

Rossi Residencial S/A and subsidiaries

Balance Sheets as of December 31, 2007 and 2006

(In thousands of Reais)

		Parent company		Consolidated	
ASSETS	Notes	2007	2006	2007	2006
Current assets					
Cash and banks		19,625	12,498	31,810	18,983
Financial investments	4	191,124	297,538	222,901	308,064
Accounts receivable	5	99,624	88,800	238,366	148,773
Real estate to be sold	6	162,779	144,371	788,041	498,659
Dividends receivable		2,496	3,832	-	-
Unexpired expenses		32,084	7,982	61,395	25,096
Related parties	15	167,801	48,363	269	45,615
Deferred income tax and social contribution tax	18	14,389	-	19,363	-
Other receivables	7	42,093	32,598	84,297	47,126
Total current assets		732,015	635,982	1,446,442	1,092,316
Non-current assets					
Long-term assets					
Financial investments	4	1,155	1,644	1,155	1,644
Accounts receivable	5	189,472	128,899	532,381	243,264
Real estate to be sold	6	18,652	1,507	136,043	52,853
Unexpired expenses		15,741	7,544	38,814	13,666
Related parties	15	7,747	949	7,479	-
Court deposits		-	2,381	-	5,155
Deferred income tax and social contribution tax	18	31,678	47,396	39,330	53,131
Other receivables	7	-	1,556	-	1,556
		264,445	191,876	755,202	371,269
Permanent assets					
Investments	8	881,601	488,475	16,274	21,498
Property, plant and equipment	9	2,168	2,441	2,223	2,517
Intangible assets	10	3,632	2,751	3,637	2,766
		887,401	493,667	22,134	26,781
Total non-current assets		1,151,846	685,543	777,336	398,050
Total assets		1,883,861	1,321,525	2,223,778	1,490,366

The explanatory notes are an integral part of these financial statements.
Translation of the report originally issued in Portuguese.

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Rossi Residencial S/A and subsidiaries

Balance Sheets as of December 31, 2007 and 2006

(In thousands of Reais)

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		Parent company		Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2007	2006	2007	2006
Current liabilities					
Financing	11	51,442	33,013	98,702	87,693
Working capital loans	11	-	1,639	-	1,639
Suppliers		14,092	8,358	21,911	12,916
Accounts payable by acquisition of land	12	40,657	27,205	207,108	101,844
Payroll and related charges		5,646	3,417	5,932	3,734
Taxes and contributions payable		4,789	5,199	9,912	9,302
Debentures	16	17,417	-	17,417	-
Dividends payable	17	31,188	10,380	31,188	10,380
Management and employees interest payable	21	9,505	-	9,505	-
Advances from clients		1,067	1,419	500	1,578
Related parties	15	113,188	51,111	1,812	32,681
Deferred taxes and contributions	18	14,602	12,068	28,130	13,850
Other accounts payable	13	6,273	11,079	15,364	13,295
Total current liabilities		309,866	164,888	447,481	288,912
Non-current liabilities					
Long-term liabilities					
Financing	11	40,017	33,329	64,594	37,278
Accounts payable by acquisition of land	12	11,706	7,745	175,149	48,008
Taxes and contributions payable		-	2,475	406	4,476
Debentures	16	300,000	-	300,000	-
Provision for contingencies	14	3,359	-	2,348	-
Advances from clients		8,931	10,386	4,347	9,369
Related parties	15	6,508	5,508	-	-
Deferred taxes and contributions	18	32,147	17,517	58,126	22,646
Total non-current liabilities		402,668	76,960	604,970	121,777
Shareholders' equity					
Capital stock	17	445,117	445,117	445,117	445,117
Capital reserve - goodwill	17	548,115	548,115	548,115	548,115
Legal reserve	17	14,653	8,087	14,653	8,087
Treasury shares	17	(17,269)	(8,792)	(17,269)	(8,792)
Retained earnings reserve	17	180,711	87,150	180,711	87,150
		1,171,327	1,079,677	1,171,327	1,079,677
Total liabilities and shareholders' equity		1,883,861	1,321,525	2,223,778	1,490,366

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Rossi Residencial S/A and subsidiaries

Statements of income for the years ended December 31, 2007 and 2006

(In thousands of Reais, except for the net income per share)

	Notes	Parent company		Consolidated	
		2007	2006	2007	2006
Gross operating income					
Property sales and services		264,266	218,589	769,692	425,023
Taxes on sales and services		(15,789)	(6,577)	(36,815)	(13,765)
Net operating income		248,477	212,012	732,877	411,258
Cost of properties sold and services rendered		(191,173)	(151,824)	(474,591)	(282,914)
Gross income		57,304	60,188	258,286	128,344
Operating income (expenses)					
Administrative		(53,320)	(34,284)	(58,349)	(36,693)
Management fees		(2,808)	(1,937)	(2,808)	(1,937)
Trade		(35,732)	(31,885)	(60,820)	(45,705)
Depreciation and amortization		(1,296)	(803)	(1,325)	(865)
Equity accounting		164,693	47,012	-	-
Other operating income		(1,965)	15	(2,039)	15
Financial revenues, net		23,725	45,890	31,466	47,439
Revenue from client financing		7,362	6,949	7,362	6,949
Operating income		157,963	91,145	171,773	97,547
Non-operating income		(5,333)	(51,161)	(5,067)	(51,742)
Income before taxes and interests		152,630	39,984	166,706	45,805
Income tax and social contribution tax					
Current		-	-	(4,772)	(3,681)
Deferred	18	(11,810)	3,717	(21,114)	1,577
Profit sharing					
Management	21	(2,641)	-	(2,641)	-
Employees	21	(6,864)	-	(6,864)	-
Net income for the year		131,315	43,701	131,315	43,701
Net Income per share of capital stock at the end of the year - R\$		1.68	0.55		

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Rossi Residencial S/A and subsidiaries

Statements of changes in shareholders' equity (parent company) for the years ended December 31, 2007 and 2006

(In thousands of Reais)

	Capital stock	Capital reserve - goodwill	Legal reserve	Profit reserve		Retained earnings	Total
				Retained earnings reserve	Treasury shares		
Balances as of December 31, 2005	230,732	-	5,902	56,014	-	-	292,648
Share issuance							
Capital stock increase	214,385	-	-	-	-	-	214,385
Goodwill in issuance of shares	-	548,115	-	-	-	-	548,115
Net income for the year	-	-	-	-	-	43,701	43,701
Proposal for net income allocation:							
Treasury shares	-	-	-	-	(8,792)	-	(8,792)
Legal reserve	-	-	2,185	-	-	(2,185)	-
Dividends proposed	-	-	-	-	-	(10,380)	(10,380)
Retained earnings reserve	-	-	-	31,136	-	(31,136)	-
Balances as of December 31, 2006	445,117	548,115	8,087	87,150	(8,792)	-	1,079,677
Net income for the year	-	-	-	-	-	131,315	131,315
Proposal for net income allocation:							
Treasury shares	-	-	-	-	(8,477)	-	(8,477)
Legal reserve	-	-	6,566	-	-	(6,566)	-
Dividends proposed	-	-	-	-	-	(31,188)	(31,188)
Retained earnings reserve	-	-	-	93,561	-	(93,561)	-
Balances as of December 31, 2007	445,117	548,115	14,653	180,711	(17,269)	-	1,171,327

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Rossi Residencial S/A and subsidiaries

Statements of changes in financial position for the years ended December 31, 2007 and 2006

(In thousands of Reais, except for the amounts per shares or when otherwise referred)

	Parent company		Consolidated	
	2007	2006	2007	2006
Sources				
From operations	-	-	132,550	37,342
Increase in long-term loans and financing	2,193	18,409	19,524	12,878
Increase in long-term accounts payable by acquisition of land	3,538	-	118,239	-
Transfer from long-term assets to current assets	4,426	25,772	7,200	48,448
Debentures	300,000	-	300,000	-
Other	2,858	898	2,977	1,009
	313,015	45,079	580,490	99,677
From shareholders				
Capital increase	-	214,385	-	214,385
Goodwill in issuance of shares	-	548,115	-	548,115
	-	762,500	-	762,500
Total sources	313,015	807,579	580,490	862,177
Uses				
In operations	24,514	11,846	-	-
Treasury shares	8,477	8,792	8,477	8,792
Increase in long-term accounts receivable from clients	28,066	29,560	218,459	71,739
Increase in long-term land	17,147	-	83,190	-
Court deposits	-	1,160	-	1,220
Long-term related parties	6,799	-	7,479	-
Additions of property, plant and equipment	256	1,160	253	1,162
Additions to intangible assets	1,648	1,562	1,648	1,562
Additions of investments	231,744	317,801	-	20,595
Dividends proposed	31,188	10,380	31,188	10,380
Transfer from long-term liabilities to current liabilities	3,930	33,936	9,091	70,921
Other	8,191	6,222	25,148	8,039
Total investments	361,960	422,419	384,933	194,410
Increase (decrease) in net working capital	(48,945)	385,160	195,557	667,767

continuation...	Parent company		Consolidated	
	2007	2006	2007	2006
Changes in net working capital represented by				
Increase in current assets	96,033	358,497	354,126	702,974
(Increase) decrease in current liabilities	(144,978)	26,663	(158,569)	(35,207)
Increase (decrease) in net working capital	(48,945)	385,160	195,557	667,767
Breakdown of funds (invested in) resulting from operations				
Net Income for the year	131,315	43,701	131,315	43,701
Amounts not affecting working capital				
Deferred taxes and contributions, net	30,348	(3,717)	49,281	(1,577)
Provision for contingencies	1,500	-	1,500	-
Equity accounting	(164,693)	(47,012)	-	-
Net monetary variance of long-term amounts	(27,588)	(8,425)	(53,965)	(6,237)
Cost of investments sold	1,001	1,532	-	-
Goodwill amortization	2,455	157	3,094	581
Earnings in investments	(148)	1,106	-	-
Depreciations and amortizations	1,296	812	1,325	874
Total funds (invested in) resulting from operations	(24,514)	(11,846)	132,550	37,342

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Rossi Residencial S/A and subsidiaries

Statements of cash flow for the years ended December 31, 2007 and 2006 supplementary sheet

(In thousands of Reais, except for the amounts per share or when otherwise referred)

	Parent company		Consolidated	
	2007	2006	2007	2006
From operating activities				
Net income for the year	131,315	43,701	131,315	43,701
Adjustments to net income				
Depreciation and amortization	1,296	812	1,325	874
Provision for contingencies	1,500	500	1,500	500
Provision for doubtful accounts	2,348	-	2,348	-
Management and employees profit sharing	9,505	-	9,505	-
Interest in subsidiaries	(164,693)	(47,012)	-	-
Goodwill amortization	3,308	1,263	3,094	581
Deferred taxes and contributions, net	20,049	(3,717)	43,493	(1,577)
Interest and financial charges, net	(19,578)	(10,571)	(43,331)	(17,599)
Adjusted net income (loss)	(14,950)	(15,024)	149,249	26,480
Variations in current and long-term assets and liabilities:				
Decrease in long-term financial investments	489	490	489	490
Increase in accounts receivable from clients	(22,083)	(3,716)	(278,595)	(58,930)
Increase in real estate to be sold	(35,555)	(13,295)	(372,572)	(277,543)
Decrease (increase) in prepaid expenses	(32,299)	903	(61,447)	(14,849)
Decrease (increase) in advance to suppliers	(1,126)	4,996	(1,542)	2,684
Increase in other receivables, net of amounts classified in liabilities	(9,723)	(38,757)	(33,771)	(41,522)
Decrease (increase) in related parties, net of amounts classified in liabilities	(63,160)	(24,611)	6,999	(27,608)
Decrease (increase) in other assets	(507)	(8,387)	7,193	(11,546)
Increase in accounts payable by acquisition of land	17,414	12,185	213,008	33,415
Decrease in taxes and contributions	(2,886)	(346)	(3,458)	(4,707)
Decrease in advance from clients	(1,806)	(9,760)	(6,099)	(21,236)
Increase in other liabilities	6,206	798	9,850	7,356
Net cash used in operating activities	(159,986)	(94,524)	(370,696)	(387,516)
From investment activities				
Acquisition (disposal) of investments	(231,744)	(316,269)	2,129	(20,595)
Acquisition of property, plant and equipment	(256)	(1,160)	(253)	(1,162)
Funds invested in software development	(1,648)	(1,562)	(1,648)	(1,562)
Net cash arising from (used in) investment activities	(233,648)	(318,991)	228	(23,319)

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<i>continuation...</i>	Parent company		Consolidated	
	2007	2006	2007	2006
From financial activities				
Capital increase	-	214,385	-	214,385
Goodwill in share issuance	-	548,115	-	548,115
Treasury shares	(8,477)	(8,792)	(8,477)	(8,792)
Payment of dividends	(10,380)	(4,797)	(10,380)	(4,797)
Issuance of Debentures	300,000	-	300,000	-
Debt				
Funding	65,325	89,557	122,769	145,214
Amortizations	(52,121)	(121,305)	(105,780)	(168,872)
Net cash arising from financial activities	294,347	717,163	298,132	725,253
Net increase (decrease) in cash and financial investments	(99,287)	303,648	(72,336)	314,418
Cash, banks and financial investments				
At the beginning of the year	310,036	6,388	327,047	12,629
At the end of the year	210,749	310,036	254,711	327,047

Rossi Residencial S/A and subsidiaries

Notes to the financial statements for the years ended December 31, 2007 and 2006

(Amounts expressed in thousands of Reais, except for amounts per share or when expressly mentioned the contrary)

1. OPERATIONS

The operations of Rossi Residencial S/A (Company) comprise the development, building, sale of residential and commercial properties, land subdivision and civil engineering services, through own operations, interest in Special Purpose Entities (SPE) and consortiums.

2. PRESENTATION OF THE FINANCIAL STATEMENTS AND MAIN PRACTICES

The financial statements were prepared and presented pursuant to the accounting practices adopted in Brazil, and to the regulations and instructions set forth by the Securities and Exchange Commission of Brazil (CVM).

a) Financial investments

These are represented by bank deposit certificates, debentures and savings accounts, shown at acquisition cost accrued of income earned until the closing dates of the years.

b) Real estate to be sold

These are appraised at building or acquisition cost, which are lower than the market value. The classification between short and long term is based on the expectation of launchings of real estate projects.

c) Allowance for doubtful accounts

The allowance for doubtful accounts is established based on the risk assessment of realization of accounts receivable in an amount deemed sufficient by the management to cover possible losses estimated in the realization of such credits.

d) Investments

The equity interest in subsidiaries and affiliated companies as a whole is assessed by the equity accounting method. Other investments are appraised by the acquisition cost. Costs derived from goodwill ascertained in investment acquisitions are amortized according to the realization of the project's result, in compliance with the appraisal reports.

e) Property, plant and equipment

This is assessed at the acquisition cost, net of depreciation, recorded by the straight-line method, taking into account the rates mentioned in Note 9.

f) Intangible assets

Intangible assets are represented by expenditures related to the acquisition and development of software and expenses referring to projects under development. The amortization occurs by the straight-line method within five years, as from the moment when the benefits start to be generated.

g) Determination of development income and sale of real estate

On credit sale of housing unit built, the income is appropriated when sale is materialized, regardless of the term to receive the contractual amount.

Pre-fixed interest rates are appropriated to income observing the accrual basis of accounting, regardless of their collection.

On sales of housing units not yet concluded, the income is appropriated according to the criteria set forth by Resolution 963/03 of the Federal Accounting Board (CFC), detailed as follows:

(i) Costs derived from units sold, including land cost, are fully appropriated to the result;

(ii) Revenues from sales, bank loans interest for building and selling expenses inherent to respective developments, represented, substantially, by promotional expenses and sales kiosks are appropriated to income, by using the method of conclusion percentage of each development, and this percentage is measured in view of the cost incurred in relation to the total cost budgeted for respective developments;

(iii) Revenues from sales verified as per item (ii), including the monetary restatement, net of installments already received, are accounted as accounts receivable, or as advances from clients in view of the ratio between revenues recorded and amounts received;

(iv) Said commercial expenses and the bank loan interest for building (item (ii)) are compounded as cost of real estate to be sold, in case of units in stock, or at prepaid expenses, in case of real estate already sold. They are also appropriated to income, using the conclusion percentage of each project.

h) Other current and non-current assets and liabilities

Assets are stated by the lower of their costs (including incurred yields) and market value and liabilities by known or estimated values, including the corresponding yields or financial charges, when applicable.

i) Income tax and social contribution

Income tax and social contribution are determined at the 15% regular rates (plus an additional 10%), for income tax and 9% for social contribution applied over taxable income, in compliance with the criteria established by the tax legislation. Some subsidiary companies have chosen the “presumed profit system” (taxable income computed based on a percentage of gross sales), whose calculation basis for income tax is determined at the rate of 8% for real-estate sales income and for social contribution at the rate of 12% over gross sales (100%, for both taxes, in case the revenue earned comes from financial revenues), over which there is application of the regular rates of the respective tax and contribution.

j) Contingent assets and liabilities and legal liabilities

The accounting practices for recording and disclosing contingent assets and liabilities and legal liabilities are the following:

- i) Contingent assets are recognized only when there are actual guarantees or favorable final and unappealable court decisions. Contingent assets likely to be successful are only disclosed in explanatory notes;
- ii) Contingent liabilities are provisioned when the losses are deemed as probable and the amounts involved are measurable with sufficient safety. Contingent liabilities deemed as being of remote losses are neither provisioned nor disclosed;
- iii) Legal liabilities are recorded as payable, regardless of the assessment on possibilities of success, of lawsuits in which the Company questioned the unconstitutionality of taxes.

k) Accounting estimates

In the preparation of financial statements, it is necessary to use estimates to account for specific assets, liabilities and other operations. The financial statements include, therefore, several estimates related to the selection of useful lives of fixed assets, provisions needed for contingent liabilities, determination of tax provisions, budgeted costs, appropriation of sales expenses, goodwill amortization and similar operations; actual results may differ from the estimates.

Income per share

The income per share is calculated based on the number of shares outstanding on the balance sheet dates.

l) Cash flow statement (supplementary information)

Aiming at providing additional information, the Company is presenting the cash flow statements, prepared in compliance with NPC no. 20 issued by the Institute of Independent Auditors of Brazil (IBRACON).

3. CONSOLIDATION CRITERIA

The consolidated financial statements were prepared pursuant to the consolidation practices arising from the Brazilian Corporate Law and CVM Instruction 247/96 and comprise Rossi Residencial S/A and investees (individually or under common control, created for the specific purpose of real estate development), listed in Note 8.

The accounting practices are consistently applied in all consolidated companies.

At the consolidation, investments in Subsidiaries and associated companies, as well as balances receivable and payable, revenues, expenses and unrealized profits resulting from intercompany transactions are eliminated.

Considering that the control of investees companies is shared, they are consolidated proportionally.

4. FINANCIAL INVESTMENTS

The financial investments represent the amounts invested in private securities (bank deposit certificates and debentures) issued by financial institutions; those having mean return equivalent to 98% - 104% of DI CETIP "CDI". The debentures represent purchase and sale commitments, recorded in CETIP, and are not subject to credit risks of the respective issuers.

	Parent company		Consolidated	
	2007	2006	2007	2006
Current:				
Securities CBD	51,161	11,407	69,141	21,933
Debentures	132,793	-	139,242	-
Other	7,170	4,311	14,518	4,311
Exclusive investment funds guaranteed in CDB	-	281,820	-	281,820
	191,124	297,538	222,901	308,064
Non-current				
Real Estate Receivables Certificates - CRI	1,155	1,644	1,155	1,644
	192,279	299,182	224,056	309,708

5. ACCOUNTS RECEIVABLE

These are represented by:

Parent company	2007			2006		
	Current	Non-current	Total	Current	Non-current	Total
Clients by real estate development	123,975	237,913	361,888	103,880	150,790	254,670
Allowance for doubtful accounts	(2,348)	-	(2,348)	-	-	-
Unearned income	(22,003)	(48,441)	(70,444)	(15,080)	(21,891)	(36,971)
	99,624	189,472	289,096	88,800	128,899	217,699

Consolidated	2007			2006		
	Current	Non-current	Total	Current	Non-current	Total
Clients by real estate development	274,214	613,481	887,695	169,895	265,155	435,050
Allowance for doubtful accounts	(2,348)	-	(2,348)	-	-	-
Unearned income	(33,500)	(81,100)	(114,600)	(21,122)	(21,891)	(43,013)
	238,366	532,381	770,747	148,773	243,264	392,037

Clients by real estate development

The amounts related to accounts receivable from real estate are monetarily restated according to contractual clauses, as follows:

- Until surrender of keys of real estate sold, by the variation of Home-Building Brazilian Index (INCC);
- After surrender of keys of real estate sold, by the variation of IGP-M (General Market Price Index), with 12% interest p.a. ("Price" table).

a) Unearned income

Unearned income represents the portion of accounts receivable related to interest rates to be appropriated in future periods, in accordance with the accrual basis of years.

b) Allowance for doubtful accounts

The Company has delinquent clients in its portfolio, to which amounts such as allowance for doubtful accounts were accounted, and the Management deems them as sufficient to cover related loss risks.

The balances receivable considered were those related to conditional sales with guarantees on promissory notes and monetary restatements of overdue accounts receivable.

6. REAL ESTATE TO BE SOLD

These are represented by the historical costs of apartments, houses and commercial blocks to be sold, either concluded or under construction, land for future developments and materials to be used in works, distributed as follows:

	Parent company		Consolidated	
	2007	2006	2007	2006
Current:				
Real estate concluded	35,095	38,886	53,241	47,033
Real estate under construction	65,440	60,213	180,079	125,274
Land for future developments	54,595	42,841	544,934	321,975
Materials	7,649	2,431	9,787	4,377
	162,779	144,371	788,041	498,659
Non-current:				
Land for future developments	18,652	1,507	136,043	52,853
	181,431	145,878	924,084	551,512

7. OTHER RECEIVABLES

These are represented by:

	Parent company		Consolidated	
	2007	2006	2007	2006
Current				
Accounts receivable	8,535	-	40,066	2,037
Advances to suppliers	6,413	5,287	10,465	8,924
Taxes recoverable	9,831	9,971	12,196	13,115
Clients on-lending	6,244	10,639	10,049	12,672
Other receivables	11,070	6,701	11,521	10,378
	42,093	32,598	84,297	47,126
Non-current				
Other receivables	-	1,556	-	1,556
	42,093	34,154	84,297	48,682

Related to operations with partners in SPEs (Note 15), the balance of accounts receivable refers to investments carried out in larger amounts than the Company's interest in the projects, which are offset throughout the execution of said ventures.

Clients on-lending refers to funds or amortization to be released derived from bank financings.

8. INVESTMENTS

a) The main investment information on December 31, 2007 is summarized below:

	2007						Investment Balances			
	Assets	Liabilities	Shareholders' Equity	Income for the Year	Stake %	Equity in the earnings of subsidiary companies	2007		2006	
							Parent Company	Consolidated	Parent Company	Consolidated
Abelia Empr. Imob. Ltda.	1,137	2	1,135	-	33.93	-	385	-	385	-
Acalifa Empr. S/A	2,555	64	2,491	-	60.00	-	1,495	-	-	-
Acer Participações S/A	518	-	518	-	99.99	-	518	-	518	-
Acidantera Empr. Imob. Ltda.	1,135	-	1,135	-	33.93	-	385	-	385	-
Adenium Empr. Imob. Ltda.	1,135	-	1,135	-	33.93	-	385	-	385	-
Agave Empr. Imob. Ltda.	1,135	-	1,135	-	33.93	-	385	-	385	-
Alcea Empr. Imob. Ltda.	69,228	44,846	24,382	(1,670)	99.99	(1,670)	24,382	-	26,053	-
Aliberti Empr. S/A	6,578	4,660	1,918	1,211	75.00	908	1,439	-	-	-
Allure Des. Imob. S/A	10,291	7,380	2,911	754	99.99	754	2,911	-	1,890	-
Alpen Haus Des. Imob. S/A	8,323	3,690	4,633	644	70.00	451	3,243	-	1,891	-
Alpen Haus Neg. Imob. S/A	3,899	3,096	803	88	70.00	62	562	-	500	-
Alpínia Des. Imob. S/A	18,733	497	18,236	2,248	99.99	2,248	18,236	-	1	-
Alquemila Empr. S/A	2,944	2,048	896	(35)	99.99	(35)	896	-	-	-
Alteia Empr. S/A	30,771	7,307	23,464	6,025	99.99	6,025	23,464	-	1	-
América Piqueri Incorp. S/A	45,250	45,778	(528)	(15,890)	20.00	(3,178)	-	-	3,072	-
América Properties Ltda.	61,144	24,204	36,940	(5,640)	99.99	(5,640)	36,940	-	42,581	-
Ancusa Empr. S/A	8,724	5,478	3,246	3,245	99.90	3,242	3,243	-	1	-
Apuléia Empr. S/A	10,328	9	10,319	-	99.99	-	10,319	-	-	-
Argentea Empr. S/A	2,055	1,184	871	(4)	80.00	(3)	697	-	-	-
Aristasia Empr. S/A	15,946	7,985	7,961	7,670	70.00	5,369	5,573	-	1	-
Arquitotis Empr. S/A	22,656	17,927	4,729	4,502	99.99	4,502	4,729	-	-	-
Arundina Empr. Imob. Ltda.	3,090	182	2,908	1,399	33.93	475	987	-	512	-
Astilbe Empr. Imob. Ltda.	1,510	-	1,510	-	33.93	-	512	-	512	-
Autentic Des. Imob. S/A	3,419	2,493	926	710	70.00	497	648	-	152	-
Autentic Empr. S/A	2,374	1,044	1,330	1,284	70.00	899	931	-	32	-
Barão de Café Incorp. S/A	7,808	6,192	1,616	1,433	50.00	716	808	-	92	-
BCP Empr. Imob. S/A	20,192	922	19,270	7,776	99.99	7,776	19,270	-	11,494	-
Begônia Incorp. Ltda.	9,861	4,668	5,193	(727)	99.95	(726)	5,191	-	5,917	-
Betaquem Adm. de Bens Ltda.	5,319	3,527	1,792	(216)	70.00	(151)	1,255	-	-	-
Betimobili Adm. de Bens Ltda.	1,922	1,273	649	(78)	70.00	(54)	454	-	-	-
Bétula Empr. S/A	18,391	1,768	16,623	4,294	70.00	3,006	11,636	-	8,631	-
Bosq. Rio Branco Emp. Im. Ltda.	2,760	18	2,742	1,031	99.99	1,031	2,742	-	1,711	-
Brassica Empr. S/A	6,322	4,314	2,008	1,206	70.00	844	1,405	-	561	-
Bromélia Incorp. S/A	4,418	1,097	3,321	603	99.99	603	3,321	-	954	-
Calaminta Empr. S/A	6,468	4,839	1,629	128	50.00	64	815	-	1	-
Calêndula Empr. S/A	12,279	5,947	6,332	2,192	99.99	2,192	6,332	-	3,100	-
Caliandra Incorp. Ltda.	18,224	13,394	4,830	3,638	99.95	3,637	4,828	-	1,191	-
Califórnia 5 Empr. S/A	2,248	75	2,173	(1)	99.99	(1)	2,173	-	-	-
Capuchinha Empr. S/A	7,056	3,920	3,136	3,056	70.00	2,139	2,195	-	1	-
Cartatica Empr. S/A	1,638	77	1,561	-	99.99	-	1,561	-	1	-
Caudata Empr. S/A	1,630	69	1,561	-	99.99	-	1,561	-	1	-

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2007
Investment Balances

	Assets	Liabilities	Shareholders' Equity	Income for the Year	Stake %	Equity in the earnings of subsidiary companies	2007		2006	
							Parent Company	Consolidated	Parent Company	Consolidated
Cedrela Empr. S/A	1,630	33	1,597	-	99.99	-	1,597	-	1	-
Celebrity Icarai Des. Imob. Ltda.	8,761	2,613	6,148	668	80.00	534	4,919	-	4,384	-
Ch. Sto. Antonio Des. Imob. S/A	12,823	756	12,067	2,647	99.99	2,647	12,067	-	4,877	-
Cheflera Empr. S/A	10,894	9,733	1,161	1,154	99.98	1,153	1,161	-	1	-
Ciclame Des. Imob. Ltda.	16,718	1,698	15,020	924	99.99	924	15,020	-	6,096	-
Ciclame Empr. S/A	4,290	2,412	1,878	442	70.00	309	1,314	-	-	-
Citrus Empr. S/A	8,270	2,231	6,039	(9)	99.99	(9)	6,039	-	-	-
Colorata Empr. S/A	16,813	15,777	1,036	(225)	99.99	(225)	1,036	-	1	-
Cordifolia Empr. S/A	1,579	636	943	942	99.90	941	942	-	1	-
Courgete Empr. S/A	3,468	2,044	1,424	501	50.00	250	712	-	-	-
Cyrela Havai Empr. Imob. Ltda	36,437	27,380	9,057	(1,209)	50.00	(605)	4,528	-	-	-
Dalia Empr. Imob. Ltda.	15,148	1,760	13,388	(142)	50.00	(71)	6,694	-	5,857	-
Del Monte Des. Imob. S/A	7,235	389	6,846	1,541	99.99	1,541	6,846	-	1,173	-
Del Monte Neg. Imob. S/A	4,238	3,590	648	125	99.90	125	647	-	366	-
Dipladônia Empr. Imob. Ltda.	4,171	338	3,833	(1)	50.00	(1)	1,916	-	1,917	-
Dueto Des. Imobiliário Ltda.	6,235	408	5,827	1,897	50.00	948	2,913	-	1,965	-
Fasciata Empr. S/A	3,125	1,694	1,431	(67)	99.99	(67)	1,431	-	-	-
Galeria Boulevard Des. Imob. S/A	26,565	1,875	24,690	22,643	50.00	11,321	12,345	-	-	-
Galeria Boulevard Neg. Imob. S/A	27,197	22,627	4,570	1,229	50.00	615	2,285	-	618	-
Garden Up Des. Imob. Ltda.	4,701	2,346	2,355	12	50.00	6	1,178	-	1,172	-
Garden Up Neg. Imob. S/A	12,816	11,730	1,086	299	50.00	150	543	-	95	-
Gardênia Participações S/A	8,199	599	7,600	(476)	50.00	(238)	3,800	-	4,038	-
Gelsemino Empr. S/A	5,013	378	4,635	138	99.99	138	4,635	-	4,497	-
Gestia Empr. S/A	25,450	20,719	4,731	(79)	70.00	(55)	3,312	-	1	-
Girassol Incorp. Ltda.	2,973	2	2,971	(7)	99.99	(7)	2,971	-	2,666	-
Glicinia Des. Imob. S/A	1,815	127	1,688	294	99.99	294	1,688	-	1,121	-
Glicinia Empr. S/A	3,570	2,648	922	876	70.00	613	646	-	33	-
Graminea Des. Imob. S/A	14,004	11,928	2,076	(14)	50.00	(7)	1,038	-	1,045	-
Gran Vita Des. Imob. Ltda.	20,579	11,259	9,320	4,119	99.99	4,119	9,320	-	5,201	-
Guaraná Empr. S/A	5,956	4,969	987	344	70.00	241	691	-	1	-
Helicônias Des. Imob. S/A	1,343	84	1,259	129	99.95	129	1,259	-	1,129	-
Hibisco Incorp. Ltda.	7,272	5,770	1,502	(393)	99.99	(393)	1,502	-	947	-
Iguatemi POA Des. Im. Ltda.	5,166	392	4,774	2,301	99.99	2,301	4,774	-	2,473	-
Image Empr. S/A	4,852	229	4,623	1,314	99.99	1,314	4,623	-	-	-
Jds. de Londres Des. Imob. S/A	8,201	6,130	2,071	(524)	99.99	(524)	2,071	-	814	-
Jetirana Empr. S/A	17,230	1,059	16,171	(15)	50.00	(7)	8,086	-	-	-
Klabin Segal Emp. Imob. Ltda.	21,884	8,786	13,098	3,737	50.00	1,868	6,549	-	4,681	-
Laciniata Empr. S/A	857	29	828	(4)	99.99	(4)	828	-	-	-
Landscape Empr. S/A	9,193	4,001	5,192	(4)	99.99	(4)	5,192	-	1	-
Malmequer Empr. S/A	40,919	4,832	36,087	(914)	42.50	(388)	15,337	-	1	-
Mandevila Empr. S/A	1,614	128	1,486	(1)	99.99	(1)	1,486	-	1	-
Marshall Empr. Ltda.	19,100	1,800	17,300	-	99.99	-	17,300	-	17,300	-
Natura Recreio Des. Imob. S/A	1,994	134	1,860	1,464	99.90	1,463	1,858	-	395	-
Natura Recreio Empr. S/A	7,189	731	6,458	5,201	99.99	5,201	6,458	-	1,188	-
Nidus Empr. S/A	21,225	20,370	855	616	70.00	431	599	-	168	-

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2007
Investment Balances

	Assets	Liabilities	Shareholders' Equity	Income for the Year	Stake %	Equity in the earnings of subsidiary companies	2007		2006	
							Parent Company	Consolidated	Parent Company	Consolidated
Nigra Empr. S/A	19,500	14,502	4,998	(685)	70.00	(479)	3,499	-	-	-
Nilo Empr. Imob. Ltda.	4,558	1,096	3,462	(5)	99.62	(5)	3,449	-	-	-
North York Empr. S/A	1,896	349	1,547	1,218	50.00	609	774	-	165	-
Olerácea Empr. S/A	13,078	4,923	8,155	7,604	50.00	3,802	4,078	-	-	-
Orquídea Incorp. Ltda.	2,487	-	2,487	-	99.99	-	2,487	-	2,487	-
Pantai Des. Imob. S/A	1,839	360	1,479	(388)	99.99	(388)	1,479	-	802	-
Pantai Empr. S/A	3,097	99	2,998	276	99.99	276	2,998	-	1,204	-
Parnaso Des. Imob. S/A	1,552	464	1,088	(21)	99.99	(21)	1,088	-	1,109	-
Parnaso Incorp. S/A	11,007	11,071	(64)	(143)	99.95	(143)	-	-	79	-
Pátio Alamedas Des. Imob. S/A	1,988	976	1,012	(44)	99.99	(44)	1,012	-	1,056	-
Pátio Alamedas Empr. S/A	3,141	1,272	1,869	1,759	99.90	1,757	1,867	-	111	-
Peônia Empr. Imob. S/A	74,060	28,392	45,668	(59)	33.70	(20)	15,390	-	15,410	-
Petrea Empr. S/A	1,621	135	1,486	(1)	99.99	(1)	1,486	-	1	-
Piper Empr. S/A	18,845	6,870	11,975	3,061	60.00	1,836	7,185	-	5,348	-
Piracanta Empr. S/A	4,153	1,237	2,916	858	33.33	286	972	-	686	-
Plinia Empr. Imob. Ltda.	13,789	761	13,028	6,990	99.99	6,990	13,028	-	6,039	-
Porto Central Des. Imob. S/A	8,420	6,080	2,340	1,474	99.99	1,474	2,340	-	340	-
Porto Paradiso Empr. S/A	5,685	3,740	1,945	1,103	75.00	827	1,458	-	631	-
Porto Paradiso Incorp. S/A	23,688	16,253	7,435	2,731	75.00	2,048	5,577	-	-	-
Praça Capital Des. Imob. Ltda.	10,182	5,235	4,947	644	70.00	451	3,463	-	3,012	-
Praça Capital Empr. Dois S/A	5,009	1,171	3,838	2,606	70.00	1,824	2,687	-	863	-
Praça Capital Empr. S/A	6,688	2,361	4,327	3,524	70.00	2,467	3,029	-	562	-
Praça Capital Neg. Imob. S/A	20,804	18,031	2,773	1,288	70.00	901	1,941	-	361	-
Praça Paris Des. Imob. S/A	17,940	1,259	16,681	10,650	70.00	7,455	11,677	-	672	-
Praça Paris Incorp. S/A	7,730	6,544	1,186	381	70.00	267	830	-	-	-
Pça. Vila Romana Des. Imob. Ltda.	11,277	202	11,075	(2)	33.33	(1)	3,692	-	3,692	-
Prunus Empr. S/A	27,371	2,499	24,872	5,155	42.50	2,191	10,571	-	7,914	-
Purpurata Empr. S/A	6,762	11	6,751	-	70.00	-	4,726	-	1	-
Rarità Des. Imob. S/A	5,661	1,646	4,015	1,971	70.00	1,380	2,811	-	1,431	-
Rarità Neg. Imob. S/A	7,400	4,979	2,421	1,075	70.00	752	1,695	-	86	-
Reserva Petrópolis Empr. S/A	4,912	1,793	3,119	2,087	99.90	2,085	3,116	-	1,030	-
Riservato Des. Imob. Ltda.	15,357	932	14,425	4,142	99.99	4,142	14,425	-	10,283	-
Riservato Neg. Imob. S/A	1,631	162	1,469	(1)	99.99	(1)	1,469	-	1	-
Rossi Empr. Imob. S/A	1,361	60	1,301	720	99.99	720	1,300	-	581	-
Rossi Melnick Des. Imob. S/A	4,074	3,336	738	709	70.00	496	517	-	20	-
Rossi Melnick Empr. S/A	941	148	793	746	70.00	522	555	-	33	-
Rossi Montante Incorp. S/A	46,413	38,443	7,970	(1,899)	70.00	(1,330)	5,579	-	2,520	-
Rossi Oscar Porto Incorp. Ltda	29,445	12,502	16,943	(2,437)	99.95	(2,436)	16,935	-	1	-
RossiSecuritiesEmpr. Imob. S/A	14,386	8,113	6,273	5,161	99.99	5,161	6,273	-	1,112	-
Rossi Trust e Participações Ltda.	839	62	777	(2)	99.99	(2)	777	-	779	-
Rossi-AEM Incorp. Ltda.	1,063	652	411	(161)	50.00	(80)	206	-	1,755	-
Rossi-GNO Incorp. Ltda.	5,588	642	4,946	94	99.99	94	4,946	-	4,852	-
RRTI Des. Imob. Ltda.	16,053	4,246	11,807	7,800	99.99	7,800	11,807	-	4,007	-
Salmiana Empr. S/A	17,896	4,721	13,175	8,775	50.00	4,388	6,587	-	-	-
Sândalo Des. Imob. S/A	27,562	21,298	6,264	(416)	99.99	(416)	6,264	-	-	-

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2007
Investment Balances

	Assets	Liabilities	Shareholders' Equity	Income for the Year	Stake %	Equity in the earnings of subsidiary companies	2007		2006	
							Parent Company	Consolidated	Parent Company	Consolidated
Sanquezia Empr. Imob. Ltda	58,907	5,061	53,846	26,286	70.00	18,400	37,692	-	17,402	-
Santa Felicidade Empr. S/A	889	42	847	168	70.00	117	593	-	475	-
Saponaria Empr. S/A	6,766	920	5,846	5,846	70.00	4,092	4,093	-	1	-
SCON-Rossi Incorp. S/A	11,222	8,148	3,074	(1,982)	50.00	(991)	1,537	-	2,484	-
Senecio Empr. S/A	13,163	11,173	1,990	(21)	45.00	(9)	896	-	-	-
SPE Novo Pier Empr. Imob. Ltda.	16,530	5,225	11,305	-	50.00	-	5,652	-	4,301	4,301
SPE Pier Empr. Imob. Ltda.	21,089	10,431	10,658	13	50.00	6	5,329	-	5,323	-
Tenela Empr. S/A	7,625	274	7,351	(140)	99.99	(140)	7,351	-	1	-
Terra Brasilis Empr. S/A	4,139	507	3,632	374	99.99	374	3,632	-	700	-
Tibouchina Empreend. S/A	16,554	5,961	10,593	(497)	50.00	(249)	5,297	-	3,949	-
Trombeta Empr. S/A	5,110	1,859	3,251	-	99.99	-	3,251	-	1	-
Tumbergia Empr. S/A	12,631	1,296	11,335	5,942	50.00	2,971	5,667	-	-	-
Venusta Empr. S/A	36,995	35,493	1,502	-	99.99	-	1,502	-	1	-
Vernonia Empr. S/A	16,430	610	15,820	3,573	99.99	3,573	15,820	-	12,247	-
Vila Albani Empr. Imob. Ltda.	14,192	1,413	12,779	4,622	99.99	4,622	12,779	-	8,157	-
Vila Solo Empreend. S/A	12,555	590	11,965	609	99.99	609	11,965	-	-	-
Visnaga Empr. S/A	6,001	3,000	3,001	-	45.00	-	1,350	-	-	-
Vitis Empr. S/A	12,971	2,867	10,104	(7)	99.99	(7)	10,104	-	1	-
Vivanti Des. Imob. S/A	2,391	172	2,219	(90)	99.99	(90)	2,219	-	921	-
Vivanti Empr. Imob. Ltda.	5,075	47	5,028	1,504	99.99	1,504	5,028	-	3,524	-
Ágio em investimentos						-	15,609	15,609	17,135	17,181
Outros						(675)	6,205	60	2,931	16
						164,693	762,584	15,669	349,727	21,498

Advances for future capital increase,

Alcea Empr. Imob. Ltda.	8,915	-	-	-
Allure Des. Imob. S/A	369	-	266	-
Alpínia Des. Imob. S/A	-	-	3,721	-
Alquemila Empr. S/A	1,124	-	934	-
Alteia Empr. S/A	267	-	17,438	-
Alternantera Empr. S/A	4,096	4	-	-
Ancusa Empr. S/A	4,975	5	-	-
Apuléia Empr. S/A	-	-	10,321	-
Arquitotis Empr. S/A	1,830	-	227	-
Asmiscada Empr. S/A	2,945	-	-	-
Bromélia Incorp. S/A	696	-	1,763	-
Calêndula Empr. S/A	3,054	-	1,038	-
Caliandra Incorp. Ltda.	5,671	3	-	-
Califórnia 5 Empr. S/A	-	-	2,173	-
Caroba Empr. S/A	623	-	113	-
Cartatica Empr. S/A	-	-	1,561	-
Caudata Empr. S/A	-	-	1,561	-
Cedrela Empr. S/A	-	-	1,597	-
Celebrity Icaraí Des. Imob. Ltda.	484	-	484	-

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2007
Investment Balances

	Assets	Liabilities	Shareholders' Equity	Income for the Year	Stake %	Equity in the earnings of subsidiary companies	2007		2006	
							Parent Company	Consolidated	Parent Company	Consolidated
Celebrity Icarai Neg. Imob. S/A							-	-	210	-
Centela Empr. S/A							-	-	78	-
Ch. Sto. Antonio Des. Imob. S/A							-	-	4,537	-
Cheflera Empr. S/A							7,008	1	7	-
Chenopodio Empr. S/A							495	-	-	-
Cianus Empr. S/A							340	-	-	-
Ciclame Des. Imob. Ltda.							1,494	-	-	-
Citrus Empr. S/A							2,231	-	6,100	-
Cleome Empr. S/A							1,932	2	-	-
Colocasia Empr. S/A							5,626	6	-	-
Colorata Empr. S/A							6,775	-	1,261	-
Congea Empr. S/A							1,326	1	-	-
Cyrela Havai Empr. Imob.s Ltda							444	444	-	-
Del Monte Neg. Imob. S/A							1,058	1	-	-
Equio Empr. S/A							1,014	1	-	-
Falcatus Empr. S/A							525	1	-	-
Fasciata Empr. S/A							1,162	-	1,502	-
Florença Participações S/A							971	1	-	-
Galeria Boulevard Des. Imob. S/A							-	-	735	-
Galeria Boulevard Neg. Imob. S/A							-	-	1,053	-
Garden Up Neg. Imob. S/A							-	-	298	-
Gestia Empr. S/A							4,121	-	4,814	-
Glicinia Des. Imob. S/A							11	-	257	-
Gran Vita Des. Imob. Ltda.							187	-	-	-
Gustávia Empr. S/A							429	-	90	-
Helicônias Des. Imob. S/A							-	-	656	-
Hirtela Empr. S/A							5,965	6	-	-
Image Empr. S/A							-	-	3,991	-
Jds. de Londres Des. Imob. S/A							339	-	1,779	-
Jetirana Empr. S/A							-	-	2,593	-
Klabín Segal Emp. Imob. Ltda.							1,511	-	1,019	-
Laciniata Empr. S/A							-	-	834	-
Landscape Empr. S/A							-	-	5,195	-
Lonicera Empr. S/A							270	-	-	-
LT Incorp. SPE Ltda.							-	-	434	-
Malvaisco Empr. S/A							3,819	4	-	-
Mandevila Empr. S/A							-	-	1,486	-
Marshall Empr. Ltda.							1,800	-	-	-
Moscatu Empr. S/A							16,451	16	-	-
Natura Recreio Empr. S/A							-	-	69	-
Nigra Empr. S/A							1,607	-	-	-
Pantai Des. Imob. S/A							-	-	1,065	-
Pantai Empr. S/A							-	-	1,517	-
Peônia Empr. Imob. S/A							946	-	306	-
Petrea Empr. S/A							-	-	1,486	-

continues...

continuation...
2007
Investment Balances

	Assets	Liabilities	Shareholders' Equity	Income for the Year	Stake %	Equity in the earnings of subsidiary companies	2007		2006	
							Parent Company	Consolidated	Parent Company	Consolidated
Piper Empr. S/A							708	-	-	-
Porto Central Des. Imob. S/A							-	-	526	-
Porto Paradiso Incorp. S/A							-	-	3,595	-
Praça Capital Neg. Imob. S/A							-	-	679	-
Praça Paris Des. Imob. S/A							-	-	3,898	-
Purpurata Empr. S/A							-	-	6,642	-
Rarità Des. Imob. S/A							-	-	1,074	-
Rarità Neg. Imob. S/A							-	-	447	-
Riservato Neg. Imob. S/A							-	-	1,469	-
Rossi Montante Incorp. S/A							-	-	3,173	-
Rossi Morumbi Incorp. S/A							-	-	1,405	-
Sândalo Des. Imob. S/A							-	-	6,280	-
Sândalo Empr. S/A							-	-	924	-
Sanquezia Empr. Imob. Ltda							541	-	-	-
SCON-Rossi Incorp. S/A							-	-	44	-
SPE Novo Pier Empr. Imob. Ltda.							2,798	109	-	-
SPE Pier Empr. Imob. Ltda.							4,891	-	2,401	-
Tapiriri Empr. S/A							500	-	-	-
Tenela Empr. S/A							274	-	-	-
Terra Brazilis Empr. S/A							-	-	2,557	-
Tumbergia Empr. S/A							-	-	2,726	-
Venusta Empr. S/A							793	-	1,501	-
Vernonia Empr. S/A							199	-	-	-
Vila Albani Empr. Imob. Ltda.							546	-	-	-
Vila Solo Empr. S/A							-	-	11,450	-
Vitis Empr. S/A							2,861	-	-	-
Vivanti Des. Imob. S/A							-	-	1,388	-
							-	119,017	605	138,748
							164,693	881,601	16,274	488,475
										21,498

b) (b) In 2007, changes in investments may be presented as follows:

	At the beginning of the year	Increase (decrease)	(Goodwill) discount	Equity accounting	At the end of the year
Abelia Empr. Imob. Ltda.	385	-	-	-	385
Acalifa Empr. S/A	-	1,495	-	-	1,495
Acer Participações S/A	518	-	-	-	518
Acidantera Empr. Imob. Ltda.	385	-	-	-	385
Adenium Empr. Imob. Ltda.	385	-	-	-	385
Agave Empr. Imob. Ltda.	385	-	-	-	385
Alcea Empr. Imob. Ltda.	26,052	-	-	(1,670)	24,382
Aliberti Empr. S/A	-	531	-	908	1,439
Allure Des. Imob. S/A	1,890	265	2	754	2,911
Alpen Haus Des. Imob. S/A	1,891	901	-	451	3,243
Alpen Haus Neg. Imob. S/A	500	-	-	62	562
Alpínia Des. Imob. S/A	1	15,987	-	2,248	18,236
Alquemila Empr. S/A	-	931	-	(35)	896
Alteia Empr. S/A	1	17,438	-	6,025	23,464
América Piqueri Incorp. S/A	3,072	106	-	(3,178)	-
América Properties Ltda.	42,580	-	-	(5,640)	36,940
Ancusa Empr. S/A	1	-	-	3,242	3,243
Apuléia Empr. S/A	-	10,319	-	-	10,319
Argentea Empr. S/A	-	700	-	(3)	697
Aristasia Empr. S/A	1	203	-	5,369	5,573
Arquitotis Empr. S/A	-	227	-	4,502	4,729
Arundina Empr. Imob. Ltda.	512	-	-	475	987
Astilbe Empr. Imob. Ltda.	512	-	-	-	512
Autentic Des. Imob. S/A	151	-	-	497	648
Autentic Empr. S/A	32	-	-	899	931
Barão de Café Incorp. S/A	92	-	-	716	808
BCP Empr. Imob. S/A	11,494	-	-	7,776	19,270
Begônia Incorp. Ltda.	5,917	-	-	(726)	5,191
Betaquem Adm. de Bens Ltda.	-	1,406	-	(151)	1,255
Betimobili Adm. de Bens Ltda.	-	508	-	(54)	454
Bétula Empr. S/A	8,630	-	-	3,006	11,636
Bosq. Rio Branco Emp. Im. Ltda.	1,711	-	-	1,031	2,742
Brassica Empr. S/A	561	-	-	844	1,405
Bromélia Incorp. S/A	954	1,764	-	603	3,321
Calaminta Empr. S/A	1	750	-	64	815
Calêndula Empr. S/A	3,100	1,038	2	2,192	6,332
Caliandra Incorp. Ltda.	1,191	-	-	3,637	4,828
Califórnia 5 Empr. S/A	-	2,174	-	(1)	2,173
Capuchinha Empr. S/A	1	55	-	2,139	2,195
Cartatica Empr. S/A	1	1,560	-	-	1,561
Caudata Empr. S/A	1	1,560	-	-	1,561
Cedrela Empr. S/A	1	1,596	-	-	1,597
Celebrity Icarai Des. Imob. Ltda.	4,385	-	-	534	4,919
Ch. Sto. Antonio Des. Imob. S/A	4,877	4,538	5	2,647	12,067
Cheflera Empr. S/A	1	7	-	1,153	1,161
Ciclame Des. Imob. Ltda.	6,096	8,000	-	924	15,020

continues...

<i>continuation...</i>	At the beginning of the year	Increase (decrease)	(Goodwill) discount	Equity accounting	At the end of the year
Ciclame Empr. S/A	-	1,005	-	309	1,314
Citrus Empr. S/A	-	6,048	-	(9)	6,039
Colorata Empr. S/A	1	1,260	-	(225)	1,036
Cordifolia Empr. S/A	1	-	-	941	942
Courgete Empr. S/A	-	462	-	250	712
Cyrela Havai Empr. Imob. Ltda	-	5,133	-	(605)	4,528
Dalia Empr. Imob. Ltda.	5,857	908	-	(71)	6,694
Del Monte Des. Imob. S/A	1,173	4,115	17	1,541	6,846
Del Monte Neg. Imob. S/A	366	83	73	125	647
Dipladênia Empr. Imob. Ltda.	1,917	-	-	(1)	1,916
Dueto Des. Imobiliário Ltda.	1,965	-	-	948	2,913
Fasciata Empr. S/A	-	1,498	-	(67)	1,431
Galeria Boulevard Des. Imob. S/A	-	1,024	-	11,321	12,345
Galeria Boulevard Neg. Imob. S/A	618	1,052	-	615	2,285
Garden Up Des. Imob. Ltda.	1,172	-	-	6	1,178
Garden Up Neg. Imob. S/A	95	298	-	150	543
Gardênia Participações S/A	4,038	-	-	(238)	3,800
Gelsemino Empr. S/A	4,497	-	-	138	4,635
Gestia Empr. S/A	1	3,366	-	(55)	3,312
Girassol Incorp. Ltda.	2,666	312	-	(7)	2,971
Glicínia Des. Imob. S/A	1,121	272	1	294	1,688
Glicínia Empr. S/A	33	-	-	613	646
Graminea Des. Imob. S/A	1,045	-	-	(7)	1,038
Gran Vita Des. Imob. Ltda.	5,201	-	-	4,119	9,320
Guaraná Empr. S/A	1	449	-	241	691
Helicônias Des. Imob. S/A	1,130	-	-	129	1,259
Hibisco Incorp. Ltda.	947	948	-	(393)	1,502
Iguatemi POA Des. Im. Ltda.	2,473	-	-	2,301	4,774
Image Empr. S/A	-	3,309	-	1,314	4,623
Jds. de Londres Des. Imob. S/A	814	1,780	1	(524)	2,071
Jetirana Empr. S/A	-	8,086	7	(7)	8,086
Klabin Segal Emp. Imob. SPE Ltda.	4,681	-	-	1,868	6,549
Laciniata Empr. S/A	-	832	-	(4)	828
Landscape Empr. S/A	1	5,195	-	(4)	5,192
Malmequer Empr. S/A	1	15,724	-	(388)	15,337
Mandevila Empr. S/A	1	1,486	-	(1)	1,486
Marshall Empr. Ltda.	17,300	-	-	-	17,300
Natura Recreio Des. Imob. S/A	395	-	-	1,463	1,858
Natura Recreio Empr. S/A	1,188	68	1	5,201	6,458
Nidus Empr. S/A	168	-	-	431	599
Nigra Empr. S/A	-	3,978	-	(479)	3,499
Nilo Empr. Imob. Ltda.	-	3,454	-	(5)	3,449
North York Empr. S/A	165	-	-	609	774
Olerácea Empr. S/A	-	276	-	3,802	4,078
Orquídea Incorp. Ltda.	2,487	-	-	-	2,487
Pantai Des. Imob. S/A	802	1,065	-	(388)	1,479
Pantai Empr. S/A	1,204	1,517	1	276	2,998
Parnaso Des. Imob. S/A	1,109	-	-	(21)	1,088

continues...

<i>continuation...</i>	At the beginning of the year	Increase (decrease)	(Goodwill) discount	Equity accounting	At the end of the year
Parnaso Incorp. S/A	79	64	-	(143)	-
Pátio Alamedas Des. Imob. S/A	1,056	-	-	(44)	1,012
Pátio Alamedas Empr. S/A	110	-	-	1,757	1,867
Peônia Empr. Imob. S/A	15,410	-	-	(20)	15,390
Petrea Empr. S/A	1	1,486	-	(1)	1,486
Piper Empr. S/A	5,349	-	-	1,836	7,185
Piracanta Empr. S/A	686	-	-	286	972
Plinia Empr. Imob. Ltda.	6,038	-	-	6,990	13,028
Porto Central Des. Imob. S/A	340	526	-	1,474	2,340
Porto Paradiso Empr. S/A	631	-	-	827	1,458
Porto Paradiso Incorp. S/A	-	3,529	-	2,048	5,577
Praça Capital Des. Imob. Ltda.	3,012	-	-	451	3,463
Praça Capital Empr. Dois S/A	863	-	-	1,824	2,687
Praça Capital Empr. S/A	562	-	-	2,467	3,029
Praça Capital Neg. Imob. S/A	361	679	-	901	1,941
Praça Paris Des. Imob. S/A	672	3,514	36	7,455	11,677
Praça Paris Incorp. S/A	-	563	-	267	830
Pça. Vila Romana Des. Imob. Ltda.	3,693	-	-	(1)	3,692
Prunus Empr. S/A	7,914	466	-	2,191	10,571
Purpurata Empr. S/A	1	4,725	-	-	4,726
Rarità Des. Imob. S/A	1,431	-	-	1,380	2,811
Rarità Neg. Imob. S/A	86	857	-	752	1,695
Reserva Petrópolis Empr. S/A	1,031	-	-	2,085	3,116
Riservato Des. Imob. Ltda.	10,283	-	-	4,142	14,425
Riservato Neg. Imob. S/A	1	1,469	-	(1)	1,469
Rossi Empr. Imob. S/A	580	-	-	720	1,300
Rossi Melnick Des. Imob. S/A	21	-	-	496	517
Rossi Melnick Empr. S/A	33	-	-	522	555
Rossi Montante Incorp. S/A	2,520	4,389	-	(1,330)	5,579
Rossi Oscar Porto Incorp. Ltda	1	19,370	-	(2,436)	16,935
Rossi Securities Empr. Imob. S/A	1,112	-	-	5,161	6,273
Rossi Trust e Participações Ltda.	779	-	-	(2)	777
Rossi-AEM Incorp. Ltda.	1,755	(1,469)	-	(80)	206
Rossi-GNO Incorp. Ltda.	4,852	-	-	94	4,946
RRTI Des. Imob. Ltda.	4,007	-	-	7,800	11,807
Salmiana Empr. S/A	-	2,199	-	4,388	6,587
Sândalo Des. Imob. S/A	-	6,680	-	(416)	6,264
Sanquezia Empr. Imob. Ltda	17,402	1,890	-	18,400	37,692
Santa Felicidade Empr. S/A	476	-	-	117	593
Saponaria Empr. S/A	1	-	-	4,092	4,093
SCON-Rossi Incorp. S/A	2,484	44	-	(991)	1,537
Senecio Empr. S/A	-	905	-	(9)	896
SPE Novo Pier Empr. Imob. Ltda.	4,301	1,351	-	-	5,652
SPE Pier Empr. Imob. Ltda.	5,323	-	-	6	5,329
Tenela Empr. S/A	1	7,490	-	(140)	7,351
Terra Brazilis Empr. S/A	700	2,558	-	374	3,632
Tibouchina Empr. S/A	3,949	1,597	-	(249)	5,297
Trombeta Empr. S/A	1	3,250	-	-	3,251

continues...

<i>continuation...</i>	At the beginning of the year	Increase (decrease)	(Goodwill) discount	Equity accounting	At the end of the year
Tumbergia Empr. S/A	-	2,696	-	2,971	5,667
Venusta Empr. S/A	1	1,501	-	-	1,502
Vernonia Empr. S/A	12,247	-	-	3,573	15,820
Vila Albani Empr. Imob. Ltda.	8,157	-	-	4,622	12,779
Vila Solo Empr. S/A	-	11,356	-	609	11,965
Visnaga Empr. S/A	-	1,350	-	-	1,350
Vitis Empr. S/A	1	10,110	-	(7)	10,104
Vivanti Des. Imob. S/A	921	1,388	-	(90)	2,219
Vivanti Empr. Imob. Ltda.	3,524	-	-	1,504	5,028
Ágio em investimentos	17,135	929	(2,455)	-	15,609
Other	2,931	4,948	(999)	(675)	6,205
	349,727	251,472	(3,308)	164,693	762,584

Special Purpose Entities (SPE) and other investees have as main special purpose the real estate projects related to building and sale of residential and commercial real estate, similar to the Company.

9. PROPERTY, PLANT AND EQUIPMENT

This is represented by:

	Annual amor- tization rate %	Parent company		Consolidated	
		2007	2006	2007	2006
Machinery and equipment	10	12	636	12	636
Furniture and fixtures	10	303	289	419	407
Facilities	10	1,576	1,346	1,576	1,346
Data processing equipment	20	2,168	1,678	2,311	1,821
Vehicles	20	32	32	32	32
Rights of use	-	80	80	94	94
Trademarks and patents	-	108	108	119	119
Works of art	-	6	6	6	6
Subtotal		4,285	4,175	4,569	4,461
Accumulated depreciation		(2,117)	(1,734)	(2,346)	(1,944)
Total		2,168	2,441	2,223	2,517

10. INTANGIBLE ASSETS

This is represented by:

	Annual amor- tization rate %	Parent company		Consolidated	
		2007	2006	2007	2006
Projects under development expenses	20	1,177	1,177	1,177	1,177
Software expenses	20	10,364	8,716	10,674	9,026
Accumulated amortization		(7,909)	(7,142)	(8,214)	(7,437)
		3,632	2,751	3,637	2,766

11. LOANS AND FINANCING

These are represented by:

	Parent company		Consolidated	
	2007	2006	2007	2006
Current:				
Housing credit	51,442	33,013	98,702	87,693
Working capital loans	-	1,639	-	1,639
	51,442	34,652	98,702	89,332
Non-current:				
Housing credit	40,017	33,329	64,594	37,278
	91,459	67,981	163,296	126,610

a) Housing credits

These correspond to financing for building real estate, subject to interest rates ranging from 11% to 12% p.a., indexed by Reference Rate (TR), to be paid in installments with maturity until 2010. Such financing is guaranteed by mortgages of respective real estate.

b) Consolidated schedule of maturities

The following table shows the schedule of maturities of loans and financing outstanding on December 31, 2007:

Year	Parent company	Consolidated
2008	51,442	98,702
2009	35,166	51,537
2010	4,851	13,057
Total	91,459	163,296

12. ACCOUNTS PAYABLE BY ACQUISITION OF LAND

These refer to acquisitions of land in stock for the real estate development projects, whose disbursement flow is as follows:

Year	Parent company	Consolidated
2008	40,657	219,339
2009	11,706	53,023
2010	-	16,428
2011	-	1,179
2012	-	92,288
	52,363	382,257
Current	40,657	207,108
Non-current	11,706	175,149

Out of a total of R\$52,363 (R\$382,257 - consolidated), the amount of R\$10,206 (R\$80,072 - consolidated) shall be paid by means of contribution to development revenues entered in respective land. The remaining R\$42,157 (R\$302,185 - consolidated) shall be paid in cash, monetarily restated, as per flow. These accounts payable are guaranteed by promissory notes, sureties or by the own real estate.

13. OTHER ACCOUNTS PAYABLE

These are represented by:

	Parent company		Consolidated	
	2007	2006	2007	2006
Amounts payable for client rescission	1,248	348	2,170	767
Accounts payable	2,090	7,665	8,326	8,096
Contractual retention from suppliers	2,935	3,066	4,868	4,432
Total	6,273	11,079	15,364	13,295

14. PROVISION FOR CONTINGENCIES

a) Civil and labor matters

The Company is responsible for certain proceedings before several courts, mainly deriving from solidarity towards certain contractors, whose controls used for reducing exposure are monitored by the Company, which also makes contractual retentions for provisions to such disbursements. In conformity with the evaluation of its legal counsels and with the contractual retentions, the Company performs complements for provisions for risks of probable losses. In 2007, complements amounting to R\$1,500 were carried out.

b) Tax matters

The Company challenges in court the constitutionality of federal taxes in relation to the Contribution for Social Security Financing (COFINS) and Social Integration Program (PIS), specifically as to the extension of basis and triggering of said taxes over revenues earned on sale of real estate, prior to Law 9718/98, to which a court deposit exists.

A summary of the constituted provisions and court deposits performed is presented below:

	Parent company			Consolidated		
	Court deposit	Provision	Net	Court deposit	Provision	Net
Tax	20,484	22,082	1,598	25,777	26,374	597
Civil	743	800	57	3,243	3,250	7
Labor	542	2,246	1,704	502	2,246	1,744
	21,769	25,128	3,359	29,522	31,870	2,348

The Company is also involved with other civil and labor proceedings which arose during the normal course of its business, which, in the opinion of the Management and its legal counsels, have an expectation of loss classified as possible. Consequently, no provision was constituted in order to eventually face unfavorable decisions. The amounts of these proceedings, as of December 31, 2007, are: civil R\$8,294 and labor R\$949.

15. RELATED PARTIES

a) Checking accounts with partners in ventures

The Company participates in real estate development projects along with other partners in a direct way, through joint-ventures or related parties, by means of shareholding interest (normally in SPEs) or through consortiums.

The management structure of these ventures and the cash management are centralized in the company leading the project, which supervises the evolution of the construction works and the budgets, being able to ensure that the necessary investments are made and allocated according to the plan.

The changes in financial position of the venture are reflected in these balances, observing the respective interest percentage, which are not subject to restatement or financial charges and do not have a pre-determined maturity.

The average term for the development and conclusion of the ventures in which the funds have been invested is three years, always based on the physical and financial projects and schedules for each work. Thus, the allocation of funds allows the conditions for negotiation settled with each partner and in each of the projects to be concentrated in specific structures, more adequate to its characteristics.

The balances are presented as follows:

	2007		2006	
	Assets	Liabilities	Assets	Liabilities
In SPE's				
Acer Part. S/A	-	420	-	420
Adiantum Empr. S/A	932	-	-	-
Afelandra Empr. S/A	1,057	-	-	-
Agerato Empr. S/A	1,703	-	-	-
Aliberti Empr. S/A	1,300	-	-	-
Alium Empr. S/A	211	-	-	-
Alocasia Empr. S/A	809	-	-	-
Alpen Haus Neg. Imob. S/A	108	-	233	-
América Piqueri Incorp.	-	1,677	-	1,571
América Properties Ltda.	140	4,986	1,341	10,402
Anagalis Empr. S/A	1,634	400	584	-
Argentea Empr. S/A	1,095	-	-	-
Aristasia Empr. S/A	480	-	-	-
Asperula Empr. S/A	175	-	-	-
Autentic Des. Imob. S/A	304	-	-	-
Barão de Café Incorp. S/A	2,774	-	-	-
BCP Empr. Imob. S/A	-	1,934	-	-
Begônia Incorp. Ltda.	-	2,120	-	1,769
Betaquem Adm. de Bens Ltda.	362	-	-	-
Bétula Empr. S/A	1,307	-	1	-
Borago Empr. S/A	217	-	-	-
Bordo Empr. S/A	3,901	164	-	-
Brassica Empr. S/A	3,597	-	423	-
Cairica Empr. S/A	238	-	-	-
Calaminta Empr. S/A	466	-	5	-
Calêndula Des. Imob. S/A	1,490	-	212	-
Campainha Empr. S/A	338	-	-	-
Capuchinha Empr. S/A	331	-	-	-
Celebrity Icaraí Des. Imob. Ltda.	1,043	-	308	-
Celosia Empr. S/A	228	-	-	-
Centela Empr. S/A	660	-	-	-
Chenopodio Empr. S/A	-	961	-	-
Ciclame Empr. S/A	85	-	254	-
Clarquia Empr. S/A	439	-	-	-
Cleome Empr. S/A	-	252	-	-
Cond. das Palmeiras Empr. S/A	-	385	-	-
Coreópolis Empr. S/A	3,401	-	-	-
Courgete Empr. S/A	471	-	-	-
Cravina Empr. S/A	165	-	-	-
Cruá Empr. S/A	155	-	-	-
Dalia Empr. Imob. Ltda.	-	1,005	-	-
Decta Engenharia Ltda.	7,000	-	-	-
Del Monte Des. Imob. S/A	10	-	2,392	-
Del Monte Neg. Imob. S/A	-	-	1,022	-
Dipladênia Empr. Imob. Ltda.	334	-	105	-

continues...

<i>continuation...</i>	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Dueto Neg. Imob. S/A	276	-	379	-
Engeplano Part. Ltda	255	-	255	-
Fucsia Empr. S/A	1,168	-	-	-
Galeria Boulevard Des. Imob. S/A	193	-	188	-
Galeria Boulevard Neg. Imob. S/A	980	-	13	-
Garden Up Des. Imob. Ltda.	676	-	3	-
Garden Up Neg. Imob. S/A	2,930	-	94	-
Gardênia Part. S/A	-	212	2,300	-
Gerbreras Empr. S/A	-	-	-	434
Gestia Empr. S/A	339	-	-	-
Giardino Des. Imob. S/A	-	338	-	-
Giardino Empr. Imob. S/A	-	272	-	26
Glicinia Empr. S/A	1,637	-	457	-
Graminea Empr. S/A	437	-	426	-
Hibisco Incorp. Ltda.	282	1,544	2	-
Horizonte Empr. S/A	-	219	-	219
Housing Barão Do Café Ltd	303	-	-	-
Ibicela Empr. S/A	173	-	-	-
Jetirana Empr. S/A	957	-	46	-
Klabin Segal Emp. Imob. Ltda.	136	-	967	-
Landscape Empr. S/A	3,592	-	24	-
Malmequer Empr. S/A	1,296	158	1	-
Manêtia Empr. S/A	374	-	-	-
Marianinha Empr. S/A	721	-	1	-
Mucuna Empr. S/A	369	-	1	-
Natura Recreio Des. Imob. S/A	36	-	240	220
Natura Recreio Empr. S/A	168	-	-	-
Nidus Empr. S/A	2,111	-	1,148	-
Nigra Empr. S/A	828	-	-	-
Nilo Empr. Imob. Ltda.	-	2,020	-	-
North York Neg. Imob. S/A	1	200	168	-
Olerácea Empr. S/A	396	-	-	-
Orquídea Incorp. Ltda.	-	2,487	-	2,490
Pantai Des. Imob. S/A	321	-	(24)	-
Parnaso Des. Imob. S/A	-	208	-	52
Parnaso Empr. S/A	-	210	-	105
Parnaso Incorp. S/A	-	658	-	682
Pátio das Alamedas Incorp. S/A	-	777	-	-
Peônia Empr. Imob. S/A	168	-	50	-
Piper Empr. S/A	47	-	199	-
Piracanta Empr. S/A	821	-	155	-
Porto Paradiso Incorp. S/A	1,851	-	-	-
Praça Capital Neg. Imob. S/A	6,140	1,000	-	-
Praça Paris Incorp. S/A	-	-	526	-
Prunus Empr. S/A	737	-	904	-
Pumila Empr. S/A	484	-	-	-
Rarità Des. Imob. S/A	786	-	7	-
Rarità Neg. Imob. S/A	3,207	-	100	-

continues...

<i>continuation...</i>	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Riservato Neg. Imob. S/A	161	-	18	-
Rossi Melnick Des. Imob. S/A	1,669	-	32	-
Rossi Montante Incorp. S/A	3,962	-	809	-
Rossi Oscar Porto Incorp. Ltda.	1,238	-	-	-
Rossi Securities Emp. Imob. S/A	7,227	-	804	-
Rossi Trust e Part. Ltda.	-	858	-	40
Rossi-AEM Incorp. Ltda.	-	56	-	1,850
Rossi-GNO Incorp. Ltda.	-	4,135	-	3,460
RRTI Des. Imob. Ltda.	1,410	-	-	-
Salmiana Empr. S/A	376	-	1	-
Sândalo Des. Imob. S/A	16,124	4,600	-	-
Sanquezia Empr. Imob. Ltda.	273	-	-	-
Santa Felicidade Incorp. S/A	3,187	-	3,022	-
Santo Expedito Cons. Adm. Ltda.	-	-	1,841	-
Saponaria Empr. S/A	183	-	1	-
Scon-Rossi Incorp. S/A	1,488	3,900	(68)	600
Senecio Empr. S/A	1,915	-	-	-
Sibipuruna Empr. S/A	442	489	383	-
Tapiriri Empr. S/A	-	681	-	-
Terra Brazilis Empr.	-	2,747	-	2,747
Tibouchina Empr. S/A	1,156	-	310	-
Tumbergia Empr. S/A	364	-	109	-
Vivanti Empr. Imob. Ltda.	-	248	-	280
Other	3,854	1,032	2,187	1,482
	119,185	43,353	24,959	28,849

	2007		2006	
	Assets	Liabilities	Assets	Liabilities
In Consortiums				
Cons. Allure Condominium Club	184	1,000	228	401
Cons. Altavista	799	2,054	78	284
Cons. Atmosfera	2,131	775	129	-
Cons. Authentique	-	2,022	-	-
Cons. Bosque Rio Branco	316	2,535	274	750
Cons. Breeze Ecoville	1,553	-	758	-
Cons. Brooklin to Live	169	667	-	167
Cons. Califórnia 5	578	-	-	-
Cons. Catalunya	3,992	4,117	-	-
Cons. Chácara Santa Cruz	104	-	2,290	-
Cons. Chácara Santo Antonio	-	1,836	-	847
Cons. Clube Tuiuti	2,214	337	1,748	-
Cons. Colinas Morumbi	2,667	-	80	-
Cons. Country	678	325	279	-
Cons. Del Monte	518	368	517	-
Cons. Gaia	812	4,947	1,148	239
Cons. Garden Up	-	2,758	-	30
Cons. Garten Haus	-	1,551	-	314
Cons. Giardino Paraiso	2,231	2,851	668	1,090

continues...

<i>continuation...</i>	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Cons. Gran Vita	1,592	4,930	246	3,039
Cons. Iguatemi Porto Alegre	263	1,863	672	2,674
Cons. Image	-	3,483	-	1,333
Cons. Jardins de Londres	1,540	2,696	-	159
Cons. Landscape	3,968	404	1,191	50
Cons. Monte Serrat	391	2,524	180	-
Cons. Natura Recreio	1,064	1,170	1,897	785
Cons. Orizzonte	4,196	-	-	-
Cons. Orizzonti San Carlo	274	359	1	1
Cons. Pantai Enseada	-	3,365	-	1,763
Cons. Parnaso	4,570	2,378	374	18
Cons. Passeo Embaré	508	-	-	-
Cons. Patio Alamedas	-	2,294	-	665
Cons. Patio das Alamedas	2,864	-	29	-
Cons. Porto Central	1,488	1,241	869	350
Cons. Reserva Campolin	1,034	1,030	-	-
Cons. Reserva Petrópolis	1,483	1,296	2,315	697
Cons. Reservato	153	2,534	10	649
Cons. Rossi-AEM	624	603	714	115
Cons. Rossi-GNO	2,103	1,315	935	850
Cons. Solar Tatuapé	4,233	1,396	3,518	6,071
Cons. Splendore	-	876	1,205	1,651
Cons. Victoria Bay	-	2,494	-	19
Cons. Vivanti	-	2,875	-	925
Other	5,069	7,074	2,000	1,834
	56,363	76,343	24,353	27,770
Parent Company	175,548	119,696	49,312	56,619
Consolidated (after compensations)	7,748	1,812	45,615	32,681

b) Operations

In November 2007, the Company executed a commercial property lease agreement, corresponding to 246.56 square meters, for the expansion of its administrative headquarters located at Condomínio América Business Park, along with company Paradiso Administração e Participações Ltda., owned by a controlling shareholder. The agreement was executed under normal market conditions, the monthly value being R\$13.6 thousand, with clause of annual restatement by IGP-M (General Market Price Index) for the term of 60 months.

On December 2007, the Company sold real estate units of the Praça Capital project, located in the city of Campinas, to companies owned by controlling shareholders. The total operation amounted to R\$2.3 million. The sale value per square meter follows the same conditions as the remaining units of the project traded during the year. These units are leased to the Company for it to operate its branch in the city of Campinas.

16. DEBENTURES

On July 25, 2007, the first issuance of thirty thousand (30,000) simple debentures, non convertible into shares, of unsecured type, in a single series, excluding possibilities of renegotiation, with unit face value of ten thousand eighty reais and twenty-four centavos (R\$ 10,080.24), and valid through seven years as of the issuance date, in the total amount of R\$302,407, was settled with remuneration that will earn interest equivalent to 106.6% of daily average rates of one day Interbank Deposits (DI) one day, extra-group expressed on a percentage basis per annum (252 business days), calculated and disclosed by CETIP.

The debentures yield must be paid on a semiannual basis, and the first maturity date was January 2008, the balance of which on December 31, 2007 amounted to R\$17,417, classified under current liabilities.

The issuance expenses amounted to R\$1,747, recorded in non-operating income.

Covenant contractual clauses

The private instrument of deed of the first issuance of simple debentures has restrictive clauses determining maximum levels of indebtedness and leverage, as well as minimum levels of coverage of outstanding installments and costs to be incurred.

There are other financial commitments in addition to these, among which are:

- non-renewal of authorizations and licenses, including environmental ones;
- transformation into a limited-liability company;
- non-compliance with final and unappealable court decisions ;
- reduction of the capital stock not destined to absorb losses;
- transfers or assignments of share control;
- changes in the shareholding structure, such as mergers, spin-offs and incorporations in transactions exceeding 10% of shareholders' equity;

These contractual clauses were fully complied with in the year ended on December 31, 2007.

17. SHAREHOLDERS' EQUITY

a) Capital stock

The capital stock is R\$445,117 on December 31, 2007 and 2006, represented by 78,851,814 registered common shares. The authorized capital stock is 100,000,000 common shares.

In the first quarter of 2006, the Company went public by means of the issue of 30,500,000 non-par, registered common shares at an issue value of R\$25 per share, of which R\$214,385 was destined to capital stock and R\$548,115 to capital reserves, in a share premium account. The cost to place these shares on the market was R\$49,876, classified under non-operating expenses.

b) Treasury Shares

On December 31, 2007, 756,100 common shares had been acquired and remained in treasury, in the amount of R\$17,269. The minimum weighted average and maximum cost per share are, respectively, R\$15.96, R\$23.60 and R\$25.32 and the market value of such shares was R\$45.50 per registered common share as of December 31, 2007.

c) Appropriation of the net income for the year

The year's net income, after compensations and deductions set forth by Law and pursuant to the statutory provision, will be allocated as follows:

- 5% to the legal reserve, up to the limit of 20% of the paid-up capital stock;
- 25% of the balance, after allocation to the legal reserve, will be allocated to the payment of minimum mandatory dividends to all shareholders.

A legal reserve of R\$6,566 was established, equivalent to 5% of the year's net profit, in conformity with legal and statutory provisions.

The calculation of proposed dividends corresponding to 2007 is as follows:

	2007
Net profit in the year - parent company	131,315
Appropriation of legal reserve	(6,566)
Balance available for distribution	124,749
Minimum percentage	25%
Minimum annual dividend proposed	31,188
Dividends proposed per share, in Reais	0.39935

The Company's Board of Directors will propose the Annual General Meeting to approve the allocation of retained earnings, in the amount of R\$93,561, to retain profits for reinvestment in its operations, according to the investment plan.

18. DEFERRED TAXES AND CONTRIBUTIONS

Deferred taxes and contributions (parent company and consolidated) derive from balances of tax losses and social contribution negative basis, and from temporary non-deductible expenses at assets, and difference in the practice of recognition of profits in the real estate activity for tax purposes (cash basis) and accounting purposes (accrual basis) in liabilities. The management of the Company and of its subsidiaries, based on the future results projections, estimate realization within five years.

The balances of assets and liabilities are presented below:

	2007	
	Parent company	Consolidated
Assets	Base	Deferred
Deferred income tax and social contribution tax		
Tax losses	113,814	28,454
Social contribution tax negative basis	116,004	10,440
Temporary non-deductible expenses	21,097	7,173
		46,067
Current		14,389
Non-current		31,678
Liabilities		
Deferred taxes and contributions		
Companies taxed by actual profit		
Income tax and social contribution tax	117,839	40,065
COFINS and PIS	72,256	6,684
		46,749
Companies taxed by the "presumed profit system"		
Income tax and social contribution	-	-
COFINS and PIS	-	-
		-
		46,749
Current		14,602
Non-current		32,147

The Company's management prepared an estimate for the generation of future results, which shall be taxed, based on the expected result of operations, discounted at present value at the rate of 1% per month for the next years. Said technical study is approved by the Executive Board and the Board of Directors and presupposes the realization of deferred income tax and social contribution in the following years:

Years	Parent company	Consolidated
Nominal amounts on December 31, 2007		
2008	4,615	4,615
2009	16,076	16,076
2010	33,275	33,275
2011	17,293	17,293
2012	(32,365)	(21,067)
Deferred taxes on tax losses carryforward	38,894	50,192
Deferred taxes on temporary differences (*)	7,173	8,501
Total	46,067	58,693

(*) These shall be realized upon the conclusion of challenges in court under progress as outlined in Note 14.

The amounts of income tax and social contribution stated in the result present the following conciliation in their values at nominal rate:

	Parent company		Consolidated	
	2007	2006	2007	2006
Result before taxation	152,630	39,984	166,706	45,805
Rate in force	34%	34%	34%	34%
Income tax and social contribution estimate	(51,894)	(13,595)	(56,680)	(15,574)
Equity accounting	56,035	15,984	-	-
Effect of the result of subsidiaries taxed by the "presumed profit system"	-	-	10,795	6,190
Other permanent differences	(15,951)	1,328	24,771	10,961
	(11,810)	3,717	(21,114)	1,577

The Company appropriated R\$8,239 (R\$22,379 - consolidated) to the 2007 results related to deferred PIS and COFINS.

19. REAL ESTATE DEVELOPMENT AND SALE OPERATIONS

The Company and its subsidiaries have adopted the procedures and rules set forth by CFC Resolution no. 963 for accounting recognition of income earned from real estate operations. As a result, the balances of budgeted costs of units sold and the income from unearned real estate sales, in addition to the full balance of accounts receivable from sale agreements, derived from the projects, are not recorded at the financial statements:

a) Amounts receivable from clients

Parent Company	2007			2006		
	Current	Non-Current	Total	Current	Non-Current	Total
Clients by real estate development	282,583	620,271	902,854	202,766	294,332	497,098
Allowance for doubtful accounts	(848)	-	(848)	-	-	-
Unearned income	(22,003)	(48,441)	(70,444)	(15,080)	(21,891)	(36,971)
	259,732	571,830	831,562	187,686	272,441	460,127
Consolidated						
Clients by real estate development	565,201	1,366,251	1,931,452	362,100	579,437	941,537
Allowance for doubtful accounts	(848)	-	(848)	-	-	-
Unearned income	(33,500)	(81,100)	(114,600)	(21,122)	(21,891)	(43,013)
	530,853	1,285,151	1,816,004	340,978	557,546	898,524

b) Costs budgeted to be incurred

	Parent company		Consolidated	
	2007	2006	2007	2006
Materials	151,055	75,665	291,165	143,074
Sub-contractors and third-party services	176,245	88,283	338,529	166,348
Own labor	24,933	12,489	47,905	23,540
	352,233	176,437	677,599	332,962
Current	203,907	104,698	366,436	200,726
Non-Current	148,326	71,739	311,163	132,236

c) Income from real estate sales to appropriate

	Parent company		Consolidated	
	2007	2006	2007	2006
Revenues from real estate sales	552,464	254,232	1,050,104	517,433
Building costs	(348,939)	(171,389)	(664,375)	(319,694)
Land	(3,294)	(5,049)	(13,224)	(13,268)
Selling and trade expenses	(41,445)	(14,841)	(90,725)	(37,917)
Financing interest rates	(1,316)	(685)	(1,710)	(844)
Net income to appropriate	157,470	62,268	280,070	145,710

20. FINANCIAL INSTRUMENTS

The Company and its subsidiaries participate in operations involving financial instruments with a view to finance its activities or apply its available funds. The management of such risks is carried out by defining conservative strategies, aiming liquidity, profitability and safety. The control policy consists of permanently following-up rates contracted versus those prevailing in the market. Operations involving financial instruments with speculation purposes are not carried out.

The financial instruments are recorded in equity accounts and are represented by financial investments (Note 4), accounts receivable from clients (Note 5), loans and financing (Note 11), debentures (Note 16) and treasury shares (Note 17), whose estimated market values are substantially similar to their respective book values.

On December 31, 2007, there are no current agreements related to derivative and hedge operations in the Company.

21. EMPLOYEES AND MANAGERS' PROFIT SHARING

Employees' profit sharing, pursuant to the provisions of the legislation in force, may occur based on spontaneous programs maintained by the companies or in agreements with the employees or union entities and was resolved at a Board of Executive Officers' meeting.

Managers' profit sharing shall be purpose of resolutions at the General Meeting, pursuant to the provisions in item XV of article 21 of the Company's Bylaws.

Thus, in 2007, the Company provisioned R\$9,505 of employees and managers' profit sharing.

22. INSURANCE

The Company and its subsidiaries adopted the policy of taking out insurance coverage for assets subject to risks at amounts deemed as sufficient by the management to cover eventual claims, taking into consideration its activity.

The policies are effective and the premiums were duly paid. We consider we have a risk management program with a view to setting out risks, seeking on the market coverage compatible with our size and operations, and our insurance coverage is consistent with other similar sized-companies operating in the industry. Below, the insurance coverage:

Engineering risks - (R\$758,570)

- i) Civil liability - coverage for property and bodily damage involuntarily caused to third parties resulting from the execution of work, facilities and setting up at the site, purpose of insurance;
- ii) Physical damages to real estate (housing credit) - coverage for damages, losses and property damage derived from sudden and unforeseen accidents to real estate.

Fire - (R\$57,569) lightning and explosion at headquarters and regional offices.

Building conclusion insurance - (R\$115,003) it ensures the surrender of building to committed purchasers.

The assumptions of risks adopted, given their nature, are not included in the scope of audit of the financial statements, and therefore they were not audited by our independent auditors.

23. SUBSEQUENT EVENTS

a) Changes in the Brazilian Corporate Law

On December 28, 2007, Law 11,638/07 was enacted, which amends certain provisions of the Brazilian Corporate Law (Law 6,404, as of December 15, 1976). In general terms, the new Law requires the harmonization of the accounting practices adopted in Brazil with certain international accounting standards derived from rules issued by the IASB - International Accounting Standard Board, with effect as of January 1, 2008.

Among the amendments required in the accounting practices adopted in Brazil are the following: substitution of the statement of changes in financial position for the statement of cash flows, the addition of the value-added statement, the creation of new account subgroups, the segregation of tax and market records and the introduction of new criteria for the classification and assessment of financial instruments, appreciation of certain assets at market value, and the concept of adjustment to present value for long-term operations with assets and liabilities, and for material short-term operations.

The Company chose to present the statement of cash flows as supplementary information to these financial statements, and is analyzing possible impacts of the other changes introduced by Law 11,638/07 to its financial statements, which, if necessary, will be recognized throughout 2008, and in connection with normative rulings to be issued by CVM, as per its Technical Notice on January 14, 2008.

b) Primary public offering of common shares

On January 15, 2008, the company registered at CVM the requirement of primary public offering of common shares issued by the Company ("Offering"). The Offering shall be carried out in the Brazilian non-organized over-the-counter market pursuant to CVM Instruction no. 400/03 and, also, with efforts for placements abroad based on registration exemptions determined by the U.S. Securities Act of 1933, as amended. No registry of the Offering or of the Shares will be submitted to agencies or regulatory bodies of any country's capital markets other than Brazil. The share issue price shall be settled by means of a bookbuilding procedure, pursuant to article 44 of CVM Instruction no. 400/03. The implementation of the offering is subject to the favorable conditions of the domestic and international capital markets.

When current conditions are maintained, a notice to the market shall be timely disclosed, pursuant to the provisions in article 53 of CVM Instruction no. 400/03, containing information on: (i) other characteristics of the Offering; (ii) places where to obtain the preliminary prospect; (iii) the estimated dates and places for the disclosure of the Offering; and (iv) the conditions, the procedure, the reserves period and the bookbuilding period. The Offer shall take force after the appropriated registry is granted by CVM.