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

EZ TEC Empreendimentos e Participações S.A. and Subsidiaries

Financial Statements
for the Year Ended December 31, 2008
and December 31, 2007 and
Independent Auditors' Report

Deloitte Touche Tohmatsu Auditores Independentes

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have audited the accompanying individual (Company) and consolidated balance sheets of EZ TEC Empreendimentos e Participações S.A. and subsidiaries as of December 31, 2008, and the related statements of income, changes in shareholders' equity (Company), cash flows, and value added for the year then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Companies; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by Companies' Management, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of EZ TEC Empreendimentos e Participações S.A. and subsidiaries as of December 31, 2008, and the results of their operations, the changes in their shareholders' equity (Company), their cash flows, and the values added in operations for the year then ended, in conformity with Brazilian accounting practices.

4. We had previously audited the individual and consolidated financial statements for the year ended December 31, 2007, comprising the balance sheet and the statements of income, changes in shareholders' equity (Company), and changes in financial position, in addition to the supplemental information comprising the statement of cash flows, on which we issued an unqualified report, dated March 1, 2008. As mentioned in note 2, changes in Brazilian accounting practices were introduced effective January 1, 2008. The financial statements for the year ended December 31, 2007, presented with the 2008 financial statements, have been prepared in conformity with Brazilian accounting practices in effect until December 31, 2007 and, as permitted by Technical Pronouncement CPC 13 - First-Time Adoption of Law 11638/07 and Provisional Act 449/08, are not being restated with adjustments for purposes of comparability between years.

5. The individual and consolidated statements of cash flows and value added for the year ended December 31, 2007, prepared in connection with the financial statements for the year ended December 31, 2008, have been subjected to the same auditing procedures described in paragraph 2 and, in our opinion, these statements are fairly stated, in all material respects, in relation to the financial statements mentioned in paragraph 4, taken as a whole.

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

São Paulo, March 10, 2009

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 DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais - R$)

ASSETS	Note	Company 2008	Company 2007	Consolidated 2008	Consolidated 2007
CURRENT ASSETS					
Cash and banks		362	145	9,847	14,234
Short-term investments	5	168,320	390,791	179,853	394,855
Trade accounts receivable	6	-	-	105,658	43,801
Real estate held for sale	7	-	-	147,315	144,496
Recoverable taxes	8	-	-	388	348
Prepaid taxes	20	-	-	540	428
Other receivables		331	247	1,838	1,650
Prepaid expenses	10	-	-	662	5,178
Total current assets		169,013	391,183	446,101	604,990
NONCURRENT ASSETS					
Long-term assets:					
Trade accounts receivable	6	-	-	232,015	129,311
Real estate held for sale	7	-	-	197,397	154,924
Prepaid expenses	10	-	-	-	11,842
Prepaid taxes	20	-	-	295	300
Recoverable taxes	8	9,016	3,410	9,016	3,410
CEPAC (additional building area bond)	9	21,609	-	21,609	-
Due from related parties	21	6,848	94,628	2,169	2,361
Other receivables		16	222	1,123	4,813
Investments	11	608,636	278,902	3	3
Property and equipment	12	1,339	320	1,797	912
Intangible assets:					
Goodwill on acquisition of investments	11	3,149	2,902	3,149	2,902
Other intangible assets		1,465	245	1,667	447
Total noncurrent assets		652,078	380,629	470,240	311,225
TOTAL ASSETS		821,091	771,812	916,341	916,215

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Company 2008	Company 2007	Consolidated 2008	Consolidated 2007
CURRENT LIABILITIES					
Trade accounts payable		456	394	9,516	6,567
Payroll and related taxes	15	1,260	1,141	4,340	3,108
Taxes payable	16	6	18	2,292	2,117
Loans and financing	14	-	-	614	392
Allowance for investment losses	11	1,398	1,526	-	-
Accounts payable		65	1,825	1,010	2,846
Advances from customers	17	-	-	17,161	8,423
Land payable	18	-	-	7,393	82,318
Dividends payable	23	18,187	10,906	18,187	10,906
Due to related parties	21	8,529	5,234	3,800	3,489
Deferred taxes	20	-	-	7,471	3,179
Total current liabilities		29,901	21,044	71,784	123,345
NONCURRENT LIABILITIES					
Loans and financing	14	-	-	13,655	485
Land payable	18	-	-	7,340	24,272
Reserve for contingencies	22	445	41	4,333	3,856
Deferred taxes	20	-	-	17,008	8,736
Capital contributions for future development		-	-	18	3,333
Other debts to third parties		465	465	1,258	481
Total noncurrent liabilities		910	506	43,612	41,163
MINORITY INTEREST	3	-	-	10,665	1,445
SHAREHOLDERS' EQUITY					
Capital	23	724,070	724,070	724,070	724,070
Treasury shares	23	(8,839)	-	(8,839)	-
Profit reserves	23	75,049	26,192	75,049	26,192
Total shareholders' equity		790,280	750,262	790,280	750,262
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		821,091	771,812	916,341	916,215

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais - R$)

	Note	Company		Consolidated	
		2008	2007	2008	2007
GROSS OPERATING REVENUE					
Revenue from sale of real estate		-	-	359,953	201,740
Rental revenue		-	-	2,439	659
Gross gross operating revenue		-	-	362,392	202,399
DEDUCTIONS FROM GROSS REVENUE					
Canceled sales	25	-	-	(14,854)	(8,711)
Taxes on sales, including deferred taxes		-	-	(13,492)	(7,376)
Total deductions from gross revenue		-	-	(28,346)	(16,087)
NET REVENUE		-	-	334,046	186,312
Cost of real estate sold		-	-	(173,656)	(90,262)
Cost of services and rentals		-	-	(200)	(10)
GROSS PROFIT		-	-	160,190	96,040
OPERATING (EXPENSES) INCOME					
Selling expenses		-	-	(27,319)	(13,307)
Administrative expenses		(23,568)	(8,746)	(30,254)	(16,064)
Management fees	26	(2,412)	(728)	(2,838)	(1,090)
Reserve for contingencies	22	(404)	(36)	(477)	(1,926)
Equity in subsidiaries	11	124,678	69,171	-	-
Allowance for investment losses	11	(122)	(1,174)	-	-
Tax expenses		(134)	(103)	(461)	(401)
Amortization of goodwill on investments	11	(727)	(2,247)	(727)	(2,247)
Allowance for losses on CEPAC	9	(23,225)	-	(23,225)	-
Other income (expenses), net		1,344	(543)	453	(1,884)
Share subscription costs	27	-	(30,226)	-	(30,226)
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		75,430	25,368	75,342	28,895
FINANCIAL INCOME (EXPENSES)					
Financial income	28	28,276	24,201	42,797	28,204
Financial expenses	28	(39)	(3,647)	(1,152)	(5,069)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION AND MINORITY INTEREST		103,667	45,922	116,987	52,030
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	20	(1,511)	-	(9,967)	(4,434)
Deferred	20	-	-	(6,337)	(1,729)
INCOME BEFORE MINORITY INTEREST		102,156	45,922	100,683	45,867
MINORITY INTEREST	3	-	-	1,473	55
NET INCOME		102,156	45,922	102,156	45,922
EARNINGS PER SHARE - R$	4.k	0.71	0.31		

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (COMPANY)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais, except for dividend per share)

	Note	Capital	Treasury shares	Profit reserves: Legal reserve	Profit reserves: Profit retention	Retained earnings	Total
BALANCE AS OF DECEMBER 31, 2006	1	165,200	-	337	4,800	-	170,337
Capital increase with assignment of assets and rights	23	2,762	-	-	-	-	2,762
Capital increase with reserves and profits	23	13,961	-	(337)	(4,800)	(8,824)	-
Capital increase with subscription of shares	1 e 23	542,147	-	-	-	-	542,147
Net income		-	-	-	-	45,922	45,922
Allocation of net income:							
Legal reserve	23	-	-	2,296	-	(2,296)	-
Proposed dividends (R$0.08 per share)	23	-	-	-	-	(10,906)	(10,906)
Profit retention reserve	23	-	-	-	23,896	(23,896)	-
BALANCES AS OF DECEMBER 31, 2007		724,070	-	2,296	23,896	-	750,262
Adjustments introduced by Law 11638/07	2	-	-	-	-	(25,577)	(25,577)
BALANCES AS OF JANUARY 1, 2008		724,070	-	2,296	23,896	(25,577)	724,685
Share buyback	23	-	(18,374)	-	-	-	(18,374)
Cancelation of treasury shares	23	-	9,535	-	(9,535)	-	-
Net income		-	-	-	-	102,156	102,156
Allocation of net income:							
Legal reserve	23	-	-	3,829	-	(3,829)	-
Proposed dividends (R$0.13 per share)	23	-	-	-	-	(18,187)	(18,187)
Profit retention reserve	23	-	-	-	54,563	(54,563)	-
BALANCES AS OF DECEMBER 31, 2008		724,070	(8,839)	6,125	68,924	-	790,280

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

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais - R$)

	Note	Company		Consolidated	
		2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax and social contribution		103,667	45,922	116,987	52,030
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustment of taxes to present value		-	-	6,398	-
Allowance for losses on CEPAC	9	23,225	-	23,225	-
Inflation adjustment		-	-	(12,746)	-
Amortization of goodwill		727	2,247	727	2,247
Depreciation and amortization		154	29	280	186
Write-off of investments		4,290	-	-	-
Equity in subsidiaries	11	(124,678)	(69,171)	-	-
Allowance for investment losses	11	121	1,174	-	-
Reserve for contingencies	22	404	36	477	1,926
Write-off of property and equipment		-	-	13	225
Minority interest		-	-	1,473	55
(Increase) decrease in operating assets:		-			
Trade accounts receivable	6	-	-	(168,173)	(58,046)
Real estate held for sale	7	-	-	(137,149)	(133,281)
Prepaid expenses	10	-	-	264	(9,236)
Other receivables		(51,829)	(3,879)	(46,893)	(10,820)
(Decrease) increase in operating liabilities:					
Advances from customers	17	-	-	8,738	5,539
Trade accounts payable		62	394	2,951	4,431
Other payables		1,642	3,449	(6,231)	5,708
NET CASH USED IN OPERATING ACTIVITIES		(42,215)	(19,799)	(209,659)	(139,036)
CASH FLOWS FROM INVESTING ACTIVITIES					
Goodwill on acquisition of investments	11	(974)	-	(974)	(5,149)
Acquisition of investments	11	(222,614)	(95,689)	-	-
Dividends received from subsidiaries		53,398	-	-	-
Acquisition of property and equipment	12	(2,393)	(594)	(2,398)	(1,000)
NET CASH USED IN INVESTING ACTIVITIES		(172,583)	(96,283)	(3,372)	(6,149)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans and financing	14	-	-	13,392	877
Decrease in minority interest		-	-	9,220	(285)
Capital increase in cash	1 e 23	-	542,147	-	542,147
Share buyback	23	(18,374)	-	(18,374)	-
Capital increase with cash from subsidiaries received as capital contribution	1 e 23	-	2,762	-	2,762
Loans from shareholders and related parties		21,824	(37,304)	310	(48)
Dividends paid	23	(10,906)	(598)	(10,906)	(1,999)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		(7,456)	507,007	(6,358)	543,454
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(222,254)	390,925	(219,389)	398,269
Balances at beginning of year		390,936	11	409,089	10,820
Balance at end of year		168,682	390,936	189,700	409,089
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(222,254)	390,925	(219,389)	398,269
TRANSACTIONS NOT REQUIRING CASH OUTLAY					
Purchase of land financed by sellers		-	-	91,857	48,790
Income tax and social contribution paid		1,511	-	7,547	3,093
Adjustments of Law 11638/07 in subsidiaries		(25,577)	-	(25,577)	-
Transfer of receivables from subsidiaries to capital		65,707	-	-	-

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

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais - R$)

	Note	Company		Consolidated	
		2008	2007	2008	2007
REVENUES					
Sales of products and services		-	-	347,538	193,688
Other revenues		1,344	-	453	-
		1,344	-	347,991	193,688
INPUTS PURCHASED FROM THIRD PARTIES (including taxes: ICMS, IPI, PIS and COFINS)					
Costs of sales and services		-	-	(173,856)	(90,272)
Materials, electric power, outside services and other		(12,121)	(4,530)	(25,409)	(8,736)
Loss/Recovery of assets	9 e 11	(23,347)	(1,174)	(23,225)	-
Amortization of goodwill	11	(727)	(2,247)	(727)	(2,247)
Share subscription costs	27	-	(30,226)	-	(30,226)
Other		(538)	(682)	(938)	(4,211)
		(36,733)	(38,859)	(224,155)	(135,692)
GROSS VALUE ADDED (CONSUMED)		(35,389)	(38,859)	123,836	57,996
DEPRECIATION AND AMORTIZATION		(154)	(29)	(280)	(186)
WEALTH CREATED (CONSUMED) BY THE COMPANY		(35,543)	(38,888)	123,556	57,810
VALUE ADDED RECEIVED IN TRANSFER					
Equity in subsidiaries	11	124,678	69,171	-	-
Financial income	28	28,276	24,201	42,797	28,204
		152,954	93,372	42,797	28,204
DISTRIBUTION OF WEALTH		117,411	54,484	166,353	86,014
WEALTH DISTRIBUTED		117,411	54,484	166,353	86,014
Employees:					
Salaries and wages		9,587	3,359	24,465	15,226
Benefits		882	434	1,847	1,297
Severance pay fund (FGTS)		514	195	1,568	1,019
Taxes and contributions:					
Federal		3,892	911	36,202	17,520
Municipal		-	-	95	-
Third parties:					
Financial expenses	28	39	3,647	1,152	5,069
Leases	29	341	16	341	16
Shareholders:					
Proposed dividends	23	18,187	10,906	18,187	10,906
Retained earnings for the year (including legal reserve and prior year adjustments)	23	83,969	35,016	83,969	35,016
Minority interest in retained earnings		-	-	(1,473)	(55)

The accompanying notes are an integral part of these 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 FINANCIAL STATEMENTS

The financial statements have been prepared in conformity with Brazilian Corporate Law, including the standards issued by the Brazilian Securities and Exchange Commission (CVM).

As of December 31, 2008, the Company recorded the changes required by Law 11638/07. Consequently, certain reclassifications have been made for this period, the notes to the financial statements have been extended, and prior year adjustments, identified in 2008, have been recorded in 2008. The main impacts of these adjustments and reclassifications, which are material for the Company, are stated below pursuant to the new legislation:

- Presentation of the statement of cash flows in replacement of the statement of changes in financial position, which the Company presented as supplemental information;
- Presentation of the statement of value added;
- Presentation of the group intangible assets, which the Company already presented in 2007;
- Presentation of adjustments to present value of long-term assets and liabilities and, when applicable, certain other short-term assets and liabilities; and
- Allocation to the statement of income of selling expenses incurred on property developments.

For comparability purposes, prior year adjustments recorded in 2008 are as follows:

Shareholders' equity originally reported as of December 31, 2007	750,262
Adjustments:	
Adjustment to present value (a)	(10,195)
Deferred taxes - 2007 (a)	713
Selling expenses (b)	(16,095)
Adjusted shareholders' equity	724,685

Net income originally reported as of December 31, 2007	45,922
Adjustments:	
Adjustment to present value (a)	(2,041)
Deferred taxes - 2007 (a)	145
Selling expenses (b)	(11,402)
Adjusted net income (as if adjustments had been recorded retrospectively) (c)	32,624

(a) Requirement that certain long-term assets and liabilities and material short-term assets and liabilities be recorded at present value, pursuant to application guidance OCPC-01 issued by the Accounting Pronouncements Committee (CPC) and approved by Resolution 561/08.

(b) Recognition in the statement of income of selling expenses, when incurred, represented by expenses incurred in the construction of sales booths and other related expenses, pursuant to application guidance OCPC-01.

(c) The R$13,298 difference between the 2007 net income and adjusted shareholders' equity represents the effects arising from the application of the same procedures for 2006.

3. CONSOLIDATION CRITERIA

The financial statements have been prepared and are presented in conformity with Brazilian accounting practices, the most significant of which are described in note 4. Consolidated financial statements, which have been prepared in conformity with accounting criteria provided for in CVM Instruction No. 247, of March 27, 1996, include the financial statements of EZ TEC Empreendimentos e Participações S.A. and subsidiaries (created for the special purpose of managing real estate projects), mentioned in note 11. Intercompany accounts, income and expense balances, 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) Short-term investments

Mainly represented by an exclusive investment fund, repurchase commitments, and bank certificates of deposit denominated in Brazilian reais, with a high market liquidity rate. These investments are stated at cost, plus income earned through the balance sheet dates, net of an allowance for losses, when applicable.

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 inflation adjusted according to respective clauses and discounted to present value. An allowance for doubtful accounts is recorded, when necessary, in an amount considered sufficient by Management, taking into account the risks involved, to cover probable losses on the collection of receivables. For receivables from sale contracts for uncompleted units (under construction), the same procedures described in note 4.h) are applicable. Amounts related to inflation adjustment of trade accounts receivable are recorded in the statement of income under the caption "Revenue from sale of real estate" until the delivery of keys, and under "Financial income" (interest income) after the delivery of keys.

c) Real estate held for sale

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

The Company's and its subsidiaries' management analyzes if there are evidences that the carrying amount of an asset will not be recovered for impairment testing purposes. When these evidences are not identified, the Company estimates the recoverable value of the asset. The recoverable value of an asset valor is the higher of (i) its fair value less costs to sell and (b) its value in use.

d) Prepaid expenses

As of December 31, 2007, represented basically by expenses related to tangible assets (costs on sales booth, model apartments and respective furniture), advertising and others related to projects already launched. For the year ended December 31, 2008, these expenses were recorded directly in the statement of income.

e) Investments

Investments in subsidiaries are accounted for under the equity method.

Goodwill is recorded in the statement of income proportionally to the realization of business profits, estimated at 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 assets.

g) Income tax and social contribution

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

As required by tax legislation, revenues from sales of real estate units are taxed on a cash basis and not based on the previously mentioned criterion for recognition of such revenue. Every fiscal year, if legal requirements are met, the Company and each of its subsidiaries may choose to calculate taxable income based on actual income or deemed income method. Under the calculation based on actual income method, taxes are calculated as a percentage of net income, by applying the tax rates of 25% for income tax and 9% for social contribution, totaling 34%. Under the calculation based on deemed income method, the income is deemed as 8% of operating income, plus 100% of other revenues. Income tax and social contribution are calculated by applying tax rates of 25% and 9%, respectively, to the deemed income as 8% of revenues.

h) 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 the statement of 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 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 and costs are fully recognized.

i) Use of estimates

The preparation of financial statements in conformity with Brazilian accounting practices requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In the preparation of these 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, allowance for losses on tax credits, other provisions and the fair value of financial instruments. Actual results could differ from those estimates.

j) Adjustment to present value of accounts receivable and liabilities

The balances of accounts receivable in installments related to uncompleted units and liabilities were adjusted to present value considering the discount rate applicable to these transactions.

k) Earnings per share

Calculated based on the number of shares outstanding at the balance sheet date, less treasury shares.

5. SHORT-TERM INVESTMENTS

The Company has amounts invested in exclusive investment fund, 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	
	2008	2007	2008	2007
Investment fund	144,605	390,791	144,605	390,791
Interest bearing account	-	-	-	4
Subject to repurchase commitments (100.5% to 102.0% of CDI)	-	-	3,810	4,039
Bank Deposit Certificate (100.0% to 103.5% of CDI)	23,715	-	31,438	21
	168,320	390,791	179,853	394,855

6. TRADE ACCOUNTS RECEIVABLE

	Consolidated	
	2008	2007
Receivables for property development - completed construction	91,806	56,474
Receivables for property development - construction in progress (*)	249,006	120,612
Trade notes receivable - services	28	142
	340,840	177,228
Securitized receivables	(936)	(1.885)
Allowance for doubtful accounts	(2,231)	(2,231)
	337,673	173,112
Current	105,658	43,801
Noncurrent	232,015	129,311

(*) Amounts net of adjustment to present value of R$17,070 as of December 31, 2008.

As of December 31, 2008 and 2007, the aging list of receivables is as follows:

	Consolidated	
Year	2008	2007
2009	-	35,773
2010	92,355	29,488
2011	42,851	16,430
2012	24,520	13,264
2013	20,285	10,833
2014	17,058	9,087
2015	14,395	7,386
2016	11,079	4,518
2017	6,312	1,880
2018 onward	3,160	652
	232,015	129,311

The table below shows the maturity of receivables for real estate development as of December 31, 2008 and 2007:

	Consolidated	
	2008	2007
Past-due:		
Up to 30 days	1,720	1,457
From 31 to 60 days	617	1,244
From 61 to 90 days	591	562
From 91 to 120 days	727	376
Over 120 days	4,032	2,563
	7,687	6,202
Current	333,153	171,026
	340,840	177,228

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	
	2008	2007
Camila Empreendimentos Imobiliários Ltda.	137	1.035
Paraíso Empreendimentos Imobiliários Ltda.	135	135
Silvana Empreendimentos Imobiliários Ltda.	664	715
	936	1,885

These transactions 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	
	2008	2007
Completed units	6,308	7,529
Units under construction	46,821	22,868
Land for future development	286,133	262,245
Advances to suppliers	5,450	6,778
	344,712	299,420
Current	147,315	144,496
Noncurrent	197,397	154,924

Land for new works will be used for development starting 2009, according to launchings being carried out. Land with launchings scheduled for 2010 onward was classified in noncurrent assets.

As of December, 31 2008, the Company, through its subsidiary Avignon Incorporadora Ltda., has land in the approximate amount of R$6,952, equivalent to its percentage of interest in the subsidiary, for which environmental permits were not obtained from regulatory agencies according to a notice received on December 12, 2007. The Company's Management considers that such permits will be obtained without additional material costs.

Other plots of land existing in the region in the amount of R$10,040 and recorded in subsidiaries Itagi Incorporadora Ltda. and Vanguarda Incorporadora Ltda.**,** R$4,112 are supported by a purchase and sale agreement with a resolution clause making the purchase contingent on approvals for the development of projects. Of the total, R$2,570 is recorded as land payable.

As of December 31, 2008, the Company's management evaluated its "Land for new constructions" based on appraisal at fair value reports and concluded, based on the result of these appraisals, that there is no need for adjustment since its carrying amount is lower than its fair value.

8. RECOVERABLE TAXES

Represented basically by:

	Company		Consolidated	
	2008	2007	2008	2007
Withholding income tax (IRRF)	9,010	3,410	9,081	3,448
Social security contribution (INSS)	6	-	29	23
Taxes on revenue (PIS and COFINS)	-	-	175	174
Income tax	-	-	50	47
Social contribution	-	-	20	19
Other	-	-	49	47
	9,016	3,410	9,404	3,758
Current	-	-	388	348
Noncurrent	9,016	3,410	9,016	3,410

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 December 31, 2008, the remaining balance is R$21,609, and was classified in noncurrent assets according to its expected utilization in projects to be launched. The Company conservatively recognized an allowance for losses 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:

	Consolidated	
	2008	2007
Current:		
Advertising expenses	660	5,168
IPTU (municipal property tax) expenses	2	10
	662	5,178
Noncurrent-		
Advertising and sales commission expenses	-	11,842

As mentioned in note 4.d), the deferral of selling expenses is no longer carried out.

11. INVESTIMENTS

	Ownership interest				Net			
				Shareholders'	income	Equity in	Investments	
Subsidiary	Direct	Indirect	Capital	equity	(loss)	subsidiaries	2008	2007
Alfenas Incorporadora Ltda.	99.99	-	1	-	(1)	(1)	-	-
Alexandria Incorporadora Ltda.	99.99	-	1	6.943	(18)	(18)	6,943	-
Analisys Consultoria, Planejamento e Participações S/S	99.99	-	5	(1.399)	(122)	-	-	-
Condomínio Ville de France - SCP	50.00	-	9,942	15.251	5.232	2.616	7,625	5,142
Arambaré Incorporadora Ltda.	99.99	-	1	13.309	(3.490)	(3.490)	13,309	1,308
Ares da Praça Emp. Imob. Ltda.	70.00	-	7,525	8.174	(1.741)	(1.219)	5,722	-
Aurillac Incorporadora Ltda.	99.99	-	7,193	11.783	4.671	4.671	11,783	-
Bergamo Incorporadora Ltda.	99.99	-	1	4	(17)	(17)	4	-
Camila Empreendimentos Imobiliários Ltda.	99.99	-	14,790	14.816	(493)	(493)	14,816	15,239
Caywoaa Incorporadora Ltda.	99.99	-	1	4.765	(5)	(5)	4,765	4,770
Center Jabaquara Empreendimentos Imobiliários Ltda.	99.99	-	407	609	(33)	(33)	609	462
Cremona Incorporadora Ltda.	70.00	-	-	-	-	(707)	-	3,439
Crown Incorporadora Ltda.	99.99	-	1	3.679	(670)	(670)	3,679	3,089
Curupá Empreendimentos Imobiliários Ltda.	99.99	-	110	8.799	5.028	5.028	8,799	1,629
Elba Incorporadora Ltda.	99.99	-	1	1	-	-	1	-
Esmirna Incorporadora Ltda.	99.99	-	4,125	5.393	(16)	(16)	5,393	-
E.Z.L.I. Emp. Imob. Ltda.	70.00	-	18,548	18.560	-	-	12,992	-
EZ TEC Técnica Engenharia e Construção Ltda.	99.99	-	1,826	819	(2.248)	(2.248)	819	698
Florença Incorporadora Ltda.	99.99	-	2,312	2.503	(8)	(8)	2,503	2,211
Garicema Empreendimentos Imobiliários Ltda.	97.08	-	38,038	39.840	(2.549)	(2.475)	38,679	-
Genova Incorporadora Ltda.	50.00	-	1,951	1.192	(759)	(379)	596	1
Giopris Empreendimentos Imobiliários Ltda.	99.99	-	19,234	78.189	34.163	34.163	78,189	43,146
Giovanna Incorporadora Ltda.	99.99	-	1	-	(1)	(1)	-	-
Gol Incorporadora Ltda.	99.99	-	1	20.927	(7)	(7)	20,927	18,464
Grauna Incorporadora Ltda.	99.99	-	1	3.581	(38)	(38)	3,581	-
Itagi Incorporadora Ltda.	80.00	-	1	421	(2.866)	(2.293)	337	-
J.J. Rodrigues Empreendimentos Imobiliários Ltda.	50.00	-	1	15.655	(1.874)	(937)	7,827	-
Jauaperi Incorporadora Ltda.	99.99	-	3,451	53.881	34.029	34.029	53,881	7,937
Juriti Empreendimentos Imobiliários Ltda.	99.99	-	6,960	6.927	2.152	2.152	6,927	9,824
Lafaiete Incorporadora Ltda.	99.99	-	1	3	(3)	(3)	3	1
Lausanne Incorporadora Ltda.	99.99	-	1	6.275	(86)	(86)	6,275	-

Subsidiary	Ownership interest Direct	Ownership interest Indirect	Capital	Shareholders' equity	Net income (loss)	Equity in subsidiaries	Investments 2008	Investments 2007
Limoges Incorporadora Ltda.	99.99	-	17,724	17,430	(866)	(866)	17,430	-
Livorno Incorporadora Ltda.	99.99	-	1	8,497	(8)	(8)	8,497	1
Marcella Empreendimentos Imobiliários Ltda.	99.99	-	18,486	43,034	18,246	18,246	43,034	46,735
Marina Empreendimentos Imobiliários Ltda.	99.99	-	832	41,109	12,999	12,999	41,109	13,277
Mix Residencial Ltda.	99.99	-	1	1	(16)	(16)	1	
Mônaco Incorporação SPE Ltda.	40.00	-	30,463	33,369	(1,097)	(439)	13,348	14,829
Monza Incorporadora Ltda.	99.99	-	1	9,914	(1,848)	(1,848)	9,914	1
Otawa Incorporadora Ltda.	99.99	-	1	2,673	(12)	(12)	2,673	-
Paraíso Empreendimentos Imobiliários Ltda.	99.99	-	5,798	6,519	647	647	6,519	9,603
Park Empreendimentos Imobiliários Ltda.	99.99	-	8,937	19,944	10,602	10,602	19,944	11,853
Priscilla Empreendimentos Imobiliários Ltda.	99.99	-	1,020	7,943	4,345	4,345	7,943	3,613
Santarém Incorporadora Ltda.	99.99	-	1	13,144	(25)	(25)	13,144	-
Savona Incorporadora Ltda.	90.00	-	1	8,046	101	91	7,242	-
San Diego Incorporadora Ltda.	99.99	-	1	2	-	-	2	-
Silvana Empreendimentos Imobiliários Ltda.	99.99	-	11,724	13,342	721	721	13,342	15,543
Tatuapé Empreendimentos Imobiliários Ltda.	99.99	-	20,194	28,577	9,286	9,286	28,577	39,414
Tec Vendas Consultoria de Imóveis Ltda.	99.90	-	1	223	936	935	222	36
Torino Incorporadora Ltda.	99.99	-	1	3,719	(2)	(2)	3,719	1
Toscana Incorporadora Ltda.	99.99	-	1	2	-	-	2	-
Trento Incorporadora Ltda.	99.99	-	1	2,416	(675)	(675)	2,416	1
Treviso Incorporadora Ltda.	99.99	-	1	14,435	(85)	(85)	14,435	-
Valentina Empreendimentos Imobiliários Ltda.	99.99	-	1	2,488	1,953	1,953	2,488	535
Vanguarda Incorporadora Ltda.	99.99	-	1	5,682	(1)	(1)	5,682	2,688
Verona Incorporadora Ltda.	99.99	-	1	6,579	(277)	(277)	6,579	1
Vermonth Incorporadora Ltda.	80.00	-	3,011	2,951	(53)	(43)	2,360	13
Village of Kings Incorporadora Ltda.	99.99	-	1	14,943	1,661	1,661	14,943	3,397
Wanessa Incorporadora Ltda.	50.00	-	1	12,170	(50)	(25)	6,085	-
Win Consult. Imob. Ltda.	99.99	-	1	2	-	-	2	-
Windsor Incorporadora Ltda.	99.99	-	1	-	(1)	(1)	-	1
						124,678	608,636	278,902
Allowance for investment losses:								
Analisys Consultoria, Planejamento e Participações S/S							(1,398)	(1,278)
Curupá Empreendimentos Imobiliários Ltda.							-	-
Grauna Incorporadora Ltda.							-	(1)
Itagi Incorporadora Ltda.							-	(36)
Otawa Incorporadora Ltda.							-	(36)
Santarém Incorporadora Ltda.							-	(20)
Treviso Incorporadora Ltda.							-	(15)
Wanessa Incorporadora Ltda.							-	(140)
							(1,398)	(1,526)
Aurillac Incorporadora Ltda.	-	99.90					1	2,303
Avignon Incorporadora Ltda.	-	45.00					-	5,467

The investment balances as of December 31, 2008 and 2007 include all advances for future capital increase made. The advances made, by subsidiary, are as follows:

Subsidiary	2008	2007
Alexandria Incorporadora Ltda.	6,960	-
Arambaré Incorporadora Ltda.	18,238	2,748
Ares da Praça Empreend. Imob. Ltda.	1,673	-
Aurillac Incorporadora Ltda.	3,035	-
Bergamo Incorporadora Ltda.	20	-
Camila Empreend. Imob. Ltda.	70	-
Caywoaa Incorporadora Ltda.	4,825	4,825
Center Jabaquara Empreend. Imob.	180	-
Cremona Incorporadora Ltda.	-	3,500
Crown Incorporadora Ltda.	4,365	3,105
Curupá Empreend. Imob. Ltda.	4,092	727
E.Z.L.I. Empreend. Imob. Ltda.	9	-
Elba Incorporadora Ltda.	1	-
Esmirna Incorporadora Ltda.	1,345	-
EZ TEC Técnica Engenharia e Constr. Ltda.	4,899	2,394
Florença Incorporadora Ltda.	200	2,211
Garicema Empreendimentos Imobiliários Ltda.	4,877	-
Giopris Empreend. Imob. Ltda.	11,174	4,009
Gol Incorporadora Ltda.	21,228	18,758
Grauna Incorporadora Ltda.	3,620	-
Itagi Incorporadora Ltda.	2,667	-
Jauaperi Incorporadora Ltda.	14,527	-
J.J. Rodrigues Emp. Imob. Ltda.	8,765	-
Juriti Empreend. Imobiliários Ltda.	35	-
Lafaiete Incorporadora Ltda.	5	-
Lausanne Incorporadora Ltda.	6,360	-
Limoges Incorporadora Ltda.	1,720	-
Livorno Incorporadora Ltda.	8,505	-
Marcella Empreend. Imob. Ltda.	13,504	11,754
Marina Empreend. Imob. Ltda.	24,821	7,156
Mix Residencial Ltda.	16	-
Monaco Incorporação SPE Ltda.	1,663	469
Monza Incorporadora Ltda.	11,761	-
Otawa Incorporadora Ltda.	2,721	-
Park Empreendimentos Imobiliários Ltda.	1,001	-
Priscilla Empreend. Imob. Ltda.	2,957	1,297
San Diego Incorporadora Ltda.	1	-
Santarém Incorporadora Ltda.	13,189	-
Savona Incorporadora Ltda.	7,151	-
Silvana Empreendimentos Imobiliários Ltda.	40	-
Tatuapé Empreendimentos Imob. Ltda.	180	-
Tec Vendas Consultoria de Imóveis Ltda.	105	105
Torino Incorporadora Ltda.	3,720	-
Toscana Incorporadora Ltda.	1	-

Subsidiary	2008	2007
Trento Incorporadora Ltda.	3,090	-
Treviso Incorporadora Ltda.	14,535	-
Valentina Empreend. Imob. Ltda.	190	190
Vanguarda Incorporadora Ltda.	5,700	2,705
Vermonth Incorporadora Ltda.	-	20
Verona Incorporadora Ltda.	6,855	-
Village of Kings Incorporadora Ltda.	14,436	3,421
Wanessa Incorporadora Ltda.	6,250	-
Win Consultoria Imobiliária Ltda.	1	-
	267,283	69,394

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

As of December 31, 2008, the amount of R$1,398 (R$1,526 in 2007) related to the allowance for investment losses represents the portion of investments in which shareholder's equity is negative (shareholders' deficit), and it is presented in current liabilities. The amount recorded as expense in the statement of income in 2008 was R$122 (R$1,174 in 2007). Additionally, R$250 was contributed to the capital of subsidiaries with presented shareholders' deficit as of December 31, 2007.

On October 1, 2007, the Company acquired ownership interest in Antilhas Empreendimentos Imobiliários Ltda. - Condomínio Ville de France - SCP. Goodwill on this acquisition was R$3,029, based on the project's future earnings, which will be amortized over a three-year period. During the year ended December 31, 2008, amortization totaled R$727 (R$127 in 2007).

On December 13, 2007, the Company acquired shares of Analisys Consultoria, Planejamento e Participações S/S. Goodwill on this acquisition was R$2,120, which was fully amortized due to lack of economic fundamentals.

12. PROPERTY AND EQUIPMENT

Composed of:

		Company			
		2008			2007
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net	Net
Furniture and fixtures	10	79	(7)	72	22
Machinery and accessories	10	78	(15)	63	18
Computers and peripherals	20	495	(118)	377	270
Other	10	872	(45)	827	10
		1,524	(185)	1.339	320

	Annual depreciation rate - %	Consolidated 2008 Cost	Accumulated depreciation	Net	2007 Net
Furniture and fixtures	10	187	(47)	140	99
Machinery and accessories	10	88	(22)	66	23
Vehicles	20	139	(133)	6	-
Tools	10	15	(7)	8	9
Installations	10	163	(39)	124	80
Computers and peripherals	20	1,090	(444)	646	648
Other	10	871	(64)	807	53
		2,553	(756)	1,797	912

13. REAL ESTATE DEVELOPMENT AND SALE

As described in note 4.h), we present below the total amounts of real estate development and sale of units already sold, which include amounts already realized and recorded in balance sheet accounts and 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 2008	2007
Current assets:		
Trade accounts receivable - % realized	105,658	43,801
Trade accounts receivable - % unrealized	73,086	52,440
	178,744	96,241
Noncurrent assets:		
Trade accounts receivable - % realized	232,015	129,311
Trade accounts receivable - % unrealized	301,964	316,853
	533,979	446,164

b) Obligation to build

Represents estimates of contracted costs to be incurred in units already sold under construction, less costs already incurred through December 31, 2008 and 2007, in the amounts of R$243,778 and R$185,002, respectively.

c) Unearned income from property sale

As of December 31, 2008, unearned income from property sale totals R$131,272 (R$184,291 in 2007).

14. LOANS AND FINANCING

			Consolidated		
Purpose	Currency	Charges	Final maturity	2008	2007
Mortgage loans	R$	TR + 12,00% p.y.	04/18/10	733	602
Mortgage loans	R$	TR + 12,00% p.y.	06/18/10	620	-
Mortgage loans	R$	TR + 10,50% p.y.	09/10/10	1,946	
Mortgage loans	R$	TR + 10,50% p.y.	10/10/10	10,970	
Working capital (b)	R$	23,87% p.y.	11/10/09	-	214
Working capital (a)	R$	100% CDI + 25,00% p.y.	03/03/08	-	26
Working capital (b)	R$	18,86% p.y.	08/23/09	-	20
Direct consumer credit (b)	R$	23,87% p.y.	07/14/09	-	15
				14,269	877
Current				614	392
Noncurrent				13,655	485

The loan related to the property development is collateralized by the property itself.

The noncurrent liabilities portion as of December 31, 2008 matures in 2010.

15. PAYROLL AND RELATED TAXES

Represented basically by:

	Company		Consolidated	
	2008	2007	2008	2007
Accrued vacation and related taxes	311	413	1,471	1,142
Payroll taxes	436	402	1,566	1,112
Payroll	381	198	998	551
Management fees	132	128	305	303
	1,260	1,141	4,340	3,108

16. TAXES PAYABLE

Represented basically by:

	Company		Consolidated	
	2008	2007	2008	2007
Income tax	-	-	920	842
Social contribution	-	-	431	486
Tax on revenue (PIS)	-	-	143	105
Tax on revenue (COFINS)	-	-	660	485
Other	6	18	138	199
	6	18	2,292	2,117

17. ADVANCES FROM CUSTOMERS

As of December 31, 2008, the amount of R$17,161 (R$8,423 in 2007) in the consolidated balance sheet refers to amounts received from customers in excess of the percentage of completion of projects, as established by CFC Resolution No. 963/03.

18. LAND PAYABLE

		Consolidated	
Subsidiary	Location	2008	2007
Arambaré Incorporadora Ltda.	Praia Grande	4,861	16,614
Avignon Incorporadora Ltda.	Bertioga	-	1,899
Boneville Incorporadora Ltda.	Sacomã	1,821	-
Cremona Incorporadora Ltda.	Guarulhos	-	9,300
Esmirna Incorporadora Ltda.	Paraíso	882	620
Gol Incorporadora Ltda.	Pirituba	3,281	5,668
Itagi Incorporadora Ltda.	Bertioga	-	22,180
J.J. Rodrigues Empreendimentos Imobiliários SPE Ltda.	Jundiaí	-	6,338
Jauaperi Incorpordora Ltda.	Vila Guarani	62	62
Limoges Incorporadora Ltda.	Campo Belo	-	293
Livorno Incorporadora Ltda.	Campos de Jordão	-	5,700
Santarém Incorporadora Ltda.	Vila Mariana	1,000	3,049
Savona Incorporadora Ltda.	Vila Mariana	-	3,546
Treviso Incorporadora Ltda.	Campo Belo	256	13,447
Vanguarda Incorporadora Ltda.	Bertioga	2,570	6,890
Village of Kings Incorporadora Ltda.	Moema	-	10,984
		14,733	106,590
Current		7,393	82,318
Noncurrent		7,340	24,272

Amounts related to land payable refer to land purchased from third parties by the aforementioned subsidiaries, for future developments that will occur starting 2009.

These amounts are not subject to financial charges, except for the land purchased by subsidiaries Gol Incorporadora Ltda. and Arambaré Incorporadora Ltda., which are subject to the annual fluctuation of the General Market Price Index (IGP-M/FGV).

Maturities of the noncurrent portion are as follows:

	Consolidated	
	2008	2007
2009	-	19,846
2010	2,266	1,910
2011	3,036	816
2012	941	816
2013	941	816
2014	156	68
	7,340	24,272

19. PROFIT SHARING

The Company has an employee profit sharing program in which profit sharing is calculated based on targets related to the function, area and position of employees established by Management. As of December 31, 2008, the amount of R$721 (R$798 in 2007) related to employee profit sharing was recorded as general and administrative expenses.

20. PREPAID AND DEFERRED TAXES

Deferred IRPJ, CSLL, PIS and COFINS are calculated based on revenue recorded in the statement of income and not yet received. These taxes will be paid according to the respective receipts, as established by tax legislation. The tax basis for the year is as follows:

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

	Consolidated	
	2008	2007
Assets:		
Prepaid income tax	247	217
Prepaid social contribution	133	117
Prepaid PIS/COFINS	455	394
	835	728
Current	540	428
Noncurrent	295	300

	Consolidated	
	2008	2007
Liabilities:		
Revenues recognized under the percentage-of--completion method and not received	357,618	176,950
Deferred income tax	7,624	3,541
Deferred social contribution	4,013	1,912
Deferred PIS/COFINS	12,842	6,462
	24,479	11,915
Current	7,471	3,179
Noncurrent	17,008	8,736

Amounts classified as noncurrent will be realized beginning January 2010.

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

	Consolidated	
	2008	2007
Current:		
Income tax	(7,110)	(2,767)
Social contribution	(2,857)	(1,667)
	(9,967)	(4,434)
Deferred charges:		
Income tax	(2,283)	(608)
Social contribution	(4,054)	(1,121)
	(6,337)	(1,729)

c) Reconciliation of current income tax and social contribution expenses

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

	Consolidated	
	2008	2007
Subsidiaries' revenues taxed based on deemed income - cash basis	195,502	143,961
Effect of current income tax and social contribution in the year (see note 4.g) at statutory rates	(8,456)	(4,434)

d) Reconciliation of effects of deferred income tax and social contribution expenses

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

	Consolidated	
	2008	2007
Increase in difference between taxable income and book income (*)	194,092	56,136
Effect of deferred income tax and social contribution in the year (see note 4.g) at statutory rates	(6,337)	(1,729)

(*) Under Federal Revenue Service Regulatory Instruction No. 84/79, property developers must pay taxes based on receipts 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 tax and social contribution - current

	Company	
	2008	2007
Income before income tax and social contribution and minority interest	103,667	45,922
Tax rate - 34%	(35,247)	(15,613)
Effect on deductions (basically equity in subsidiaries)	42,391	23,518
Effect on additions	(8,466)	(1,175)
Unrecognized tax credit (utilized) on tax loss carryforwards	(189)	6,730
Current income tax and social contribution expenses	(1,511)	-

The Company records tax credits upon the generation of taxable income.

21. RELATED-PARTY TRANSACTIONS

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

	Company		Consolidated	
	2008	2007	2008	2007
Noncurrent assets -				
Due from related parties for capital contribution:				
Camila Empreendimentos Imobiliários Ltda.	-	16	-	-
Esmirna Incorporadora Ltda.	-	2,609	-	-
Garicema Emp. Imob. Ltda.	-	35,458	-	-
Limoges Incorporadora Ltda.	-	11,971	-	-
Aurillac Incorporadora Ltda.	-	3,229	-	-
Avignon Incorporadora Ltda.	3,667	4,168	-	-
Itagi Incorporadora Ltda.	1,207	2,803	-	-
Otawa Incorporadora Ltda.	-	1,050	-	-
Wanessa Incorporadora Ltda.	-	5,843	-	-
Cremona Incorporadora Ltda.	-	8,244	-	-
Treviso Incorporadora Ltda.	-	1,890	-	-
Santarém Incorporadora Ltda.	-	6,137	-	-
J.J. Rodrigues Empreendim. Imobiliários SPE Ltda.	-	544	-	-
Savona Incorporadora Ltda.	-	1,354	-	-
Grauna Incorporadora Ltda.	-	10	-	-
Analisys Consultoria, Planejamento e Participações S/S	1,596	1,173	-	-
Vermonth Incorporadora Ltda.	377	-	-	-
Mônaco Incorporação S.A.	1	-	-	-
Tatuapé Empreendimentos Imobiliários Ltda.	-	8,129	-	-
WZ Incorporação Imobiliária Privelige Ltda.	-	-	1,183	1,287
Proberd Empreendimentos Imobiliários Ltda.	-	-	986	1,074
	6,848	94,628	2,169	2,361
Current liabilities-				
Due to related parties:				
Camila Empreendimentos Imobiliários Ltda.	684	-	-	-
EZ TEC Técnica Engenharia e Construção Ltda.	-	1	-	-
Paraíso Empreendimentos Imobiliários Ltda.	2,782	1,557	-	-
Silvana Empreendimentos Imobiliários Ltda.	2,370	780	-	-
Park Empreendimentos Imobiliários Ltda. – loan agreement	2,686	2,896	-	-
Marcella Empreendimentos Imobiliários Ltda.	7	-	-	-
WZ Incorporação Imobiliária Privelige Ltda.	-	-	1,350	299
Proberd Empreendimentos Imobiliários Ltda.	-	-	1,098	705
Alefico Administração e Participações Ltda.	-	-	1,352	2,485
	8,529	5,234	3,800	3,489

In the year ended December 31, 2008, in addition to loan agreement transactions, the firm Hatti, Franco e Advogados Associados, controlled by one of the Company's shareholders, was engaged to provide legal advisory services in the amount of R$375 (R$76 as of December 31, 2007).

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 for contingencies in an amount considered sufficient to cover probable losses.

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

The change in the reserve for contingencies for the years ended December 31, 2008 and 2007 is as follows:

	Company		Consolidated	
	2008	2007	2008	2007
Beginning balance	41	5	3,856	1,930
Additions	404	36	477	1,926
Ending balance	445	41	4,333	3,856

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 issuance of 6,428,606 common shares without par value, related to the overallotment option in connection with the public offering.

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 represented byo 146,724,120 common shares without par value.

As of December 31, 2008, the Company's capital is R$724,070, represented by 146,724,120 common shares without par value.

b) Dividends

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

The allocation of income for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
Net income for the year	102,156	45,922
Prior year adjustment	(25,577)	-
Legal reserve - 5%	(3,829)	(2,296)
	72,750	43,626
Proposed dividends - 25%	(18,187)	(10,906)
Capital increase with income for the year	-	(8,824)
Profit retention reserve	(54,563)	(23,896)
	-	-

The allocation of the remaining balance of net income for the year to the profit retention reserve is aimed at increasing the Company's operating activities.

c) Treasury shares

At a meeting held on April 15 and September 12, 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 5,366,600 common shares for R$18,374, at market price, of which 2,562,412 were canceled at the Extraordinary Shareholders' Meeting held on September 23, 2008. The average buyback price was used to allocate the amount of R$ 9,535 to the profit retention reserve. As of December 31, 2008, the remaining balance is 2,804,188 shares, in the amount of R$8,839.

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 service providers, and by December 31, 2008 no call option had been exercised. The stock option plan shall be limited to 2% of Company's shares.

25. CANCELLATION OF SALES

As of December 31, 2008, the amount of R$14,854 (R$8,711 as of December 31, 2007) represents cancelations 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 cancelation are resold and, therefore, no provision for returns is recognized in the financial statements.

26. MANAGEMENT COMPENSATION

The Annual Shareholders' Meeting held on April 15, 2008 approved the limit of the overall annual compensation of the Company's management at R$5,000.

In 2008, R$2,838 (R$1,090 in 2007) was paid as management compensation, of which R$2,676 as fixed compensation and R$162 as variable compensation (R$1,090 as fixed compensation in 2007).

27. SHARE SUBSCRIPTION COSTS

Costs incurred in share subscription, related to the adherence to the new market, on banking services and commissions, brokerage and custody fees, audit and consulting, advertising, etc., were recorded as operating expenses under the caption "Share subscription costs", in the amount of R$30,226, to allow a better analysis of the Company's and its subsidiaries' results.

28. FINANCIAL INCOME (EXPENSES)

Represented basically by:

	Company		Consolidated	
	2008	2007	2008	2007
Income:				
Financial income	27,955	24,197	28,858	24,415
Interest income on trade accounts receivable	-	-	12,746	3,552
Other	321	4	1,193	237
	28,276	24,201	42,797	28,204
Expenses:				
Tax on banking transactions (CPMF)	(9)	(2,530)	(19)	(3,608)
Interest and inflation adjustment	(26)	(973)	(281)	(973)
Other	(4)	(144)	(109)	(488)
Discounts granted on trade accounts receivable	-	-	(743)	-
	(39)	(3,647)	(1,152)	(5,069)

The amount of R$1,553 recorded under the caption "Tax on banking transactions (CPMF) refers to the tax paid on the share subscription in June 2007 and R$256 related to the exercise of the overallotment option.

29. LEASE AGREEMENT

As of December 31, 2008, the Company has lease agreements related to information technology equipment, totaling R$1,069 (R$581 in 2007), the monthly installments of which 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. The amount recorded as of December 31, 2008 is R$341 (R$16 as of December 31, 2007).

30. FINANCIAL INSTRUMENTS

a) Exposure to exchange risks

The Companies are not exposed to exchange risks since they do not conduct foreign-currency transactions.

b) Exposure to interest rate risks

The Companies have loans with third parties, which are subject to fluctuations in indexes established in the agreements. They are exposed to fluctuations in interest rates on trade accounts receivable and short-term investment balances.

c) Concentration of risk

The Companies maintain bank accounts and short-term investments in financial institutions approved by Management according to objective criteria for risk diversification. The trade accounts receivable balance is represented by several customers and none accounts for 10% or more of the total net operating revenue or the trade accounts receivable balance.

d) Carrying amounts and fair value of financial instruments

Except for the captions "Due to related parties and due from related parties", which are not subject to financial charges, the fair values as of December 31, 2008 and 2007 do not differ materially from the carrying amounts, and do not reflect subsequent changes in the economy, such as interest and tax rates and other variables that might affect their determination. The following methods and assumptions were adopted to determine the fair value:

- Cash and banks and short-term investments - the carrying amounts stated in the balance sheets approximate the fair values due to the short maturity of these instruments.

In 2008 and 2007, the Company and its subsidiaries did not have derivative transactions.

31. INSURANCE (UNAUDITED)

As of December 31, 2008, the Company and its subsidiaries have the following insurance policies considered by their Management to be compatible with the risks involved:

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

b) Business insurance - coverage for sales booths and model apartments, against damages caused by fire, lightning, explosion and others.

c) Miscellaneous risks insurance - electronic equipment - coverage against thefts or electrical damages.

32. COMMITMENTS

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

The Company, through its subsidiaries, has long-term agreements in the amount of R$20,391 as of December 31, 2008 (R$2,746 as of December 31, 2007), related to the supply of raw material used in the development of real estate projects.