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

EZ TEC Empreendimentos e Participações S.A. and Subsidiaries

Individual and Consolidated Financial Statements for the Year Ended December 31, 2011 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

Deloitte Touche Tohmatsu
Rua José Guerra, 127
04719-030 - São Paulo - SP
Brasil

Tel.: +55 (11) 5186-1000
Fax: +55 (11) 5181-2911
www.deloitte.com.br

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INDEPENDENT AUDITOR'S REPORT

To the Management and Shareholders of
EZ TEC Empreendimentos e Participações S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of EZ TEC Empreendimentos e Participações S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2011, and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards - IFRS, applicable to real estate development entities in Brazil and approved by the Accounting Pronouncements Committee (CPC), Securities and Exchange Commission (CVM), and Federal Accounting Council (CFC), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion on the financial statements prepared in accordance with accounting practices adopted in Brazil

In our opinion, the individual (Parent) and consolidated financial statements present fairly, in all material respects, the financial position of EZ TEC Empreendimentos e Participações S.A. as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements prepared in accordance with IFRS, applicable to real estate development entities in Brazil and approved by CPC, CVM and CFC

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EZ TEC Empreendimentos e Participações S.A. as of December 31, 2011, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS applicable to real estate development entities in Brazil and approved by CPC, CVM and CFC.

Emphasis of matter

We draw attention to Note 2 to the financial statements, which states that the individual (Parent) and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil. The consolidated financial statements, prepared in accordance with IFRS applicable to real estate development entities also consider OCPC 04 issued by CPC. Such standard addresses the recognition of real estate revenues and involves issues related to the meaning and application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units, as detailed in Note 2.16. Our opinion does not contain any qualification regarding this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2011, prepared under the responsibility of Management, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, but not for purposes of IFRS, which does not require the presentation of a DVA. These statements were subject to the same auditing procedures described above, and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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

São Paulo, March 9, 2012

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Ismar de Moura
Engagement Partner

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

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

ASSETS	Note	Parent - BR GAAP 12/31/2011	Parent - BR GAAP 12/31/2010	Consolidated - IFRS and BR GAAP 12/31/2011	Consolidated - IFRS and BR GAAP 12/31/2010
CURRENT ASSETS					
Cash and cash equivalents	3	144,621	94,542	228,391	163,326
Short-term investments	4	60,447	23,574	73,936	29,180
Trade accounts receivable	5	-	-	259,033	295,479
Properties for sale	6	-	-	286,511	236,748
Recoverable taxes	7	-	-	1,376	908
Prepaid taxes	18	-	-	-	437
Other receivables		1,157	278	2,562	1,652
Additional Potential for Construction Certificates (CEPAC)	8	47,021	63,844	47,021	63,844
Total current assets		253,246	182,238	898,830	791,574
NONCURRENT ASSETS					
Trade accounts receivable	5	-	-	577,608	397,124
Properties for sale	6	-	-	261,636	163,536
Prepaid taxes	18	-	-	-	212
Recoverable taxes	7	19,331	12,876	19,331	12,876
Due from related parties	19	14,851	12,871	2,872	2,398
Other receivables		39	18	5,316	5,016
Investments	9	1,295,659	968,472	-	3
Property, plant and equipment	10	5,422	5,900	5,526	6,105
Intangible assets	11	2,949	2,421	3,159	2,627
Total noncurrent assets		1,338,251	1,002,558	875,448	589,897
TOTAL ASSETS		1,591,497	1,184,796	1,774,278	1,381,471

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent - BR GAAP 12/31/2011	Parent - BR GAAP 12/31/2010	Consolidated - IFRS and BR GAAP 12/31/2011	Consolidated - IFRS and BR GAAP 12/31/2010
CURRENT LIABILITIES					
Trade accounts payable		610	1,095	19,694	11,621
Payroll and related taxes	14	2,894	2,741	7,373	6,329
Taxes and contributions	15	17	8	5,018	5,675
Borrowings and financing	13	-	-	20	24,688
Allowance for losses on investments	9	1,698	1,846	-	-
Accounts payable	9.(c)	17,374	32	29,332	6,050
Advance from customers	16	-	-	31,669	22,288
Payables for land acquisition	17	-	-	57,352	31,317
Dividends payable	21	78,130	57,887	78,130	57,887
Due to related parties	19	91,994	22,222	2,846	2,439
Deferred taxes	18	-	-	15,655	22,870
Total current liabilities		192,717	85,831	247,089	191,164
NONCURRENT LIABILITIES					
Borrowings and financing	13	-	-	60,957	32,687
Payables for land acquisition	17	-	-	8,087	10,354
Provision for contingencies	20	445	445	4,751	4,333
Deferred taxes	18	-	-	35,203	24,980
Other debts to third parties		-	-	830	1,311
Total noncurrent liabilities		445	445	109,828	73,665
SHAREHOLDERS' EQUITY					
Capital	21.a)	724,070	724,070	724,070	724,070
Treasury shares	21.c)	-	(10,681)	-	(10,681)
Capital reserves		38,297	-	38,297	-
Earnings reserves	21.b)	635,968	385,131	635,968	385,131
Company's owners		1,398,335	1,098,520	1,398,335	1,098,520
Noncontrolling interests in subsidiaries' equity		-	-	19,026	18,122
Total shareholders' equity		1,398,335	1,098,520	1,417,361	1,116,642
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,591,497	1,184,796	1,774,278	1,381,471

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

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$, except basic earnings per share)

	Note	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
NET SALES	23	-	-	744,185	636,397
Cost of sales and services	25	-	-	(368,548)	(338,729)
GROSS PROFIT		-	-	375,637	297,668
OPERATING INCOME (EXPENSES)					
Selling expenses	25	-	-	(32,828)	(28,050)
General and administrative expenses	25	(32,385)	(25,824)	(45,675)	(37,785)
Management fees	26	(5,830)	(4,853)	(6,376)	(5,465)
Equity in subsidiaries	9	341,596	266,195	-	-
Allowance for losses on investments	9	(44)	(327)	-	-
Tax expenses		(348)	(199)	(3,172)	(2,499)
Provision for contingencies				(418)	
Reversal of provision for losses on CEPAC	8	-	3,333	-	3,333
Other operating income (expenses), net		639	(2,699)	1,334	(25)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		303,628	235,626	288,502	227,177
Financial income	27	25,411	8,283	71,875	44,125
Financial expenses	27	(72)	(175)	(7,286)	(3,197)
INCOME FROM OPERATIONS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		328,967	243,734	353,091	268,105
Current income tax and social contribution	18	-	-	(20,584)	(18,085)
Deferred income tax and social contribution	18	-	-	(1,766)	(4,558)
NET INCOME		328,967	243,734	330,741	245,462
ATTRIBUTABLE TO COMPANY'S OWNERS				328,967	243,734
ATTRIBUTABLE TO NONCONTROLLING INTERESTS				1,774	1,728
BASIC EARNINGS PER SHARE (IN R$)	22	2.25	1.70		

There is no comprehensive income for current and prior years.

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

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Note	Capital	Treasury shares	Capital reserve	Earnings reserve		Retained earnings	Shareholders' equity of the Company's owners	Noncontrolling interest in the shareholders' equity of subsidiaries	Consolidated shareholders' equity
					Legal reserve	Growth reserve				
BALANCES AS OF DECEMBER 31, 2009		724,070	(10,681)	-	14,272	185,012	-	912,673	12,227	924,900
Effect of noncontrolling interest in subsidiaries		-	-	-	-	-	-	-	4,167	4,167
Net income		-	-	-	-	-	243,734	243,734	1,728	245,462
Allocation of income:										
Legal reserve	21.b)	-	-	-	12,187	-	(12,187)	-	-	-
Proposed dividends	21.b)	-	-	-	-	-	(57,887)	(57,887)	-	(57,887)
Growth reserve	21.b)	-	-	-	-	173,660	(173,660)	-	-	-
BALANCES AS OF DECEMBER 31, 2010		724,070	(10,681)	-	26,459	358,672	-	1,098,520	18,122	1,116,642
Treasury shares sold		-	10,681	-	-	-	-	10,681	-	10,681
Gain on sale of treasury shares		-	-	38,297	-	-	-	38,297	-	38,297
Effect of noncontrolling interest in subsidiaries		-	-	-	-	-	-	-	(870)	(870)
Net income		-	-	-	-	-	328,967	328,967	1,774	330,741
Allocation of income:										
Legal reserve	21.b)	-	-	-	16,448	-	(16,448)	-	-	-
Proposed dividends	21.b)	-	-	-	-	-	(78,130)	(78,130)	-	(78,130)
Growth reserve	21.b)	-	-	-	-	234,389	(234,389)	-	-	-
BALANCES AS OF DECEMBER 31, 2011		724,070	-	38,297	42,907	593,061	-	1,398,335	19,026	1,417,361

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

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
CASH FLOW FROM OPERATING ACTIVITIES				
Net income	328,967	243,734	330,741	245,462
Adjustments to reconcile net income to net cash provided by operating activities:				
Adjustment to present value of trade accounts receivable	-	-	16,142	6,631
Reversal of provision for losses on CEPAC	-	(3,333)	-	(3,333)
Inflation adjustment and interest, net	(6,698)	(2,238)	(44,126)	(24,219)
Depreciation and amortization	2,443	901	2,545	1,035
Equity in subsidiaries	(341,596)	(266,195)	-	-
Provision for contingencies	-	-	418	-
Income tax and social contribution - current and deferred	-	-	22,350	22,643
Write-off of investments	-	-	3	-
Allowance for losses on investments	44	327	-	-
(Increase) decrease in operating assets:				
Trade accounts receivable	-	-	(125,257)	(104,373)
Acquisition of CEPAC	-	(43,157)	-	(43,157)
Properties for sale	-	-	(85,873)	14,796
Prepaid expenses	-	-	(20)	91
Other assets	(7,355)	(1,303)	(6,733)	7,483
Increase (decrease) in operating liabilities:				
Advance from customers		-	9,381	11,293
Trade accounts payable	(485)	(142)	8,073	(2,325)
Income tax and social contribution paid	-	-	(20,320)	(17,034)
Other liabilities	162	(4,642)	6,826	4,631
Dividends from subsidiaries	227,285	241,005	-	-
Interest paid	-	-	(4,683)	(6,380)
Net cash provided by operating activities	202,767	164,957	109,467	113,244
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of securities	(57,334)	(21,859)	(75,373)	(27,148)
Redemption of securities	27,159	-	38,863	-
Capital contributions to subsidiaries	(179,708)	(94,226)	-	-
Purchase of fixed and intangible assets	(1,688)	(5,891)	(1,695)	(5,901)
Net cash used in investing activities	(211,571)	(121,976)	(38,205)	(33,049)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings and financing	-	-	65,791	58,122
Borrowings and financing repaid	-	-	(62,616)	(68,782)
Effect of noncontrolling interests in subsidiaries	-	-	(870)	4,167
Sale of own shares	48,978	-	48,978	-
Related parties	67,792	5,640	407	(127)
Dividends paid	(57,887)	(38,696)	(57,887)	(38,696)
Net cash provided by (used in) financing activities	58,883	(33,056)	(6,197)	(45,316)
INCREASE IN CASH AND CASH EQUIVALENTS	50,079	9,925	65,065	34,879
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	94,542	84,617	163,326	128,447
CASH AND CASH EQUIVALENTS AT END OF YEAR	144,621	94,542	228,391	163,326

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

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of Brazilian reais - R$)

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
REVENUES				
Properties sold and services rendered	-	-	767,360	660,622
Other revenues	1,621	96	-	-
	1,621	96	767,360	660,622
INPUTS ACQUIRED FROM THIRD PARTIES (including taxes - ICMS, IPI, PIS and Cofins)				
Cost of sales and services	-	-	(350,689)	(315,296)
Materials, electric power, outside services and others	(14,152)	(12,109)	(51,540)	(44,950)
Recovery/loss of assets	(44)	3,006	-	3,333
Others	(647)	(2,994)	(1,149)	(2,524)
	(14,843)	(12,097)	(403,378)	(359,437)
GROSS VALUE ADDED (CONSUMED)	(13,222)	(12,001)	363,982	301,185
DEPRECIATION AND AMORTIZATION	(2,443)	(901)	(2,545)	(1,035)
WEALTH CREATED BY THE COMPANY	(15,665)	(12,902)	361,437	300,150
WEALTH RECEIVED IN TRANSFER				
Equity in subsidiaries	341,596	266,195	-	-
Financial income	25,411	8,283	71,875	44,125
	367,007	274,478	71,875	44,125
WEALTH FOR DISTRIBUTION	351,342	261,576	433,312	344,275
WEALTH DISTRIBUTED	351,342	261,576	433,312	344,275
Personnel:				
Direct compensation	13,871	11,091	31,351	31,387
Benefits	4,161	3,074	5,974	4,054
FGTS	606	522	2,661	3,229
Taxes, rates and contributions:				
Federal	3,236	2,458	52,854	54,422
Municipal	214	65	2,230	2,067
Debt capital:				
Interest	72	175	7,286	3,197
Others	215	457	215	457
Equity:				
Proposed dividends	78,130	57,887	78,130	57,887
Withheld income	250,837	185,847	250,837	185,847
Noncontrolling interests in retained earnings	-	-	1,774	1,728

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

1. GENERAL INFORMATION

EZ TEC Empreendimentos e Participações S.A. (the "Company"), headquartered at Alameda Jauaperi, 1921, in the city of São Paulo, State of São Paulo, is listed at Bolsa de Valores, Mercadorias e Futuros BM&FBOVESPA S.A.'s New Market since June 21, 2007, and its shares are traded under the ticker symbol "EZTC3". EZ TEC Empreendimentos e Participações S.A. is the holding of the companies mentioned in Note 9.

The Company, through its subsidiaries, is engaged mainly in: (a) the development and sale of real estate projects of any nature, including through financing; (b) the management and lease of own real estate; (c) the plotting of land; (d) the construction of condominiums; (e) the provision of services related to the construction, supervision, studies and projects and performance of any construction works and civil engineering services of all technical and economic types; and (f) the investment in other companies as partner or shareholder.

2. SIGNIFICANT ACCOUNTING PRACTICES

2.1. Declaration of conformity

These financial statements include:

- The consolidated financial statements prepared in accordance with accounting practices adopted in Brazil (BR GAAP) and the International Financial Reporting Standards (IFRS), applicable to real estate development entities in Brazil and approved by the Accounting Pronouncements Committee (CPC), Brazilian Securities and Exchange Commission (CVM), and Federal Accounting Council (CFC), identified as Consolidated (IFRS and BR GAAP).

- The Parent's individual financial statements prepared in accordance with accounting practices adopted in Brazil (BR GAAP), identified as Parent - BR GAAP.

The accounting practices adopted in Brazil comprise the provisions of the Brazilian Corporate Law and the pronouncements, instructions and interpretations issued by CPC and approved by CVM and CFC.

The Parent's individual financial statements present the investments in subsidiaries and jointly-owned subsidiaries under the equity method, which differ from the IFRS that require these investments to be measured at cost or fair value.

However, there is no difference between the consolidated shareholders' equity and net income presented by the Company and the shareholders' equity and net income presented in the individual financial information, attributable to the Company's owners. Accordingly, the consolidated and the Parent's individual financial statements are presented as a single set, side by side.

The accounting practices used to prepare the individual and consolidated financial statements for the year ended December 31, 2011 are consistent with those used to prepare the financial statements for the year ended December 31, 2010.

2.2. Basis of preparation

The individual and consolidated financial statements have been prepared at historical cost, unless otherwise stated.

2.3. Basis of consolidation

The consolidated financial statements include the operations of the Company and those of the subsidiaries (created for the specific purpose of managing real estate projects), described in Note 9. All intercompany transactions and balances have been fully eliminated in consolidation, and noncontrolling interests are disclosed separately.

a) Investments in subsidiaries

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

Under this method, the components of assets and liabilities and income are fully combined, and noncontrolling interests are calculated by applying the percentage interest of noncontrolling shareholders on the subsidiaries' equity.

b) Investments in jointly-owned subsidiaries

The Company holds joint interest in the companies where the contracts, or bylaws and/or agreements provide for joint control.

The Company recognizes its interest in jointly-owned subsidiaries in its consolidated financial statements under the proportionate consolidation method. The Company's interests in assets, liabilities, income and expenses of jointly-owned subsidiaries are combined with similar items, on a line-by-line basis, in the Company's consolidated financial statements.

In the Parent's individual financial statements, interests in subsidiaries and jointly-owned subsidiaries are stated under the equity method.

2.4. Business combinations

In the consolidated financial statements, business acquisitions are accounted for by using the acquisition method. Business combinations are measured at fair value, which is calculated by adding fair values of assets transferred by the buyer, liabilities incurred by the buyer with the former owners of the acquiree and the equity issued by the Company in exchange for the control of the acquiree. Costs associated with the acquisition, when incurred, were expensed in the statement of income.

Noncontrolling interests that correspond to current interests and confer upon their holders the right to a proportionate share of the entity's net assets in event of liquidation may be initially measured at fair value or based on the proportionate share of the noncontrolling interests of the identifiable net assets of the acquiree.

2.5. Functional and reporting currency

The Company's individual and consolidated financial statements are expressed in Brazilian reais (R$), which is the Company's functional and reporting currency.

2.6. Use of estimates and judgments

The financial statements have been prepared in accordance with accounting practices adopted in Brazil (CPC) and IFRS, applicable to real estate development entities in Brazil, as approved by CPC, CVM and CFC, which require Management to make estimates that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the balance sheet dates, and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, Management made some estimates, such as the estimated useful lives of property, plant and equipment, the amount of the allowance for doubtful accounts, discount rates at present value adopted to measure certain assets and liabilities, budgeted construction costs, provision for contingencies, provision for tax losses, other provisions and fair value of financial instruments. Actual results could differ from those estimates.

2.7. Financial instruments

Financial assets and financial liabilities are recognized when the Company and its subsidiaries are parties to the agreement.

Financial assets and financial liabilities are initially measured at their fair values. The fair value of financial assets and financial liabilities is added to or deducted from the transaction costs directly attributable to the purchase or issue of such financial assets and financial liabilities (except for financial assets and financial liabilities recognized at fair value in profit or loss) after initial recognition, when applicable. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in the statement of income.

a) Financial assets

- Cash and cash equivalents

  Include cash and banks, highly-liquid investments in investment funds and financial treasury bills, which are readily convertible into a known cash amount and subject to an insignificant risk of change in value. Stated at cost, plus income earned through the balance sheet date, net of provision for losses, when applicable.

- Short-term investments

  Refer to short-term, highly-liquid and held-to-maturity bank certificates of deposit (CDB). At the balance sheet dates, all short-term investments are measured at amortized cost and their effects are recognized in the statement of income.

- Trade accounts receivable and allowance for doubtful accounts

  Trade accounts receivable (current and noncurrent), presented as accounts receivable, arise from sales of residential units, and the outstanding balance of contracts is adjusted for inflation in conformity with the respective adjustment clauses and discounted to present value. The allowance for doubtful accounts is recorded in an amount considered sufficient by Management to cover probable losses on the collection of receivables, considering the risks involved. For receivables arising from contracts for the sale of units under construction, the procedures described in Note 2.16 are applied. The amounts related to inflation adjustments on amounts receivable are recorded in the statement of income, under the caption “Revenues from properties sold” until delivery of keys and under the caption “Financial income” (interest income) after delivery of keys.

b) Financial liabilities

- Borrowings and financing

  Represented basically by real estate financing whose related funds are invested in construction works. Stated at their original amounts, plus interest and inflation adjustment, as set forth in the agreements.

c) Other financial assets and financial liabilities subject to indexation

Assets and liabilities denominated in Brazilian reais (R$) and subject to indexation are adjusted for inflation based on the effective interest rate method by applying the relevant indices as at the balance sheet dates. Similarly, exchange gains and losses and inflation adjustments are recognized in the statement of income, when accrued and incurred.

d) Equity instruments (treasury shares)

The buyback of shares in the Company is recognized and deducted directly from equity. No gain or loss is recognized in income or losses due to the purchase, sale, issuance or cancellation of the Company’s equity instruments.

2.8. Properties for sale

Represented by the cost of acquisition of lands, plus construction costs, and other expenditures related to the development of projects under construction or completed, whose units have not been sold yet.

Interests on borrowings and financing for the development of real estate are capitalized during construction and recognized in the statement of income as units are sold.

2.9. Investments

Investments in subsidiaries and jointly-owned subsidiaries are accounted for under the equity method.

2.10. Property, plant and equipment

Stated at cost, with depreciation recorded under the straight-line method, based on the estimated useful lives of assets, except for leasehold improvements, which are depreciated over the lease term of properties.

An item of property, plant and equipment is written off upon disposal or when there is no future economic benefits resulting from its continuous use. Any gain or loss from the sale or write-off of an item of property, plant and equipment is determined by the difference between the sales amount received and the carrying value of the asset sold, recognized in the statement of income.

Depreciation rates are currently reviewed to adjust them to the useful lives of assets.

2.11. Impairment of tangible and intangible assets with definite useful lives

At year end, the Company reviews the carrying amount of tangible and intangible assets to determine whether there are any indications that they are impaired, and, when necessary, the impairment loss amount is measured.

When the impairment loss is subsequently reversed, the carrying amount of the asset increases to the reviewed estimate of its recoverable value, provided that it does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset in prior years. The reversal of the impairment loss is promptly recognized in the statement of income.

For the years ended December 31, 2011 and 2010, there was no indication of impairment of tangible and intangible assets.

2.12. Provision for contingencies

Recognized for present obligations (legal or constructive) as a result of past events, when the amount of the obligation can be reliably estimated, and its settlement is probable.

The provision for contingencies is recognized when the Company and its subsidiaries have a 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 and its value can be reliably estimated.

2.13. Accrued warranties

Recorded in an amount considered sufficient to cover maintenance costs on real estate projects over the warranty period. The accrual is recognized as a contra entry to income (expenses) to the extent cost of sales are incurred; any potential unused remaining balance is reversed after the warranty period.

2.14. Income tax and social contribution

Current

As required by Brazilian tax legislation, revenue from sales of real estate units are taxed on a cash basis and not based on the criterion described in Note 2.15 for recognition of such revenue. On an annual basis, provided that legal requirements are met, the Company and its subsidiaries may elect to calculate taxable income based on the taxable income or deemed income regime, and/or on project-related assets. Under the taxable income regime, taxes are calculated as a percentage of net income, determined by applying the tax rates of 25% for income tax and 9% for social contribution, totaling 34%. According to taxation under the deemed income regime, income is calculated as 8% and 12% of operating income for income tax and social contribution, respectively, plus 100% of other revenues. Income tax and social contribution are calculated by applying tax rates of 25% and 9%, respectively.

For project-related assets, income tax and social contribution are calculated on revenues from real estate development at rates of 1.89% and 0.98%, respectively.

2.15. Deferred taxes

Deferred income tax, social contribution, and taxes on revenue (PIS and Cofins) are recognized as current and noncurrent based on the expected date of payment of the installments under purchase and sale agreements. Deferred taxes refer to the difference between recognition under the percentage of completion, as described in Note 2.15., and the tax criterion, according to which revenue is taxed when received.

2.16. Recognition of revenue from real estate development and sale

Revenue from sale of properties, which comprises sales revenues, land and construction costs, and other expenses inherent in the respective real estate development, is recorded in income during construction based on the percentage of completion, and this percentage is calculated based on the actual costs incurred in relation to total estimated costs for the project, in accordance with the criteria established in technical guideline OCPC 04 - Application of Technical Interpretation ICPC 02 to Brazilian Real Estate Entities, as approved by CVM and CFC, considering the analysis of operations as to the compliance with the requirements set forth in such technical instruction for recognition of revenue and expenses. Trade accounts receivable arising from the sale of units under construction are recognized under the percentage-of-completion method, and payments received and payments received in amounts in excess of these receivables are recorded in current liabilities under the caption “Advances from customers”.

The balances of real estate development and properties under construction sold, which according to the criteria established by such pronouncements are no longer included in the balances of the assets and liabilities, are detailed in Note 12. For units completed, sales revenues and the related costs are fully recorded.

Certain matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units are being analyzed by the International Accounting Standards Board (IASB) as part of the Exposure Draft "Revenue from Contracts with Customers". As a result of this analysis, real estate development companies may be required to review their revenue recognition accounting practices.

2.17. Adjustment to present value of receivables and payables for land acquisition

In accordance with CPC 12 - Adjustment to Present Value, the Company, through its subsidiaries, adjusted the balances of long-term receivables from incomplete units and plots of land payable to present value, considering as discount rate the variation of the National Treasury Bills - series B - NTN-B, which is aligned with the Extended Consumer Price Index (IPCA) variation. For short-term receivables, the effect thereof on the financial statements taken as a whole is evaluated.

2.18. Statement of value added ("DVA")

This statement shows the wealth generated by the Company and its distribution during a specific period and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements and supplementary information to the consolidated financial statements, since this statement is neither required nor mandatory under the IFRS.

DVA has been prepared based on the information obtained from the accounting records used as the basis for the preparation of the financial statements and in accordance with the provisions set forth in CPC 09 - Statement of Value Added. The first part of DVA presents the wealth generated by the Company, represented by revenues (gross sales, including taxes levied on revenues, other revenues and effects from allowance for doubtful accounts) and inputs acquired from third parties (sales cost and acquisitions of materials, electric energy and third-party services, including taxes levied on the acquisition, effects from losses and recovery of assets and depreciation and amortization) and the value added received from third parties (equity in subsidiaries, financial income and other revenues). The second part of the DVA presents the distribution of wealth among personnel, taxes and contributions, lenders and lessors, and shareholders.

2.19. New and revised standards and interpretations issued and not yet adopted

The Company and its subsidiaries did not adopt the following new and revised IFRS already issued, but not yet effective:

Standard	Description	Effective date
IFRS 7 - Amendments to IFRS 7	Addresses the disclosures of transfers of financial assets.	Effective for annual periods beginning after January 1, 2013.
IFRS 9 - Financial Instruments	Refers to the first stage of the project to supersede IAS 39 - Financial Instruments - Recognition and Measurement.	Effective for annual periods beginning after January 1, 2015.
IFRS 10 - Consolidated Financial Statements	Replaces parts of IAS 27 - Separate Financial Statements that address when and how an investor must prepare consolidated financial statements and supersede SIC 12 - Special Purpose Entities.	Effective for annual periods beginning on or after January 1, 2013.
IFRS 11 - Joint Arrangements	Requires the use of the equity method of accounting to recognize interests in joint ventures and eliminates the proportionate consolidation method.	Effective for annual periods beginning on or after January 1, 2013.
IFRS 12 - Disclosure of Interests in Other Entities	Defines the purpose of disclosures and minimum disclosures for entities holding investments in subsidiaries, jointly-controlled subsidiaries, associates or other unconsolidated companies.	Effective for annual periods beginning on or after January 1, 2013.
IFRS 13 - Fair Value Measurement	Establishes a single fair value measurement model when required by other standards.	Effective for annual periods beginning on or after January 1, 2013.
IAS 12 - Income Taxes	Deferred taxes - recovery of underlying assets when the asset is measured under the fair value framework of IAS 40 - Investment Properties	Effective for annual periods beginning on or after January 1, 2012.
IAS 27 (R) - Separate and Consolidated Financial Statements	Amendments to IAS 27.	Effective for annual periods beginning on or after January 1, 2013.
IAS 28 (R) - Investments in Associates	Amendments to IAS 28 - Investment in Associates and Subsidiaries	Effective for annual periods beginning on or after January 1, 2013.

The Company's Management believes that the application of certain standards above, to be adopted in its financial statements on their effective dates, could impact previously reported amounts. However, it is not possible to provide a reasonable estimate of this effect until a detailed review is made at the time of their adoption.

CPC has not enacted yet the respective standards and amendments to the new and revised IFRS presented above. Because of CPC's and CVM's commitment to keep the set of standards issued up-to-date according to the changes made by the IASB, the Company expects such standards and amendments to be issued by CPC and approved by CVM by the date they become effective.

3. CASH AND CASH EQUIVALENTS

Represented by:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash and banks	4,320	619	63,095	46,116
Financial investment funds (a):				
Financial investment funds (b)	107,712	88,565	126,901	110,523
Financial Treasury Bills	11,940	5,358	14,067	6,687
Repurchase transactions (102.2% to 105.0% of the Interbank Deposit Certificate (CDI)	20,649	‘	24,328	-
	144,621	94,542	228,391	163,326

(a) Represent amounts in exclusive fixed income investment funds; therefore, the portfolio may be diversified through investment fund units available in the market, federal government securities, fixed income securities issued by a financial institution and repurchase agreements, highly liquid, managed by a private institution.

(b) Refer to short-term investments in open-ended investment funds whose purpose is to invest in highly liquid DI-indexed units of investment funds. Short-term investments in the exclusive fund’s portfolio are highly liquid, readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

4. SHORT-TERM INVESTMENTS

As of December 31, 2011, R$60,447 and R$73,936 (R$23,574 and R$29,180 as of December 31, 2010), Parent and consolidated, respectively, refer to investments in CDBs, redeemable in over 90 days, to be held to maturity, with rates varying between 99.8% and 110.5% of the CDI rate.

5. TRADE ACCOUNTS RECEIVABLE

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Receivables from real estate development- completed works	229,818	268,016
Receivables from real estate development- construction in progress (*)	607,955	426,982
Trade notes receivable - services	1,215	28
	838,988	695,026
Securitized credits	(116)	(192)
Allowance for doubtful accounts	(2,231)	(2,231)
	836,641	692,603
Current	259,033	295,479
Noncurrent	577,608	397,124

(*) Net amounts of adjustments to present value, as of December 31, 2011, of R$43,848 (R$29,503 as of December 31, 2010). The average rate applied in the year ended December 31, 2011 was 6.15% per year (6.26% per year as of December 31, 2010) for receivables from units yet to be delivered.

As of December 31, 2011 and 2010, the aging list of noncurrent assets by maturity is as follows:

	Consolidated - IFRS and BR GAAP	
Year	12/31/2011	12/31/2010
2012	-	122,987
2013	247,046	101,863
2014	123,917	42,787
2015	53,086	35,276
2016	42,461	29,370
2017	36,096	24,011
After 2018	75,002	40,830
	577,608	397,124

The aging list of trade accounts receivable as of December 31, 2011 and 2010, due to real estate development, is as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Past-due:		
Up to 30 days	9,309	5,112
31 to 60 days	5,388	43,483
61 to 90 days	3,025	4,194
91 to 120 days	3,435	20,725
Over 120 days	12,698	11,905
	33,855	85,419
Current	805,133	609,607
	838,988	695,026

Out of the past-due amounts as of December 31, 2011, approximately 53% refer to customers whose request for bank financing to settle their debt balance is being analyzed.

Securitized credits with coobligation as of December 31, 2011, in the amount of R$116 (R$192 as of December 31, 2010), arise from the sale of a portion of trade accounts receivable of subsidiary Silvana Empreendimentos Imobiliários Ltda.

The allowance for doubtful accounts has not changed over the years since it refers to receivables prior to 2002, which are not subject to mortgage on properties, which are being claimed at courts.

Such transactions are collateralized by mortgage on the financed properties when real estate credits are originated, except for those mentioned above.

6. PROPERTIES FOR SALE

Primarily comprised of construction cost of properties for sale, completed and under construction, and land for future developments, as shown below:

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Completed units	25,872	13,998
Units under construction	82,270	92,229
Land for construction of new projects	431,248	287,341
Advances to suppliers	8,757	6,716
	548,147	400,284
Current	286,511	236,748
Noncurrent	261,636	163,536

Land for construction of new projects will be developed beginning 2012, according to the launchings in progress. The developments scheduled to be launched by 2013 were classified under noncurrent assets.

As of December 31, 2010, the Company, through its subsidiary Avignon Incorporadora Ltda., owns a plot of land, in the amount of R$6,952, equivalent to its percentage interest in the subsidiary, for which no environmental licenses were obtained from regulatory bodies in view of the notice received on December 12, 2007. The Company's Management understands that the licenses will be obtained without significant additional costs.

In addition to this land, the Company owns other plots of land in the region of Bertioga, State of São Paulo, in the amount of R$6,015, recorded in subsidiaries Itagi Incorporadora Ltda. and Vanguarda Incorporadora Ltda.

As of December 31, 2011, , the Company's Management evaluated its "Land for construction of new projects" according to market evaluation reports and, based on the result of this evaluation, concluded that no impairment adjustment is required, as their carrying amounts are lower than their fair values.

For the year ended December 31, 2011, capitalized interest amounts to R$300 (R$745 as of December 31, 2010), consolidated.

7. RECOVERABLE TAXES

Represented by:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Withholding Income Tax (IRRF) (*)	19,324	12,870	20,311	13,432
Social Security Contribution (INSS)	6	6	29	29
Taxes on revenue (PIS and COFINS)	-	-	180	179
Corporate Income Tax (IRPJ)	-	-	107	66
Social Contribution on Net Income (CSLL)	-	-	25	25
Others	1	-	55	53
	19,331	12,876	20,707	13,784
Current	-	-	1,376	908
Noncurrent	19,331	12,876	19,331	12,876

(*) The income tax on short-term investments represents withholdings, including from prior years, which, in accordance with article 66 of Law 8383/91, with the new wording established by article 58 of Law 9069/95, establishes the right of offset against taxes of the same nature or reimbursement request, which ensures the Company its full realization at adjusted amounts.

8. ADDITIONAL POTENTIAL FOR CONSTRUCTION CERTIFICATES (CEPAC)

On February 22, 2008, the Company participated in the public auction in the electronic trading system, Mega Bolsa, concerning the CEPAC negotiation, conducted by the Municipality of São Paulo, related to the urban consortium operation, Água Espraiada, and acquired 90,000 shares, totaling R$99,900.

As of December 31, 2011, the balance amounts to R$47,021 (R$63,844 as of December 31, 2010), stated at cost, less provision for adjustment to the quoted price of the last auction held on August 31, 2010.

This amount is classified in current assets according to estimated use in projects to be launched.

9. INVESTMENTS

		Parent - BR GAAP					
Subsidiary	Equity interests - %	Capital	Shareholders' equity (shareholders' deficit)	Net income (loss) for the year	Equity in subsidiaries	Investments 12/31/2011	Investments 12/31/2010
AK 14 Empreendimentos e Participações Ltda.	60.00	9,534	9,512	(513)	(307)	5,707	5,681
Alfenas Incorporadora Ltda.	99.99	11,907	18,732	6,185	6,185	18,732	10,242
Alessandra Incorporadora Ltda.	99.99	1	1	-	-	1	-
Alexandria Incorporadora Ltda.	99.99	19,845	42,530	24,989	24,989	42,530	17,541
Analisys Consultoria, Planejamento e Participações S/S	99.99	5	(1,626)	(44)	-	-	-
Arapanés Incorporadora Ltda.	99.99	6,001	10,002	180	180	10,002	5,867
Antilhas Empreendimentos Imobiliários Ltda. - Condomínio Ville de France - SCP (a)	50.00	9,942	32,711	8,910	4,451	16,355	11,900
Arambaré Incorporadora Ltda.	99.99	25,311	20,021	(433)	(433)	20,021	18,907
Ares da Praça Empreendimento Imobiliário Ltda.	70.00	11,511	9,069	(461)	(322)	6,348	6,183
Aurillac Incorporadora Ltda.	99.99	21,733	23,597	5,390	5,390	23,597	18,607
Áustria Incorporadora Ltda.	99.99	1	1	(32)	(32)	1	1
Bergamo Incorporadora Ltda.	99.99	1,081	1,053	(4)	(4)	1,053	1,057
Camila Empreendimentos Imobiliários Ltda.	99.99	14,860	14,436	429	429	14,436	13,958
Blumenau Incorporadora Ltda. (a)	33.40	1	2,571	(35)	(11)	858	1
Cabo Frio Incorporadora Ltda. (a)	33.40	1	8,303	(113)	(37)	2,773	1
Catarina Incorporadora Ltda.	99.99	7,041	7,122	(134)	(134)	7,122	2,701
Cayowaa Incorporadora Ltda.	99.99	4,986	4,907	(3)	(3)	4,907	4,860
Center Jabaquara Empreendimentos Imobiliários Ltda.	99.99	2,082	1,988	(896)	(896)	1,988	1,519
Coimbra Incorporadora Ltda.	99.99	1	1	-	-	1	-
Crown Incorporadora Ltda.	99.99	15,156	15,589	2,538	2,538	15,589	21,049
Curupá Empreendimentos Imobiliários Ltda.	99.99	5,227	6,943	1,796	1,796	6,943	6,447
Elba Incorporadora Ltda.	99.99	13,581	13,644	(3,559)	(3,559)	13,644	13,113
Esmirna Incorporadora Ltda.	99.99	8,265	25,881	10,974	10,974	25,881	22,105
E.Z.L.I. Empreendimento Imobiliário Ltda.	70.00	19,206	18,783	(238)	(166)	13,148	13,038
EZ TEC Técnica Engenharia e Construção Ltda.	99.99	15,969	(72)	(5,948)	(5,948)	-	-
Florença Incorporadora Ltda.	99.99	4,822	19,797	7,711	7,711	19,797	4,507
Garicema Empreendimentos Imobiliários Ltda.	99.99	55,107	149,801	47,907	47,907	149,801	82,005
Genova Incorporadora S.A. (a)	50.00	5,090	14,182	1,956	978	7,091	7,004
Giopris Empreendimentos Imobiliários Ltda.	99.99	42,003	42,999	6,456	6,456	42,999	48,812
Giovanna Incorporadora Ltda.	99.99	3,513	4,864	(24)	(24)	4,864	3,342
Gol Incorporadora Ltda.	99.99	24,229	24,609	(12)	(12)	24,609	23,898
Grauna Incorporadora Ltda.	99.99	3,936	3,821	(35)	(35)	3,821	3,812
Guara Incorporadora Ltda.	99.99	1	1	(1)	(1)	1	1
Hannover Incorporadora Ltda.	99.99	1	1	(1)	(1)	1	1
Ibiuna Incorporadora Ltda.	99.99	1	1	-	-	1	-
Iracema Incorporadora Ltda. (a)	33.40	1	10,311	(109)	(36)	3,443	1
Itagi Incorporadora Ltda.	80.00	5,404	487	(1)	(1)	389	370
J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. (a)	50.00	32,073	63,459	30,507	15,253	31,729	23,530
Jauaperi Incorporadora Ltda.	99.99	26,147	26,358	11,527	11,527	26,358	70,081
Juriti Empreendimentos Imobiliários Ltda.	99.99	7,463	10,189	(275)	(275)	10,189	6,476
Lafaiete Incorporadora Ltda.	99.99	32	6,741	(52)	(52)	6,741	3

		Parent - BR GAAP					
Subsidiary	Equity interests - %	Capital	Shareholders' equity (shareholders' deficit)	Net income (loss) for the year	Equity in subsidiaries	Investments 12/31/2011	Investments 12/31/2010
Lausane Incorporadora Ltda.	99.99	12,396	41,730	21,347	21,347	41,730	16,383
Limoges Incorporadora Ltda.	99.99	40,886	44,742	16,818	16,818	44,742	42,644
Livorno Incorporadora Ltda.	99.99	8,989	8,863	(68)	(68)	8,863	8,683
Luzitânia Incorporadora Ltda.	99.99	1	652	-	-	652	1
Marcella Empreendimentos Imobiliários Ltda.	99.99	37,430	38,114	3,737	3,737	38,114	53,627
Marina Empreendimentos Imobiliários Ltda.	99.99	39,573	47,710	15,179	15,179	47,710	46,801
Mix Residencial Ltda.	99.99	19	2	-	-	2	1
Miziara Imobiliários Ltda.	50.00	9,368	9,608	-	-	4,804	-
Mônaco Incorporação S.A. (a)	40.00	34,767	51,474	12,094	4,838	20,589	14,898
Monza Incorporadora Ltda.	99.99	15,947	22,177	6,617	6,617	22,177	18,289
Otawa Incorporadora Ltda.	99.99	4,967	8,541	2,925	2,925	8,541	3,572
Paraíso Empreendimentos Imobiliários Ltda.	99.99	6,628	17,767	(70)	(70)	17,767	6,079
Park Empreendimentos Imobiliários Ltda.	99.99	18,298	18,371	4,823	4,823	18,371	24,095
Phaser Incorporação SPE S.A. (a) (c)	15.00	82,584	82,212	-	-	12,331	-
Priscilla Empreendimentos Imobiliários Ltda.	99.99	15,312	19,443	5,335	5,335	19,443	11,682
Reno Incorporadora Ltda.	99.99	11	20,730	(1)	(1)	20,730	11
Santarém Incorporadora Ltda.	99.99	15,765	50,391	18,252	18,252	50,391	32,138
Savona Incorporadora Ltda.	90.00	11,260	13,174	4,317	3,885	11,855	20,811
San Diego Incorporadora Ltda.	99.99	13,227	28,013	9,910	9,910	28,013	18,103
Santa Lidia Empreendimentos e Participações SPE Ltda. (a)	50.00	24,920	39,444	29,406	14,703	19,722	11,663
Serra Azul Incorporadora Ltda. (d)	99.99	21	-	(2)	(2)	-	1
Silvana Empreendimentos Imobiliários Ltda.	99.99	12,116	11,984	419	419	11,984	11,564
Solidaire Empreendimentos Imobiliários Ltda. (a)	50.00	9,683	10,809	(201)	(101)	5,404	-
Tatuapé Empreendimentos Imobiliários Ltda.	99.99	20,969	23,059	3,678	3,678	23,059	20,981
Tec Vendas Consultoria de Imóveis Ltda.	99.90	106	1	1,429	1,429	1	222
Tirol Incorporadora Ltda.	99.99	1	9,599	(2)	(2)	9,599	1
Torino Incorporadora Ltda.	99.99	8,708	24,417	11,190	11,190	24,417	12,427
Toscana Incorporadora Ltda.	99.99	6,802	13,305	5,420	5,420	13,305	6,010
Trento Incorporadora Ltda.	99.99	6,016	15,063	7,026	7,026	15,063	3,977
Treviso Incorporadora Ltda.	90.00	26,518	54,477	17,560	15,804	49,028	33,175
Valentina Empreendimentos Imobiliários Ltda.	99.99	191	193	(3)	(3)	193	196
Vanguarda Incorporadora Ltda.	99.99	5,746	4,964	(13)	(13)	4,964	4,956
Verona Incorporadora Ltda.	99.99	16,266	42,465	19,245	19,245	42,464	19,639
Vermonth Incorporadora Ltda.	99.99	3,649	4,094	(1)	(1)	4,094	4,095
Venezia Incorporadora Ltda.	99.99	1	-	(1)	(1)	-	1
Village of Kings Incorporadora Ltda.	99.99	26,714	44,951	9,282	9,282	44,951	41,996
Vinhedo Incorporadora Ltda.	99.99	1	1	-	-	1	-
Wanessa Incorporadora Ltda.	50.00	3,592	11,187	6,507	3,253	5,593	7,023
Win Consultoria Imobiliária Ltda.	99.99	5	1	(2)	(2)	1	2
Windsor Incorporadora Ltda.	99.99	6,347	13,938	2,270	2,270	13,938	728
Ype Incorporadora Ltda.	99.99	1	1	-	-	1	-
Subtotal					341,596	1,288,078	965,096
Business combination (b)						7,581	3,376
Total investments						1,295,659	968,472

(a) Jointly-owned subsidiaries and consolidated proportionally to interest. The other investments are fully consolidated.

(b) In business combination, amounts of properties for sale were recognized, which, after acquired, were stated at fair value and, on subsequent periods, tested for impairment by internal and external analysts, as follows:

Properties for sale acquired from companies	Parent (BR GAAP) 12/31/2011	12/31/2010
Garicema Empreendimentos Imobiliários Ltda.	550	678
Genova Incorporadora S.A.	1,413	1,719
Phaser Incorporação SPE S.A. (c)	5,009	-
Santa Lidia Empreendimentos e Participações SPE Ltda.	609	979
	7,581	3,376

(c) On March 6, 2012, the Company acquired an additional 10% stake, totaling 25%. The amount of R$17,341 relating to the acquisition of 15% is classified as "Trade accounts payable" as of December 31, 2011.

(d) On March 6, 2012, the Company sold a 50% stake and continued to hold 50% stake in the subsidiary. The accounting effect of the appreciation of the remaining stake is insignificant.

Allowance for losses on investments with shareholders' deficit:

Allowance for losses on investments	Parent - BR GAAP 12/31/2011	12/31/2010
Analisys Consultoria, Planejamento e Participações S/S	(1,626)	(1,582)
EZ TEC Técnica Engenharia e Construção Ltda.	(72)	(219)
Solidaire Empreendimentos Imobiliários Ltda.	-	(45)
	(1,698)	(1,846)

As of December 31, 2011, the amount of R$1,698 (R$1,846 as of December 31, 2010), recorded as allowance for losses on investments, represents the interest in investments that report a shareholders' deficit and is recorded in current liabilities. The amount recorded as expenses in the statement of income as of December 31, 2011 totaled R$44 (R$327 as of December 31, 2010).

10. PROPERTY, PLANT AND EQUIPMENT

Comprised of:

	Parent - BR GAAP				
	Balance as of 12/31/2009	Additions	Balance as of 12/31/2010	Additions	Balance as of 12/31/2011
Cost					
Furniture and fixtures	87	517	604	135	739
Machinery and accessories	78	57	135	1	136
Vehicles	-	61	61	-	61
Tools	-	6	6	-	6
Facilities	57	11	68	11	79
Computers and peripherals	1,027	993	2,020	687	2,707
Improvements	190	3,248	3,438	77	3,515
Equipment	633	81	714	-	714
	2,072	4,974	7,046	911	7,957

	Parent - BR GAAP				
	Balance as of 12/31/2009	Additions	Balance as of 12/31/2010	Additions	Balance as of 12/31/2011
Accumulated depreciation					
Furniture and fixtures	(15)	(29)	(44)	(74)	(118)
Machinery and accessories	(30)	(23)	(53)	(27)	(80)
Vehicles	-	(7)	(7)	(12)	(19)
Tools	-	(1)	(1)	(1)	(2)
Facilities	(9)	(6)	(15)	(7)	(22)
Computers and peripherals	(220)	(280)	(500)	(537)	(1,037)
Improvements	(51)	(322)	(373)	(659)	(1,032)
Equipment	(87)	(66)	(153)	(72)	(225)
	(412)	(734)	(1,146)	(1,389)	(2,535)
	1,660	4,240	5,900	(478)	5,422

	Consolidated - IFRS and BR GAAP				
	Balance as of 12/31/2009	Additions	Balance as of 12/31/2010	Additions	Balance as of 12/31/2011
Cost					
Furniture and fixtures	196	515	711	135	846
Machinery and accessories	91	57	148	1	149
Vehicles	139	60	199	-	199
Tools	15	6	21	-	21
Facilities	154	10	164	11	175
Computers and peripherals	1,622	993	2,615	687	3,302
Improvements	192	3,247	3,439	77	3,516
Equipment	685	87	772	1	773
	3,094	4,975	8,069	912	8,981
Accumulated depreciation					
Furniture and fixtures	(65)	(42)	(107)	(83)	(190)
Machinery and accessories	(39)	(24)	(63)	(27)	(90)
Vehicles	(136)	(15)	(151)	(16)	(167)
Tools	(8)	(2)	(10)	(4)	(14)
Facilities	(49)	(15)	(64)	(16)	(80)
Computers and peripherals	(644)	(362)	(1,006)	(595)	(1,601)
Improvements	(51)	(323)	(374)	(660)	(1,034)
Equipment	(110)	(79)	(189)	(90)	(279)
	(1,102)	(862)	(1,964)	(1,491)	(3,455)
	1,992	4,113	6,105	(579)	5,526

The following annual rates are adopted to calculate depreciation:

Furniture and fixtures	10%
Machinery and accessories	10%
Vehicles	20%
Tools	10%
Facilities	10%
Computers and peripherals	20%
Improvements	20%
Others	10%

11. INTANGIBLE ASSETS

	Parent - BR GAAP				
	Balance as of 12/31/2009	Additions	Balance as of 12/31/2010	Additions	Balance as of 12/31/2011
Software license:					
Cost	1,671	914	2,585	772	3,357
Amortization	-	(166)	(166)	(248)	(414)
Trademarks and patents:					
Cost	-	3	3	5	8
Amortization	-	(1)	(1)	(1)	(2)
	1,671	750	2,421	528	2,949

	Consolidated - IFRS and BR GAAP				
	Balance as of 12/31/2009	Additions	Balance as of 12/31/2010	Additions	Balance as of 12/31/2011
Software license:					
Cost	1,873	914	2,787	773	3,560
Amortization	-	(171)	(171)	(248)	(419)
Trademarks and patents:					
Cost	-	13	13	10	23
Amortization	-	(2)	(2)	(3)	(5)
	1,873	754	2,627	532	3,159

12. REAL ESTATE DEVELOPMENT AND PROPERTY SALES

As described in Note 2.16, the total amounts of sale of units under construction, including the amounts already received and recorded in balance sheet accounts and the amounts not yet received, identified below as “not received”, due to the revenue recognition method prescribed in OCPC 04 applicable to real estate activities, are as follows:

a) Trade accounts receivable

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Current assets:		
Trade accounts receivable - % received	259,033	295,479
Trade accounts receivable - % not received	124,326	150,030
	383,359	445,509
Noncurrent:		
Trade accounts receivable - % received	577,608	397,124
Trade accounts receivable - % not received	639,575	453,622
	1,217,183	850,746

b) Construction obligations

Represent estimated costs to be incurred on construction in progress of units already sold less costs incurred through December 31, 2011 and 2010, in the amounts of R$417,520 and R$342,986, respectively.

c) Unearned revenue from properties for sale

As of December 31, 2011, unearned revenue from properties for sale totaled R$346,381 (R$260,666 as of December 31, 2010).

13. BORROWINGS AND FINANCING

		Consolidated - IFRS and BR GAAP				
Financial institution	Purpose	Currency	Charges	Final maturity	12/31/2011	12/31/2010
Banco Itaú S.A.	Working capital	R$	-	January 2012	20	178
Banco ABN AMRO Real S.A.	Mortgage loans	R$	TR + 12.5% p.y.	December 2011	-	14,202
Banco ABN AMRO Real S.A.	Mortgage loans	R$	TR + 12.0% p.y.	October 2011	-	400
Banco Itaú S.A.	Mortgage loans	R$	TR + 10.2% p.y.	November 2013	3,680	-
Caixa Econômica Federal	Mortgage loans	R$	TR + 9.5% p.y.	March 2014	2,312	-
Banco Bradesco S.A.	Mortgage loans	R$	TR + 10.2% p.y.	November 2013	2,131	-
Banco Bradesco S.A.	Mortgage loans	R$	TR + 10.2% p.y.	May 2014	7,881	-
Banco Itaú S.A.	Mortgage loans	R$	TR + 10.2% p.y.	July 2013	9,417	-
Unibanco - União Bancos Brasileiros S.A.	Mortgage loans	R$	TR + 10.4% p.y.	December 2011	-	9,765
Banco Bradesco S.A.	Mortgage loans	R$	TR + 9.8% p.y.	August 2015	5,639	-
Banco Itaú S.A.	Mortgage loans	R$	TR + 10.2% p.y.	March 2012	-	4,305
Banco Itaú S.A.	Mortgage loans	R$	TR + 11.0% p.y.	April 2012	-	10,644
Banco Itaú S.A.	Mortgage loans	R$	TR + 10.2% p.y.	January 2014	5,504	-
Caixa Econômica Federal	Mortgage loans	R$	TR + 9.5% p.y.	February 2013	17,162	-
Banco Itaú S.A.	Mortgage loans	R$	TR + 10.03% p.y.	August 2013	7,231	-
Banco Itaú S.A.	Mortgage loans	R$	TR + 10.5% p.y.	June 2012	-	15,892
Caixa Econômica Federal	Mortgage loans	R$	TR + 8.3% p.y.	March 2013	-	1,989
					60,977	57,375
Current					20	24,688
Noncurrent					60,957	32,687

Borrowings and financing are contingent upon the development of real estate, secured by real estate mortgages.

14. PAYROLL AND RELATED TAXES

Represented by:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Accrued vacation and related taxes	647	520	2,236	1,871
Taxes on payroll	699	805	2,413	2,067
Salaries and bonuses payable (*)	1,548	1,014	2,601	1,860
Management fees	-	402	123	531
	2,894	2,741	7,373	6,329

(*) Include accrued bonuses payable to employees based on overall goals set by Management. R$2,983 were allocated to general and administrative expenses in the year ended December 31, 2011 (R$1,977 as of December 31, 2010).

15. TAXES PAYABLE

Represented by:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
IRPJ	-	-	1,687	1,969
CSLL	-	-	918	1,051
PIS	-	-	361	417
Cofins	-	-	1,767	2,049
Others	17	8	285	189
	17	8	5,018	5,675

16. ADVANCES FROM CUSTOMERS

As of December 31, 2011, the amount of R$31,669 (R$22,288 as of December 31, 2010), recorded in the consolidated financial statements, corresponds to trade accounts receivable in excess of the percentage of completion of the real estate projects.

17. PAYABLES FOR LAND ACQUISITION

		Consolidated - IFRS and BR GAAP	
Subsidiary	Location	12/31/2011	12/31/2010
Arambaré Incorporadora Ltda.	Praia Grande	2,264	3,032
Arapanés Incorporadora Ltda.	Tatuapé	-	7
Aurillac Incorporadora Ltda.	Santos	4,175	1,958
Austria Incorporadora Ltda.	Santo Amaro	2,335	-
Bergamo Incorporadora Ltda.	Mooca	4,575	4,575
Blumenau Incorporadora Ltda.	Mooca	2,069	-
Cabo Frio Incorporadora Ltda.	Mooca	6,774	-
Catarina Incorporadora Ltda.	Jundiaí	-	3,799
Center Jabaquara Empreendimentos Imobiliários Ltda.	Jabaquara	716	831
Crown Incorporadora Ltda.	Socorro	3,351	-
Elba Incorporadora Ltda.	Santana	150	618
Giopris Empreendimentos Imobiliários Ltda.	Jucumã	1,487	499
Iracema Incorporadora Ltda.	Mooca	8,384	-
Juriti Empreendimentos Imobiliários Ltda.	Santo Amaro		5,774
Limoges Incorporadora Ltda.	Vila Mascote	2,150	-

Subsidiary	Location	Consolidated - IFRS and BR GAAP 12/31/2011	12/31/2010
Paraíso Empreendimentos Imobiliários Ltda.	Saúde	1,601	2,823
Solidaire Empreendimentos Imobiliários Ltda.	Campo Belo	-	225
Reno Incorporadora Ltda.	Vila Mariana	18,129	-
San Diego Incorporadora Ltda.	Indianópolis	894	902
Trento Incorporadora Ltda.	Sacomã	-	2,606
Serra Azul Incorporadora Ltda.	Morumbi	6,000	-
Verona Incorporadora Ltda.	Vila Mascote	385	447
Village of Kings Incorporadora Ltda.	Piraporinha	-	3,924
Windsor Incorporadora Ltda.	Tremembé	-	9,651
		65,439	41,671
Current		57,352	31,317
Noncurrent		8,087	10,354

As of December 31, 2011, payables for land acquisition refer to land acquired from third parties by the above-mentioned subsidiaries for future real estate development, which will take place beginning 2012, except for the land acquired by subsidiary San Diego Incorporadora Ltda., whose real estate project was launched in 2010.

These amounts are not subject to financial charges, except for the land acquired by subsidiaries Arambaré Incorporadora Ltda., which is adjusted for inflation based on the General Market Price Index disclosed by Fundação Getúlio Vargas (IGP-M/FGV), and San Diego Incorporadora Ltda., which is adjusted for inflation based on the yield on savings accounts. Payables for land acquisition not adjusted for inflation are adjusted to present value, in accordance with criteria similar to those described in Note 2.17.

Maturities of noncurrent portion are as follows:

	Consolidated - IFRS and BR GAAP 12/31/2011	12/31/2010
2012	-	9,309
2013	7,997	965
2014	90	80
	8,087	10,354

18. PREPAID AND DEFERRED TAXES

Deferred income tax, social contribution, PIS and Cofins are calculated based on unearned revenues recognized in profit or loss. Taxes are paid when revenues are earned as prescribed by tax legislation. The tax basis is as follows:

a) Breakdown of balances recorded in current and noncurrent assets and liabilities

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Assets:		
Prepaid IRPJ	-	192
Prepaid CSLL	-	104
Prepaid PIS and COFINS	-	353
	-	649
Current	-	437
Noncurrent	-	212
Tax basis of deferred tax liabilities:	857,631	724,529
Deferred IRPJ	15,695	14,848
Deferred CSLL	8,255	7,773
Deferred PIS and COFINS	26,908	25,229
	50,858	47,850
Current	15,655	22,870
Noncurrent	35,203	24,980

The noncurrent portion will be realized beginning January 2013.

b) Breakdown of IRPJ and CSLL expenses - current and deferred

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Current:		
IRPJ	(13,480)	(12,034)
CSLL	(7,104)	(6,051)
	(20,584)	(18,085)
Deferred:		
IRPJ	(1,213)	(3,010)
CSLL	(553)	(1,548)
	(1,766)	(4,558)

c) Reconciliation of IRPJ and CSLL expenses - current

IRPJ and CSLL expenses are reconciled at statutory rates, as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Revenues from subsidiaries taxed under the deemed income regime - cash basis	650,426	586,615
Effects of current income tax and social contribution for the year (see Note 2.15. at statutory rates)	(20,584)	(18,085)

d) Reconciliation of IRPJ and CSLL effects - deferred

Deferred IRPJ and CSLL expenses are reconciled at statutory rates, as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Increase in difference between tax and book revenues (*)	61,533	158,338
Effects of deferred income tax and social contribution for the year (see Note 2.15. at statutory rates)	(1,766)	(4,558)

(*) Pursuant to Regulatory Instruction 84/79 of Federal Revenue Service, real estate development companies are required to collect taxes based on revenues from real estate projects. ICPC 02 - Construction Contracts for the Real Estate Industry and OCPC 04 determine that revenues are recognized under the percentage-of-completion method. Accordingly, the difference between tax and book revenue is the basis for recognition of deferred taxes.

e) Reconciliation of IRPJ and CSLL - current

	Parent - BR GAAP	
	12/31/2011	12/31/2010
Income before IRPJ and CSLL	328,967	243,734
Tax rate - 34%	(111,849)	(82,869)
Effects on deductions (equity in subsidiaries)	116,143	90,506
Effects of other deductions	443	2,416
Effects on additions	(1,400)	(1,304)
Unrecognized tax credits on tax loss carryforwards and temporary differences	3,337	8,749
Income tax and social contribution on income - current	-	-

The Company adopted the taxable income regime and does not record tax credits; they are only recorded when future earnings are realized.

19. RELATED PARTIES

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Noncurrent assets (*):				
Alexandria Incorporadora Ltda.	-	11	-	-
Alfenas Incorporadora Ltda.	-	15	-	-
AK 14 Empreendimentos e Participações Ltda.	16	-	-	-
Analisys Consultoria, Planejamento e Participações S/S	1,805	1,768	-	-
Antilhas Empreendimentos Imobiliários Ltda. - Condomínio Ville de France - SCP	-	2	-	-
Arapanés Incorporadora Ltda.	150	150	-	-
Aurillac Incorporadora Ltda.	-	4	-	-
Avignon Incorporadora Ltda.	3,668	3,668	-	-
Bonneville Incorporadora Ltda.	-	4	-	-
Crown Incorporadora Ltda.	-	4	-	-
Curupá Empreendimentos Imobiliários Ltda.	-	3	-	-
Florença Incorporadora Ltda.	4	3	-	-
Genova Incorporadora S.A.	-	402	-	-
Gênea Administração, Incorporação e Participações Ltda.	-	-	17	219
Giopris Empreendimentos Imobiliários Ltda.	-	15	-	-
Itagi Incorporadora Ltda.	1,206	1,206	-	-
Jauaperi Incorporadora Ltda.	-	4	-	-
Marcella Empreendimentos Imobiliários Ltda.	-	200	-	-
Marina Empreendimentos Imobiliários Ltda.	-	7	-	-
Proberd Empreendimentos Imobiliários Ltda.		-	1,298	947
San Diego Incorporadora Ltda.	-	12	-	-
Santa Lidia Empreendimentos e Participações SPE Ltda.	-	22	-	-
Santarém Incorporadora Ltda.	-	3	-	-
Savona Incorporadora Ltda.	-	4	-	-
Serra Azul Incorporadora Ltda.	7,081	-	-	-
Solidaire Empreendimentos Imobiliários Ltda.	-	4,601	-	-
Tirol Incorporadora Ltda.	2	2	-	-
Torino Incorporadora Ltda.	-	3	-	-
Trento Incorporadora Ltda.	-	14	-	-
Treviso Incorporadora Ltda.	-	24	-	-
Trisul S.A.	-	-	-	96
Venezia Incorporadora Ltda.	1	1	-	-
Verona Incorporadora Ltda.	-	3	-	-
Wanessa Incorporadora Ltda.	811	716	-	-
WZ Incorporação Imobiliária Privelige Ltda.	-	-	1,557	1,136
Others	107	-	-	-
	14,851	12,871	2,872	2,398

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Noncurrent liabilities (*):				
Alefico Administração e Participações Ltda.	-	-	8	8
Aurillac Incorporadora Ltda.	9,240	-	-	-
Camila Empreendimentos Imobiliários Ltda.	2,857	2,034	-	-
Crown Incorporadora Ltda.	5,270	-	-	-
Giopris Empreendimentos Imobiliários Ltda.	17,300	-	-	-
Grauna Incorporadora Ltda.	123	-	-	-
J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda.	3,324	-	-	-
Jauaperi Incorporadora Ltda.	4,000	-	-	-
Juriti Empreendimentos Imobiliários Ltda.	-	2,390	-	-
Limoges Incorporadora Ltda.	2,045	-	-	-
Marcella Empreendimentos Imobiliários Ltda.	20,120	-	-	-
Paraíso Empreendimentos Imobiliários Ltda.	-	2,332	-	-
Park Empreendimentos Imobiliários Ltda.	9,505	2,686	-	-
Patrimônio Construções e Empreendimentos Imobiliários Ltda.	-	-	-	6
Petropolis Empreendimentos Imobiliários Ltda.	-	-	13	-
Proberd Empreendimentos Imobiliários Ltda.	-	-	1,143	1,147
Silvana Empreendimentos Imobiliários Ltda.	350	-	-	-
Tatuapé Empreendimentos Imobiliários Ltda.	10,945	6,295	-	-
Tec Vendas Consultoria de Imóveis Ltda.	1,030	600	-	-
Torino Incorporadora Ltda.	1,000	1,000	-	-
Trisul S.A.	-	-	408	-
Vanguarda Incorporadora Ltda.	800	800	-	-
Vermonth Incorporadora Ltda.	4,085	4,085	-	-
WZ Incorporação Imobiliária Privelige Ltda.	-	-	1,274	1,278
	91,994	22,222	2,846	2,439

(*) Represents loan agreements not subject to financial charges.

In the years ended December 31, 2011 and 2010, in addition to the above-mentioned transactions, the Company carried out or maintains the following transactions:

- In 2010, acquisition by the controlling shareholder of residential units in the amount of R$5,820. The contracting conditions, including the price of the real estate acquired, are in accordance with the conditions and fair values adopted by the Company with third parties in the same real estate development project.

- Lease contract with the controlling shareholder for the property where part of its facilities is located, at the monthly cost of R$122 in 2011 (R$110 in 2010), annually adjusted for inflation based on the positive variation of IGP DI-FGV. The lease contract is effective for five years and a fine equivalent to three-month lease shall be imposed in case of termination.

20. PROVISION FOR CONTINGENCIES

a) The Company and its subsidiaries are parties to certain labor lawsuits assessed by the legal counsel as remote loss.

b) Based on the individual analysis of potential tax contingencies, Management recorded a provision in an amount considered sufficient to cover probable losses.

c) The Company and its subsidiaries are parties to lawsuits assessed as possible loss, in the amounts of R$241 (of which R$92 refer to civil lawsuits and R$149 refer to labor lawsuits) and R$1,835 (of which R$1,065 refer to civil lawsuits and R$770 refer to labor lawsuits), respectively, as of December 31, 2011.

d) As of December 31, 2011, the Company and its subsidiaries do not have contingent assets with probable gains that might require disclosure.

	Parent - BR GAAP	Consolidated - IFRS and BR GAAP
Balance as of December 31, 2010	445	4,333
Additions	-	418
Balance as of December 31, 2011	445	4,751

21. SHAREHOLDERS' EQUITY

a) Capital

As of December 31, 2011, the Company's capital was R$724,070, divided into 146,724,120 common shares without par value.

b) Dividends

In accordance with the Company's bylaws, shareholders are entitled to a minimum dividend of 25% of the net income for the year, adjusted pursuant to the Brazilian Corporate Law.

The allocation of net income for the years ended December 31, 2011 and 2010 is as follows:

	Parent - BR GAAP	
	12/31/2011	12/31/2010
Net income	328,967	243,734
Legal reserve - 5%	(16,448)	(12,187)
	312,519	231,547
Proposed dividends - 25%	(78,130)	(57,887)
Growth reserve	(234,389)	(173,660)
	-	-

The Company's Management, as set forth in article 34, item "f" of the bylaws, proposed the allocation of the remaining balance of net income to the growth reserve in order to expand its operating activities, such as the acquisition of new land, development and launching of residential and corporate real estate projects to be developed using its current land bank.

c) Treasury shares

The Board of Directors' meetings held on April 15 and September 12, 2008 approved the program to buyback the Company's common shares to be held in treasury for subsequent sale and/or cancelation, without capital reduction. The Company acquired 6,004,000 common shares at the price of R$20,216, at fair value, of which 2,562,412 shares were cancelled at the Extraordinary General Meeting held on September 23, 2008, based on the average buyback acquisition price for allocation to the earnings retention reserve in the amount of R$9,535, of which 3,441,588 shares were remaining as of December 31, 2009 out of such buyback transaction, in the amount of R$10,681. On January 27, 2011, the Board of Directors approved the sale of all treasury shares, which occurred in the first half of 2011.

22. BASIC EARNINGS PER SHARE

The basic earnings per share are as follows:

	Parent - BR GAAP	
	12/31/2011	12/31/2010
Income attributable to controlling shareholders	328,967	243,734
Weighted average of outstanding common shares (in thousands)	146,041	143,283
Basic earnings per share (in R$)	2.25	1.70

The Company has no debt convertible into shares with a stock option; therefore, no diluted earnings per share were calculated.

23. NET SALES

Net sales are as follows:

	Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010
Gross operating revenue:		
Revenue from sale of properties	805,367	696,501
Revenue from rents and services provided	4,668	2,799
Total gross operating revenue	810,035	699,300
Deductions from gross revenue:		
Cancelled sales	(42,675)	(38,678)
Taxes on sales, including deferred taxes	(23,175)	(24,225)
Total gross revenue deductions	(65,850)	(62,903)
Net sales	744,185	636,397

24. CANCELLED SALES

As of December 31, 2011, the amount of R$42,675 (R$38,678 as of December 31, 2010) corresponds to cancelled sales during the year, relating to agreements entered into previously that include the effects of revenues recognized under the percentage-of-completion method. Real estate returned through cancellation is resold and, therefore, no provision for return is recognized in the financial statements.

25. EXPENSES BY NATURE

Represented by:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cost of sales and services:				
Cost of construction/land	-	-	(360,306)	(326,376)
Capitalized financial charges	-	-	(5,309)	(8,262)
Maintenance/warranty	-	-	(2,933)	(4,091)
	-	-	(368,548)	(338,729)
Selling expenses:				
Advertising expenses and others	-	-	(21,905)	(16,896)
Expenses on sales stand	-	-	(10,923)	(11,154)
	-	-	(32,828)	(28,050)
General and administrative expenses:				
Payroll and related taxes	(11,883)	(9,218)	(17,224)	(13,225)
Employee benefits	(4,162)	(3,073)	(6,002)	(4,053)
Depreciation and amortization	(1,637)	(901)	(1,721)	(1,035)
Service expenses	(9,777)	(9,038)	(13,037)	(12,091)
Rentals and common area maintenance fees	(1,954)	(921)	(1,964)	(1,476)
Maintenance of properties	(218)	(133)	(262)	(438)
Taxes and fees	(30)	(66)	(910)	(1,174)
Other expenses	(2,724)	(2,474)	(4,555)	(4,293)
	(32,385)	(25,824)	(45,675)	(37,785)

26. MANAGEMENT FEES

On April 26, 2011, the General Shareholders Meeting approved an overall and annual management compensation in the amount of R$7,000.

During 2011, expenses paid as management fees, in the consolidated, totaled R$6,376 (R$5,465 as of December 31, 2010), of which R$5,581 were fixed and R$795 were variable (R$4,840 fixed and R$625 variable as of December 31, 2010).

27. FINANCIAL INCOME (EXPENSES)

Comprised of:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Income:				
Financial income	24,205	7,634	30,129	10,564
Interest income on trade accounts receivable	-	-	34.923	30.063
Others	1,206	649	6,823	3,498
	25,411	8,283	71,875	44,125
Expenses:				
Interest and inflation adjustment losses	-	(151)	(690)	(195)
Discounts on trade accounts receivable	-	-	(5,626)	(1,818)
Other	(72)	(24)	(970)	(1,184)
	(72)	(175)	(7,286)	(3,197)

28. STOCK OPTION PLAN

The Company's bylaws provides for a stock option plan, approved at the Extraordinary General Meeting, held on March 3, 2007, to directors, executive officers, employees and service providers, and, through December 31, 2011, no stock option was issued. The stock-option plan limit is 2% of the Company's capital.

29. LEASE AGREEMENTS

As of December 31, 2011 and 2010, the Company has IT equipment leases totaling R$68, whose monthly payments are subject to fixed rates varying from 1.20% to 1.22% per month. The lease agreements expire in July 2015.

The considerations under the lease agreements are recorded as expenses in the statement of income. As of December 31, 2011, an amount of R$215 (R$457 as of December 31, 2010) was recorded.

30. FINANCIAL INSTRUMENTS

30.1. Capital risk management

The Company and its subsidiaries manage their capital to ensure regular business continuity and, at the same time, maximize return for all stakeholders or parties involved in their operations, by optimizing debt and equity balance. The Company's overall strategy remains unchanged since 2009.

The Company's and its subsidiaries' equity structure consists of their net debt (borrowings and financing detailed in Note 13, less cash and cash equivalents and short-term investments detailed in Notes 3 and 4, respectively) and the Company's shareholders' equity (which includes capital, revenue reserves and noncontrolling interests).

The Company is not subject to any external capital requirement.

30.2. Net cash

The year-end net cash ratio is as follows:

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Borrowings and financing (a)	-	-	(60,977)	(57,375)
Cash and cash equivalents and short-term investments (b)	205,068	118,116	302,327	192,506
Net cash	205,068	118,116	241,350	135,131
Shareholders' equity (c)	1,476,465	1,098,520	1,495,492	1,116,642
Net cash	0.14	0.11	0.16	0.12

(a) Short- and long-term borrowings and financing, as defined in Note 13.

(b) Cash and cash equivalents and short-term investments, as described in Notes 3 and 4, respectively.

(c) Shareholders' equity includes capital, revenue reserves and noncontrolling interest.

30.3. Categories of financial instruments

	Parent - BR GAAP		Consolidated - IFRS and BR GAAP	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Financial assets-				
Loans and receivables:				
Cash and cash equivalents	144,621	94,542	228,391	163,326
Trade accounts receivable	-	-	836,641	692,603
Due from related parties	14,851	12,871	2,872	2,398
Short-term investments	60,447	23,574	73,936	29,180
Financial liabilities-				
Amortized cost:				
Trade accounts payable	610	1,095	19,694	11,621
Borrowings and financing	-	-	60,977	57,375
Trade payables	17,374	32	26,858	6,050
Payables for land acquisition	-	-	65,439	41,671
Due to related parties	91,994	22,222	5,320	2,439

30.4. Financial risk management

The Company monitors and manages the financial risks inherent in its activities. These risks comprise market risk (changes in interest rates), credit risk and liquidity risk. The main purpose of the financial risk management strategy is to maintain the Company's exposure to these risks at minimum levels by using nonderivative financial instruments and assessing and controlling credit and liquidity risks.

30.5. Market risk management

The Company is engaged in real estate development, construction and sale. In addition to the risks generally affecting the real estate market, such as interruption of supply and volatility of prices of materials and construction equipment, changes in the supply of and demand for real estate developments in certain regions, strikes and environmental and zoning laws, the Company's activities are specifically affected by the following risks:

- The economic environment in Brazil, which could adversely affect the growth of the real estate sector as a whole, through slowdown of economy, increase of interest rates, currency fluctuation and political instability, among other factors.

- Future constraints in view of new market regulation or conditions and inflation adjustment of receivables, in accordance with certain inflation-adjustment rates, as currently permitted, which could make a project to become financially or economically unfeasible.

- The level of interest of buyers in a new project launched or the sales price per unit necessary to sell all units may be below expected, thus making the project to be less profitable than expected.

- In case of bankruptcy or significant financial problems faced by a big real estate company, the sector may be adversely affected as a whole, which could decrease the customers' confidence in other companies operating in the sector.

- Conditions of the local and regional real estate market, such as excess supply, shortage of land in certain regions and significant increase of land acquisition costs.

- Risk of buyers having negative perception of the security, convenience and attractiveness of the Company's properties, as well as their location.

- The Company's profit margins could be affected due to the increase in operating costs, including investments, insurance premium, real estate taxes and public tariffs.

- The real estate development opportunities may decrease.

- The construction and sale of real estate units may not be completed on schedule, thus resulting in increase of construction costs or termination of sales contracts.

- Default after delivery of the units acquired in installments. The Company has the right to file collection lawsuits, whose objective is to receive amounts due and/or repossess the unit from the defaulting buyer; however, the Company cannot assure that it will be able to recover the total debt balance, or, once the property is repossessed, to sell it under reasonable conditions.

- Potential changes in the policies issued by the National Monetary Council (CMN) on the allocation of funds to the National Housing System (SFH) could reduce the offer of credit to customers.

- The decrease in the fair value of land held in inventory, before the real estate is developed, and the inability to maintain the margins previously projected for the related real estate projects.

30.6. Exposure to foreign exchange risks

The Company and its subsidiaries are not exposed to currency risks since they do not carry out foreign currency-denominated transactions.

30.7. Exposure to interest rate risks

The Company and its subsidiaries contracted loans with third parties, subject to index variations as set forth in the related contracts, based on the Reference Rate (TR) and interest. They are exposed to interest rate variations on trade accounts receivable and short-term investment balances, in this case, based on the CDI rate variation.

As of December 31, 2011, the Company's and its subsidiaries' Management carried out a 12-month-period sensitivity analysis, as determined by CVM Instruction 475, of December 17, 2008, which does not necessarily represent the Company's expectations. A decrease (income) and increase (expense) of 25% and 50%, respectively, in expected interest rates on short-term investments and borrowings and financing were taken into account, adopting a rate of 9.5% (CDI) and 0.9% (TR):

	Parent - BR GAAP			Consolidated - IFRS and BR GAAP		
Indicators	Scenario I Probable	Scenario II (25%)	Scenario III (50%)	Scenario I Probable	Scenario II (25%)	Scenario III (50%)
Assets -						
Short-term investments (CDI decrease)	19,071	14,303	9,536	22,727	17,045	11,363
Liabilities-						
Borrowings and financing (TR increase)	-	-	-	549	686	823

30.8. Liquidity risk management

The Company and its subsidiaries manage the liquidity risks by maintaining reserves and credit lines considered as adequate, through continuous monitoring of estimates and actual cash flow and combination of the maturity dates of financial assets and financial liabilities.

30.9. Risk concentration

The Company and its subsidiaries maintain bank accounts and short-term investments with financial institutions approved by Management, according to objective criteria for diversification of risks. Trade accounts receivable include several customers and no customer accounts for 10% or more of total net operating revenue or balance receivable.

30.10. Fair value of financial instruments

The carrying amounts of the Company's and its subsidiaries' financial instruments as of December 31, 2011 and 2010, stated at amortized cost, as described in Note 30.3, approximate their fair values, since the nature and characteristics of conditions negotiated are similar to those available in the market on the balance sheet date. The balance of cash and cash equivalents, as well as short-term investments, is indexed to the CDI rate; accordingly, the amounts recorded approximate their fair values.

The Company and its subsidiaries did not have derivatives or other instruments with similar risk in the years ended December 31, 2011 and 2010.

31. INSURANCE

The Company and its subsidiaries have, as of December 31, 2011, the following insurance agreements:

a) Engineering risk - civil construction works - "All Risks" insurance policy covers all risks involved in the construction of a real estate, such as fire, theft and defects, among others. This policy allows additional coverage according to construction risks, including general civil and cross liability, extraordinary expenses, riots, employer's civil liability and pain and suffering.

b) Corporate insurance covers sales stands and model apartments against fire, theft, lightning, explosion and others.

c) Sundry risk insurance - electronic equipment covers theft or electric damages.

d) General civil liability insurance of management.

32. COMMITMENTS

The Company entered into lease contracts for two properties where its facilities are located, with a monthly lease amount of R$35, adjusted based on the IGP-M/FGV rate variation. The lease contract is effective for five years and a fine equivalent to three-month lease shall be imposed in case of termination.

As of December 31, 2011, the Company entered into, through its subsidiaries, long-term contracts in the amount of R$33,432 (R$30,947 as of December 31, 2010) for the supply of raw materials used in real estate developments.

33. ADDITIONAL DISCLOSURES - STATEMENTS OF CASH FLOWS

Transactions not involving cash disbursements are as follows:

	Parent - BR GAAP	Consolidated - BR GAAP and IFRS	
	12/31/2011	12/31/2011	12/31/2010
Purchase of land financed by sellers	-	23,768	27,802
CEPACs transferred to subsidiaries and used in the operation	16,823	16,823	31,054
Purchase of investments payable	17,342	-	-

34. SEGMENT REPORTING

The Company's Management focuses its business on real estate development activities.

The information is analyzed based on internal managerial report by real estate development project, and the Company's Executive Board is responsible for allocation of funds between commercial and residential projects:

a) Main income (loss) accounts by segment:

	Consolidated - IFRS and BR GAAP			
	Commercial		Residential	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Gross sales	233,861	102,201	576,174	597,099
Deductions from gross revenue	(13,324)	(6,013)	(52,526)	(56,890)
Net sales	220,537	96,188	523,648	540,209
Cost of sales and services	(95,391)	(45,827)	(273,157)	(292,902)
Gross profit	125,146	50,361	250,491	247,307
Selling expenses	(7,713)	(2,763)	(25,116)	(25,287)

b) Main assets and liabilities by segment:

	Consolidated - IFRS and BR GAAP			
	Commercial		Residential	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Assets:				
Trade accounts receivable	218,745	111,231	617,896	581,372
Properties for sale	87,355	91,988	460,792	308,296
Liabilities:				
Borrowings and financing	-	-	60,977	57,375
Advances from customers	15,928	5,298	15,741	16,990

35. EVENTS AFTER THE REPORTING PERIOD

On March 6, 2011, the Company acquired an additional 10% stake in Phaser Incorporação SPE S.A. at the price of R$8,338.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Company's Board of Directors and authorized for issuance on March 9, 2012.

MANAGEMENT'S REPORT

The management of EZTEC announces the results for the fourth quarter (4Q11) and the full year of 2011, when new operating and financial records were set, making EZTEC stand out as the company with the highest net margin in the sector and, growing full steam, confirming the management's confidence in the business model and in the strategic plan adopted.

With launches of **R$379.0 million** in the fourth quarter of 2011, the Company's launches in the year totaled **R$1,157.4 million**, surpassing the previous year's record by 30.5% and nearing the top of the guidance of launches, between R$1.0 billion and R$1.2 billion in own Potential Sales Value (PSV) for 2011.

Thanks to assertion in choice and pricing of projects, coupled with the adoption of differentiated publicity and selling strategies, contracted sales, net of rescissions and brokerage commissions, came to **R$249.2 million** in 4Q11, 23.2% more than in 4Q10, and to a record **R$884.3 million** in 2011, 18.2% more than in 2010. This sales volume highlights the Company's capacity to expand its operations by launching differentiated products that are not only profitable but also quickly accepted by the market.

EZTEC expanded its execution capacity in 2011, while exercising strict control over costs, timelines and quality. During the 2011, 11 projects were delivered, consisting of 1,507 units, totaling own PSV of R$419.7 million at the time of launch. The delivery of projects within the budget and schedule and the consequent entry of cash from clients that took out mortgage loans from financial institutions assure the Company solid financial strength, without resorting to corporate debt or new share issues, which could imply dilution of the current shareholders.

In terms of financial results, net revenue in 2011 was a record R$744.2 million, 16.9% more than in 2010. Note that this result, considering the accounting methodology followed by the sector, still does not reflect the current volume of the Company's operations, of launches exceeding R$1.0 billion, which underlines the trend of growing revenues for EZTEC starting from 2012.

As a result, net income in 2011 came to R$375.6 million, 26.2% more than in 2010, with gross margin of **50.5%** - the highest since the company's IPO and 10.5 p.p. higher than the projection announced in the Material Fact notice on February 14, 2011, which also projected a minimum net margin of 30% in 2011. Net Margin in 4Q11 alone came to **51.7%**. The reasons why margins are higher than the minimum projections consider [i] the share of commercial projects in the result, whose margins are, on average, higher than those of residential projects; [ii] the strong demand for EZTEC products, which enables pricing correctly the development and quality in which the projects are delivered; and [iii] the precision of the budgets with an effective control over the construction costs and timelines, which generates savings, as well as the positive influence of the National Construction Cost Index (INCC), which is used to restate the receivables from client on the Company's works in progress.

The net margin of 44.2% - another post-IPO annual record - was 14.2 p.p. higher than the minimum announced in the 2011 guidance. In 4Q11 alone, net margin reached 45.7%, 5.6 p.p. higher than in 4Q10. EZTEC's net income in 2011 was **R$329.0 million**, 35.0% more than in 2010. This result gives EZTEC a return on equity (ROE) of **29.9%**, one of the highest in the industry in 2011.

EZTEC's financial capacity enabled it to acquire 17 new lots during the course of 2011, adding PSV of **R$1,553.8 million** to the Company's land bank, surpassing the volume launched the same year. Note that more than 80% of the land bank acquired corresponds to land in the city and metropolitan region of São Paulo, and the rest in Santos, a coastal city in São Paulo state. EZTEC's land bank ended 4Q11 with own PSV of **R$4.8 billion** and an acquisition cost of **9.7%**, already considering the expenses to increase the construction potential.

Even after acquiring 6 lots in 4Q11, the Company ended the quarter with R$302.3 million in cash, cash equivalents and financial investments, which, excluding debt of R$61.0 million (composed exclusively of SFH construction financing), represent net cash of R$241.4 million, plus R$229.8 million in performed receivables, which are remunerated at IGPM+12% p.a. and are qualified for securitization.

The record net income will result in the distribution, after legal deductions, of R$78.1 million as dividends, corresponding to a payout of 25%, subject to approval by the Shareholders' Meeting, programmed to be held on April 27, 2012. Earnings per share should be around R$0.53, 35% higher than in the previous year.

In line with the strategy of growing in a sustainable way by maintaining the integrated business model that generates the differentiated results announced here, on February 13, 2012, EZTEC announced its guidance for the year, with launches ranging between **R$ 1.2 billion and R$1.4 billion**, while the minimum gross margin and net margin thresholds remaining at 40% and 30%, respectively.

As of March 13, 2012, date of disclosure of this release, the Company launched 2 projects in 2012, for total own PSV of R$144.2 million, which corresponds to 11.1% of the midpoint of the launch guidance for the year, in line with the strategy of focusing on selling the products launched in 4Q11 and the units in inventory.

Finally, EZTEC, which is guided by transparency and fairness in the disclosure of information, announces that it has already approved the project and started construction of the corporate tower project 'EZ Tower' in the Chucri Zaidan region in the city of São Paulo. The project, which will have two Triple A towers on 162,000 sq.m. of built area and 96,000 sq.m. of BOMA area, is **not** included in the guidance of launches for 2012. Located on land acquired in 2007, payments for the land acquisition and expansion of the construction potential have already been made. Being a differentiated project that is highly important for the Company's future results, its sales format is still under study and information about its launch will be announced only when the format is defined. It is worth emphasizing that this project follows the Company standard profitability criteria and that its sale will be according to such criteria.

The management of EZTEC joins its shareholders in celebrating the results for 2011 and, confident of the business model adopted, reaffirms its commitment to continuous growth in a profitable manner, combining financial health and administrative responsibility, while focusing on its clients, shareholders, employees and suppliers.

EZTEC Management.