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

# *EZ TEC Empreendimentos e Participações S.A. and Subsidiaries*

*Interim Financial Statements for the Quarter and Nine-month Period Ended September 30, 2008 and Independent Accountants' Review Report*

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have reviewed the accounting information included in the accompanying interim financial statements of EZ TEC Empreendimentos e Participações S.A. (the "Company") and subsidiaries for the quarter and nine-month period ended September 30, 2008, consisting of the individual (Company) and consolidated balance sheets, the related statements of operations and cash flows, the performance report and the related notes, prepared under the responsibility of the Company's Management.

2. Except for the matter mentioned in paragraph 3, our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Company and its subsidiaries who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Company and its subsidiaries.

3. As mentioned in note 31, Management is analyzing and measuring the impacts of the present value adjustment of assets and liabilities as established by Law No. 11,638/07 and, accordingly, we were unable to satisfy ourselves as to the measurement of such adjustments in these interim financial statements.

4. Based on our review, except for the effects, if any, of the matter mentioned in paragraph 3, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements, including CVM Instruction No. 469, of May 2, 2008.

5. As mentioned in note 31, on December 28, 2007, Law No. 11,638 was enacted, altering, revoking and adding new provisions to Law No. 6,404 (Brazilian Corporate Law). This Law is effective for fiscal years beginning on or after January 1, 2008 and introduced changes in Brazilian accounting practices. Such changes, except for that mentioned in paragraph 3, were adopted by the Company and its subsidiaries in the preparation of the interim financial statements for the quarter and nine-month period ended September 30, 2008. Although this Law has already become effective and been applied by the Company and its subsidiaries, based on guidelines of CVM and/or standards issued by the International Accounting Standards Board - IASB, the main changes introduced by it are subject to regulation by Brazilian regulatory agencies. Thus, the accounting information reported may require adjustments at the time of the regulation of Law No. 11,638/07.

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

São Paulo, November 7, 2008

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Walter Dalsasso
Engagement Partner

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF SEPTEMBER 30 AND JUNE 30, 2008
(In thousands of Brazilian reais - R$)

| | 09/30/08 | | 06/30/08 | | | 09/30/08 | | 06/30/08 | |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | Company | Consolidated | Company | Consolidated | LIABILITIES AND SHAREHOLDERS' EQUITY | Company | Consolidated | Company | Consolidated |
| CURRENT ASSETS | | | | | CURRENT LIABILITIES | | | | |
| Cash and banks | 667 | 13,029 | 631 | 5,437 | Trade accounts payable | 705 | 13,704 | 918 | 12,475 |
| Temporary cash investments | 176,036 | 190,524 | 236,783 | 240,904 | Payroll and related charges | 2,222 | 6,011 | 2,384 | 5,510 |
| Trade accounts receivable | - | 78,739 | - | 67,008 | Taxes payable | 20 | 2,854 | 401 | 2,637 |
| Real estate held for sale | - | 187,295 | - | 194,736 | Loans | - | 774 | - | 421 |
| Recoverable taxes | - | 353 | - | 352 | Provision for investment losses | 1,395 | - | 1,358 | - |
| Prepaid taxes | - | 492 | - | 473 | Accounts payable | 65 | 490 | 158 | 447 |
| CEPAC (additional building area bond) | - | - | 24,642 | 24,642 | Advances from customers | - | 12,307 | - | 8,791 |
| Other receivables | 341 | 1,919 | 334 | 1,839 | Land payable | - | 13,814 | - | 42,989 |
| Prepaid expenses | - | 4,104 | - | 4,888 | Intercompany payables | 7,665 | 3,589 | 7,284 | 3,639 |
| Total current assets | 177,044 | 476,455 | 262,390 | 540,279 | Deferred taxes | - | 5,736 | - | 4,672 |
| | | | | | Total current liabilities | 12,072 | 59,279 | 12,503 | 81,581 |
| NONCURRENT ASSETS | | | | | | | | | |
| Long-term assets: | | | | | NONCURRENT LIABILITIES | | | | |
| Trade accounts receivable | - | 235,436 | - | 193,116 | Long-term liabilities: | | | | |
| Real estate held for sale | - | 146,063 | - | 132,992 | Loans | - | 3,029 | - | 850 |
| Prepaid expenses | - | 8,218 | - | 9,278 | Land payable | - | 12,162 | - | 14,163 |
| Prepaid taxes | - | 384 | - | 289 | Reserve for contingencies | 445 | 4,336 | 445 | 4,336 |
| Recoverable taxes | 5,912 | 5,912 | 6,419 | 6,419 | Deferred taxes | - | 16,470 | - | 13,657 |
| CEPAC (additional building area bond) | 21,609 | 21,609 | 32,539 | 32,539 | Other debts with third parties | 465 | 497 | 465 | 576 |
| Intercompany receivables | 10,032 | 3,435 | 13,502 | 5,324 | Total noncurrent liabilities | 910 | 36,494 | 910 | 33,582 |
| Other receivables | 16 | 3,131 | 143 | 4,681 | | | | | |
| Permanent assets: | | | | | MINORITY INTEREST | - | 10,415 | - | 10,614 |
| Goodwill on investments | 2,937 | 2,937 | 2,571 | 2,571 | | | | | |
| Investments | 593,520 | 3 | 498,284 | 3 | SHAREHOLDERS' EQUITY | | | | |
| Property and equipment | 1,235 | 1,726 | 961 | 1,482 | Capital | 724,070 | 724,070 | 724,070 | 724,070 |
| Intangible assets | 1,378 | 1,580 | 1,332 | 1,532 | Profit reserves | 9,392 | 9,392 | 25,170 | 25,170 |
| Total noncurrent assets | 636,639 | 430,434 | 555,751 | 390,226 | Retained earnings | 67,239 | 67,239 | 55,488 | 55,488 |
| | | | | | Total shareholders' equity | 800,701 | 800,701 | 804,728 | 804,728 |
| TOTAL ASSETS | 813,683 | 906,889 | 818,141 | 930,505 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 813,683 | 906,889 | 818,141 | 930,505 |

The accompanying notes are an integral part of these interim financial statements.

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF OPERATIONS
FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 09/30/07 | 09/30/08 | 09/30/07 |
| GROSS OPERATING REVENUE | | | | |
| Revenue from sale of real estate | - | - | 272,428 | 135,123 |
| Rental revenue | - | - | 1,861 | 287 |
| Gross revenue from sales and/or products | - | - | 274,289 | 135,410 |
| Canceled sales | - | - | (9,694) | (3,987) |
| Taxes on sales, including deferred taxes | - | - | (9,952) | (5,030) |
| Total deductions from gross revenue | - | - | (19,646) | (9,017) |
| NET REVENUE | - | - | 254,643 | 126,393 |
| Cost of real estate sold | - | - | (130,106) | (61,793) |
| Cost of services and rentals | - | - | (182) | (38) |
| GROSS PROFIT | - | - | 124,355 | 64,562 |
| OPERATING (EXPENSES) INCOME | | | | |
| Selling expenses | - | - | (26,387) | (6,000) |
| Administrative expenses | (18,718) | (4,654) | (24,577) | (9,510) |
| Management fees | (1,783) | (281) | (2,100) | (547) |
| Share subscription costs | - | (30,226) | - | (30,226) |
| Reserve for contingencies | (404) | (36) | (480) | (1,294) |
| Tax expenses | (115) | (12) | (369) | (215) |
| Equity in subsidiaries | 91,239 | 50,746 | - | - |
| Provision for investment losses | (118) | (800) | - | - |
| Allowance for losses with CEPAC | (23,225) | - | (23,225) | - |
| Other operating expenses, net | 822 | (497) | 53 | (494) |
| INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES) | 47,698 | 14,240 | 47,270 | 16,276 |
| FINANCIAL INCOME (EXPENSES) | | | | |
| Financial income | 21,082 | 13,002 | 32,381 | 15,985 |
| Financial expenses | (30) | (2,984) | (781) | (3,863) |
| NONOPERATING EXPENSES | - | - | (2) | (1) |
| INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES AND MINORITY INTEREST | 68,750 | 24,258 | 78,868 | 28,397 |
| INCOME AND SOCIAL CONTRIBUTION TAXES | | | | |
| Current | (1,511) | - | (7,756) | (3,104) |
| Deferred | - | - | (4,883) | (1,040) |
| INCOME BEFORE MINORITY INTEREST | 67,239 | 24,258 | 66,229 | 24,253 |
| MINORITY INTEREST | - | - | 1,010 | 5 |
| NET INCOME | 67,239 | 24,258 | 67,239 | 24,258 |

The accompanying notes are an integral part of these interim financial statements.

## 1. OPERATIONS

EZ TEC Empreendimentos e Participações S.A. (the "Company") was established on July 31, 2006 and is the holding company of the EZ TEC Group companies, mentioned in note 11.

The Company, through its subsidiaries, is primarily engaged in: (a) development and sale of real estate projects of any nature, including by means of financing; (b) management and lease of Company-owned properties; (c) land subdivision; (d) construction of condominiums; (e) services related to construction, supervision, studies and projects, and civil construction works and services in all technical and economic modalities; and (f) holding of equity interests in other companies.

In July 2007, the EZ TEC Group completed its Primary Public Offering on the BOVESPA (São Paulo Stock Exchange) New Market, which resulted in a capital increase of R$542,147 with the issuance of 49,285,983 common shares.

## 2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The individual (Company) and consolidated interim financial statements for the quarter ended September 30, 2008, consisting of the balance sheets and the related statements of operations, have been prepared in accordance with accounting practices established by the Brazilian Corporate Law (Law No. 6,404/76, including subsequent amendments), standards and instructions of the Brazilian Securities and Exchange Commission (CVM), including CVM Instruction No. 469/08, and technical pronouncements issued by the Brazilian Institute of Independent Auditors (IBRACON), and resolutions from the Brazilian Federal Accounting Council (CFC).

## 3. CONSOLIDATION CRITERIA

The interim financial statements have been prepared and are presented in conformity with standards established by CVM, the most significant of which are described in note 4. The consolidated interim financial statements include the accounts of EZ TEC Empreendimentos e Participações S.A. and its subsidiaries (established for the specific purpose of managing real estate projects) mentioned in note 11. Intercompany accounts and transactions, as well as investments, have been eliminated in consolidation, and minority interest is presented in a separate caption.

## 4. SIGNIFICANT ACCOUNTING PRACTICES

Significant accounting practices are as follows:

a) Temporary cash investments

Mainly represented by exclusive investment funds, denominated in Brazilian reais, with a high market liquidity rate. Stated at cost, plus income earned through the balance sheet dates, net of provision for losses, when applicable, recorded in the statement of operations for the quarter and nine-month period ended September 30, 2008 under the caption "Financial income".

b) Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable (current and noncurrent) are derived from sales of residential property units, and the debit balance of contracts is monetarily adjusted according to the respective clauses. The allowance for doubtful accounts is recorded, when applicable, in an amount considered sufficient by Management, taking into account the risks involved, to cover probable losses on the realization of receivables. For receivables from sale contracts for uncompleted units (under construction), the same procedures described in note 4.i are applicable. The amounts related to the monetary adjustment of trade accounts receivable are recorded in the statement of operations under the caption "Revenue from sale of real estate" until delivery of the keys and as financial income (interest income) after delivery of the keys.

c) Real estate held for sale

Stated at land acquisition cost plus construction costs incurred and other expenses related to the development process of projects under construction or completed, whose units have not yet been sold.

d) Prepaid expenses

Represented basically by expenses related to tangible assets (costs of sales booth, model apartments and respective furniture), advertising costs and other expenses related to the projects launched until December 31, 2007.

e) Investments

Investments in subsidiaries are accounted for under the equity method.

Goodwill is recorded in the statement of operations proportionally to the realization of business profits, estimated for three years.

f) Property and equipment

Stated at acquisition cost, less depreciation calculated under the straight-line method based on the estimated useful lives of the assets.

g) Income and social contribution taxes

Income tax in Brazil includes federal income and social contribution taxes, which are calculated according to regulatory accounting records.

As allowed by tax legislation, revenues from sales of real estate units are taxed on a cash basis and not under the criterion described in note 4.i) for revenue recognition. Every fiscal year, provided that legal requirements are met, the Company and each of its subsidiaries may choose to calculate tax income base using the taxable income, deemed income or detached assets criterion. Under the taxable income criterion, taxes are calculated on net income, at a rate of 25% for federal income tax and 9% for social contribution tax, totaling 34%. Under the deemed income criterion, income is deemed to be 8% of operating revenue, plus 100% of other revenues. Income and social contribution taxes are calculated by applying the rates of 25% and 9%, respectively, to the income deemed as 8% of revenues. Under the detached assets criterion, income and social contribution taxes are calculated at the rates of 2.2% and 1.15% on income from business operations.

h) Funds from shareholders

Represented by contributions from shareholders for the development of construction, recorded at original amounts, not subject to financial charges.

i) Revenue from real estate development and sale

Revenue from sale of properties, which includes sales revenues, costs of land and construction, and other property development costs, is recorded in income using the percentage-of-completion method. This percentage is measured based on the ratio of cost incurred to total estimated cost, in accordance with the criteria established by CFC Resolution No. 963/03, applicable to real estate companies. Trade accounts receivable from sales of units under construction are recorded under the percentage-of-completion method, and payments received in excess of these receivables are recorded in current liabilities under the caption “Advances from customers”. The balances of real estate development activities and sale of units under construction that, according to the criteria established by said Resolution, are no longer included in balance sheet accounts, are detailed in note 13. As regards completed units, sales revenues are fully recognized, and so are costs.

j) Use of estimates

The interim financial statements have been prepared in conformity with the standards established by CVM, which require Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reporting period. In the preparation of these interim financial statements, some estimates were made by Management, including estimate of useful life of permanent assets, the determination of the allowance for doubtful accounts, contingent liabilities, provision for losses on tax credits, other provisions, and the fair value of financial instruments. Actual results could differ from those estimates.

k) Earnings per share

Calculated based on the number of shares outstanding at the balance sheet dates.

## 5. TEMPORARY CASH INVESTMENTS

The Company has funds invested in exclusive investment funds, as shown below, and the portfolio may be diversified with the investment in shares of investment funds available in the market, federal government securities, highly liquid fixed-income securities issued by a financial institution, and repurchase commitments, managed by a private institution:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 06/30/08 | 09/30/08 | 06/30/08 |
| Investment funds | 176,036 | 236,783 | 176,036 | 236,783 |
| Interest bearing account | - | - | - | 3 |
| CDB (100% of CDI) | - | - | 9,700 | - |
| Repurchase commitments (100% of CDI) | - | - | 4,788 | 4,118 |
| | 176,036 | 236,783 | 190,524 | 240,904 |

## 6. TRADE ACCOUNTS RECEIVABLE

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Receivables for property development - completed construction (a) | 62,269 | 68,083 |
| Receivables for property development - construction in progress (b) | 255,033 | 195,220 |
| Trade notes receivable - services | 40 | 40 |
| | 317,342 | 263,343 |
| Securitized receivables (c) | (936) | (988) |
| Allowance for doubtful accounts (d) | (2,231) | (2,231) |
| | 314,175 | 260.124 |
| Current | 78,739 | 67,008 |
| Noncurrent | 235,436 | 193,116 |

(a) The Company, through its subsidiaries, finances up to 80% of the unit's price payable by the customer when the unit is delivered. Accounts receivable are monetarily adjusted based on the variation of the IGP-M (general market price index), plus interest of 12% per year. The amounts related to the monetary adjustment of and interest on trade accounts receivable are recorded in the statement of operations under the caption "Financial income" after delivery of the keys.

(b) The amounts related to the monetary adjustment of trade accounts receivable are recorded in the statement of operations under the caption "Revenue from sale of real estate" until delivery of the keys.

(c) The Company and its subsidiaries adopted, at the beginning of 2007, securitization programs to meet their cash requirements. The programs contain certain conditions and requirements, including co-obligation criteria. If the program conditions and requirements are not met, the funds provided by the program may be restricted or suspended, or their cost might increase.

(d) The allowance for doubtful accounts is recorded in an amount considered sufficient by Management to cover probable losses on the realization of receivables.

As of September 30 and June 30, 2008, the aging list of noncurrent receivables is as follows:

| | Consolidated | |
|---|---|---|
| Year | 09/30/08 | 06/30/08 |
| 2009 | 32,862 | 33,165 |
| 2010 | 73,061 | 54,092 |
| 2011 | 42,815 | 31,598 |
| 2012 | 22,120 | 19,464 |
| 2013 | 18,494 | 16,225 |
| 2014 | 15,506 | 13,619 |
| 2015 | 12,917 | 11,287 |
| 2016 | 9,621 | 8,018 |
| 2017 | 5,100 | 3,814 |
| 2018 and thereafter | 2,940 | 1,834 |
| | 235,436 | 193,116 |

The table below shows the maturity of receivables for real estate development as of September 30 and June 30, 2008:

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Past due: | | |
| Up to 30 days | 1,388 | 1,359 |
| 31 to 60 days | 516 | 776 |
| 61 to 90 days | 170 | 438 |
| 91 to 120 days | 137 | 289 |
| Over 120 days | 3,187 | 2,826 |
| | 5,398 | 5,688 |
| Current | 311,944 | 257,655 |
| | 317,342 | 263,343 |

Receivables securitized with co-obligation were generated upon the sale of part of receivables of the following subsidiaries at carrying amounts at the transaction dates:

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Camila Empreendimentos Imobiliários Ltda. | 138 | 138 |
| Paraíso Empreendimentos Imobiliários Ltda. | 135 | 135 |
| Silvana Empreendimentos Imobiliários Ltda. | 663 | 715 |
| | 936 | 988 |

These operations are collateralized by properties financed upon the origin of real estate receivables.

## 7. REAL ESTATE HELD FOR SALE

Basically represented by the cost of real estate held for sale, completed or under construction, and land for future development, distributed as follows:

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Completed units | 4,189 | 5,268 |
| Units under construction | 47,338 | 40,429 |
| Land for future development | 275,346 | 275,868 |
| Advances to suppliers | 6,485 | 6,163 |
| | 333,358 | 327,728 |
| Current | 187,295 | 194,736 |
| Noncurrent | 146,063 | 132,992 |

The cost of completed units and units under construction includes cost of works (materials, inside or outside labor and other related services), land and financial charges incurred during the construction period.

Land is stated at acquisition cost.

Land for new works will be used for development starting October 2008, according to the launches being carried out. Land with launches scheduled for October 2009 onward was classified in noncurrent assets as of September 30, 2008.

As of September 30, 2008, the Company, through its subsidiary Avignon Incorporadora Ltda., has a plot of land in the amount of R$6,952, equivalent to the percentage of its interest in the subsidiary, for which no environmental licenses have been obtained from regulatory agencies, considering the notification received on December 12, 2007. The Company's Management considers that these licenses will be obtained without relevant additional costs.

Concerning the other plots of land existing in the region in the amount of R$10,040, recorded in the subsidiaries Itagi Incorporadora Ltda. and Vanguarda Incorporadora Ltda., R$4,112 has an agreement for purchase and sale with a resolution clause related to the need for obtaining approvals for the development of projects. Of the total, R$2,570 is recorded as land payable.

As of September 30, 2008, the Company, through its subsidiary Gol Incorporadora Ltda., has a plot of land in the amount of R$24,599, which, according to Municipal Decree No. 49,303, of March 11, 2008, was declared to be a public utility property. The Company's Management, through its legal counsel, has submitted a cancellation request, which was accepted on August 7, 2008, with the publication of Decree No. 49,873 in the Official Gazette of the City of São Paulo.

## 8. RECOVERABLE TAXES

Represented basically by:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 06/30/08 | 09/30/08 | 06/30/08 |
| IRRF (withholding income tax) | 5,906 | 6,413 | 5,941 | 6,448 |
| INSS (social security contribution) | 6 | 6 | 29 | 29 |
| PIS and COFINS (taxes on revenue) | - | - | 178 | 176 |
| IRPJ (corporate income tax) | - | - | 50 | 50 |
| CSLL (social contribution on net profit) | - | - | 19 | 19 |
| Other | - | - | 48 | 49 |
| | 5,912 | 6,419 | 6,265 | 6,771 |
| Current | - | - | 353 | 352 |
| Noncurrent | 5,912 | 6,419 | 5,912 | 6,419 |

## 9. CEPAC (ADDITIONAL BUILDING AREA BOND)

On February 22, 2008, the Company participated in a public offering auction in the electronic trading system Mega Bolsa for the CEPACs issued by the São Paulo Municipal Government related to the Urban Consortium Operation "Água Espraiada", and acquired 90,000 bonds, in the total amount of R$99,900.

As of September 30, 2008, the remaining balance is R$21,609 (as of June 30, 2008 - R$57,181) and was classified in noncurrent assets according to its expected utilization in developments to be released.

In the quarter ended September 30, 2008, an allowance for losses was recorded, on a conservative basis, in the amount of R$23,225, based on the price charged in the auction held on October 2, 2008.

## 10. PREPAID EXPENSES

Represented basically by expenses related to tangible assets (costs of sales booth, model apartments and respective furniture), advertising costs and other expenses related to the projects already launched, as follows:

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Current- | | |
| Expenses on publicity and stand | 4,104 | 4,888 |
| Noncurrent- | | |
| Expenses on publicity and stand | 8,218 | 9,278 |

As of September 30, 2008, the current portion will be amortized until September 2009, and the noncurrent portion will be amortized beginning October 2009, in both cases under the percentage-of-completion method.

## 11. INVESTMENTS

| Subsidiary | Ownership interest - % Direct | Ownership interest - % Indirect | Capital | Shareholders' equity | Net income (loss) | Equity in subsidiaries | Investments 09/30/08 | Investments 06/30/08 |
|---|---|---|---|---|---|---|---|---|
| Analisys Consultoria, Planejamento e Participações S/S | 99.99 | - | 5 | (1,380) | (103) | - | - | - |
| Alfenas Incorporadora Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | 1 |
| Alexandria Incorporadora Ltda. | 99.99 | - | 1 | 6,856 | (15) | (15) | 6,856 | 6,819 |
| Condomínio Ville de France - SCP | 50.00 | - | 9,942 | 13,644 | 3,376 | 1,688 | 6,822 | 6,095 |
| Arambaré Incorporadora Ltda. | 99.99 | - | 1 | 10,849 | (749) | (749) | 10,849 | 5,177 |
| Ares da Praça Emprendimento Imobiliário Ltda. | 70.00 | - | 7,525 | 7,341 | (591) | (414) | 5,139 | - |
| Aurillac Incorporadora Ltda. | 99.99 | - | 7,193 | 11,439 | 2,477 | 2,477 | 11,439 | 8,024 |
| Bergamo Incorporadora Ltda. | 99.99 | - | 1 | 21 | - | - | 21 | 1 |
| Bonneville Incorporadora Ltda. | 0.01 | 50.00 | 1 | 1 | - | - | 1 | 1 |
| Camila Empreendimentos Imobiliários Ltda. | 99.99 | - | 14,790 | 14,839 | (470) | (470) | 14,839 | 14,694 |
| Caywoaa Incorporadora Ltda. | 99.99 | - | 1 | 4,767 | (2) | (2) | 4,767 | 4,769 |
| Center Jabaquara Empreendimentos Imobiliários Ltda. | 99.99 | - | 407 | 585 | (21) | (21) | 585 | 525 |
| Cremona Incorporadora Ltda. | 70.00 | - | - | - | - | (707) | - | 18,064 |
| Crow Incorporadora Ltda. | 99.99 | - | 1 | 3,461 | (609) | (609) | 3,461 | 3,427 |
| Curupá Empreendimentos Imobiliários Ltda. | 99.99 | - | 110 | 7,578 | 3,295 | 3,295 | 7,578 | 5,217 |
| Elba Incorporadora Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | - |
| Esmirna Incorporadora Ltda. | 99.99 | - | 4,125 | 4,935 | (14) | (14) | 4,935 | 4,050 |
| E.Z.L.I. Empreendimento Imobiliário Ltda. | 70.00 | - | 18,548 | 18,548 | - | - | 12,983 | - |
| EZ TEC Técnica Engenharia e Construção Ltda. | 99.99 | - | 1,826 | 255 | (2,123) | (2,123) | 255 | 416 |
| Florença Incorporadora Ltda. | 99.99 | - | 2,312 | 2,424 | (2) | (2) | 2,424 | 2,311 |
| Garicema Empreendimentos Imobiliários Ltda. | 97.08 | - | 38,038 | 39,035 | (1,691) | (1,642) | 37,895 | 36,294 |
| Genova Incorporadora S.A. | 50.00 | - | 1,111 | 757 | (354) | (177) | 378 | 95 |
| Giopris Empreendimentos Imobiliários Ltda. | 99.99 | - | 19,234 | 73,031 | 23,759 | 23,758 | 73,030 | 61,507 |
| Giovanna Incorporadora Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | 1 |
| Gol Incorporadora Ltda. | 99.99 | - | 1 | 20,093 | (1) | (1) | 20,093 | 19,453 |
| Grauna Incorporadora Ltda. | 99.99 | - | 1 | 3,536 | (37) | (37) | 3,536 | 9 |
| Itagi Incorporadora Ltda. | 80.00 | - | 1 | 367 | (2,181) | (2,181) | 293 | 2,089 |
| J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. | 50.00 | - | 1 | 11,285 | (1,173) | (587) | 5,642 | 1,833 |
| Jauaperi Incorporadora Ltda. | 99.99 | - | 3,451 | 42,218 | 24,083 | 24,082 | 42,217 | 21,692 |
| Juriti Empreendimentos Imobiliários Ltda. | 99.99 | - | 6,960 | 7,344 | 2,015 | 2,015 | 7,344 | 7,192 |
| Lafaiete Incorporadora Ltda. | 99.99 | - | 1 | 4 | (2) | (2) | 4 | 1 |
| Lausanne Incorporadora Ltda. | 99.99 | - | 1 | 6,266 | (95) | (95) | 6,266 | 548 |
| Limoges Incorporadora Ltda. | 99.99 | - | 17,724 | 18,461 | 225 | 225 | 18,461 | 17,519 |
| Livorno Incorporadora Ltda. | 99.99 | - | 1 | 8,456 | (4) | (4) | 8,456 | 21 |
| Marcella Empreendimentos Imobiliários Ltda. | 99.99 | - | 18,486 | 58,872 | 12,087 | 12,087 | 58,871 | 54,049 |
| Marina Empreendimentos Imobiliários Ltda. | 99.99 | - | 832 | 38,130 | 8,838 | 8,838 | 38,130 | 33,139 |
| Mix Incorporadora Ltda. | 99.99 | - | 1 | (14) | (15) | (1) | - | - |

| Subsidiary | Ownership interest - % Direct | Indirect | Capital | Shareholders' equity | Net income (loss) | Equity in subsidiaries | Investments 09/30/08 | 06/30/08 |
|---|---|---|---|---|---|---|---|---|
| Mônaco Incorporação S.A. | 40.00 | - | 30,463 | 32,112 | (886) | (355) | 12,845 | 13,183 |
| Monza Incorporadora Ltda. | 99.99 | - | 1 | 10,040 | (915) | (915) | 10,040 | 3,647 |
| Otawa Incorporadora Ltda. | 99.99 | - | 1 | 2,633 | (12) | (12) | 2,633 | 14 |
| Paraíso Empreendimentos Imobiliários Ltda. | 99.99 | - | 5,798 | 6,516 | 564 | 564 | 6,516 | 6,371 |
| Park Empreendimentos Imobiliários Ltda. | 99.99 | - | 8,937 | 17,968 | 6,886 | 6,886 | 17,967 | 12,703 |
| Priscilla Empreendimentos Imobiliários Ltda. | 99.99 | - | 1,020 | 7,536 | 3,383 | 3,383 | 7,536 | 5,673 |
| Santarém Incorporadora Ltda. | 99.99 | - | 1 | 11,730 | (23) | (23) | 11,730 | 11,101 |
| San Diego Incorporadora Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | - |
| Savona Incorporadora Ltda. | 90.00 | - | 1 | 8,436 | 750 | 675 | 7,592 | 5,361 |
| Silvana Empreendimentos Imobiliários Ltda. | 99.99 | - | 11,724 | 14,232 | 829 | 829 | 14,231 | 14,352 |
| Tatuapé Empreendimentos Imobiliários Ltda. | 99.99 | - | 20,194 | 31,065 | 7,257 | 7,257 | 31,065 | 33,628 |
| Tec Vendas Consultoria de Imóveis Ltda. | 99.99 | - | 1 | 205 | 769 | 769 | 205 | 204 |
| Torino Incorporadora Ltda. | 99.99 | - | 1 | 3,695 | (1) | (1) | 3,695 | 3,651 |
| Toscana Incorporadora Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | - |
| Trento Incorporadora Ltda. | 99.99 | - | 1 | 2,185 | (296) | (296) | 2,185 | 2,011 |
| Treviso Incorporadora Ltda. | 99.99 | - | 1 | 14,385 | (85) | (85) | 14,385 | 14,202 |
| Valentina Empreendimentos Imobiliários Ltda. | 99.99 | - | 1 | 2,488 | 1,953 | 1,953 | 2,488 | 2,488 |
| Vanguarda Incorporadora Ltda. | 99.99 | - | 1 | 5,677 | (1) | (1) | 5,677 | 5,684 |
| Vermonth Incorporadora Ltda. | 80.00 | - | 3,012 | 2,951 | (53) | (42) | 2,361 | 2,384 |
| Verona Incorporadora Ltda. | 99.99 | - | 1 | 5,586 | (60) | (60) | 5,586 | 4,445 |
| Village of Kings Incorporadora Ltda. | 99.99 | - | 1 | 15,265 | 2,123 | 2,123 | 15,265 | 16,091 |
| Wanessa Incorporadora Ltda. | 50.00 | - | 1 | 11,883 | (43) | (22) | 5,941 | 6,057 |
| Win Consultoria Imobiliária Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | - |
| Windsor Incorporadora Ltda. | 99.99 | - | 1 | 1 | - | - | 1 | 1 |
| | | | | | | 91,239 | 593,520 | 498,284 |

| Subsidiary | Ownership interest - % Direct | Ownership interest - % Indirect | Capital | Shareholders' equity | Net income (loss) | Equity in subsidiaries | Investments 09/30/08 | Investments 06/30/08 |
|---|---|---|---|---|---|---|---|---|
| Provision for investment losses: | | | | | | | | |
| Analisys Consultoria, Planejamento e Participações S/S | | | | | | | (1,381) | (1,358) |
| Mix Incorporadora Ltda. | | | | | | | (14) | - |
| | | | | | | | (1,395) | (1,358) |
| Aurilac Incorporadora Ltda. | - | 0.001 | 11,439 | 7,193 | 2,477 | - | 1 | - |
| Avignon Incorporadora Ltda. | - | 45.00 | 17,101 | 9,813 | (2,335) | (1,051) | 4,416 | 4,470 |
| Bonneville Incorporadora Ltda. | - | 50.00 | 86 | 81 | (5) | (5) | 81 | - |
| Esmirna Incorporadora Ltda. | - | 0.001 | 4,124 | 4,935 | (14) | - | - | - |
| Garicema Empreendimentos Imobiliários Ltda. | - | 0.001 | 38,038 | 39,035 | (1,691) | - | - | - |
| Limoges Incorporadora Ltda. | - | 0.001 | 17,724 | 18,461 | 225 | - | - | - |

a) The investment balance as of September 30 and June 30, 2008 includes all advances for future capital increase made until the end of the period then ended. The advances by subsidiary are as follows:

| | Advance for future capital increase | |
|---|---|---|
| Subsidiary | 09/30/08 | 06/30/08 |
| Alexandria Incorporadora Ltda. | 6,870 | 6,830 |
| Arambaré Incorporadora Ltda. | 13,038 | 7,868 |
| Ares da Praça Empreendimento Imobiliário Ltda. | 285 | - |
| Aurillac Incorporadora Ltda. | 2,155 | 390 |
| Bergamo Incorporadora Ltda. | 20 | - |
| Camila Empreendimentos Imobiliários Ltda. | 70 | 25 |
| Caywoaa Incorporadora Ltda, | 4,825 | 4,825 |
| Center Jabaquara Empreendimentos Imobiliários Ltda. | 145 | 70 |
| Cremona Incorporadora Ltda. | - | 18,632 |
| Crown Incorporadora Ltda. | 4,085 | 3,945 |
| Curupá Empreendimentos Imobiliários Ltda. | 3,382 | 2,427 |
| Esmirna Incorporadora Ltda. | 885 | - |
| EZ TEC Técnica Engenharia e Construção Ltda. | 4,074 | 3,419 |
| Florença Incorporadora Ltda. | 115 | 2,311 |
| Garicema Empreendimentos Imobiliários Ltda. | 3,260 | 50 |
| Genova Incorporadora S.A. | - | 95 |
| Giopris Empreendimentos Imobiliários Ltda. | 10,134 | 6,559 |
| Gol Incorporadora Ltda. | 20,388 | 19,748 |
| Grauna Incorporadora Ltda. | 3,575 | 10 |
| Itagi Incorporadora Ltda. | 2,511 | 2,150 |
| Jauaperi Incorporadora Ltda. | 10,197 | 2,307 |
| J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. | 6,229 | 2,222 |
| Juriti Empreendimentos Imobiliários Ltda. | 30 | - |
| Lafaite Incorporadora Ltda. | 5 | - |
| Lausanne Incorporadora Ltda. | 6,360 | 630 |
| Limoges Incorporadora Ltda. | 1,660 | 1,290 |
| Livorno Incorporadora Ltda. | 8,459 | 24 |
| Marcella Empreendimentos Imobiliários Ltda. | 12,804 | 11,954 |
| Marina Empreendimentos Imobiliários Ltda. | 23,171 | 21,876 |
| Mônaco Incorporação S.A. | 1,076 | 1,076 |
| Monza Incorporadora Ltda. | 10,955 | 3,650 |
| Otawa Incorporadora Ltda. | 2,680 | 50 |
| Park Empreendimentos Imobiliários Ltda. | 221 | 40 |
| Priscilla Empreendimentos Imobiliários Ltda. | 2,837 | 2,022 |
| Santarém Incorporadora Ltda. | 11,774 | 11,143 |
| Savona Incorporadora Ltda. | 6,917 | 5,449 |
| Tatuapé Empreendimentos Imobiliários Ltda. | 80 | - |
| Tec Vendas Consultoria de Imóveis Ltda. | 106 | 106 |
| Torino Incorporadora Ltda. | 3,695 | 3,650 |
| Trento Incorporadora Ltda. | 2,480 | 2,010 |
| Treviso Incorporadora Ltda. | 14,485 | 14,290 |
| Vanguarda Incorporadora Ltda. | 5,695 | 5,695 |
| Verona Incorporadora Ltda. | 5,645 | 4,465 |
| Village of Kings Incorporadora Ltda. | 14,296 | 14,276 |
| Valentina Empreendimentos Imobiliários Ltda. | 190 | 190 |
| Wanessa Incorporadora Ltda. | 6,103 | 6,103 |
| | 237,967 | 193,872 |

Investees have the specific purpose of carrying out property developments for the construction and sale of residential properties.

As of September 30, 2008, the amount of R$1,395 (R$1,358 as of June 30, 2008) related to the provision for investment losses represents investments in subsidiaries whose shareholders' equity is negative (shareholders' deficit) and is presented in current liabilities. The amount recorded as expense in the quarter ended September 30, 2008 was R$118 (R$800 as of September 30, 2007).

On October 1, 2007, the Company acquired ownership interest in Antilhas Empreendimentos Imobiliários Ltda. - Condomínio Ville de France - SCP. Goodwill of R$3,029 was determined on said acquisition, based on the project's future earnings, which at first will be amortized over a three-year period. In the quarter and nine-month period ended September 30, 2008, the amounts of R$188 and R$519, respectively, were amortized. The unamortized goodwill balance as of September 30, 2008 is R$2,383 (R$2,571 as of June 30, 2008).

On August 31, 2008, the Company acquired interest in Genova Incorporadora S.A. and recorded goodwill of R$554, based on the appreciation of the land.

On September 1, 2008, by means of the Total Spin-off Memorandum and Agreement, Cremona Incorporadora Ltda. was spun-off, originating Ares da Praça Empreendimento Imobiliário Ltda. and E.Z.L.I. Empreendimento Imobiliário Ltda.

## 12. PROPERTY AND EQUIPMENT

Composed of:

| | | Company | | | |
|---|---|---|---|---|---|
| | Annual depreciation rate - % | 09/30/08 | | | 06/30/08 |
| | | Cost | Accumulated depreciation | Net | Net |
| Furniture and fixtures | 10 | 72 | (5) | 67 | 66 |
| Machinery and accessories | 10 | 78 | (11) | 67 | 71 |
| Facilities | 10 | 49 | - | 49 | 47 |
| Computers and peripherals | 20 | 492 | (94) | 398 | 416 |
| Other | 10 | 679 | (24) | 654 | 361 |
| | | 1.370 | (134) | 1.235 | 961 |

| | Annual depreciation rate - % | Company 09/30/08 Cost | Accumulated depreciation | Net | 06/30/08 Net |
|---|---|---|---|---|---|
| Furniture and fixtures | 10 | 180 | (43) | 137 | 139 |
| Machinery and accessories | 10 | 88 | (18) | 70 | 75 |
| Vehicles | 20 | 139 | (133) | 6 | 1 |
| Tools | 10 | 15 | (6) | 9 | 9 |
| Installations | 10 | 154 | (35) | 119 | 121 |
| Computers and peripherals | 20 | 1,087 | (393) | 693 | 738 |
| Other | 10 | 736 | (43) | 692 | 399 |
| | | 2,399 | (671) | 1,726 | 1,482 |

## 13. REAL ESTATE DEVELOPMENT AND SALE

As described in note 4.i, we present below the total amounts of real estate development and sale, which include the amounts already realized and presented in balance sheet accounts and the unrealized amounts, in accordance with the revenue recognition criterion established by CFC Resolution No. 963/03, applicable to real estate activities:

a) Trade accounts receivable

| | Consolidated 09/30/08 | 06/30/08 |
|---|---|---|
| Current assets: | | |
| Trade accounts receivable - realized percentage | 78,739 | 67,008 |
| Trade accounts receivable - unrealized percentage | 77,871 | 76,822 |
| | 156,610 | 143,830 |
| Noncurrent assets: | | |
| Trade accounts receivable - realized percentage | 235,436 | 193,116 |
| Trade accounts receivable - unrealized percentage | 418,652 | 400,436 |
| | 654,088 | 593,552 |

b) Obligations to build

Represent the estimated contracted costs to be incurred in ongoing constructions of units already sold, less costs already incurred through September 30 and June 30, 2008:

| Subsidiary | Project | Consolidated 09/30/08 | Consolidated 06/30/08 |
|---|---|---|---|
| Arambaré Incorporadora Ltda. | Condomínio Oásis Beach Club Premium Resort | 12,789 | 11,018 |
| Aurillac Incorporadora Ltda. | Condomínio Clima do Bosque | 15,212 | 16,167 |
| Crown Incorporadora Ltda. | Condomínio Bell'Aqua | 9,805 | 8,304 |
| Curupá Empreendimentos Imobiliários Ltda. | Condomínio Anália Franco | 4,069 | 4,871 |
| Giopris Empreendimentos Imobiliários Ltda. | Condomínio Sports Village | 18,310 | 19,122 |
| Giopris Empreendimentos Imobiliários Ltda. | Condomínio Splendor Santana | 4,700 | 6,467 |
| Giopris Empreendimentos Imobiliários Ltda. | Condomínio Splendor Vila Mascote | 3,878 | 6,014 |
| Jauaperi Incorporadora Ltda. | Condomínio Clima Bothânico | 29,309 | 37,817 |
| Jauaperi Incorporadora Ltda. | Condomínio Clima do Parque | 40,763 | 36,843 |
| J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. | Condomínio Premiatto Residence Club | 20,058 | 12,910 |
| Limoges Incorporadora Ltda. | Condomínio Prime House Vila Mascote | 17,566 | 7,829 |
| Marcella Empreendimentos Imobiliários Ltda. | Condomínio Splendor Ibirapuera | 1,111 | 2,278 |
| Marcella Empreendimentos Imobiliários Ltda. | Condomínio Quality House Lapa | 25,972 | 27,290 |
| Marina Empreendimentos Imobiliários Ltda. | Condomínio Splendor Tatuapé | 7,934 | 10,680 |
| Marina Empreendimentos Imobiliários Ltda. | Condomínio Splendor Square | 18,590 | 11,346 |
| Park Empreendimentos Imobiliários Ltda. | Condomínio Collori | 12,401 | 14,681 |
| Park Empreendimentos Imobiliários Ltda. | Condomínio Evidence | 8,004 | 6,774 |
| Priscilla Empreendimentos Imobiliários Ltda. | Condomínio Vert | 2,343 | 2,665 |
| Condomínio Ville de France - SCP | Condomínio Ville de France | 2,553 | 2,545 |
| Savona Incorporadora Ltda. | Splendor Klabin | 6,720 | - |
| Village of Kings Incorporadora Ltda. | Condomínio Mundeo Moema Business | 9,037 | 8,788 |
| | | 271,124 | 254,409 |

The amounts of construction cost contracted and cost incurred represent the total amounts from the beginning of projects.

c) Unearned income from sale of real estate

| Subsidiary | Project | Consolidated 09/30/08 | Consolidated 06/30/08 |
|---|---|---|---|
| Arambaré Incorporadora Ltda. | Condomínio Oásis Beach Club Premium Resort | 7,915 | 7,300 |
| Aurillac Incorporadora Ltda. | Condomínio Clima do Bosque | 10,457 | 10,549 |
| Crown Incorporadora Ltda. | Condomínio Bell'Aqua | 5,205 | 4,004 |
| Curupá Empreendimentos Imobiliários Ltda. | Condomínio Anália Franco | 4,547 | 5,181 |
| Giopris Empreendimentos Imobiliários Ltda. | Condomínio Sports Village | 16,534 | 16,549 |
| Giopris Empreendimentos Imobiliários Ltda. | Condomínio Splendor Santana | 5,421 | 7,515 |
| Giopris Empreendimentos Imobiliários Ltda. | Condomínio Splendor Vila Mascote | 4,874 | 7,775 |
| Jauaperi Incorporadora Ltda. | Condomínio Clima Bothânico | 32,805 | 40,603 |
| Jauaperi Incorporadora Ltda. | Condomínio Clima do Parque | 36,931 | 34,472 |
| J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. | Condomínio Premiatto Residence Club | 11,073 | 7,094 |
| Limoges Incorporadora Ltda. | Condomínio Prime House Vila Mascote | 9,673 | 4,533 |
| Marcella Empreendimentos Imobiliários Ltda. | Condomínio Splendor Ibirapuera | 784 | 2,544 |
| Marcella Empreendimentos Imobiliários Ltda. | Condomínio Quality House Lapa | 23,779 | 23,081 |
| Marina Empreendimentos Imobiliários Ltda. | Condomínio Splendor Tatuapé | 7,559 | 9,824 |
| Marina Empreendimentos Imobiliários Ltda. | Condomínio Splendor Square | 8,915 | 5,166 |
| Park Empreendimentos Imobiliários Ltda. | Condomínio Collori | 14,528 | 17,804 |
| Park Empreendimentos Imobiliários Ltda. | Condomínio Evidence | 6,715 | 5,402 |
| Priscilla Empreendimentos Imobiliários Ltda. | Condomínio Vert | 5,055 | 6,023 |
| Condomínio Ville de France - SCP | Condomínio Ville de France | 2,649 | 2,813 |
| Savona Incorporadora Ltda | Splendor Klabin | 4,995 | - |
| Village of Kings Incorporadora Ltda. | Condomínio Mundeo Moema Business | 4,985 | 4,617 |
| | | 225,399 | 222,849 |

## 14. LOANS AND FINANCING

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | | | | Balances | |
| Purpose | Currency | Charges | Final maturity | 09/30/08 | 06/30/08 |
| Mortgage loans | R$ | TR + 12.00% p.a. | 04/18/10 | 560 | 1,271 |
| Mortgage loans | R$ | TR + 12.00% p.a. | 06/18/10 | 443 | - |
| Mortgage loans | R$ | TR + 10.50% p.a. | 09/10/10 | 560 | - |
| Mortgage loans | R$ | TR + 10.50% p.a. | 10/10/10 | 1.590 | - |
| Working capital | R$ | | | 650 | - |
| | | | | 3,803 | 1,271 |
| Current | | | | 774 | 421 |
| Noncurrent | | | | 3,029 | 850 |

The loan taken to finance the construction works is collateralized by the financed property.

Maturities of noncurrent portion are as follows:

| | Consolidated | |
|---|---|---|
| Year | 09/30/08 | 06/30/08 |
| 2009 | 879 | 419 |
| 2010 | 2,150 | 431 |
| | 3,029 | 850 |

## 15. PAYROLL AND RELATED CHARGES

Represented basically by:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 06/30/08 | 09/30/08 | 06/30/08 |
| Accrued vacation and related charges | 1,343 | 1,144 | 3,366 | 2,680 |
| Payroll charges | 510 | 489 | 1,517 | 1,344 |
| Payroll | 261 | 597 | 842 | 1,144 |
| Management fees | 108 | 154 | 286 | 342 |
| | 2,222 | 2,384 | 6,011 | 5,510 |

## 16. TAXES PAYABLE

Represented basically by:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 06/30/08 | 09/30/08 | 06/30/08 |
| IRPJ (corporate income tax) | - | 285 | 1,133 | 1,447 |
| CSLL (social contribution tax) | - | 103 | 553 | 531 |
| PIS (tax on revenue) | - | - | 168 | 68 |
| COFINS (tax on revenue) | - | - | 771 | 307 |
| Other | 20 | 13 | 229 | 284 |
| | 20 | 401 | 2,854 | 2,637 |

## 17. ADVANCES FROM CUSTOMERS

As of September 30, 2008, the amount of R$12,307 (R$8,791 as of June 30, 2008) in the consolidated balance sheet refers to amounts received from customers in excess of the percentage of completion of the projects, as determined by CFC Resolution No. 963/03.

## 18. LAND PAYABLE

| | | Consolidated | |
|---|---|---|---|
| Subsidiary | Location | 09/30/08 | 06/30/08 |
| Arambaré Incorporadora Ltda. | Praia Grande | 7,647 | 8,569 |
| Bergamo Incorporadora Ltda | Vila Matilde | 5,300 | - |
| Boneville Incorporadora Ltda. | Sacomã | 1,605 | 3,000 |
| Esmirna Incorporadora Ltda. | Paraíso | 1,323 | - |
| Gol Incorporadora Ltda. | Pirituba | 4,210 | 4,736 |
| Itagi Incorporadora Ltda. | Bertioga | - | 21,460 |
| J.J. Rodrigues Empreendimentos Imobiliários. SPE Ltda. | Jundiaí | 1,268 | 3,169 |
| Jauaperi Incorpordora Ltda. | Vila Guarani | 62 | 62 |
| Lausanne Incorporadora Ltda | Saúde | - | 5,400 |
| Limoges Incorporadora Ltda. | Campo Belo | - | 140 |
| Livorno Incorporadora Ltda. | Campos do Jordão | - | 5,700 |
| Santarém Incorporadora Ltda. | Vila Mariana | 1,100 | - |
| Treviso Incorporadora Ltda. | Campo Belo | 256 | 589 |
| Vanguarda Incorporadora Ltda. | Bertioga | 2,570 | 2,570 |
| Verona Incorporadora Ltda. | Santo Amaro | 635 | 1,757 |
| | | 25,976 | 57,152 |
| Current | | 13,814 | 42,989 |
| Noncurrent | | 12,162 | 14,163 |

The amounts related to land payable represent land purchased from third parties by the subsidiaries above, for future developments that will start in 2008.

The amounts mentioned above are free of financial charges, except for the land purchased by the subsidiaries Gol Incorporadora Ltda. and Arambaré Incorporadora Ltda., which is subject to the annual variation of the IGP-M published by Fundação Getúlio Vargas.

Maturities of the noncurrent portion are as follows:

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| 2009 | 4,277 | 6,041 |
| 2010 | 2,402 | 2,302 |
| 2011 | 927 | 1,036 |
| 2012 | 3,552 | 3,661 |
| 2013 | 927 | 1,037 |
| 2014 | 77 | 86 |
| | 12,162 | 14,163 |

## 19. PROFIT SHARING

The Company has an employee profit sharing program. To calculate profit sharing, the Company considers targets related to the function, area and position of employees, which are established by Management. The accrued amount as of September 30, 2008 was R$378.

## 20. PREPAID AND DEFERRED TAXES

Deferred income tax, social contribution tax, PIS and COFINS are calculated based on revenue recorded in the statement of operations and not yet received. These taxes are paid as cash is received, in accordance with tax legislation. The tax basis for the period is as follows:

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

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Assets: | | |
| Prepaid income tax | 260 | 227 |
| Prepaid social contribution tax | 140 | 123 |
| Prepaid PIS and COFINS | 476 | 412 |
| | 876 | 762 |
| Current | 492 | 473 |
| Noncurrent | 384 | 289 |

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 06/30/08 |
| Liabilities: | | |
| Revenues recognized under the percentage-of--completion method and not received | 322,658 | 252,737 |
| Deferred income tax | 6,828 | 5,451 |
| Deferred social contribution tax | 3,615 | 2,939 |
| Deferred PIS and COFINS | 11,763 | 9,939 |
| | 22,206 | 18,329 |
| Current | 5,736 | 4,672 |
| Noncurrent | 16,470 | 13,657 |

The amounts classified as noncurrent will be realized beginning July 2009.

b) Breakdown of current and deferred income and social contribution tax expenses

| | Consolidated | |
|---|---|---|
| | 09/30/08 3 months | 09/30/08 9 months |
| Current: | | |
| Income tax | (2,375) | (5,609) |
| Social contribution tax | (1,068) | (2,147) |
| | (3,443) | (7,756) |
| Deferred: | | |
| Income tax | (1,175) | (3,077) |
| Social contribution tax | (762) | (1,806) |
| | (1,937) | (4,883) |

c) Reconciliation of current income and social contribution tax expenses

Income and social contribution tax expenses are reconciled at statutory rates, as follows:

| | Consolidated | |
|---|---|---|
| | 09/30/08 3 months | 09/30/08 3 months |
| Subsidiaries' revenues taxed based on deemed income on a cash basis | 63,846 | 141,028 |
| Effect of current income and social contribution taxes (see note 4.g) with statutory rates) | (2,572) | (6,245) |

d) Reconciliation of deferred income and social contribution taxes

Deferred income and social contribution taxes are reconciled at statutory rates, as follows:

| | Consolidated | |
|---|---|---|
| | 09/30/08 | 09/30/07 |
| Increase in difference between taxable income and book income (*) | 145,324 | 33,781 |
| Effect of deferred income and social contribution taxes in the period - effective rate of 3.08% (see note 4.g with statutory rates) | (4,883) | (1,040) |

(*) Under Federal Revenue Service Regulatory Instruction No. 84/79, property developers must pay taxes based on cash inflows from real estate projects. CFC Resolution No. 963/03 determines that revenue should be recognized under the percentage-of-completion method. Thus, deferred taxes are recognized based on the difference between taxable income and book income.

e) Reconciliation of income and social contribution taxes - current

| | Company | |
|---|---|---|
| | 09/30/08 | 09/30/07 |
| Income (loss) before taxes | 68,750 | 24,258 |
| Tax rate - 34% | (23,375) | (8,248) |
| Effect on deductions | 31,021 | 17,254 |
| Effect on additions | (8,073) | (284) |
| Tax credit not recognized on tax losses | (1,084) | (8,722) |
| Current income and social contribution tax expense | (1,511) | - |

The Company will record tax credits upon realization of future taxable income.

## 21. RELATED-PARTY TRANSACTIONS

The balances of related-party transactions represent amounts received upon the assignment of receivables by the shareholders in 2006 and new loans from the Company to its investees:

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| | | 09/30/08 | 06/30/08 | 09/30/08 | 06/30/08 |
| Long-term assets- | | | | | |
| Intercompany receivables due to capital contribution: | | | | | |
| Analisys Consultoria, Planej. e Participações S.A. | | 1,583 | 1,585 | - | - |
| Ares da Praça Empreendimento Imobiliário Ltda. | | 234 | - | - | - |
| Avignon Incorporadora Ltda. | | 3,667 | 3,667 | - | - |
| Bonneville Incorporadora Ltda. | | - | 100 | - | - |
| Cremona Incorporadora Ltda. | | - | 372 | - | - |
| Itagi Incorporadora Ltda. | | 1,206 | 1,262 | - | - |
| J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda. | | 2,535 | 6,404 | - | - |
| Mônaco Incorporação S.A. | | 465 | - | - | - |
| Vermonth Incorporadora Ltda. | | 342 | 112 | - | - |
| WZ Incorporação Imobiliária Privelige Ltda. | (*) | - | - | 1,183 | 1,136 |
| Trisul S.A. | (*) | - | - | 1,266 | 3,202 |
| Proberd Empreendimentos Imobiliários Ltda. | (*) | - | - | 986 | 986 |
| | | 10,032 | 13,502 | 3,435 | 5,324 |
| Current liabilities- | | | | | |
| Intercompany payables: | | | | | |
| Camila Empreendimentos Imobiliários Ltda. | | 683 | 683 | - | - |
| Marcella Empreendimentos Imobiliários Ltda. | | 8 | 8 | - | |
| Paraíso Empreendimentos Imobiliários Ltda. | | 2,432 | 2,057 | - | - |
| Park Empreendimentos Imobiliários Ltda. | | 2,686 | 2,686 | - | - |
| Silvana Empreendimentos Imobiliários Ltda. | | 1,850 | 1,850 | - | - |
| Wanessa Incorporadora Ltda. | | 6 | - | - | - |
| WZ Incorporação Imobiliária Privelige Ltda. | (*) | - | - | 1,268 | 1,213 |
| Proberd Empreendimentos Imobiliários Ltda. | (*) | - | - | 1,086 | 1,011 |
| Alefico Administração e Participações Ltda. | (*) | - | - | 1,235 | 1,333 |
| Trisul S.A. | (*) | - | - | | 82 |
| | | 7,665 | 7,284 | 3,589 | 3,639 |

(*) Refer to transactions related to projects developed in partnership with these companies.

The loan agreements and intercompany accounts with shareholders and subsidiaries are not subject to financial charges.

In the quarter and nine-month period ended September 30, 2008, in addition to intercompany loan agreements, legal advisory services, in the amount of R$286 (R$43 as of September 30, 2007), were contracted from Hatti, Franco e Advogados Associados, a company controlled by one of the Company's shareholders.

## 22. RESERVE FOR CONTINGENCIES

a) The Companies are parties to certain labor lawsuits for which the likelihood of unfavorable outcome is considered remote by the legal counsel.

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

c) The Companies are not parties to any administrative or judicial proceedings for which the likelihood of unfavorable outcome is considered possible and that require disclosure.

There was no change in the reserve for contingencies in the quarter ended September 30, 2008.

## 23. SHAREHOLDERS' EQUITY

a) Capital

On March 3, 2007, the Extraordinary Shareholders' Meeting approved a capital increase of R$2,762 through the issuance of new shares, and a reverse stock split to 100,000,000 common shares without par value.

On April 27, 2007, the Extraordinary Shareholders' Meeting approved a capital increase to R$181,923 through the capitalization of the profit reserve and income for the quarter ended March 31, 2007, in the amounts of R$5,137 and R$8,824, respectively, without the issuance of new shares.

On May 17, 2007, the Company's capital was R$181,923, represented by 100,000,549 common shares without par value, through the assignment of assets.

At a meeting held on June 26, 2007, the Board of Directors approved a capital increase to R$653,355, with the public issuance of shares, represented by 142,857,926 common shares without par value.

At a meeting held on July 18, 2007, the Board of Directors approved a capital increase of R$70,715, with the issue of 6,428,606 common shares without par value, related to the overallotment option in connection with the public offering.

As of June 30 and March 31, 2008, the Company's capital is R$724,070, represented by 149,286,532 common shares without par value.

On September 23, 2008, the Extraordinary Shareholders' Meeting canceled 2,562,412 common shares, with no change in the Company's capital, which amounts to R$724,070 and is divided into 146,724,120 common shares without par value.

b) Dividends

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

c) Treasury shares

At a meeting held on April 15, 2008, the Board of Directors approved a Common Stock Buyback Program for holding the shares in treasury and subsequently selling or canceling them, without any capital reduction. The Company acquired 4,451,300 common shares for R$16,564, at market price, of which 2,562,412 were canceled in

the Extraordinary Shareholders' Meeting held on September 23, 2008. The average buyback price was used to recognize the amount of R$9,535 in profit retention reserve. As of September 30 2008, 1,888,888 shares, amounting to R$7,029, remained.

At a meeting held on September 12, 2008, the Board of Directors approved a Common Stock Buyback Program for holding 1,900,000 common shares with no par value in treasury and subsequently selling or canceling them, without capital reduction. As of September 30, 2008, the buyback balance referring to the acquisition of 91,700 common shares was R$236.

Taking into consideration said buybacks, the balance of treasury shares is R$7,265, corresponding to 1,979,588 common shares.

## 24. STOCK OPTION PLAN

The Company's bylaws provide for a stock option plan, as approved by the Extraordinary Shareholders' Meeting held on March 3, 2007, for officers, employees and contractors, and by September 30, 2008 none of the beneficiaries had exercised their call options. The stock option plan shall be limited to 2% of Company's shares.

## 25. CANCELLATION OF SALES

As of September 30, 2008, the amount of R$9,694 (R$3,987 as of September 30, 2007) represents cancellations in the period, related to contracts previously entered into, which include the effects of the results recorded under the percentage-of-completion method of the related works, Properties returned through cancellation are resold and, therefore, no provision for returns is recognized in the financial statements.

## 26. FINANCIAL INCOME (EXPENSES)

Represented basically by:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 09/30/07 | 09/30/08 | 09/30/07 |
| Income: | | | | |
| Financial income | 20,759 | 12,998 | 21,078 | 13,136 |
| Interest on trade accounts receivable | - | - | 10,239 | 2,751 |
| Other | 323 | 4 | 1,064 | 98 |
| | 21,082 | 13,002 | 32,381 | 15,985 |
| Expenses: | | | | |
| CPMF (tax on banking transactions) | (9) | (745) | (19) | (746) |
| Interest and monetary variation | (18) | (2,104) | (175) | (2,803) |
| Other | (3) | (135) | (587) | (314) |
| | (30) | (2,984) | (781) | (3,863) |

## 27. LEASE AGREEMENT

As of September 30, 2008, the Company has lease agreements for IT equipment, totaling R$1,432 (R$1,304 as of June 30, 2008), whose monthly installments are subject to adjustment based on fixed rates varying from 1.20% to 1.22% per month. The agreements have final maturity dates between September 2010 and January 2011.

Lease agreement installments are recorded as expenses in the statement of income. During the nine-month period ended September 30, 2008, the amount of R$220 was recorded as lease agreement expense.

## 28. FINANCIAL INSTRUMENTS

a) Exchange risk exposure

The Company and its subsidiaries are not exposed to exchange risks since they do not conduct foreign-currency transactions.

b) Interest rate risk exposure

The Company and its subsidiaries have loans with third parties, which are subject to the fluctuations in indexes established in the loan agreements. They are exposed to interest rate fluctuations on trade accounts receivable and temporary cash investment balances.

c) Concentration of risk

The Company and its subsidiaries maintain bank accounts and temporary cash investments in financial institutions approved by Management in accordance with objective criteria for diversification of risks. The trade accounts receivable balance is represented by several customers and none accounted for 10% or more of the total net operating revenue or trade accounts receivable balance.

d) Carrying amounts and fair value of financial instruments

Except for the captions “Intercompany payables” and “Intercompany receivables”, which are not subject to financial charges, the fair values as of September 30 and June 30, 2008 do not significantly differ from the carrying amounts and do not reflect subsequent changes in the economy, such as interest and tax rates and other variables that may affect their determination. The following methods and assumptions have been adopted to determine the fair value:

- Cash, banks and temporary cash investments - the carrying amounts stated in the balance sheets approximate the fair value due to the short-term maturity of these financial instruments.

In the quarters ended September 30 and June 30, 2008, the Company and its subsidiaries did not have derivative financial instruments.

## 29. INSURANCE (NOT REVIEWED)

As of September 30, 2008, the Company and its subsidiaries have the following insurance contracts at amounts considered by Management to be in line with the risks involved:

a) Engineering risks - construction in progress - all risks policy, covering all risks involved in the construction of a project, such as fire, theft and execution damage, among others. This type of policy allows additional coverage according to the risks inherent in the work, among which are the following: civil and cross liability, extraordinary expenses, riots, employer's civil liability, and pain and suffering.

b) Business insurance - covers sales booths and model apartments against damage caused by fire, lightning, explosion and other.

c) Miscellaneous risks insurance - electronic equipment - covers possible thefts or electrical damage.

## 30. COMMITMENTS

The Company has rental agreements for two properties where its facilities are located, at a monthly cost of R$26, adjusted based on the IGP-M published by Fundação Getúlio Vargas. The term of the rental is five years, and early termination is subject to a fine equivalent to three months' rent.

The Company, through its subsidiaries, has long-term agreements in the amount of R$9,635 (R$3,370 as of June 30, 2008), related to the supply of raw material used for real estate projects.

## 31. AMENDMENT TO BRAZILIAN CORPORATE LAW - LAW No. 11,638/07

On December 28, 2007, Law No. 11,638 was enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law, especially with respect to chapter XV, Fiscal Year and Financial Statements. This Law is effective for fiscal years beginning on or after January 1, 2008 and was designed primarily to update the Brazilian Corporate Law, so as to enable the convergence of Brazilian accounting practices with international accounting standards (IFRS) and allow CVM to issue new accounting standards and procedures, in conformity with such international accounting standards. Certain of these changes shall be applied as of the beginning of the next fiscal year while others are subject to regulation by regulatory agencies.

The main changes that may affect the Company and its subsidiaries are summarized as follows:

- Replacement of the statement of changes in financial position by the statement of cash flows.

- Inclusion of the statement of value added. Management will disclose this statement at the close of the fiscal year 2008.

- Possibility of maintaining separate accounting records for purposes of complying with tax legislation and reflecting necessary adjustments in order to prepare the financial statements in conformity with Brazilian Corporate Law.

- Creation of two new account groups: (a) intangible assets; and (b) valuation adjustments to shareholders' equity, in order to record certain fair value adjustments, mainly for financial instruments; foreign exchange rate variations on foreign investments accounted for under the equity method of accounting (through December 31, 2007, this adjustment was recorded in profit and loss account); and certain fair value adjustments related to assets and liabilities as a result of a merger between unrelated parties that results in the transfer of control.

- Requirement of periodic analysis of the recoverability of amounts recorded in property and equipment, intangible assets and deferred charges.

- Requirement that certain long-term assets and liabilities be recorded at present value, and, if material, for certain other short-term assets and liabilities.

- Requirement to record under the caption "Property and equipment" those rights in tangible assets that are maintained or used in the operations of the Company's business, including those rights received as a result of transactions that transfer the benefits, risks and control of such assets to the Company.

As these changes have only been introduced recently, and some of them are still subject to regulation by regulatory agencies, Management is assessing all the effects of such changes and the following change may be highlighted with relation to certain significant cases already measured:

- Inclusion of the statement of cash flows in note 33 to provide a better understanding of the operations of the Company and its subsidiaries.

## 32. SUBSEQUENT EVENTS

a) On October 2, 2008, the subsidiary Santarém Incorporadora Ltda. acquired a plot of land for R$1,500, according to a purchase agreement and other covenants. Of this amount, R$300 was paid in cash and the remaining amount will be paid in six installments of R$200.

## 33. CASH FLOWS

Shown below are the statements of cash flows for the quarters ended September 30, 2008 and 2007:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 09/30/08 | 09/30/07 | 09/30/08 | 09/30/07 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income | 67,239 | 24,258 | 67,239 | 24,258 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Equity in subsidiaries | (91,239) | (50,746) | - | - |
| Provision for investment losses | 118 | 800 | - | - |
| Allowance for losses with CEPAC | 23,225 | - | 23,225 | - |
| Amortization of goodwill | 519 | - | 519 | - |
| Depreciation | 101 | 11 | 194 | 135 |
| Loss on acquisition of investment | - | 498 | - | - |
| Reserve for contingencies | 404 | 36 | 477 | 1,294 |
| Monetary variation | - | 475 | (10,239) | (2,192) |
| Write-off of property and equipment | - | - | 13 | 225 |
| Deferred taxes | - | - | - | 2,481 |
| Minority interest | - | - | - | 1,365 |
| (Increase) decrease in assets: | | | | |
| Trade accounts receivable | - | - | (130,824) | (31,794) |
| Real estate held for sale | - | - | (114,552) | (81,501) |
| Recoverable taxes | - | (61) | - | (198) |
| Purchase/sale of CEPACs | (45,617) | - | (45,617) | - |
| Prepaid expenses | - | - | 4,698 | (6,092) |
| Other assets | (1,607) | (196) | (1,533) | (3,518) |
| (Increase) decrease in liabilities: | | | | |
| Advances from customer | - | - | 3,884 | 6,208 |
| Trade accounts payable | 311 | 421 | 7,137 | 3,257 |
| Other payable | 1,754 | 1,113 | 8,263 | 2,095 |
| NET CASH USED IN OPERATING ACTIVITIES | (44,792) | (23,391) | (187,116) | (83,977) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Goodwill on acquisition of investments | (554) | - | (554) | - |
| Acquisition of investments | (192,715) | (4,115) | - | - |
| Dividends received from subsidiaries | (30,913) | - | - | - |
| Acquisition of property and equipment | (2,149) | (350) | (2,154) | (620) |
| NET CASH USED IN INVESTING ACTIVITIES | (226,331) | (4,465) | (2,708) | (620) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Increase in minority interest | - | - | 8,970 | - |
| Bank loans | - | 15,270 | 2,925 | 15,270 |
| Capital increase | - | 542,147 | - | 542,147 |
| Share buyback plan | (16,800) | - | (16,800) | - |
| Dividends paid | (10,906) | (598) | (10,906) | (1,999) |
| Intercompany loans | - | (54,770) | - | - |
| Loans from related parties | 84,596 | - | 99 | 70 |
| NET CASH PROVIDED (USED IN) FINANCING ACTIVITIES | 56,890 | 502,049 | (15,712) | 555,488 |
| (INCREASE) DECREASE IN CASH ANS CASH EQUIVALENTS | (214,233) | 474,193 | (205,536) | 470,891 |
| BALANCE AT BEGINNING OF QUARTER | 390,936 | 11 | 409,089 | 10,820 |
| BALANCE AT END OF QUARTER | 176,703 | 474,204 | 203,553 | 481,711 |
| ADDITIONAL INFORMATION | | | | |
| Income and social contribution taxes paid | 1,511 | - | 6,454 | 1,827 |
| TRANSACTIONS NOT REQUIRING CASH OUTLAY | | | | |
| Land purchase financed by sellers | - | - | (80,614) | 18,369 |
| Transfer of CEPACs to investment | (4,091) | - | - | - |