE PERIOD | - | - | - | 127,861 | - | 127,861 |
| 5.05.02 | OTHER COMPREHENSIVE INCOME | - | - | - | - | 998 | 998 |
| 5.05.02.01 | CARRYING VALUE ADJUSTMENTS | - | - | - | - | 998 | 998 |
| 5.07 | BALANCES AS OF MARCH 31, 2010 | 403,629 | 164,643 | 220,023 | 127,861 | (514) | 915,642 |

## CONSOLIDATED STATEMENTS / STATEMENTS OF VALUE ADDED (IN THOUSANDS OF REAIS - R$)

| CODE | DESCRIPTION | Current semester 01/01/2011 to 06/30/2011 | Prior semester 01/01/2010 to 06/30/2010 |
|---|---|---|---|
| 7.01 | REVENUES | 1,810,805 | 1,516,694 |
| 7.01.01 | SALES OF GOODS, FINANCIAL PRODUCTS AND SERVICES | 1,858,123 | 1,567,746 |
| 7.01.02 | OTHER REVENUES | 417 | 1,100 |
| 7.01.02.01 | RESULT ON DISPOSAL OR WRITTE-OFF OF FIXED ASSETS | 93 | (787) |
| 7.01.02.02 | OTHER OPERATING INCOME | 324 | 1,887 |
| 7.01.04 | LOSSES ON RECEIVABLE, NET | (47,735) | (52,152) |
| 7.02 | INPUT PURCHASED FROM THIRD PARTIES | (976,937) | (808,330) |
| 7.02.01 | COST OF SALES OF GOODS, FINANCIAL PRODUCTS AND SERVICES (INCLUDING TAXES) | (724,896) | (603,544) |
| 7.02.02 | MATERIALS, ENERGY, OUTSIDES SERVICES AND OTHER | (242,192) | (194,019) |
| 7.02.03 | LOSSES ON THE COLLECTION OF ASSETS | (9,849) | (10,767) |
| 7.03 | GROSS VALUE ADDED | 833,868 | 708,364 |
| 7.04 | RETENTIONS | (44,094) | (36,718) |
| 7.04.01 | DEPRECIATION AND AMORTIZATION | (44,094) | (36,718) |
| 7.05 | NET VALUE ADDED PRODUCED | 789,774 | 671,646 |
| 7.06 | VALUE ADDED RECEIVED IN TRANSFER | 17,141 | 20,136 |
| 7.06.02 | FINANCIAL REVENUES | 17,141 | 20,136 |
| 7.07 | VALUE ADDED TO DISTRIBUTE | 806,915 | 691,782 |
| 7.08 | DISTRIBUTED VALUE ADDED | 806,915 | 691,782 |
| 7.08.01 | PERSONNEL EXPENSES | 182,263 | 149,545 |
| 7.08.01.01 | COMPENSATION | 130,648 | 108,579 |
| 7.08.01.02 | BENEFITS | 26,956 | 19,221 |
| 7.08.01.03 | GOVERNMENT SEVERANCE INDEMNITY FUND FOR EMPLOYEES (FGTS) | 11,362 | 9,578 |
| 7.08.01.04 | OTHER | 13,297 | 12,167 |
| 7.08.01.04.01 | STOCK OPTION PLAN | 10,276 | 8,458 |
| 7.08.01.04.02 | COMPENSATION OF OFFICERS | 3,021 | 3,709 |
| 7.08.02 | TAXES AND CONTRIBUTIONS | 380,230 | 350,159 |
| 7.08.02.01 | FEDERAL TAXES | 170,153 | 171,920 |
| 7.08.02.02 | STATE TAXES | 200,196 | 170,040 |
| 7.08.02.03 | MUNICIPAL EXPENSES | 9,881 | 8,199 |
| 7.08.03 | INTEREST ON THIRD PARTIES' CAPITAL | 83,291 | 64,217 |
| 7.08.03.02 | RENTALS EXPENSES | 73,536 | 56,711 |
| 7.08.03.03 | OTHER | 9,755 | 7,506 |
| 7.08.03.03.01 | FINANCIAL EXPENSES | 9,755 | 7,506 |
| 7.08.04 | INTEREST ON CAPITAL | 161,131 | 127,861 |
| 7.08.04.01 | PROPOSED INTEREST ON EQUITY AND DIVIDENDS | 37,394 | - |
| 7.08.04.03 | RETAINED EARNINGS | 123,737 | 127,861 |

**MANAGEMENT REPORT / BUSINESS PERFORMANCE ANALYSIS**

*Except where otherwise indicated, the following results consolidate Camicado's numbers for the months of May and June 2011. However, the data for the same period in 2010 does not include Camicado. In addition information shown as* "Lojas Renner" consolidate only the results for Lojas Renner S.A. - parent company, Dromegon Participações Ltda. and Renner Administradora de Cartões de Crédito Ltda.

# MANAGEMENT COMMENTS

The second quarter of the year was again a positive one for retailing and sales were up by 19.0% in the period, accumulating a six months growth of 18.4%. The trend in Net Revenue from Merchandise Sales is indicative of the continuing vigor of the Brazilian economy, combined with the satisfactory performances achieved on Mothers and Valentine Days. Specifically at Renner, low temperatures and the consumer acceptance of the fall-winter collections were also instrumental in the results reported, with Same Store Sales growing 9.8% in 2Q11 and 10.4% in 1S11.

Notwithstanding cost pressures from high cotton prices and the consolidation of Camicado, the Gross Margin from the Retail Operation was stable at 53.9% in 2Q11 and slightly less in the first six months of the year, with a reduction of only 0.1 p.p. at 53.5%. Specifically at Renner, the larger volume of imported items and also the low winter temperatures for May and June in the South and the Southeast regions made a positive contribution, the Company posting an increased Gross Margin of 0.3 p.p. in 2Q11 and 0.1p.p. for 1S11 as a whole.

Results from Financial Services were equally positive, growing 30.0% in 2Q11 and totaling R$ 32.1 million. Delinquency remained low at 3.0% of Net Revenue from Merchandise Sales, and the participation of the Renner Card was 55.2% in 2Q11. For the accumulated six-month period, the Financial Services division posted a result of R$ 70.6 million, with delinquency levels at 2.8%.

During the period between January and June and in line with initial forecasts, Renner opened 10 stores – both traditional and compact models as well as the first Blue Steel store, which will serve as a test run to gauge the potential for creating a specialty store network. A further 21 Renner store rollouts are scheduled by the year-end together with two more Blue Steel prototypes.

The consolidation and integration of Camicado is running to the original plan and Management remains confident of the opportunities presented by this new business. A further three Camicado stores are to be inaugurated during the current year.

# CONSOLIDATED INFORMATION

**Net Revenue from Merchandise Sales** reached **R$ 749.7 million** in **2Q11**, **19.0%** up on Renner sales in 2Q10. In **1S11, Net Revenue from Merchandise Sales** amounted to **R$1,267.4 million**, an increase of **18.4%** over 1S10. Growth was driven by a favorable trading environment set against a positive macroeconomic scenario.

**Gross Margin from the Retail Operation** was **53.9%** and in line with the 53.9% reported by Renner in 2Q10. In **1S11**, **Gross Margin from the Retail Operation** was **53.5%** versus 53.6% in 1S10. The slight reduction in the first six months reflects the consolidation of the Camicado in 2011.

As to **Operating Expenses, 2Q11** registered **Selling Expenses** of **R$ 185.2 million**, equivalent to **24.7%** of Net Revenue from Merchandise Sales versus 23.6% in the same period for 2010. This pressure stems from the fixed costs structure adopted by the Company as well as the pre-operating expenses of a large number of stores that were inaugurated. The consolidation of Camicado also put greater pressure on Selling Expenses in 2Q11. **General and Administrative Expenses,** in turn, recorded **R$ 60.6 million,** representing **8.0%** of Net Revenue and similar to the levels of the previous year even after the consolidation of Camicado. In the first six months of 2011, **Selling Expenses** totaled **R$ 352.2 million** or **27.8%** against 26.7% of Net Revenue in 1S10. **General and Administrative Expenses** were **R$ 112.1 million**, representing **8.8%** in **1S11** versus 8.5% in 2010, due to the higher expenses incurred in 1Q11, which pressured Renner's operational leverage.

Following the integration of Camicado in May 2011, **EBITDA from the Retailing Operation** totaled **R$ 147.6 million**, equivalent to an **EBITDA Margin** of **19.7%** in **2Q11**versus 20.3% in 2Q10. In the first semester of 2011, **EBITDA from the Retailing Operation** amounted to **R$194.2 million**, with a **Margin** of **15.3%** in **1S11** against 16.3% in 1S10. The six months result was also impacted by additional expenses incurred in 1Q11 due to the accelerated expansion of Renner's geographical footprint.

## RESULT FROM FINANCIAL SERVICES

| RESULTS FROM FINANCIAL SERVICES BREAKDOWN (R$ MM) | 2Q11 | 2Q10 | Variation % | 1S11 | 1S10 | Variation % |
|---|---|---|---|---|---|---|
| **Revenues, Net from Funding and Taxes** | **81.2** | **65.2** | **24.6%** | **156.1** | **124.6** | **25.3%** |
| Sales in the Interest-free Plan (0+5) *(Recovery of Past Due Receivables)* | 22.0 | 18.9 | 16.6% | 37.2 | 33.0 | 12.7% |
| Sales in the Interest-bearing Plan (0+8) *(Interest + Recovery of Past Due Receivables)* | 37.7 | 27.7 | 36.1% | 75.7 | 53.3 | 42.2% |
| Personal Loans and Other Financial Services | 21.5 | 18.6 | 15.7% | 43.2 | 38.3 | 12.6% |
| **Credit Losses, Net of Recoveries** | **(28.9)** | **(28.6)** | **1.2%** | **(47.7)** | **(52.1)** | **-8.5%** |
| Sales in the Interest-free Plan (0+5) | (7.5) | (9.0) | -16.1% | (11.2) | (14.1) | -20.5% |
| Sales in the Interest-bearing Plan (0+8) | (14.3) | (14.0) | 2.2% | (23.7) | (27.8) | -14.6% |
| Personal Loans | (7.1) | (5.6) | 26.9% | (12.8) | (10.2) | 24.8% |
| **Operating Expenses** *(Renner Card & Financial Services)* | **(20.2)** | **(11.9)** | **69.9%** | **(37.8)** | **(21.4)** | **76.3%** |
| **Results from Financial Services** | **32.1** | **24.7** | **30.0%** | **70.6** | **51.1** | **38.3%** |
| % of Company's total EBITDA | 17.9% | 16.2% | - | 26.7% | 22.7% | - |

**Results from Financial Services** registered growth of **30.0%** in **2Q11** amounting to **R$ 32.1 million**, against R$ 24.7 million in 2Q10. This improvement is based on the positive results reported during the period, principally the 0+8 interest-bearing plan, on the lower cost of the operations with interest and on past-due payments, which represented a saving of R$ 3.7 million in relation to 2010 due to the FIDC as well as the lower levels of delinquency and provisions. Continued improvement in credit performance and greater refinement of the propensity models for offering products through CRM (Customer Relationship Management) initiatives have equally been contributing to reported results. For the first semester, **Results from Financial Services** were **R$ 70.6 million**, a growth of **38.3%** against R$ 51.1 million recorded in 1S10.

**Losses on Renner Card** in **2Q11**, Net of Recoveries, were **3.0%** of Net Revenue from Merchandise Sales, **0.6 percentage points** less than the 3.6% posted in 2Q10 (or 3.9% if the credit portfolio alone is considered versus 4.7% in 2Q10). On **1S11**, **losses on Card** were **2.8%** against 3.9% in 1S10 (or 5.8% if the credit portfolio is taken in isolation against 7.8% for the preceding year).

As of June 30, the total number of **Renner Cards** issued reached **17.9 million**, **55.2%** of the Company's total sales of merchandise being settled against the store card. In **2Q11**, sales in **0+5 interest-free installments** accounted for **43.0%** of total sales and in **0+8 interest-bearing plan,** a further **12.2%.** For the first six months, the **Renner Card** represented **54.7%** of the Sales, being **42.5%** in **0+5 installments** and **12.2%** in **0+8 installments**.

The **average Renner Card ticket** in **2Q11** was **R$ 155.47,** a growth of **12.6%** against R$138.08 for 2Q10. In **1S11,** the **average Renner Card ticket** was **R$ 143.32** versus R$ 128.31 in 1S10. The **average ticket for the Company** as a whole was **R$ 112.31** in **2Q11** and **R$ 103.74** in **1S11**, with a growth of **7.7%** and **8.4%**, respectively.

In the personal credit products segment, the **total loan portfolio** for June 2011 was **R$ 107.9 million** (R$ 79.2 million at present value), a growth of **11.1%** over June 2010. **Losses, net of recoveries**, in the quarter were **R$ 7.1 million** versus R$ 5.6 million in the same period in 2010, in the first semester reaching **R$ 12.8 million** against R$ 10.2 million in 1S10. The **average loan ticket** in **1S11** was **R$ 592.00** and the **average term 8.1 months**.

## EBITDA – RETAILING OPERATION + FINANCIAL SERVICES

In the light of the foregoing, **total Company EBITDA** was **R$ 179.7 million** in **2Q11**, constituted by **R$ 147.6 million** from the **Retailing Operation** and **R$ 32.1 million** generated from **Financial Services.** Hence, the **EBITDA Margin** for **2Q11** was **24.0%** against 24.2%, for the same period in 2010. In the **six month period ending June**, **total EBITDA** reached **R$ 264.8 million,** equivalent to an **EBITDA Margin** of **20.9%** versus 21.1% in 1S10.

These reductions are a reflection of the consolidation of the Camicado business into company results as well as higher operating expenses in 1Q11, related to the more aggressive expansion plan for Renner.

## FINANCIAL RESULT, NET

| FINANCIAL RESULT, NET (R$ MM) | 2Q11 | 2Q10 | 1S11 | 1S10 |
|---|---|---|---|---|
| Financial Revenues | 4.7 | 8.7 | 14.0 | 16.6 |
| Financial Expenses | (2.9) | (2.4) | (7.5) | (5.5) |
| Net Effect of Adj. of LT Taxes to Present Value | 0.0 | 0.0 | 0.0 | 0.3 |
| Foreign Exchange Variation, Net | (0.4) | 0.8 | 0.7 | 1.1 |
| **Financial Result, Net** | **1.4** | **7.1** | **7.2** | **12.5** |

The **Net Financial Result** in **2Q11** was **R$ 1.4 million**. This result was made up of financial expenses arising from a total **debt** of **R$ 50.7 million** in addition to some bank charges, as well as financial revenues from income on investments of **Cash and Cash Equivalents** which in June 2011, amounted to **R$ 242.2 million**. The amount was **52.0%** less than the **R$ 505.0 million** reported in March 2011, the reduction largely due to the payments of dividends and part of the acquisition of Camicado Houseware, the allocation of FIDC resources to the fund and the settlement during the course of the quarter of former operations of overdue financing and 0+8 installment sales.

## NET INCOME

In the light of the preceding items, the Company reported a **Net Income** in **2Q11** of **R$ 113.5 million**, **24.8%** more than 2Q10, representing a **Net Margin** of **15.1%** against 14.4% in 2Q10. First semester **Net Income** reported an expansion of **26.0%,** increasing from R$ 127.9 million in 1S10 to **R$ 161.1 million**, a **Net Margin** of **12.7%** in **1S11**, versus 11.9% in 1S10.

## INVESTMENTS (CAPEX)

| CAPEX SUMMARY (R$ MM) | 2Q11 | 2Q10 | 1S11 | 1S10 |
|---|---|---|---|---|
| New Stores | 42.0 | 15.4 | 59.8 | 23.1 |
| Remodeling of Installations | 7.3 | 1.1 | 10.2 | 1.7 |
| IT Equipment & Systems | 4.1 | 3.6 | 5.2 | 5.7 |
| Others | 10.9 | 0.5 | 13.1 | 5.9 |
| **Total** | **64.3** | **20.6** | **88.3** | **36.4** |

In **2Q11** investments in fixed assets totaled **R$ 64.3 million** against R$ 20.6 million in 2Q10. A total of R$ 42.0 million was expended on the opening of new stores rolled out during the course of the quarter. In the first **six months** of 2011, 10 new Renner stores were inaugurated. In turn, during the quarter, Camicado, inaugurated one new store - in the state of São Paulo at the Shopping Tamboré mall.

In **June 2011**, Renner had a total of **144 stores** in operation, with an aggregate sales area of **288.8 thousand m²** while Camicado in turn was operating with **28 stores** with a total area of **14.3 thousand m²**.

**Depreciation and Amortization** expenses amounted to **R$ 22.6 million** in **2Q11** and **R$ 44.1 million** in **1S11.**

## DIVIDENDS

In **2Q11**, Lojas Renner credited Shareholders with dividends in the form of **Interest on Equity** totaling **R$ 18.9 million** or **R$ 0.1544 per share**. Over the **first semester** of 2011, payout in the form of Interest on equity has already reached **R$ 37.4 million**.

## SUBSEQUENT EVENTS – DEBENTURE ISSUE

On August 5 2011, Lojas Renner announced the closing of the public offering of 30,000 simple non-convertible unsecured debentures in two series. The Company's 4th debenture issuance had a unit value of R$ 10,000.00 (ten thousand) totalling R$ 300,000,000.00 (three hundred million). The first series amounting to R$ 215.1 million, paying a fixed annual remuneration of CDI+1.10% and maturing in 5 years. The second series amounted to R$ 84.9 million paying a fixed annual remuneration of IPCA +7.80% and maturing in 6 years.

The Company was the first debenture issuer to use the Brazilian Securities and Exchange Commission's (CVM) fast track filing method for Issuer with Major Exposure to the Market (EGEM). The offering assigned a "brAA+" classification by the risk rating agency Standard & Poor's.

# SUMMARIZED INFORMATION OF LOJAS RENNER

| SUMMARY OF RESULTS (R$ MM) | 2Q11 | 2Q10 | Variation % | 1S11 | 1S10 | Variation % |
|---|---|---|---|---|---|---|
| Net Revenue from Merchandise Sales | 727.9 | 630.0 | 15.5% | 1,245.6 | 1,070.2 | 16.4% |
| Gross Margin from Retailing Operation (%) | 54.2% | 53.9% | +0.3 p.p. | 53.7% | 53.6% | +0.1 p.p. |
| EBITDA Margin from the Retailing Operation (%) | 20.4% | 20.3% | +0.1 p.p. | 15.7% | 16.3% | -0.6 p.p. |
| Results from Financial Services | 32.1 | 24.7 | 30.0% | 70.6 | 51.1 | 38.3% |
| Total EBITDA | 180.9 | 152.5 | 18.6% | 266.1 | 225.6 | 17.9% |
| Total EBITDA Margin (%) *(over Net Revenue from Merchandise Sales)* | 24.9% | 24.2% | +0.7 p.p. | 21.4% | 21.1% | +0.3 p.p. |

| OPERATIONAL DATA | 2Q11 | 2Q10 | Variation % | 1S11 | 1S10 | Variation % |
|---|---|---|---|---|---|---|
| Same Stores Sales Growth[1] *Nominal Growth over Previous Year* | 9.8% | 7.4% | + 2.4 p.p. | 10.4% | 10.5% | -0.1 p.p. |
| Total Number of Stores *End of June* | 144 | 125 | 15.2% | 144 | 125 | 15.2% |
| Selling Area (in thousand $m^2$) *End of June* | 288.8 | 259.4 | 11.3% | 288.8 | 259.4 | 11.3% |
| Net Revenue per $m^2$ (R$ per $m^2$) *Net Revenue per Average Selling Area* | 2,564 | 2,455 | 4.4% | 4,458 | 4,221 | 5.6% |
| Number of Employees *End of June* | 12,617 | 11,671 | 8.1% | 12,617 | 11,671 | 8.1% |
| Renner Card Average Ticket (R$) | 155.47 | 138.08 | 12.6% | 143.32 | 128.31 | 11.7% |
| Company's Average Ticket (R$) | 112.31 | 104.26 | 7.7% | 103.74 | 95.68 | 8.4% |
| Number of Cards at the End of the Period (MM) | 17.9 | 16.0 | 11.9% | 17.9 | 16.0 | 11.9% |
| Participation of the Renner Card in Sales | 55.2% | 57.8% | -2.6 p.p. | 54.7% | 57.0% | -2.3 p.p. |
| Participation in Sales (0+5) | 43.0% | 44.4% | -1.4 p.p. | 42.5% | 44.0% | -1.5 p.p. |
| Participation in Sales (0+8) | 12.2% | 13.4% | -1.2 p.p. | 12.2% | 13.0% | -0.8 p.p. |
| ROIC (%) | 10.3% | 9.8% | + 0.5 p.p | 14.9% | 14.2% | + 0.7 p.p |

**1** The stores are included in the comparable sales calculation beginning in the 13th month of their operations. Changes in comparable store sales between two periods are based on net sales of stores, which were in operation during both comparable periods. If a store is included in the calculation of comparative store sales for only a portion of one of the two periods compared, then that store will be included in the calculation for only the comparable portion of the other period. When the square meters of a store that is included in comparable store sales are increased or decreased, that store continues to be included in the comparable store sales calculation. When a store is closed, its sales are excluded from the calculation of comparable store sales for the periods compared.

## EXPLANATORY NOTES

*(All amounts in thousands of reais, unless otherwise indicated)*

## 1 Operations

Lojas Renner S.A. (the "Parent Company") is principally engaged in retail sales of clothing, sportswear and other department store articles in the domestic market. The Parent Company and its subsidiaries (together "the Company" or Consolidated) are also engaged in theretail trade of household appliances, bedding and bath, furniture and home decor products, import of goods, investments in other companies, exercising control or investing on a permanent basis with significant investment in its capital, as a partner or shareholder, as well as the administration of its own assets and the realization of various projects, either alone or jointly with other companies, intermediation of financial services, such as personal loans, financing of purchases, insurance and capitalization certificates, private label credit card, and other activities.

The Parent Company is a corporation with head office in Porto Alegre, State of Rio Grande do Sul, listed on the São Paulo Stock Exchange ("BOVESPA": LREN3).

### 1.1 Acquisition of Camicado - Maxmix Comercial Ltda.

As disclosed in relevant fact as of April 4, 2011, the Company, through of its subsidiary Renner Empreendimentos Ltda, concluded the purchase of 100% of the capital of Maxmix Comercial Ltda. ("Camicado") on May 12, 2011. Maxmix Comercial Ltda. was the holder of the brand Camicado, retailer of domestic appliances, bedding, bath, tableware and home decor products, with 28 stores located in the South, Southeast and Middle-west regions in Brazil. The total acquisition price was R$ 165,000 thousand, which were subject to eventual downward adjustments with respect to the Camicado's net debt raised on May 04, 2011. Also, the amount of R$ 15,000 thousand will be retained to cover any losses incurred by Camicado, of which the Company will be indemnified by the former owners of Camicado.

The retained amount will be paid to the Sellers over 5 years, restated, as from the deal's closing date up to the date of the respective payment, according to the positive variation of the IGPM/FGV inflation index, limited however to the variation of the CDI rate during the same period of 5 years. The payments corresponding to the retained amount will be made upon assessments of the processes.

Corresponding to the installment of R$ 112,500 thousand, payable on the closing date, the Company paid R$ 99,810 thousand, discounted the amount relating to the net debt (R$ 12,690 thousand). The remaining amount of R$ 37,500 thousand (net of R$ 15.000 thousand retained to be pay in the future) will be paid in 3 monthly, equal and successive installments of R$ 12.500 thousand, restated as from the closing date up to the date of their respective payment according to the positive variation of the IGPM/FGV inflation index, limited however to the variation of the CDI (Interbank Deposit Certificate) during same period. The first installment, in the amount of R$ 12,500, of this remaining amount was paid on June 10, 2011.

On June 30, 2011 and up to the disclosure of these interim financial statements, the appraisal report on the fair value of assets acquired and liabilities assumed in the acquisition of Camicado for payment allocation and goodwill calculation has not yet been completed. Management expects this appraisal to be concluded before December 31, 2011. However, the initial assessment of the Company's management indicates that there will be differences between the fair value and the carrying value presented in Camicado's balance-sheet at the acquisition date, mainly in the groups of property, plant and equipment, intangible assets – brand and deferred tax assets and liabilities.

The goodwill calculated on the acquisition, taking into consideration Camicado's balance sheet before the fair value adjustments, on the base date of April 30, 2011, is as follows:

| | |
|---|---|
| Property plant and equipment | 3,025 |
| Intangible assets – brand name | 3,675 |
| Other assets and liabilities, net | (14,704) |
| Net liabilities of assets | (8,004) |
| Percentage of interest acquired | 100% |
| | |
| Net assets acquired | (8,004) |
| Consideration | 151,880 |
| | |
| Goodwill calculated on the acquisition | 159,884 |

## 2 Financial Statement Presentation

The financial statements include:

- The Parent Company's interim individual financial statements prepared and presented in accordance with accounting practices adopted in Brazil ("BRGAAP"), as described in Note 2.1.

- The Company's interim consolidated financial statements prepared and presented in accordance with International Financial Reporting Standards (IFRS), and also in accordance with accounting practices adopted in Brazil ("BRGAAP"), as described in Note 2.2.

The preparation of interim financial statements, both under IFRS and under BRGAAP, requires the use, by the Company's management, of estimates and assumptions that affect the reported amounts of assets, liabilities and other transactions. As management judgment involves estimates related to the probability of future events, actual results may differ from these estimates.

Management evaluates as critical accounting practices not only those that are significant to present the financial position and the results of operations but also those that require more difficult, subjective or complex judgments, usually as a result of the necessity of estimates involving the impact of inherently uncertain matters. These judgments become more subjective and complex as the number of variables and assumptions that affect the possible future resolution of the uncertainty increases. In the preparation of the interim financial statements, the Company has adopted variables and assumptions that are derived from historical experience and other factors that it believes are reasonable and relevant. Even though these estimates and assumptions may be revised by the Company in the ordinary course of its business, the balance sheet and the statement of operations frequently require the use of judgment regarding the effects of inherently uncertain matters that affect the book values of its assets and liabilities. The actual results may vary from the estimated variables, assumptions and conditions.
The main operations and evaluations that were significantly affected by estimates refer to provisions for tax, civil and labor contingencies (Note 3.12), the allowance for doubtful accounts (Note 3.7), determination of the discount rate used to calculate the adjustment to present value (Note 3.8), determination of fair value of share-based compensation (Note 3.15), provision for inventory losses (Note 3.9), estimate of realization of deferred income tax (Note 3.14) and estimate of useful lives of property, plant and equipment and intangible assets (Note 3.10).

These interim financial statements were approved by Company's management on August 5, 2011.

### 2.1 Interim individual financial statements of the Parent Company - BRGAAP

The interim individual financial statements of the Parent Company for the quarter and semester ended June 30, 2011 have been prepared and are being presented in accordance with CPC 21, which addresses interim reporting.

The interim individual financial statements of the Parent Company have been prepared and are being presented in accordance with accounting practices adopted in Brazil, considering the pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC"), standards, guidance and interpretations issued by the Brazilian Securities Commission ("CVM"), and the provisions included in the Brazilian Corporation Law and are being published together with the interim consolidated financial statements.

In the interim individual financial statements the investments in subsidiaries are accounted under the equity method. The same adjustments are made in both the interim individual financial statements and the interim consolidated financial statements to have the same net income and equity attributable to the share holders of the parent company. The accounting practices adopted in Brazil for the interim individual financial statements require the use of the equity method to measure the investments in subsidiaries, while the concept of individual financial statements, does not exist in IFRS, separate financial statements, which are defined in IFRS, the investments in subsidiaries should be measured at cost or fair value.

### 2.2 Interim consolidated financial statements - IFRS and BRGAAP

The interim consolidated financial statements for the quarter and semester ended June 30, 2011 have been prepared and are being presented in accordance with CPC 21 and IAS 34, which address interim reporting.

The interim consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, considering the pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC"), standards, guidance and interpretations issued by the Brazilian Securities Commission ("CVM"), and the provisions included in the Brazilian Corporation Law, and also in accordance with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board.

## 3 Summary of Significant Accounting Practices

The accounting practices presented below are equally applicable to the Parent Company (BRGAAP) and the Consolidated (IFRS and BRGAAP) financial statements.

## 3.1 Segment reporting

Operating segments are reported in a manner consistent with the internal reports provided to the Company's chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, which makes major strategic decisions.

## 3.2 Foreign currency translation

### Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Parent Company and each of its subsidiaries operate ('the functional currency'). The consolidated financial statements are presented in Brazilian reais (R$), which is the functional currency of the Parent Company and all of its subsidiaries and also the Company's presentation currency.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

## 3.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating revenues between consolidated entities.

The Company recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities described as follows.

### Sales of goods - retail

The Company has a chain of retail outlets to sell its goods. Revenue from sale of goods is recognized when the goods are delivered to customers. Sales are paid for in cash, with credit cards or through financing, described in "sales of financial services".

### Sales of financial services

The Company carries out and intermediates customer credit financing, personal loans, and sales financing by financial institutions. The results of these operations are appropriated to income, based on the effective interest rate method, over the life of the contracts.

## 3.4 Cash and cash equivalents

These comprise cash, bank demand deposits, short-term high liquid investments, and the balance of earnings from investments in the Credit Rights Investment Fund - FIDC Lojas Renner (subordinated quotas of the Parent Company), recorded at market value. The consolidated statements also include the balances of the financial investments of the Credit Rights Investment Fund - FIDC Lojas Renner, the use of which is restricted to the purchase of receivables generated by the Parent Company.

## 3.5 Financial assets

### Classification

The Company classifies its financial assets according to the following categories: measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at the time they are initially recorded.

(a) Assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges instruments (Note 3.17). Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables comprise 'Trade and other receivables' in the balance sheet (Note 3.6).

### Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognized at fair value. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The loans and receivables are recorded at amortized cost, based on the effective interest rate method (Note 3.6).

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in Note 3.7.

### Offset of financial instruments

When there is a legally enforceable right to set-off the financial assets and liabilities, the net amount is presented in the statements of financial position if there is the intention either to settle on a net basis, or realize the asset and settle the liability simultaneously.

## 3.6 Trade accounts receivable

Trade accounts receivable correspond to the amounts receivable for the sale of goods, as well as the amounts of personal loans granted to customers by the financial institutions, in which the company acts as a mediator. If collection is expected in one year or less, receivables are classified as current assets, otherwise they are presented in non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (Note 3.8), less provision for impairment losses (Note 3.7).

The Parent Company carries out securitization of accounts receivable through the Credit Rights Investment Fund Lojas Renner ("FIDC Lojas Renner"), as described in Note 7.

## 3.7 Provision for losses on trade receivables

The provision for losses is recorded based on the analysis of the customer portfolio, in an amount considered sufficient by Management to cover losses on the collection of receivables. Regarding personal loans, the provision for losses is recorded based on the risk classification of the transactions, similar to the criteria for risk classification of credit transactions defined by the Central Bank of Brazil, following the same practices adopted by the financial institutions.

## 3.8 Discount to present value

Purchases and sales on credit at fixed rates were discounted to their present value on the date of the transactions, according to their terms, based on the estimated rate of the cost of Company´s capital, plus credit risk, in the case of customers. The interest rate used for calculating the discount to present value of credit sales was 4.5% per month (p.m.) and reflects, according to Management's assessment, the specific risks of the receivables portfolio. The interest rate used for calculating the discount to present value of credit purchases was 1.1% p.m. Taxes payable included in non-current liabilities, which are not subject to financial charges, were also discounted to present value based on the Company´s capital's costs. Deferred taxes are not discounted to their present value.

The discount of purchases to present value is recorded within trade accounts payable and inventories. The realization of the discount in inventories is recorded in cost of sales as those inventories are sold, and the discount in trade accounts payable is reversed over the term of the payables. The discount to present value for credit sales is recorded in trade accounts receivable (Note 6), and its reversal is recorded in revenue from sales over the term of the receivables.

## 3.9 Inventories

Inventories are stated at average cost of acquisition, less a provision to adjust them to their probable realizable values, when applicable. Inventory costs include the transfer from equity of any gains/losses of qualified cash flow hedges of the purchase of imported goods.

## 3.10 Property, plant and equipment and intangible assets

Stated at cost of acquisition, formation or installation of the stores, less accumulated depreciation or amortization. Depreciation or amortization is calculated using the straight-line method at rates that take into consideration the estimated economic useful lives of the assets as detailed in Note 11. The Company reviews its property, plant and equipment items to

identify evidence of impairment, as described in Note 3.11. The Company reviews periodically the economic useful lives of its property, plant and equipment items.

## 3.11 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units - CGU).

## 3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions for tax, civil and labor contingencies are recognized based on the best estimates of the risk involved, in amounts considered sufficient by Management to cover probable losses, and are updated through each reporting date considering the nature of each contingency and based on the opinion of the Company's attorneys.

## 3.13 Loans and financing

Loans and financing are initially recognized at fair value. At each subsequent balance sheet date, they are measured at their amortized cost, including charges, interest based on the effective rate, and monetary and exchange variations, less contractual repayments.

The costs of obtaining a loan are recognized as costs of the transaction. To the extent there is no evidence that it is probable that some or all of a facility will be drawn down, the respective fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

## 3.14 Income tax and social contribution

Current and deferred income tax and social contribution are calculated based on the tax rates (and tax laws) enacted, or substantially enacted, on the balance sheet date.

Deferred income tax and social contribution assets, arising from temporary differences, were recognized to the extent that it is probable that future taxable profit will be available, based on technical appraisal, approved by Management.

## 3.15 Benefits to officers, executives and employees

The Company grants to its officers, executives and employees various benefits which are usual in the market. For a better alignment of the interests of officers, executives and employees, the Company also grants the following benefits:

**Share-based compensation**

The Company grants share-based compensation plans to selected officers and executives, under which the entity receives services from them in exchange for equity instruments (options) of the Company. The fair value of share options granted is calculated on the date of the related grant based on the Black&Scholes valuation model. This model uses assumptions such as the fair value of the share on the grant date, the exercise price of the option, the volatility of the Company's share price, the risk-free interest rate, and the vesting period. The expense is recorded on a "pro rata temporis" basis, during the period the service is provided, which starts on the grant date and continues to the date on which the option becomes vested.

**Sharing of profit and results**

*The Company recognizes a liability and an expense whose main assumptions for the recognition and payments are related to reaching goals for sales, gross margin, operating result, issuance of cards, among others.*

## 3.16 Distribution of dividends and interest on capital

The Company's by-laws and the corporate law establish that at least 25% of the annual adjusted net income be distributed as dividends. Therefore, the Company records a provision, at the end of each fiscal year, in the amount of the compulsory minimum dividend that has not yet been distributed, if this limit has not been reached by interim payments. Dividends exceeding this limit are recorded in a specific account in equity named "Additional Dividend Proposed". When declared by Management, interest on capital is considered part of the dividends for the period.

The tax benefit of interest on capital is recognized in the income statement.

## 3.17 Transactions with derivative financial instruments

Derivatives are measured at their fair value on the date on which contracts are entered into and subsequently at each

reporting date.

The Company uses derivatives to hedge against currency exposure generated by import orders. These transactions are limited to the actual amount of the import orders not yet paid and represent purchases of future dollar call options. The Company classifies these transactions as cash flow hedges, based on the following: (i) the derivatives are highly correlated regarding the changes in their fair value in relation to the fair value of the item being hedged, both at inception and over the life of the contract; (ii) the identification of the transaction, of the hedged risk, of the risk management process, and of the methodology used for assessing the effectiveness are documented; (iii) the hedges are considered effective in reducing the risk associated with the exposure to be hedged.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity as "Carrying value adjustments" until the settlement of the related instruments, and is realized when the risk for which the derivative was contracted is eliminated. No non-effective cash flow hedge transactions were identified at June 30, 2011 and December 31, 2010.

When financial instruments are settled, gains and losses previously deferred in equity are allocated in the initial measurement of the cost of inventories and taken to cost of sales as these assets are realized.

## 3.18 Lease transactions

The leases in which a significant portion of the ownership risks and benefits remains with the lessor are classified as operating leases. Operating lease payments (net of all incentives received from the lessor) are charged to results of operations based on an accrual basis over the term of the lease.

The Company has some software lease agreements classified as finance leases. The finance lease agreements are capitalized after inception date by the lower of the fair value of the leased asset and the present value of minimum lease payments, and amortized considering the useful life of the asset. The obligation under these agreements is presented as a liability plus interest based on the effective rate.

## 3.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, being classified as current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (Note 3.8).

## 3.20 Accounting practices applicable only to the consolidated financial statements - IFRS and BRGAAP

**Subsidiaries and consolidation principles**

Subsidiaries are all entities directly and indirectly controlled by the Company. Control is considered to exist when Lojas Renner holds, directly or indirectly, the majority of the voting rights or has the power to govern the financial and operating policies of an entity, in order to obtain benefits from its activities. Subsidiaries are fully consolidated as from the date on which the control is transferred to the Company.

Balances and transactions between the consolidated entities, and unrealized gains and losses on these transactions, when applicable, were eliminated. The accounting practices used by the subsidiaries were adjusted to ensure consistency with the accounting practices used by the Company.

The operations of Dromegon Participações Ltda. ("Dromegon") are limited to the rental of its property to the Company (Note 22).

Renner Administradora de Cartões de Crédito Ltda. ("RACC") intermediates the granting of personal loans, issues and administrates "Meu Cartão" (with the brand Visa and Mastecard) and the sale of capitalization certificates (Note 22).

Renner Empreendimentos Ltda ("REMP") acquires interest in othes companies, exercising control or investing on a permanent basis with significant investment in its capital (Note 22) and holds 100% of the shares of Maxmix Comercial Ltda (Camicado).

Maxmix Comercial Ltda (Camicado) operates in non-specialized retail trade in various lines of products organized in departments as house wares, bedding and bath, furniture and home decor products, clothing, appliances, hardware, perfumes and cosmetics, sports equipment, consumer electronics and telephony, toys, stationery and parties, among others: non-specialized retail trade via internet, telephone, catalog and commercial representation for third parties to products and services in general, such as subscriptions to magazines and periodicals, extended warranties, homes' products and services.

On June 30, 2011, the Company's consolidated financial statements include the following subsidiaries:

| | Direct and indirect Interest % in total capital |
|---|---|
| Dromegon | 100.0% |
| RACC | 100.0% |
| Renner Empreendimentos | 100.0% |
| Maxmix Comercial Ltda. | 100.0% |

As established by CVM Instruction 408/04, the Company consolidates the financial statements of FIDC Lojas Renner, since it is a special purpose entity with activities substantially conducted based on the operational needs of the Company, which is exposed to most of the risks and benefits related to the fund, through the ownership of all subordinated quotas.

On consolidation of FIDC Lojas Renner assets and liabilities, gains and losses on transactions between the Company and the Fund were eliminated.

## 3.21 Accounting practices applicable only to the Parent Company's individual financial statements - BRGAAP

**Investments**

These refer to investments in subsidiaries accounted for on the equity method. Balances and transactions between the subsidiaries and the Parent Company, and unrealized gains and losses on these transactions, when applicable, were eliminated. The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company.

## 3.22 Presentation format of statement of income

In the statements of income, included in the annual financial statements, the Company presents the operating income before the equity results in subsidiaries, depreciation and amortization, expenses with stock options plan, financial results and result on disposal or write-off of fixed assets. This presentation format represents the concept of EBITDA to meet the needs of the shareholders and users of these financial statements.

In the statements of income, included in these interim financial statements, the Company presents the statements of income according to the CVM's ITR form. The Company's EBITDA are being presented together with the Note 30 in these interim financial statements.

The expenses included in the statements of income, in these interim financial statements, are presented in accordance with its function. The disclosures of such expenses in accordance with its nature are stated in Note 32.

## 4 Standards, Amendments to and Interpretations of Standards

**(a) Interpretations of and amendments to existing standards that are not yet effective**

Interpretations and amendments to existing standards were issued and will be mandatory for accounting periods beginning on or after January 1, 2012 or later periods, but are not relevant for the Company's operations, except for the standard listed below, the impact of which is being assessed by the Company:

| Topic | Key requirements | Effective date |
|---|---|---|
| IFRS 9 "Financial Instruments" | IFRS 9 is the first standard issued as part of a larger project to replace IAS 39. IFRS 9 retains, but simplifies the model of measurement and establishes two main categories of measurement for financial assets: amortized cost and fair value. The classification basis depends on the business model of the entity and of the characteristics of the contracts of financial asset cash flows. The guidance included in IAS 39 on impairment of financial assets and hedge accounting continues to be applied.<br><br>Prior periods do not need to be restated if an entity adopts the standard for the periods beginning on or before January 1, 2012. | January 1, 2013 |
| IAS 17 Leases | Develop a single approach to the recognition of all leases in the balance sheet. | January 1, 2013 |

## 5 Cash and Cash Equivalents

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| Local currency: | | | | |
| Cash and banks | 22,571 | 36,524 | 24,427 | 37,283 |
| CDB (a) | 72,521 | 179,165 | 75,525 | 179,165 |
| Debenture-backed repurchase agreements (b) | 53,850 | 232,095 | 58,903 | 232,095 |
| Fixed income fund – FIDC (c) | - | - | - | 207,024 |
| LFTN - FIDC financial investments (d) | - | - | 69,266 | 28,094 |
| LFT Over - FIDC financial investments (e) | - | - | 14,028 | - |
| Short term investments – FIDC (f) | 12,851 | 9,754 | - | - |
| Investment fund – BACEN Jude (g) | 25 | - | 25 | - |
| CDB (h) | - | - | 38 | - |
| **Total** | **161,818** | **457,538** | **242,212** | **683,661** |

Company's cash and cash equivalent may only be invested in the top-tier financial institutions, as those with grade rating classified as Investment Grade. On June 30, 2011 the Company had investments on the following financial institutions: Banco do Brasil S/A, Banco Bradesco S/A, HSBC Bank Brasil S/A e Itaú BBA S/A.

The Company's short-term high liquid investments, mostly fixed-income investments, have yields linked to the variation of the interbank certificate of deposit (CDI), with little risk of change in value, and may be redeemed according to the Company's need for cash. These investments refer to: (a) Bank Certificates of Deposit (CDB), with average yield of 100.5% of CDI (100.7% at 12/31/2010); (b) repurchase commitments, which represent the sale of a security with the commitment by the seller (bank) to repurchase the security in the future, and by the purchaser to resell it in the future, with average yield of 86.5% of CDI in the Parent Company – BRGAAP and 85.5% in the Consolidated - IFRS and BRGAAP (101.0% at 12/31/2010); (c) FIDC's fixed income fund available at any time to purchase receivables from Company's operations and with an yield equivalent to 96% of CDI. (d) FIDC Lojas Renner financial investments backed by Financial Treasury Bills that are available on demand for the acquisitions of receivables generated by the Parent Company's operations, and yield equivalent to the price and profitability considering the carrying value of the instrument, based on the daily rate of the Special System of Settlement and Custody (SELIC); (e) Fixed income fund - FIDC Lojas Renner, backed by National Treasury Bills Over which are available on demand for the acquisition of receivables originated from operations of the Parent Company and yield equivalent to the pricing and profitability of the investments curve, based on daily Selic; (f) balance of investments of the Parent Company in FIDC Lojas Renner redeemable at any time, according to the fund regulations (Note 7); (g) investment fund created for the deductions made by the Central Bank court, when necessary, with average annual yield of 62,35% of CDI, 100% backed in Financial Treasury Bills, net of management fees; and (h) Certificate of Bank Deposits (CDB), which average yield linked to CDI was 20%.

## 6 Trade Accounts Receivable

| | 06/30/2011 | 12/31/2010 |
|---|---|---|
| Local currency: | | |
| Trade accounts receivable (nominal amounts) | | |
| No yet due | | |
| To fall due from 1 to 30 days | 162,923 | 137,453 |
| To fall due from 31 to 60 days | 143,506 | 157,989 |
| To fall due from 61 to 90 days | 107,333 | 125,624 |
| To fall due from 91 to 120 days | 71,485 | 93,882 |
| To fall due from 121 to 150 days | 43,014 | 72,671 |
| To fall due from 151 to 180 days | 18,763 | 41,039 |
| To fall due over 180 days | 17,807 | 40,186 |
| Past due | | |
| Past due from 1 to 30 days | 57,344 | 33,432 |
| Past due from 31 to 60 days | 16,874 | 8,569 |
| Past due from 61 to 90 days | 14,983 | 8,899 |
| Past due from 91 to 180 days | 34,943 | 26,542 |
| | 688,975 | 746,286 |

| | 06/30/2011 | 12/31/2010 |
|---|---|---|
| Credit card operators | | |
| To fall due from 1 to 30 days | 71,976 | 76,459 |
| To fall due from 31 to 60 days | 40,147 | 43,633 |
| To fall due over 60 days | 20,293 | 22,512 |
| | 132,416 | 142,604 |
| Other receivables | 1,194 | 611 |
| Commissions and transactions receivable - personal loans | 30,573 | 25,465 |
| Less: | | |
| Discount to present value | (43,255) | (55,647) |
| Provision for losses on receivables - Retail | (45,721) | (42,200) |
| Provision for losses on receivables - Personal loans | (17,139) | (14,885) |
| Accounts receivable - FIDC Lojas Renner | (434,337) | (277,090) |
| Deferred income - assigned receivables - FIDC Lojas Renner | (30,973) | (19,660) |
| **Total Parent Company - BRGAAP** | **281,733** | **505,484** |
| Credit card operators | | |
| To fall due from 1 to 30 days | 4,809 | - |
| To fall due from 31 to 60 days | 2,218 | - |
| To fall due over 60 days | 2,675 | - |
| Commissions and transactions receivable - personal loans | 85,751 | 79,383 |
| Other receivables | 13,435 | 1,536 |
| Accounts receivable - FIDC Lojas Renner | 434,337 | 277,090 |
| **Total Consolidated - IFRS and BRGAAP** | **824,958** | **863,493** |

Receivables past-due for over 180 days are charged off from trade accounts receivable against the provision for losses on receivables.

Trade accounts receivable are discounted to present value at the effective interest rate on the transaction date (Note 3.8), and presented net of the impairment provision (Note 3.7).

All the credit portfolio transferred to FIDC Lojas Renner continues to be controlled by the Parent Company and is included in the evaluation of the quality of credits presented in the table above, considering the administration of these receivables by the Parent Company (Note 7). In the consolidated statements, the receivables in the FIDC Lojas Renner portfolio are fully consolidated by the Company.

## 7 Credit Rights Investment Fund - FIDC Lojas Renner

In December 2010 started the operations of Credit Rights Investment Fund - FIDC Lojas Renner ("FIDC Lojas Renner"), which according to its articles of incorporation has the objective to investment in credit rights as a closed-end fund, governed by CMN Resolution 2907/2001, CVM Instruction 356/01, its articles of incorporation and other applicable legal and regulatory provisions, with the specific purpose of acquiring credit rights originated from purchases on credit made by the Company's customers, through a customer credit financing without charges, extended by the Company, or financing with charges, granted by Itaú Unibanco. FIDC Lojas Renner has a defined operational life, which will end on December 05, 2013.

The equity structure of FIDC Lojas Renner as of June 30, 2011 is subdivided into: 3.5 thousand senior quotas held by third parties amounting to R$ 352,985, which represent 68.43% of the equity of FIDC Lojas Renner at that date; and 1.5 thousand subordinated quotas held by the Parent Company, amounting to R$ 162,851, representing 31.57% of the equity of FIDC Lojas Renner at that date. The by-laws of FIDC Lojas Renner define that the subordinated quotas should represent at least 30% of the fund's equity and will not have a defined remuneration goal.

The Parent Company acts as the agent for collection and receipt of the receivables, keeping continuing administration of the portfolio after its transfer to FIDC Lojas Renner.

The credit rights securitized by the Parent Company to FIDC (represented by credit sales and financing of delinquent customers) totaled R$ 434,337 at June 30, 2011 (R$ 277,090 at December 31, 2010), net of the provision for losses.

The balance of the costs incurred by the Parent Company for the establishment of FIDC Lojas Renner totalize R$ 7,962 at June, 30, 2011 (R$ 9,339 at 12/31/2010) which will be recognized in results (cost of financial services) over the life of the fund, according to the internal rate of return (IRR) of the fund raising. In the individual financial statements, that cost is presented in the balance sheet as a prepaid expense and in the consolidated balance sheet as a deduction of financing.

The fund's financial statements are as follows:

| | 06/30/2011 | 12/31/2010 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 83,300 | 235,130 |
| Accounts receivable | 434,337 | 277,090 |
| **Total assets** | **517,637** | **512,220** |
| | | |
| **Liabilities and equity** | | |
| Accounts payable | 1,801 | 103 |
| Equity | 515,836 | 512,117 |
| **Total liabilities and equity** | **517,637** | **512,220** |

At June 30, 2011, the remuneration of senior quotas is as follows:

| Quotaholders | Quantity in thousands | CDI Rate | Balance |
|---|---|---|---|
| Seniors A | 1.5 | 110.43% | 151,280 |
| Seniors B | 0.8 | 110.43% | 80,682 |
| Seniors C | 0.8 | 110.43% | 80,682 |
| Seniors D | 0.4 | 110.43% | 40,341 |
| **Total** | **3.5** | | **352,985** |

Remuneration is calculated based on the CDI rate plus 1.2%, as provided in the Fund's by-laws.

## 8 Inventories

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| Goods for resale | 312,012 | 272,203 | 332,193 | 272,203 |
| Present value adjustment | (8,528) | (6,988) | (8,528) | (6,988) |
| Provision for losses | (7,338) | (14,723) | (8,146) | (14,723) |
| Goods for resale, net | 296,146 | 250,492 | 315,519 | 250,492 |
| Imports in transit | 19,859 | 23,342 | 19,859 | 23,342 |
| Advances to suppliers | - | 524 | 127 | 524 |
| Auxiliary materials and supplies | 1,844 | 1,592 | 1,968 | 1,592 |
| **Total** | **317,849** | **275,950** | **337,473** | **275,950** |

## 9 Deferred Income Tax and Social Contribution

Deferred income tax and social contribution assets are recorded based on the future tax effects of temporary differences between the carrying amount and tax base of assets and liabilities.

The realization of the carrying amount of deferred tax assets is reviewed annually by the Company and the related adjustments have not been material in relation to Management's initial estimate.

Deferred income tax and social contribution are comprised as follows:

| | Parent Company - BRGAAP | |
|---|---|---|
| | **06/30/2011** | **12/31/2010** |
| Base for deferred taxes: | | |
| Allowance for doubtful accounts | 62,860 | 57,085 |
| Discount to present value - net | 43,268 | 54,301 |
| Provision for losses on assets | 8,586 | 15,947 |
| Provision for tax contingencies | 48,510 | 44,915 |
| Provision for civil and labor contingencies | 19,027 | 31,753 |
| Asset Valuation - Hedge | 2,108 | 3,954 |
| Other | 4,494 | 13,978 |
| Total | 188,853 | 221,933 |
| Income tax (25%) and social contribution (9%) | 64,210 | 75,457 |

| | Consolidated – BRGAAP and IFRS | |
|---|---|---|
| | **06/30/2011** | **12/31/2010** |
| Base for deferred taxes: | | |
| Allowance for doubtful accounts | 62,860 | 57,085 |
| Discount to present value - net | 43,268 | 54,301 |
| Provision for losses on assets | 9,394 | 15,947 |
| Provision for tax contingencies | 48,935 | 44,915 |
| Provision for civil and labor contingencies | 19,175 | 31,753 |
| Asset Valuation - Hedge | 2,108 | 3,954 |
| Tax credit on the acquired company (a) | 9,903 | - |
| Other | 4,494 | 13,978 |
| Total | 200,137 | 221,933 |
| Income tax (25%) and social contribution (9%) | 68,047 | 75,457 |

(a) Credit over tax losses from prior periods on the acquired company in May 4, 2011.

Based on the past realization of the assets and liabilities which give rise to the deferred income tax and social contribution, we expect they will be used in the following years:

| Period | Parent Company | Consolidated |
|---|---|---|
| 2011 | 24,929 | 26,775 |
| 2012 | 9,820 | 10,318 |
| 2013 | 9,820 | 10,318 |
| 2014 | 9,820 | 10,318 |
| 2015 | 9,821 | 10,318 |
| **Total** | **64,210** | **68,047** |

The reconciliation of the expense calculated by applying the combined tax rate and the income tax and social contribution expense charged to the income statement is as follows:

| | Parent Company - BRGAAP | | | | Consolidated - IFRS and BRGAAP | | | |
|---|---|---|---|---|---|---|---|---|
| | 2Q11 | 6H11 | 2Q10 | 6H10 | 2Q11 | 6H11 | 2Q10 | 6H10 |
| Profit before income tax and social contribution and after statutory participations | 155,136 | 218,729 | 135,855 | 190,657 | 152,872 | 217,701 | 136,621 | 192,184 |
| Combined tax rate | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% |
| Tax expenses at nominal rate | (52,746) | (74,368) | (46,191) | (64,823) | (51,976) | (74,018) | (46,451) | (65,343) |
| Additions: | | | | | | | | |
| Expenses with share-based compensation | (1,790) | (3,495) | (1,573) | (2,875) | (1,790) | (3,495) | (1,573) | (2,875) |
| Other non-deductible expenses | (431) | (884) | 34 | (31) | (480) | (933) | 34 | (31) |
| Deductions: | | | | | | | | |
| Results from investments | 1,699 | 2,659 | 1,896 | 3,783 | - | - | - | - |
| Other deductions | 485 | 970 | - | - | 485 | 970 | - | - |
| Interest on capital | 6,433 | 12,714 | - | - | 6,433 | 12,714 | - | - |
| Lei do Bem tax incentive | 3,879 | 3,879 | - | - | 3,879 | 3,879 | - | - |
| Tax loss in subsidiary – prior period | | | | | 3,008 | 3,008 | | |
| Difference of tax rates in subsidiaries (presumed profit method) | - | - | - | - | 228 | 373 | 1,390 | 2,776 |
| Tax incentives (Workers' Meal Program - PAT) | 873 | 914 | 931 | 1,138 | 873 | 914 | 931 | 1,138 |
| Tax calculated on the exempt portion of the 10% surtax | 6 | 12 | 6 | 12 | 12 | 18 | 6 | 12 |
| Income tax and social contribution charged to the income statement | (41,592) | (57,598) | (44,897) | (62,796) | (39,328) | (56,570) | (45,663) | (64,323) |
| Current | (44,848) | (46,351) | (52,093) | (63,606) | (46,421) | (49,160) | (52,859) | (65,133) |
| Defferred | 3,256 | (11,247) | 7,196 | 810 | 7,093 | (7,410) | 7,196 | 810 |

## 10 Investments

Investments in the Parent Company - BRGAAP are as follows:

| | Parent Company - BRGAAP | | | | | |
|---|---|---|---|---|---|---|
| | 06/30/2011 | | | | | |
| | Number of shares (thousands) | Ownership interest - % | Equity | Total investment | Net income 2Q11 | Equity in the results of investees 2Q11 |
| RACC | 7 | 99.99% | 16,376 | 16,373 | 2,540 | 2,540 |
| Dromegon | 7,205 | 99.99% | 10,964 | 10,964 | 882 | 882 |
| REMP | 125,331 | 99.99% | 126,906 | 126,906 | 1,575 | 1,575 |
| Goodwill allocated (a) | | | | 1,565 | - | - |
| Other investments | | | | 63 | - | - |
| | | | | **155,871** | **4,997** | **4,997** |

| | Parent Company - BRGAAP | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/2010 | | | | 06/30/2010 | |
| | Number of shares (thousands) | Ownership interest - % | Equity | Total investment | Net income 2Q10 | Equity in the results of investees 2Q10 |
| RACC | 7 | 99.99% | 11,588 | 11,587 | 4,764 | 4,763 |
| Dromegon | 7,205 | 99.99% | 9,505 | 9,504 | 815 | 814 |
| Goodwill allocated (a) | | | | 1,589 | | |
| Other investments | | | | 63 | | |
| | | | | **22,743** | **5,579** | **5,577** |

The goodwill on acquisition of investments, amounting to R$ 1,565 as of June 30, 2011 (R$ 1,589 on December 31,2010), is presented within "Investments" in the Parent Company - BRGAAP and in "Property, plant and equipment" in the Consolidated - IFRS and BRGAAP. This goodwill relates to the difference at the acquisition date between the fair value and the carrying amount of the property, plant and equipment of the subsidiary Dromegon and is being amortized as the underlying assets are realized through depreciation or disposal.

The changes in investments in the Parent Company - BRGAAP were as follows:

| | 06/30/2011 |
|---|---|
| **January 1, 2011** | **22,743** |
| Renner Empreendimentos – Acquisiton of Camicado | 125,331 |
| Results from investments | 7,821 |
| Distribution of dividends by subsidiaries | - |
| Amortization of goodwill appropriated to assets of acquiree | (24) |
| **June 30, 2011** | **155,871** |

## 11 Property, Plant and Equipment and Intangible Assets

Summary of the changes in property, plant and equipment in the Parent Company (BRGAAP) and the Consolidated (IFRS and BRGAAP):

a) Property, plant and equipment

Parent Company - BRGAAP

| | Land | Buildings | Furniture/ Facilities and Improvements | Vehicles | Computers and peripherals | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance on 12/31/2010** | **287** | **4,651** | **625,528** | **1,085** | **64,339** | **16,057** | **711,947** |
| Additions | | 173 | 51,177 | (9) | 4,892 | 15,953 | 72,186 |
| Transfers | | (53) | 22,650 | - | 492 | (23,085) | 4 |
| Disposals | | | (404) | (85) | (687) | (60) | (1,236) |
| **Balance on 06/30/2011** | **287** | **4,771** | **698,951** | **991** | **69,036** | **8,865** | **782,901** |
| | | | | | | | |
| **Depreciation** | | | | | | | |
| **Balance on 12/31/2010** | **-** | **(2,395)** | **(262,235)** | **(568)** | **(39,751)** | **-** | **(304,949)** |
| Additions | - | (40) | (29,143) | (92) | (4,570) | - | (33,845) |
| Transfers | - | 28 | (32) | - | - | - | (4) |
| Disposals | - | - | 211 | 68 | 660 | - | 939 |
| | | | | | | | |
| **Balance on 06/30/2011** | **-** | **(2,407)** | **(291,199)** | **(592)** | **(43,661)** | **-** | **(337,859)** |
| | | | | | | | |
| **Net balance** | | | | | | | |
| | | | | | | | |
| Balance on 12/31/ 2010 | 287 | 2,256 | 363,293 | 517 | 24,588 | 16,057 | **406,998** |
| Balance on 06/30/2011 | 287 | 2,364 | 407,752 | 399 | 25,375 | 8,865 | **445,042** |

Consolidated – IFRS and BRGAAP

| | Land | Buildings (*) | Furniture/ Facilities and Improvements | Vehicles | Computers and peripherals | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balance on 12/31/2010** | **287** | **14,882** | **625,528** | **1,085** | **64,339** | **16,057** | **722,178** |
| Additions | - | 173 | 53,940 | 118- | 5,223 | 16,316 | 75,770 |
| Transfers | - | (53) | 22,650 | - | 492 | (23,085) | 4 |
| Disposals | - | - | (404) | (85) | (687) | (60) | (1,236) |
| | | | | | | | |
| **Balance on 06/30/2011** | **287** | **15,002** | **701,714** | **1,118** | **69,367** | **9,228** | **796,716** |
| | | | | | | | |
| **Depreciation** | | | | | | | |
| **Balance on 12/31/2010** | **-** | **(7,021)** | **(262,235)** | **(568)** | **(39,751)** | **-** | **(309,575)** |
| Additions | - | (128) | (29,239) | (100) | (4,613) | - | (34,080) |
| Transfers | - | 28 | (32) | - | - | - | (4) |
| Disposals | - | - | 211 | 68 | 660 | - | 939 |
| | | | | | | | |
| **Balance on 06/30/2011** | **-** | **(7,121)** | **(291,295)** | **(600)** | **(43,704)** | **-** | **(342,720)** |
| | | | | | | | |
| **Net balance** | | | | | | | |
| | | | | | | | |
| Balance on 12/31/2010 | 287 | 7,861 | 363,293 | 517 | 24,588 | 16,057 | **412,603** |
| Balance on 06/30/2011 | 287 | 7,881 | 410,419 | 518 | 25,663 | 9,228 | **453,996** |

The table below presents the average depreciation rates for property, plant and equipment:

| | Average depreciation rate (p.a. %) |
|---|---|
| Land | - |
| Buildings | 3 |
| Furniture, facilities and improvements | 10 |
| Vehicles | 20 |
| Computers and peripherals | 20 |

b) Intangible assets

Parent Company - BRGAAP

| | IT systems | Right to use properties | Trademarks and patents | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance on 12/31/2010** | **119,148** | **37,199** | **124** | **156,471** |
| Additions | 10,231 | 5,175 | - | 15,406 |
| Transfers | - | - | - | - |
| Disposals | - | (135) | - | (135) |
| **Balance on 06/30/2011** | **129,379** | **42,239** | **124** | **171,742** |
| | | | | |
| **Amortization** | | | | |
| **Balance on 12/31/2010** | **(61,914)** | **(27,546)** | **(34)** | **(89,494)** |
| Additions | (9,075) | (781) | (10) | (9,866) |
| **Balance on 06/30/2011** | **(70,989)** | **(28,327)** | **(44)** | **(99,360)** |
| | | | | |
| **Net balance** | | | | |
| Balance on 12/31/2010 | 57,234 | 9,653 | 90 | **66,977** |
| Balance on 06/30/2011 | 58,390 | 13,912 | 80 | **72,382** |

Consolidated - IFRS and BRGAAP

| | IT systems | Right to use properties | Trademarks and patents | Goodwill on Camicado Acquisiton | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **Balance on 12/31/2010** | **119,148** | **37,199** | **124** | **-** | **156,471** |
| Additions | 14,027 | 5,179 | 12 | 159,884 | 179,102 |
| Transfers | - | - | - | - | - |
| Disposals | - | (135) | - | - | (135) |
| **Balance on 06/30/2011** | **133,175** | **42,243** | **136** | **159,884** | **335,438** |
| | | | | | |
| **Amortization** | | | | | |
| **Balance on 12/31/2010** | **(61,914)** | **(27,546)** | **(34)** | **-** | **(89,494)** |
| Additions | (9,219) | (785) | (10) | - | (10,014) |
| **Balance on 06/30/2011** | **(71,133)** | **(28,331)** | **(44)** | **-** | **(99,508)** |
| | | | | | |
| **Net balance** | | | | - | |
| Balance on 12/31/2010 | 57,234 | 9,653 | 90 | | **66,977** |
| Balance on 06/30/2011 | 62,042 | 13,912 | 92 | 159,884 | **235,930** |

The table below presents the average amortization rates for intangible assets:

| | Average amortization rate (p.a. %) |
|---|---|
| IT systems | 20 |
| Right to use properties | 10 |
| Trademarks and patents | 10 |

## 12 Loans and Financing

**Current liabilities**

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| **Loans and financing** | | | | |
| Local currency: | | | | |
| Financing Banco do Nordeste (a) | 12,138 | 12,138 | 12,138 | 12,138 |
| Financing charges Banco do Nordeste | 113 | 142 | 113 | 142 |
| Loans – working capital (b) | - | - | 8,069 | - |
| CDC (c) | - | - | 75 | - |
| **Total** | **12,251** | **12,280** | **20,395** | **12,280** |

**Non-current liabilities**

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| **Loans and financing** | | | | |
| Local currency: | | | | |
| Financing Banco do Nordeste (a) | 30,345 | 36,415 | 30,345 | 36,415 |
| **Total** | **30,345** | **36,415** | **30,345** | **36,415** |

(a) On December 20, 2007 the Company entered into a financing agreement with Banco do Nordeste, through FNE (Fundo Constitucional de Financiamento do Nordeste), in the amount of R$ 64,816, to be released in four installments, secured by a letter of guarantee. The loan was obtained to finance the expansion of the Company's stores in the Northeast region. Up to June 30, 2011, the first three installments in the amount of R$ 57,647 were released, on which payments of principal have already been made since 2010. Charges are currently at 10% p.a. and may be altered by a federal decree. If the Company pays the charges on time, it will receive a bonus of 15% on the amount of the charges in each installment. The charges were due quarterly during the grace period of 24 months (December 2007 to December 2009). From January 2010 to December 2014, the Company makes monthly payments of the principal plus interest. The payments of principal and interest on this financing agreement fall due in the following calendar years, as from June 30, 2011:

| Maturity year | Principal | Interest |
|---|---|---|
| **2011** | 6,069 | 1,944 |
| **2012** | 12,138 | 3,002 |
| **2013** | 12,138 | 1,815 |
| **2014** | 12,138 | 637 |
| **Total** | 42,483 | 7,398 |

(b) The Company, through its subsidiary Maxmix Comercial Ltda, raised working capital loans from Itaú BBA and Banco do Brasil, with average pre fixed charges of 14.38% per year.

(c) The Company, through its subsidiary Maxmix Comercial Ltda, raised funds of Consumer Credit Bill (CDC) from Banco Bradesco S/A for the acquisition of property, with charges of 16.77% per year.

## 13 Financing - Financial services operations

On June 30, 2011 the Company had loans and financing with the following financial institutions: Banco do Brasil S/A, Banco Santander S/A e Banco Itaú BBA S/A.

**Current liabilities**

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| **Financing** | | | | |
| Local currency: | | | | |
| Financing - Financed Sales (a) | 14,309 | 98,715 | 14,444 | 98,735 |
| Financing - Personal loans (b) | - | - | 82,110 | 76,644 |
| Financing of delinquent customers (c) | - | 69,624 | 2,449 | 69,709 |
| Financing of delinquent customers Vendor (d) | 23,078 | 19,695 | 23,078 | 19,695 |
| Senior Quotas - FIDC Lojas Renner (e) | - | - | 2,985 | 2,363 |
| **Total** | **37,387** | **188,034** | **125,066** | **267,146** |

(a) Financed sales refer to financing of the Company's customers by financial institutions, in purchases made with payments

between seven and eight monthly installments and with charges of 6.90% p.m. (6,90% p.m. on 12/31/2010), for which the Company is jointly liable for the payment.

(b) The amounts under "Financing - Personal Loans" refer to personal loans granted to customers by an authorized bank and intermediated by the subsidiary RACC, for which the Company is the guarantor.

(c) The amounts under "Financing of Delinquent Customers" are subject to average net charges of 14,40% p.a. (12,60% p.a. on 12/31/2010), with final maturity of up to 180 days and are used to finance the overdue portfolio of "Meu Cartão". RACC, a subsidiary of Lojas Renner, issues a Promissory Note in the name of the Renner Credit Card holders, for which Lojas Renner is guarantor and responsible for the settlement of debts.

(d) As from December 2010, the Company started to make available to customers, through a Financing Agreement - Electronic Vendor with Itaú Unibanco, a credit facility to finance delinquent customers, with charges of 14.7% p.m. (14,7% on 12/31/2010). The Company is guarantor and principal payer of the obligations assumed by the customers.

(e) Represents the monetary restatement of the subscription of senior quotas of FIDC Lojas Renner, for which redemption is in up to 90 days.

The financing operations presented in current liabilities have short-term maturities, matching the maturity date of the amounts recorded in accounts receivable.

**Non-current liabilities**

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| **Financing** | | | | |
| Local currency: | | | | |
| Senior Quotas - FIDC Lojas Renner (a) | - | - | 350,000 | 350,000 |
| Unamortized balance of costs for structuring FIDC Lojas Renner (b) | - | - | (7,962) | (9,339) |
| **Total** | **-** | **-** | **342,038** | **340,661** |

(a) Represents the balance of senior quotas issued by FIDC Lojas Renner (Note 7) in a public distribution under the terms of CVM Instruction 400/03, with priority in amortization and redemption in relation to subordinated quotas. This amount will be settled upon termination of FIDC Lojas Renner in December 2013.

(b) Refers to costs incurred to structure FIDC Lojas Renner, which will be recognized in results (cost of financial services) over the life of the fund, according to the internal rate of return (IRR) of the fund raising.

The payments of principal and interest on the senior quotas of FIDC Renner fall due in the following calendar years, as from December 31, 2010:

| Maturity year | Principal | Interest |
|---|---|---|
| **2011** | - | 22,531 |
| **2012** | - | 43,675 |
| **2013** | 350,000 | 40,472 |
| **Total** | **350,000** | **106,678** |

## 14 Suppliers

Suppliers are comprised as follows:

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| **Local Currency:** | | | | |
| Trade suppliers | 215,490 | 245,178 | 238,000 | 245,178 |
| Present value adjustment | (1,801) | (2,317) | (1,801) | (2,317) |
| Suppliers of use and consumption materials | 49,995 | 74,217 | 53,281 | 75,424 |
| **Total** | **263,684** | **317,078** | **289,480** | **318,285** |

On June 30, 2011, the amount of payments advanced to suppliers, the original maturity of which was subsequent to June 30, 2011, totaled R$ 119,682 (R$ 169,320 on December 31, 2010). Discounts obtained with prepayments are recorded as a reduction of cost of sales, since they are directly related to the contract for supply of goods.

## 15 Provision for Tax, Civil and Labor Contingencies and Contingent Liabilities and Assets

The Company and its subsidiaries are parties to lawsuits in progress, arising from the ordinary course of business, involving tax, labor and civil matters, and are discussing such matters at both the administrative and judicial levels. Judicial deposits were made to proceed with the tax lawsuits, and total on June 30, 2011, R$ 30,111 in the Parent Company - BRGAAP and R$ 30,467 in the Consolidated - IFRS and BRGAAP (R$ 29,777 and R$ 29,784 on December 31, 2010, respectively). The balances of judicial deposits, for which the lawsuits have a provision for tax contingencies, of R$ 20,756 on June 30, 2011 (R$ 20,647 on December 31, 2010), are presented as a reduction of the amount of the related liability. The other balances of judicial deposits, totaling R$ 9,733 in the Parent Company - BRGAAP and R$ 10,089 in the Consolidated - IFRS and BRGAAP (R$ 9,508 and R$ 9,515 on December 31, 2010, respectively), are included in non-current assets, of which R$ 9,355 in the Parent Company - BRGAAP and R$ 9,711 in the Consolidated - IFRS and BRGAAP (R$ 9,130 and R$ 9,137 on December 31, 2010, respectively) refer to tax matters and R$ 378 (R$ 378 on December 31, 2010) to civil matters.

Management, based on information from its legal counsel, the analysis of pending lawsuits and, regarding labor lawsuits, past experience related to amounts claimed and those actually paid, recognized a provision in an amount considered sufficient to cover expected losses on ongoing lawsuits, as follows:

| **Parent Company - BRGAAP** | **Balances on 12/31/2010** | **Additions** | **Uses** | **Reversals** | **Charges** | **Balances on 06/30/2011** |
|---|---|---|---|---|---|---|
| Civil | 11,943 | 663 | - | - | - | 12,606 |
| Labor | 5,638 | 783 | - | - | - | 6,421 |
| **Total current liabilities - Parent Company (BRGAAP)** | **17,581** | **1,446** | **-** | **-** | **-** | **19,027** |

| **Consolidated – BRGAAP and IFRS** | **Balances on 12/31/2010** | **Additions** | **Uses** | **Reversals** | **Charges** | **Balances on 06/30/2011** |
|---|---|---|---|---|---|---|
| Civil | 11,943 | 699 | - | - | - | 12,642 |
| Labor | 5,638 | 895 | - | - | - | 6,533 |
| **Total current liabilities - Consolidated (BRGAAP and IFRS)** | **17,581** | **1,594** | **-** | **-** | **-** | **19,175** |

| **Parent Company - BRGAAP** | **Balances on 12/31/2010** | **Additions** | **Uses** | **Reversals** | **Charges** | **Balances on 06/30/2011** |
|---|---|---|---|---|---|---|
| Value-added Tax on Sales and Services (ICMS) (a) | 33,556 | (1,606) | (90) | (652) | 2,162 | 33,370 |
| Income tax and social contribution (b) | 3,616 | - | - | - | 165 | 3,781 |
| Other taxes and contributions (c) | 12,574 | 1,745 | - | (7) | 2,044 | 16,356 |
| Civil (d) | 14,173 | 397 | (14,570) | - | - | - |
| ( - ) Related judicial deposits | (20,647) | (109) | - | - | - | (20,756) |
| **Total non-current liabilities** | **43,272** | **427** | **(14,660)** | **(659)** | **4,371** | **32,751** |

| **Consolidated - IFRS and BRGAAP** | **Balances on 12/31/2010** | **Additions** | **Uses** | **Reversals** | **Charges** | **Balances on 06/30/2011** |
|---|---|---|---|---|---|---|
| Value-added Tax on Sales and Services (ICMS) (a) | 33,556 | (1,606) | (90) | (652) | 2,162 | 33,370 |
| Income tax and social contribution (b) | 3,616 | - | - | - | 165 | 3,781 |
| Other taxes and contributions (c) | 12,716 | 2,176 | - | (7) | 2,044 | 16,929 |
| Civil (d) | 14,173 | 397 | (14,570) | - | - | - |
| ( - ) Related judicial deposits | (20,647) | (109) | - | - | - | (20,756) |
| **Total non-current liabilities** | **43,414** | **858** | **(14,660)** | **(659)** | **4,371** | **33,324** |

a) Refers mainly to a dispute about the application of Complementary Law 102/200 to the ICMS credit on the consumption of electrical energy, telecommunications, and acquisitions of property, plant and equipment. This amount includes also a tax assessment notice for ICMS credits on returns of goods by customers, ICMS surtax for the formation of a poverty-fighting fund, ICMS credits on purchases from suppliers with expired state registration, and ICMS credits on acquisitions of property, plant and equipment items used for refurbishments and other items classified by the tax authorities as non-essential to the Company's activity;

b) These refer to discussions related to the disallowance of taxable income adjustments arising from balance sheet inflation restatements, offset of income tax and social contribution losses, differences indicated by the tax authorities because Lojas Renner, which pays tax on actual (rather than presumed) profit, recognized results generated in the subsidiary RACC, which pays tax on the presumed profit system, among others;

c) Several lawsuits, involving matters such as social security contributions, severance pay fund, application of fine in voluntary payment of debts and accessory obligations, increase in workers compensation insurance charges, among others, the losses for which are estimated by our legal counsel, according to the same criteria used for the other items, described in this note;

d) This item includes civil lawsuits for which the likelihood of an unfavorable outcome is considered probable by our

legal counsel. On March 3, 2011 R$ 14,712 were paid, settling the lawsuit for which the Company had recorded a provision for loss.
On June 30, 2011, the amount estimated for lawsuits at the judicial and administrative levels, representing contingent liabilities related to tax matters, for which the likelihood of an unfavorable outcome was assessed as possible, was R$ 124,877 in the Parent Company - BRGAAP and R$ 124,884 in the Consolidated - IFRS and BRGAAP (R$ 111,201 and R$ 111,208 on December 31, 2010, respectively). Of the balance of the provision for tax contingencies recorded in the financial statements on June 30, 2011, R$ 31,178 in the Parent Company - BRGAAP and R$ 31,179 in the Consolidated - IFRS and BRGAAP (R$ 24,000 and R$ 24,001 on December 31, 2010, respectively) refers to estimate of loss on these lawsuits. For lawsuits classified as possible loss, the Company accrues estimated amounts of court fees on the contingency. Although Management understands that the likelihood of disbursement on these lawsuits is individually low, considering all the lawsuits of the same nature, it may be necessary to disburse the recorded amounts.

The Company is discussing a legal claim started by Banco Renner, for the association of the brand "Renner" in the financial products and services operations, except those related to the Credit Card "Renner" and related support services to it and insurance. The discussion is on appeal and is estimated as a possible loss by our legal counsel, no amount has been specified in the lawsuit.

## 16 Other Accounts Payable

Other payables, in current and non-current liabilities, are comprised as follows:

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| Local currency: | | | | |
| Advances from financial institutions (a) | 3,752 | 2,248 | 11,199 | 5,592 |
| Payables to customers (b) | 11,725 | 12,914 | 13,809 | 12,916 |
| Payables related to insurance and capitalization certificates (c) | 7,111 | 6,980 | 7,382 | 7,345 |
| Obligations to former controllers – Maxmix (d) | - | | 24,761 | - |
| Other payables | 6,398 | 12,410 | 6,399 | 12,410 |
| **Total other payables - current liabilities** | **28,986** | **34,552** | **63,550** | **38,263** |

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| Local currency: | | | | |
| Advances from financial institutions (a) | - | - | 4,218 | 4,749 |
| Payables related to insurance transactions (c) | 4,101 | 2,929 | 4,101 | 2,929 |
| Other payables | - | - | 15,000 | - |
| **Total other payables - non-current liabilities** | **4,101** | **2,929** | **23,319** | **7,678** |

(a) refer basically to advances of revenues from intermediation of financial services, related to financed sales and private label credit card transactions; (b) refer to credits of customers, which can be used as payment for future purchases from the Company and products bought from the list of brides, but not delivered yet; (c) advances on insurance transactions related to exclusivity contract and insurance premiums paid by customers to be transferred to the insurance company, as well as capitalization certificates; and (d) balances to be paid to the former controllers of Maxmix Comercial Ltda as described in Note 1.1.

## 17 Taxes and Contributions Payable - Non-current

| | Parent Company - BRGAAP | | Consolidated - IFRS and BRGAAP | |
|---|---|---|---|---|
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 |
| PAES | 1,376 | 1,881 | 1,376 | 1,881 |
| ICMS payable - "Pró-Emprego" | 30,692 | 32,398 | 30,692 | 32,398 |
| Present Value Adjustments - ICMS payable - "Pró-Emprego" | (5,152) | (5,315) | (5,152) | (5,315) |
| Other | - | - | 897 | - |
| **Total** | **26,916** | **28,964** | **27,813** | **28,964** |

On May 30, 2003 Law 10,684 was enacted, addressing, among other matters, the Tax Installment Payment Program (PAES). The program permits installment payment of debts with the Federal Revenue Service, the National Finance Attorney's Office, and the National Institute of Social Security, registered or not as Delinquent Debt, even if in phase of tax execution already decided by the courts, or that have been included in a prior installment payment program, not fully settled, or canceled due to lack of payment. The Company included certain debts in such tax installment payment program, on July 31, 2003, which were under discussion at court. The amount is being paid in monthly installments adjusted by the Long-term Interest Rate (TJLP), and final maturity is in 2013.

The Company qualified for the Santa Catarina State "Pró-Emprego" Program, in recognition of investments made in its distribution center in the municipality of Palhoça. The amounts of ICMS payable calculated for that establishment will be paid 24 months after the date of the taxable event, in monthly tax calculations made as from June 2007, as authorized by the Santa Catarina State Finance Department. To remain eligible for the "Pró-Emprego" Program, the Company contributes, on the benefits received under such program, 2.5% and 2%, respectively, to the "Pró-Emprego" Program and to the "Fundo de Apoio à Manutenção e ao Desenvolvimento da Educação Superior".

## 18 Capital and Reserves

### 18.1 Capital

The Company's authorized capital is limited to 225,000,000 common shares, all without par value. Up to the limit authorized in the by-laws, the Company may, upon approval of the Board of Directors, increase capital irrespective of amendments to its by-laws. The Board of Directors will set the issue conditions, including price and payment term.

The Company's paid-up capital on June 30, 2011 is R$ 413,725 (R$ 408,734 on December 31, 2010) represented by 122,537,315 registered common shares, without par value. Pursuant to article 43 of the Company's by-laws, any stockholder that acquires or becomes the holder of Company shares in a quantity equal to or higher than 20% of the total shares issued shall, within a maximum period of 60 days as from the acquisition date, carry out a tender offer for acquisition of all the shares, in accordance with the regulations of the Brazilian Securities Commission (CVM) and the São Paulo Stock Exchange (BOVESPA) and the Company's by-laws, under conditions that protect the interest of the other stockholders. On June 30, 2011, no stockholder holds individually an ownership interest equal to or higher than 20%.

Each common share entitles the holder to one vote on resolutions at the Stockholders' Meeting and to participate in the distribution of profits in the form of dividends, proposed in conformity with the Company's by-laws and articles 190 and 202 of Law 6404/76, which establish a compulsory minimum dividend equivalent to 25% of the adjusted net income.

### 18.2 Capital reserves

**a) Goodwill reserves**

These refer to the goodwill arising from the reversal merger of JC Penney Brasil Investimentos Ltda. (R$ 106,660) and JC Penney Brasil Comercial Ltda. (R$ 11,505), which occurred on December 3, 1999 and May 25, 2005, respectively.

**b) Stock option plan reserve**

This refers to the corresponding entry of stock option plan expenses, as described in Note 25.

The appropriation of capital reserves depends on the approval of a Stockholders' Extraordinary General Meeting (EGM).

### 18.3 Profit reserves

**a) Reserve for investment and expansion**

This reserve is formed as deemed appropriate by Management for investments in the Company's expansion plan, as prescribed in art. 35, item (c) of the Company's by-laws.

**b) Legal reserve**

This reserve is set up as determined by corporate legislation.

**c) Additional dividend proposed**

This refers to dividends proposed in excess of the minimum mandatory dividend, which is defined based on approval by the Annual General Meeting

## 19 Carrying Value Adjustments

Unrealized results on derivative financial instruments are presented as carrying value adjustments (Notes 3.17 and 21). The adjustments recorded resulted in an expense of R$ 1,392 (R$ 2,610 in 31/12/2010) net of tax, which will be reversed when such financial instruments are settled, with the effects on income recognized on the accrual basis.

## 20 Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated through adjustment of the weighted average number of outstanding common shares assuming the conversion of all share purchase options into potentially dilutive common shares, determining the number of shares that could have been acquired at fair value (based on the annual average market price of the Company's share), in order to compute the monetary value of the subscription rights linked to the outstanding share purchase options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | Parent Company - BRGAAP and Consolidated - IFRS and BRGAAP | | | |
|---|---|---|---|---|
| | 2Q11 | 6H11 | 2Q10 | 6H10 |
| **Basic** | | | | |
| **Basic numerator** | | | | |
| Net income allocated to common shares | 113,544 | 161,131 | 90,958 | 127,861 |
| **Basic denominator** | | | | |
| Weighted average of common shares | 122,420 | 122,385 | 121,892 | 121,886 |
| **BASIC EARNINGS PER SHARE** | **0.9275** | **1.3166** | **0.7462** | **1.0490** |
| | | | | |
| **Diluted** | | | | |
| **Diluted numerator** | | | | |
| Net income allocated to common shares | 113,544 | 161,131 | 90,958 | 127,861 |
| **Diluted denominator** | | | | |
| Weighted average of common shares | 122,420 | 122,385 | 121,892 | 121,886 |
| Plus: | | | | |
| Potential increase in common shares due to the stock option plan | 2,441 | 2,395 | 1,801 | 1,780 |
| Total | 124,861 | 124,780 | 123,693 | 123,666 |
| **DILUTED EARNINGS PER SHARE** | **0.9094** | **1.2913** | **0.7354** | **1.0339** |

## 21 Financial Instruments and Capital Management

The estimated realizable values of the Company's financial assets and liabilities were determined based on information available in the market and appropriate valuation methodologies. However, considerable judgment was required in interpreting market data to produce the most realistic estimated realizable value. As a consequence, the following estimates do not necessarily indicate the amounts that could be realized in the current market. The use of different market methodologies may produce different effects on the estimated realizable values.

## 21.1 Financial instruments by category

Financial assets of the Company include: (i) receivables, comprising receivables from sale of goods and cash equivalents; and (ii) derivatives used for hedging.

The Company's financial liabilities include: (i) Suppliers; and (ii) Loans and financing.

## 21.2 Criteria, assumptions and limitations used in the market value calculation

**Cash and cash equivalents**

The interest rates on the Company's cash equivalents at year end approximate the market rates for transactions of similar nature, terms and risks and, therefore, the carrying amounts of cash equivalents approximate the fair values.

**Loans and financing**

The interest rates on contracted loans at the year end approximate the market rates for instruments of similar nature, terms and risks and, therefore, the carrying amounts of borrowings approximate the fair values.

**Derivatives**

The criteria for calculating the fair value of derivative instruments is based on the use of the market curves of each derivative on the calculation date.

## 21.3 Financial risk management

The Company's activities expose it to certain financial risks, such as: market risk, credit risk, liquidity risk, and risk limited to the amount of the premium paid on derivatives intended to hedge the exposure to currency price fluctuations.

Risk management is carried out by the Company's corporate finance department, in accordance with policies approved

by the Executive Officers. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

**(a) Market risk**

**Foreign exchange risk**

Foreign exchange risk arises from future commercial transactions, generated mainly by the import of goods with prices denominated in U.S. dollars. The foreign exchange risk management policy defined by the Company's Management is to hedge up to 100% of the FOB cost of imports, through contracts for purchase of U.S. dollar call options (Note 3.17). Hedging is used only as an instrument to protect the Company, and never as a speculative instrument, and it may be realized in connection with operations exposed to fluctuations in foreign currency, which have a financial impact on the Company.

After the definition of the purchasing plan, the price level of the currency that makes it feasible to sell the goods in the local market, with the expected profit margins and the schedule of probable deliveries taken as a basis, and from then on the strike price and maturities that will direct the contracting of U.S. dollar purchase options will be defined.

When limiting or reducing the foreign exchange risks in the Company's operations, through the use of derivative instruments, the intention is to ensure minimum profitability in the transactions that involve assets or liabilities with prices in foreign currency, as in the profitability arising from the sale of imported products or in the limitation of costs in foreign currency debt transactions.

**Interest rate risk**

Loans at fixed rates expose the Company to the risk of interest rate fair values. The Company's policy is to maintain 100% of its loans with payment at fixed interest rates, or linked to CDI. In order to minimize risks, the Company maintains a natural hedge composed of financial assets indexed to CDI and receivables also subject to fixed interest rates.

The Company analyzes its interest rate exposure on a continuous basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and natural hedge. Based on these scenarios, the Company defines the impact on profit and loss of a defined interest rate shift. Contracted rates against effective rates in the market are permanently monitored.

Considering the maintenance of cash equivalent positions indexed to CDI at levels above debt, also linked to CDI and part to fixed interest rates, customers' financing positions at amounts equivalent to the credit facilities obtained for financing these operations and indexed at the same rates, and also taking into consideration the financing structure of the transactions, mainly funded by own capital, Management believes that the Company's results have low sensitivity to variations in market interest rates.

**(b) Credit risk**

Credit risk arises from cash equivalents, derivative financial instruments, and deposits with banks and other financial institutions, as well as credit exposures to customers.

The Company's sales and credit policies are subject to the credit policies defined by its Management and are intended to minimize problems arising from the default of its customers. This objective is achieved by the Company's Management by means of a strict selection of the customer portfolio, which considers the ability to pay (credit analysis) and diversification of operations (risk dispersion). The Company recognized a provision for losses on receivables of R$ 62,860 on June 30, 2011 (R$ 57,085 on December, 31, 2010), to cover credit risks. The aging of receipts and the provision for losses on receivables recognized by the Company are presented in Note 6. The cash equivalents, bank deposits and derivatives are with prime financial institutions and/or are backed by securities guaranteed by these institutions.

**(c) Liquidity risk**

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. The overall credit facility limits provide sufficient liquidity (Notes 12 and 13) to minimize the risk of exceeding such limits or violating loan covenants (when applicable). Such forecasts take into consideration the Company's borrowing plans.

The Company invests surplus cash in interest-bearing financial assets (Note 5), choosing instruments with appropriate maturities or sufficient liquidity to provide an adequate safety margin as determined by the above-mentioned forecasts. On June 30, 2011, the cash equivalents held by the Company have immediate liquidity and are considered in the liquidity risk management.

The financial liabilities of the Company on June 30, 2011 are basically represented by loans and financing, for which the expected future cash flow is presented in Notes 12 and 13.

## 21.4 Derivative financial instruments

These instruments are managed by means of operating strategies aimed at liquidity, profitability and security. The control policy consists of ongoing monitoring of the contracted rates against the market rates. The Company and its subsidiaries do not make speculative investments in derivatives or any other risk assets.

Derivatives are used, as defined in the internal policy approved by the Executive Officers, only to hedge the Company's assets and liabilities that are exposed to the risk of currency price fluctuations.

On June 30, 2011, the Company has contracted the purchase of 56,838 thousand US dollar call options, with the following institution: Banco do Brasil S/A, Banco Santander (Brasil) S/A e Banco Itaú BBA S/A. Each US dollar call option entitles the Company to acquire such currency at a price established for the maturity (exercise price). On June 30, 2011, the average exercise price of the dollar call options acquired was R$ 1.7776 for each dollar.

The fair value of the derivatives is determined by reference to an active market (level 1). At June 30, 2011, the fair value of the derivatives amounted to R$ 710, which was recorded in inventories as imports in progress. This amount represents the maximum risk of the contracted instrument, since the dollar call option provides an entitlement and does not impose obligations on the buyer.

The table below summarizes the information related to the outstanding US call options on June 30, 2011 and December, 31, 2010:

| Date | Transaction | Amount paid for outstanding options | Fair value of options - unrealized loss | Maturity |
|---|---|---|---|---|
| 06/30/2011 | Dollar call option | 2,818 | 710 | From 07/29/11 to 01/31/12 |
| 12/31/2010 | Dollar call option | 4,604 | 650 | From 1/31/2011 to 7/29/2011 |

The table below summarizes the results of derivatives deferred in equity, considering the application of the cash flow hedge concept:

| Date | Gross deferred losses | IR/CSLL (34%) | Deferred losses - net |
|---|---|---|---|
| 06/30/2011 | (2,108) | 716 | (1,392) |
| 12/31/2010 | (3,954) | 1,344 | (2,610) |

Considering that the contracted instrument is intended to protect the Company against risks of an appreciation in the US currency, below is a sensitivity analysis for three hypothetical scenarios, one expected at the time of contracting and two scenarios of increases in the US dollar, on June 30, 2011:

| Date | Transaction | Notional amount of US$ coverage | US$ exchange rate | Risk | Hedge result - expected scenario | Hedge result - Scenario I (25% rise) | Hedge result - Scenario II (50% rise) |
|---|---|---|---|---|---|---|---|
| 06/30/2011 | Dollar call option | 56,838 | 1.7776 | Rise in US$ | (2,818) | 22,454 | 47,713 |
| 12/31/2010 | Dollar call option | 44,743 | 1.7885 | Rise in US$ | (4,604) | 15,382 | 35,388 |

## 21.5 Capital management

The Company's objectives when managing capital are to safeguard its continuity as a going concern in order to provide returns to stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company has essentially used its own capital to finance its activities, consistently presenting a low indebtedness level when compared to the equity and cash position.

The Company's solid equity position and its long relationship with important financial institutions and with the capital market ensure that it can access funding through borrowings or even through issuance of new shares, if necessary.

## 22 Related Parties

The Company, its subsidiaries and related parties carry out certain intercompany transactions for financial and operational purposes. We describe below the most significant transactions:

a) Context - Consolidated

**Compensation of the members of the Board of Directors and Executive Officers (the "Management")**

In conformity with the corporate law and the Company's by-Laws, the stockholders are responsible for setting the overall annual compensation of its officers in Stockholders' Meeting. The Board of Directors is responsible for distributing the amount among the officers, after considering the report of the Compensation Committee pursuant to article 21 of the by-Laws. At

the quarter and half year end on June, 30, 2011, the officers' compensation totaled R$ 1,607 and R$ 3,021 (R$ 1,908 and R$ 3,709 on the last quarter and half year end), included in other operating results (Note 28).
The Annual General Meeting held on April 11, 2011 approved the limit of overall compensation for officers of up to R$ 10,000 for fiscal year 2011.

**Stock options plan**

The Company has shared-based compensation plans (Note 25). At the quarter and half year ended June 30, 2011, the officers stock options plans expenses totaled R$ 2,598 and R$ 5,671 (R$ 3,548 and R$ 7,251 at the past quarter and half year ended), presented as operating expenses before financial result.

**Statutory participations**

Statutory participations refers to profit sharing attributed to officers, as defined in article 35, sole paragraph of the Company's by-laws, and depends on the approval of the stockholders at the Stockholders' Meeting.

b) Context - Parent Company

**Rental agreement**

In 2009, the Company renewed the rental agreement with the subsidiary Dromegon, related to the downtown Porto Alegre store building. The rental paid for this building is always the higher of (i) the equivalent to 5.5% of the store's monthly sales net of taxes and (ii) R$ 142 per month. This rental agreement is effective for ten years, subject to renewal.

**Service agreement for granting of loans and intermediation in the sale of capitalization certificates**

The Company offers personal loan financial services through its subsidiary RACC, by means of agreements for granting loans made with financial institutions, so that Renner Card holders can obtain personal loan. Lojas Renner participates in the transaction with its operational infrastructure and as guarantor of the transaction. RACC also offers the sale of capitalization certificates through a commercial cooperation agreement with Icatu Hartford Capitalização S.A.

The main liability balances on June 30, 2011 and the amounts recorded in the statement of income for the period, for transactions with related parties, arise from transactions carried out under contractual and usual market conditions for the related types of transactions and are summarized below:

| | Subsidiaries | | | | | | |
|---|---|---|---|---|---|---|---|
| | Dromegon | RACC | REMP | BRGAAP | | | |
| **Liabilities balances** | | | | 06/30/2011 | 12/31/2010 | | |
| Rentals payable | 7,146 | - | - | 7,146 | 5,647 | | |
| Intercompany current account | - | 13,974 | - | 13,974 | 17,335 | | |
| **Transactions for the period** | | | | 2T11 | 6M11 | 2T10 | 6M10 |
| Rental expenses | (1,062) | - | - | (1,062) | (1,768) | (984) | (1,628) |
| Equity in the results of investees | 882 | 2,540 | 1,575 | 4,997 | 7,821 | 5,577 | 11,130 |

## 23 Insurance

The Company and its subsidiaries have insurance policies with some of the main Brazilian insurance companies, which were defined based on the advice of specialists and taking into consideration the nature and degree of risk involved. On June 30, 2011, the Company and its subsidiaries had insurance coverage against fire and sundry risks for property, plant and equipment items and inventories, as described below:

| | Parent Company (BRGAAP) and Consolidated (IFRS and BRGAAP) | |
|---|---|---|
| | 06/30/2011 | 12/31/2010 |
| Civil liability | 102,100 | 57,000 |
| Sundry risks - property, plant and equipment and inventories | 1,180,433 | 1,003,003 |
| Vehicles | 299,081 | 9,104 |

## 24 Agreements or Other Material Obligations between the Company and Its Officers

In conformity with Chapter IV, article 13 of the Company's by-laws, the management of the Company is the responsibility of the Board of Directors and Executive Officers. The appointment of these Officers is recorded in an appropriate book, signed by the person taking office, who also waives any guarantee, and through the previous signing of the Term of Consent of the Officers referred to in the New Market Listing Regulations.

The Board of Directors, elected at the Stockholders' Meeting, has a unified term of office of one (1) year, with reelection being permitted. The members of the Board of Directors in office will be considered automatically appointed for reelection by joint proposal of the members of the Board of Directors.

The Executive Officers, whose members are elected and may be removed at any time by the Board of Directors, have a term of office of two years, with reelection permitted, and are engaged under a service agreement, which includes fixed compensation updated annually by the INPC and variable compensation, based on the Company's financial performance. The terms of the service agreement are consistent with the respective elected term of each director, except for the service agreement with the CEO.

In March 2009, the Company entered into a new service agreement with its Chief Executive Officer. The Agreement provides for a tenure of at least five (5) years, with compensation comprising a fixed amount annually adjusted based on the INPC index, and a variable amount reflecting the Company's financial performance.

## 25 Stock Option Plan

The Board of Directors meeting held on February 16, 2011 approved the proposal submitted by the Compensation Committee, to implement a new stock option plan (7th grant), and granting 638 thousand Company share call options. The option exercise price was set at R$ 51.42 (fifty-one dollars and forty-two cents) per share. The option exercise price is not subject to price-level restatement.

The programs provide that 50% of the options will become exercisable after three years from their grant date, and the rest after four years (considering only the options of a same grant). The programs also provide the right to exercise the option, in case of death, retirement or permanent disability of the participant. As from the 3rd grant, in the event of an obligation to carry out a public offering pursuant to articles 40, 41, 42 and 43 of the by-laws, or in the event of success of a public offering for acquisition of control of the Company, if any of these cases results in dismissal without cause of the Plan participant at the Company's initiative, all options granted to the related participant and those not yet available for exercise will be automatically exercisable. After an option becomes exercisable, the beneficiary (Officers and selected Executives) can exercise it at any time, at his/her sole discretion, up to the end of the period of six (6) years from the option grant date. The 1st and 2nd option Grant programs for the Officers entail a commitment not to sell, transfer, place in lien or negotiate in any other form the equivalent to 50% of the shares that are subscribed and paid-up as a result of the exercise of the options granted under the Plan and Program, for a period of one year from the share subscription and payment date.
The contractual grant of options to the Chief Executive Officer, dated March 30, 2009, provides that the exercise of the options will be subject to a total vesting period of six years from the grant date. As from the second anniversary of the grant date, the early exercise of 20% per year will be permitted, providing that the value of the Company increases based on Total Shareholder Return (TSR) goals established by the Board of Directors.

Each option entitles the holder to subscribe one share of the Company. On June 30, 2011, there were 5,608 thousand options (5,159 thousand on December 31, 2010), representing in the aggregate approximately 4.58 % of the 122,537,315 shares of the Company.

The expense reflects the fair value of those financial instruments, calculated on the grant date, based on the Black & Scholes valuation model, and is recorded on a "pro rata temporis" basis during the service period, starting on the grant date up to the date on which the option vests. For the quarter and half year ended June 30, 2011, the spending plan with share buy option was R$ 5,549 and R$ 10,276 (R$ 4,629 and R$ 8,458 for last quarter and half year).

The table below presents the position of stock option grants, the closing price of the Company's shares on June 30, 2011, and the option value price-level restated by the IPCA index through the same date:

| | 1st grant A | 1st grant B | 2nd grant | 3rd grant A | 3rd grant B | 4th grant | 5th grant |
|---|---|---|---|---|---|---|---|
| Total stock call options issued - thousand - | 760 | 55 | 815 | 517 | 250 | 1,029 | 1,094 |
| (-) Exercise of stock options - thousand | (634) | (50) | (243) | (91) | - | (30) | (28) |
| (-) Cancellation of stock options - thousand | (126) | (5) | (216) | (234) | - | (185) | (124) |
| (=) Current number of stock options on 06/30/2011 - thousand | - | - | 356 | 192 | 250 | 814 | 942 |
| Exercisable option value on 06/30/2011 (1st and 2nd grants price-level restated by the IPCA index) - R$ | N/A | N/A | 27.24 | 29.01 | 29.83 | 34.25 | 15.15 |
| Share market value on 06/30/2011 - R$ | 59.50 | 59.50 | 59.50 | 59.50 | 59.50 | 59.50 | 59.50 |

| | Contractual grant | 6th grant A | 6th grant B | 7th grant | Total 06/30/2011 | Total 12/31/2010 |
|---|---|---|---|---|---|---|
| Total stock call options issued - thousand - | 1,822 | 601 | 10 | 638 | 7,591 | 6,953 |
| (-) Exercise of stock options - thousand | - | - | - | - | (1,076) | (887) |
| (-) Cancellation of stock options - thousand | - | (17) | - | - | (907) | (907) |
| (=) Current number of stock options on 06/30/2011 - thousand | 1,822 | 584 | 10 | 638 | 5,608 | 5,159 |
| Exercisable option value on 06/30/2011 (1st and 2nd grants price-level restated by the IPCA index) - R$ | 14.44 | 38.65 | 38.97 | 51.42 | | |
| Share market value on 06/30/2011 - R$ | 59.50 | 59.50 | 59.50 | 59.50 | | |

Considering the exercise of 5,608 thousand in the money options, based on the above respective exercise prices, we present below the effects on the Company's equity value per share and the related percentage reduction in the ownership interest of the current stockholders on June 30, 2011:

| | |
|---|---|
| Equity value on 06/30/2011 | 1,016,945 |
| Number of shares on 06/30/2011 - thousand | 122,537 |
| Equity value per share on 06/30/2011 - R$ | 8.30 |
| Equity value on 06/30/2011, considering the exercise of in the money options | 1,163,889 |
| Number of share on 06/30/2011, considering the exercise of in the money options | 128,145 |
| Equity value on 06/30/2011, considering the exercise of in the money options | 9.08 |
| % reduction in the ownership interest of the current stockholders, considering the exercise of in the money options | 4.38 |

In the calculation of the fair value of stock options, the following economic assumptions were used:

| | 1st grant (A) | 1st grant (B) | 2nd grant | 3rd grant (A) | 3rd grant (B) | 4th grant |
|---|---|---|---|---|---|---|
| Grant date | 07/29/05 | 10/17/05 | 06/01/06 | 04/30/07 | 05/15/07 | 03/31/08 |
| Dividend yield | - | - | 1.21% | 0.95% | 0.89% | 2.04% |
| Share price volatility | 25.97% | 59.37% | 46.85% | 34.46% | 36.15% | 51.39% |
| Risk-free interest rate | 14.87% | 14.19% | 14.92% | 10.05% | 9.69% | 12.51% |
| Vesting period | 0.08 years | 0.29 years | 0.92 years | 1.82 years | 1.86 years | 2.74 years |
| Number of options | 760 | 55 | 815 | 517 | 250 | 1,029 |
| Fair value on grant date | 5,022 | 443 | 13,484 | 7,772 | 4,191 | 21,565 |
| Exercisable option value on 06/30/2011 - (1st and 2nd grants price-level restated by the IPCA index) - R$ | 8.50 | 12.13 | 27.24 | 29.01 | 29.83 | 34.25 |

| | 5th grant | Contractual grant | 6th grant (A) | 6th grant (B) | 7th grant |
|---|---|---|---|---|---|
| Grant date | 01/19/09 | 03/30/09 | 1/18/10 | 03/15/10 | 02/16/11 |
| Dividend yield | 2.21% | 2.65% | 3.07% | 2.93% | 3.65% |
| Share price volatility | 79.74% | 57.45% | 33.65% | 35.38% | 42.84% |
| Risk-free interest rate | 11.39% | 11.02% | 12.12% | 11.51% | 11.80% |
| Vesting period | 3.55 years | 3.74 years | 4.54 years | 4.69 years | 5.62 years |
| Number of options | 1,094 | 1,822 | 601 | 10 | 638 |
| Fair value on grant date | 14,079 | 16,296 | 12,349 | 218 | 19.040 |
| Exercisable option value on 06/30/2011 - (1st and 2nd grants price-level restated by the IPCA index) - R$ | 15.15 | 14.44 | 38.65 | 38.97 | 51.42 |

## 26 Pension Plan

The Company does not sponsor a private pension plan for its employees and officers.

## 27 Guarantees and Responsibilities

One of the Company's properties recorded under Property, Plant and Equipment was pledged in guarantee with debts that were under discussion with the National Finance Department.

On July 31, 2003, the Company opted to include the related debts with the National Finance Department and the FNDE,

amounting to R$ 1,074 at that date, in the special installment payment program established by Law 10684/2003 (PAES). Such installment payments, as described in Note 17, are being paid on time by the Company and mature up to October 2013, when the fixed assets guarantees are released.

The financing granted to customers is recorded under financing - financial services operations, in current liabilities, and totals on June 30, 2011 R$ 0 in the Parent Company - BRGAAP and R$ 2,449 in the Consolidated - IFRS and BRGAAP (R$ 69,624 and R$ 69,709 on December 31, 2010, respectively). See Note 13.

As from August 2005, the Company began to offer its customers the alternative of installment payments with charges (0 + 8 installments), through intermediation with financial institutions (CDCI/Vendor), in which the Company is the guarantor and principal payer, being jointly liable for all principal and accessory obligations arising from the transaction. On June 30, 2011, the amount outstanding of financed sales transactions, guaranteed by the Company, totals R$ 14,309 in the Parent Company - BRGAAP and R$ 14,444 in the Consolidated - IFRS and BRGAAP (R$ 98,715 and R$ 98,735 on December 31, 2010). See Note 13.

As from December 2010, the Company started to make available to customers, through a Financing Agreement - Electronic Vendor with Itaú Unibanco, a credit facility to finance delinquent customers. The Company is guarantor and principal payer of the obligations assumed by the customers. Financing granted to customers in this modality of credit is recorded under financing - financial services operations, in current liabilities, and totals R$ 23,078 on June 30, 2011 in the Parent Company and in the Consolidated (R$ 19,695 on December, 31, 2010).

In April 2006, the Company and its subsidiary RACC entered into an "Agreement for Granting of Personal Loans" to Renner Card holders with Banco Safra S.A., and as from March 2010, also with Banco Alfa. As part of the arrangement, Lojas Renner S.A. assumes with the banks, as guarantor and principal payer, the full and direct responsibility for all principal and accessory obligations contracted and to be contracted by the Renner Card holders for personal loans granted under the agreement. On June 30, 2011, the amount outstanding of such guaranteed personal loans totals R$ 82,110 (R$ 76,644 on December 31, 2010). See Note 13.

## 28 Other Operating Results

We present below the breakdown of other operating (expenses) income:

| | Parent Company - BRGAAP | | | | Consolidated - IFRS and BRGAAP | | | |
|---|---|---|---|---|---|---|---|---|
| | 2Q11 | 6H11 | 2Q10 | 6H10 | 2Q11 | 6H11 | 2Q10 | 6H10 |
| Compensation of officers | (1,607) | (3,021) | (1,908) | (3,709) | (1,607) | (3,021) | (1,908) | (3,709) |
| Taxes | (4,879) | (11,002) | (6,425) | (11,581) | (5,092) | (11,220) | (6,429) | (11,587) |
| Expenses related to products/services | (17,340) | (31,789) | (11,705) | (21,112) | (20,167) | (37,796) | (11,872) | (21,443) |
| Other operating income | 878 | 1,747 | 720 | 1,762 | 878 | 1,747 | 720 | 1,763 |
| Other operating expenses | (1,429) | (1,601) | (21) | (56) | (1,429) | (1,601) | (21) | (56) |
| Employee profit sharing (a) | (3,410) | (5,666) | (5,611) | (8,319) | (3,413) | (5,668) | (5,611) | (8,319) |
| **Other Operating Results** | **(27,787)** | **(51,332)** | **(24,950)** | **(43,015)** | **(30,830)** | **(57,559)** | **(25,121)** | **(43,351)** |

(a) Refers to expenses with the Profit Sharing Program, which is structured in conformity with Law 10101/2000.

## 29 Financial Results

We present below the breakdown of financial results:

| | Parent Company - BRGAAP | | | | Consolidated - IFRS and BRGAAP | | | |
|---|---|---|---|---|---|---|---|---|
| | 2Q11 | 6H11 | 2Q10 | 6H10 | 2Q11 | 6H11 | 2Q10 | 6H10 |
| Financial income | 4,641 | 13,986 | 8,677 | 16,569 | 4,662 | 14,006 | 8,677 | 16,569 |
| Financial expenses | (2,065) | (6,009) | (2,084) | (5,142) | (2,823) | (6,787) | (2,112) | (5,177) |
| Other financial income (expenses) | (452) | (62) | 514 | 1,141 | (459) | (69) | 514 | 1,139 |
| **Financial results** | **2,124** | **7,915** | **7,107** | **12,568** | **1,380** | **7,150** | **7,079** | **12,531** |

## 30 Segment Reporting

Management defined the Company's operating segments based on reports used for strategic decision-making, reviewed by the Board of Directors.

The Company's segment reporting is segregated into retail and financial products.

The table below shows this segregation:

| | Parent Company - BRGAAP | | | | | |
|---|---|---|---|---|---|---|
| | Retail | | Financial Products | | Total | |
| | 2Q11 | 2Q10 | 2Q11 | 2Q10 | 2Q11 | 2Q10 |
| Net revenue | 727,909 | 629,989 | 79,530 | 66,363 | 807,439 | 696,352 |
| Cost of sales | (333,621) | (290,146) | (5,525) | (6,811) | (339,146) | (296,957) |
| (Expenses) | | | | | | |
| Selling | (178,131) | (149,678) | - | - | (178,131) | (149,678) |
| General and administrative | (57,929) | (50,098) | - | - | (57,929) | (50,098) |
| Losses on receivables, net | - | - | (28,580) | (28,568) | (28,580) | (28,568) |
| Other operating results | (10,447) | (13,245) | (17,340) | (11,705) | (27,787) | (24,950) |
| **EBITDA (Note 3.22)** | 147,781 | 126,822 | 28,085 | 19,279 | 175,866 | 146,101 |

| | Parent Company – BRGAAP | | | | | |
|---|---|---|---|---|---|---|
| | Retail | | Financial Products | | Total | |
| | 6H11 | 6H10 | 6H11 | 6H10 | 6H11 | 6H10 |
| Net revenue | 1,245,616 | 1,070,235 | 153,933 | 125,953 | 1,399,549 | 1,196,188 |
| Cost of sales | (577,014) | (496,924) | (11,679) | (12,822) | (588,693) | (509,746) |
| (Expenses) | | | | | | |
| Selling | (345,810) | (287,352) | - | - | (345,810) | (287,352) |
| General and administrative | (109,441) | (91,064) | - | - | (109,441) | (91,064) |
| Losses on receivables, net | - | - | (47,361) | (52,152) | (47,361) | (52,152) |
| Other operating results | (19,543) | (21,903) | (31,789) | (21,112) | (51,332) | (43,015) |
| **EBITDA (Note 3.22)** | 193,808 | 172,992 | 63,104 | 39,867 | 256,912 | 212,859 |

| | Consolidated - IFRS and BRGAAP | | | | | |
|---|---|---|---|---|---|---|
| | Retail | | Financial Products | | Total | |
| | 2Q11 | 2Q10 | 2Q11 | 2Q10 | 2Q11 | 2Q10 |
| Net revenue | 749,653 | 629,989 | 86,766 | 71,990 | 836,419 | 701,979 |
| Cost of sales | (345,698) | (290,146) | (5,525) | (6,811) | (351,223) | (296,957) |
| (Expenses) | | | | | | |
| Selling | (185,211) | (148,731) | - | - | (185,211) | (148,731) |
| General and administrative | (60,560) | (50,098) | - | - | (60,560) | (50,098) |
| Losses on receivables, net | - | - | (28,926) | (28,568) | (28,926) | (28,568) |
| Other operating results | (10,663) | (13,249) | (20,167) | (11,872) | (30,830) | (25,121) |
| **EBITDA (Note 3.22)** | 147,521 | 127,765 | 32,148 | 24,739 | 179,669 | 152,504 |

| | Consolidated - IFRS and BRGAAP | | | | | |
|---|---|---|---|---|---|---|
| | Retail | | Financial Products | | Total | |
| | 6H11 | 6H10 | 6H11 | 6H10 | 6H11 | 6H10 |
| Net revenue | 1,267,360 | 1,070,235 | 167,826 | 137,478 | 1,435,186 | 1,207,713 |
| Cost of sales | (589,091) | (496,924) | (11,679) | (12,822) | (600,770) | (509,746) |
| (Expenses) | | | | | | |
| Selling | (352,211) | (285,784) | - | - | (352,211) | (285,784) |
| General and administrative | (112,083) | (91,064) | - | - | (112,083) | (91,064) |
| Losses on receivables, net | - | - | (47,735) | (52,152) | (47,735) | (52,152) |
| Other operating results | (19,763) | (21,908) | (37,796) | (21,443) | (57,559) | (43,351) |
| **EBITDA (Note 3.22)** | 194,212 | 174,555 | 70,616 | 51,061 | 264,828 | 225,616 |

## 31 Property Rental Agreements of Units in Operation

On June 30, 2011, the Company had 184 rental agreements for its commercial, logistics and administrative units, 155 of these refers to Lojas Renner (147 on December, 31, 2010) and 29 refers to Camicado operation. The Company analyzed these contracts and concluded that they are all operating leases.

Most of the rental agreements of the commercial units (stores) provide that the Company is obligated to pay on a monthly basis the higher of a variable rental expense, calculated on sales, or a minimum amount. The minimum amounts of the agreements are adjusted annually, according to the variation of the main inflation indexes.

The amounts in the rental agreements of the logistics and administrative areas are subject to annual adjustments based on the variation of the main inflation indexes.
The rental expenses are measured and recognized in the income statement when the stores become fully operational.

At the quarter and half year ended June 30, 2011, rental expenses of the Parent Company, which includes the rental transaction with Dromegon described in Note 22, net of recoverable taxes totaled R$ 25,052 e R$ 53,363 (R$ 25,576 e R$ 48,280 at the quarter and half year ended June 30, 2010). The balance of the rental payable at June 30, 2011 is R$ 26,047 (R$ 26,456 at December 31, 2010).

At the quarter and half year ended June 30, 2011, rental expenses of the Consolidated, after eliminating the rental transaction with Dromegon described in Note 22, net of recoverable taxes totaled R$ 26,710 and R$ 54.341 (R$ 24,627 and R$ 46,711 at the quarter and half year ended June, 2010). The balance of rentals payable on June 30, 2011 is R$ 20,441 (R$ 20,809 on December, 31, 2010).

Future commitments arising from these agreements, on June 30, 2011, total a minimum amount of R$ 825,248, as follows:

| | Total | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 and thereafter |
|---|---|---|---|---|---|---|---|
| Rentals | 825,248 | 61,355 | 123,473 | 121,054 | 118,441 | 100,687 | 300,238 |

## 32 Expenses by Nature

We present below segregation by nature of the expenses presented in the income statements, in accordance with their function:

| | Parent Company - BRGAAP | | | | Consolidated - IFRS and BRGAAP | | | |
|---|---|---|---|---|---|---|---|---|
| | 2Q11 | 6H11 | 2Q10 | 6H10 | 2Q11 | 6H11 | 2Q10 | 6H10 |
| **Other operating (expenses) income** | | | | | | | | |
| Selling | (178,131) | (345,810) | (149,678) | (287,352) | (185,211) | (352,211) | (148,731) | (285,784) |
| Personnel expenses | (67,429) | (129,348) | (60,027) | (111,791) | (71,097) | (133,016) | (60,027) | (111,791) |
| Third-party service expenses | (31,082) | (65,355) | (24,124) | (51,483) | (31,130) | (65,403) | (24,124) | (51,483) |
| Occupancy expenses | (43,581) | (82,261) | (36,382) | (68,839) | (45,238) | (83,239) | (35,435) | (67,271) |
| Other expenses | (36,039) | (68,846) | (29,145) | (55,239) | (37,746) | (70,553) | (29,145) | (55,239) |
| General and administrative | (57,929) | (109,441) | (50,098) | (91,064) | (60,560) | (112,083) | (50,098) | (91,064) |
| Personnel expenses | (23,924) | (46,683) | (18,515) | (35,133) | (23,974) | (46,744) | (18,515) | (35,133) |
| Third-party service expenses | (12,634) | (21,446) | (10,593) | (16,915) | (14,267) | (23,079) | (10,593) | (16,915) |
| Occupancy expenses | (2,819) | (5,538) | (1,397) | (2,815) | (2,819) | (5,538) | (1,397) | (2,815) |
| Other expenses | (18,552) | (35,774) | (19,593) | (36,201) | (19,500) | (36,722) | (19,593) | (36,201) |
| Losses on receivables, net | (28,580) | (47,361) | (28,568) | (52,152) | (28,926) | (47,735) | (28,568) | (52,152) |
| Other operating results | (27,787) | (51,332) | (24,950) | (43,015) | (30,830) | (57,559) | (25,121) | (43,351) |
| **Total expenses** | **(292,427)** | **(553,944)** | **(253,294)** | **(473,583)** | **(305,527)** | **(569,588)** | **(252,518)** | **(472,351)** |

## 33 Appropriation of Net Income

*The Annual General Meeting held on April 11, 2011 approved distribution of dividends amounting R$ 231,021 (R$ 1.8882 per share, of which R$ 70,228 as interest on equity). The payment was made from April 20, 2011.*
The Company's management proposed, in meetings of the Board of Directors held on March 14 and June 26, 2011, the early distribution of interest on equity for the year 2011, totaling R$ 18,474 (R$ 0.1510 per share) and R$ 18,290 (R$ 0,1544 per share), respectively. The distribution of these dividends will be submitted for approval at the Annual General Meeting to be held until April 2012.

Interest on equity is originally recorded in the accounting and tax books as a financial expense, upon appropriation of amounts payable to stockholders. However, for the preparation of these financial statements, the substance of the transaction is used and, therefore, the interest is considered as dividends paid and excluded from the income statement. Consequently, in these statements, the entries aforementioned are reclassified, that is, interest on capital paid or payable is recorded as a reduction of retained earnings. The amount recorded was fully deducted in the calculation of income tax and social contribution on income and tax benefits arising from this deduction amounted to, approximately, R$ 6,433 on June 30 and R$ 6,281 on March 31, 2011. See Note 9.

## 34 Relevant Information

As announced to the market on June 13, 2011, the Board of Director approved the stock issue of 30.000 debentures non convertible bonds, unsecured, up to two series, totalling at the day of issue, R$ 300,000,000.00 (three hundred million reais), which will be subject to puclic distribution, under a firm guarantee of placement, pursuant to Instruction number 400, of December 29, 2003, as amended ("CVM Instruction 400).

The date of entire total liquidation of these debentures was August 2, 2011.

# Opinion and Statements / Unqualified Opinion

(A free translation of the original in Portuguese)

To the Board of Directors and Shareholders
Lojas Renner S.A.

**Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Lojas Renner S.A, included in the Quarterly Information (ITR) Form for the quarter ended June 30, 2011, comprising the balance sheet and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim 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 Brazilian and 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 parent company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

**Conclusion on the consolidated interim information**

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

**Other matters**

**Interim statements of value added**

We have also reviewed the parent company and consolidated interim statements of value added for the six-month period ended June 30, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been properly prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

Porto Alegre, August 10, 2011

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Carlos Biedermann
Contador CRC 1RS029321/O-4