

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

***Rodobens Negócios Imobiliários S.A.  
and Subsidiaries***

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

Deloitte Touche Tohmatsu Auditores Independentes

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

## INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of  
Rodobens Negócios Imobiliários S.A.  
São José do Rio Preto - SP

1. We have audited the accompanying individual (Company) and consolidated balance sheets of Rodobens Negócios Imobiliários S.A. and subsidiaries as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity (Company), cash flows, and value added for the years 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 Company;  
(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 the Company's 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 Rodobens Negócios Imobiliários S.A. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations, the changes in their shareholders' equity, their cash flows, and the values added in operations for the years then ended, in conformity with Brazilian accounting practices.
4. As mentioned in Note 2.1, in view of the changes in Brazilian accounting practices in 2008, the financial statements for the year ended December 31, 2007, presented for comparative purposes, have been adjusted and are being restated as set forth in NPC 12 - Accounting Policies, Changes in Accounting Estimates and Errors.
5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Campinas, February 6, 2009

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

  
Alex Andrade Vaz da Silva  
Engagement Partner

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**RODOBENS NEGÓCIOS IMOBILIÁRIOS S.A. AND SUBSIDIARIES**

BALANCE SHEETS AS OF DECEMBER 31, 2008 AND 2007  
(in thousands of Brazilian reais - R\$)

ASSETS	Note	Company		Consolidated		LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Company		Consolidated	
		2008	2007	2008	2007			2008	2007	2008	2007
<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>					
Cash and cash equivalents	3	33,302	293,653	56,138	304,651	Trade accounts payable		3,162	2,026	20,900	7,999
Trade accounts receivable	4	7,690	11,344	342,994	93,053	Construction financing - mortgage loans	8	-	230	92,656	20,612
Properties for sale	5	55,352	115,948	263,012	196,669	Payroll taxes and taxes payable		3,640	5,220	9,066	7,145
Receivables from third parties	9	305,459	86,865	95,349	38,925	Funds from partners	9	3,330	9,515	38,053	23,248
Expenses to be passed through to SPEs		2,560	9,618	3,317	10,196	Accounts payable for acquisition of real estate	10	12,975	27,228	55,402	65,304
Deferred selling expenses		-	18	9,223	3,817	Deferred taxes	14	813	1,502	27,077	8,410
Prepaid expenses		70	214	181	356	Warranty reserve	11	499	577	3,067	1,264
Coobligations - Receivables		1,570	-	4,323	-	Coobligations - Receivables		1,570	-	4,323	-
Other		9,371	3,889	11,007	5,136	Due to related parties	13	6,091	2,458	10,528	8,085
Total current assets		415,374	521,549	785,544	652,803	Provision for investment loss	6	13,947	6,592	-	-
<b>NONCURRENT ASSETS</b>						Employee profit sharing		1,942	854	1,942	854
Long-term assets:						Proposed dividends		19,878	1,435	19,878	1,435
Trade accounts receivable	4	10,479	14,258	88,375	55,067	Other payables		1,036	487	9,664	3,913
Properties for sale	5	34,799	2,242	94,823	12,870	Total current liabilities		68,883	58,124	292,556	148,269
Escrow deposits		462	280	502	297	<b>NONCURRENT LIABILITIES</b>					
Due from related parties	13	38,150	18,409	36,542	16,016	Long-term liabilities:					
Investments:						Deferred taxes	14	1,108	1,891	7,744	4,722
Investments in subsidiaries and jointly-owned subsidiaries	6	173,802	55,253	13,755	11,032	Construction financing - mortgage loans	8	-	1,102	96,727	39,303
Property and equipment	7	2,484	3,120	14,446	6,844	Reserve for contingencies	15	37	37	136	136
Intangible assets	7	5,441	1,856	5,797	1,888	Accounts payable for acquisition of real estate	10	10,246	20,586	41,827	29,146
Total noncurrent assets		265,617	95,418	254,240	104,014	Total noncurrent liabilities		11,391	23,616	146,434	73,307
<b>TOTAL ASSETS</b>		<b>680,991</b>	<b>616,967</b>	<b>1,039,784</b>	<b>756,817</b>	<b>MINORITY INTEREST</b>				<b>77</b>	<b>14</b>
						<b>SHAREHOLDERS' EQUITY</b>					
						Capital	16 a)	512,438	512,438	512,438	512,438
						Capital reserve	16 b)	5,955	3,614	5,955	3,614
						Legal reserve	16 c)	6,273	2,132	6,273	2,132
						Retained earnings		76,051	17,043	76,051	17,043
								600,717	535,227	600,717	535,227
						<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>680,991</b>	<b>616,967</b>	<b>1,039,784</b>	<b>756,817</b>

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

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

RODOBENS NEGÓCIOS IMOBILIÁRIOS S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME FOR THE YEARS

ENDED DECEMBER 31, 2008 AND 2007

(In thousands of Brazilian reais - R\$, except earnings per share)

	Note	Company		Consolidated	
		2008	2007	2008	2007
GROSS SALES REVENUE					
Revenue from projects		3,408	22,155	418,921	129,707
(-) DEDUCTIONS					
Unconditional discounts		-	-	(69)	-
Taxes on sales		(174)	(1,663)	(15,070)	(4,721)
		(174)	(1,663)	(15,139)	(4,721)
NET SALES REVENUE					
		3,234	20,492	403,782	124,986
COST OF SALES					
		(1,994)	(18,865)	(259,278)	(82,619)
GROSS PROFIT					
		1,240	1,627	144,504	42,367
OPERATING INCOME (EXPENSES)					
Selling expenses		(935)	(674)	(40,003)	(11,401)
General and administrative expenses		(21,587)	(16,792)	(33,432)	(20,707)
Management fees		(765)	(727)	(765)	(728)
Corporate restructuring expenses		-	(20,768)	-	(20,768)
Employee profit sharing		(4,457)	(1,646)	(4,457)	(1,646)
Other operating income	17	1,192	2,386	7,441	7,962
Equity in subsidiaries	6	95,576	29,349	2,751	1,267
Provision for shareholders' deficit of jointly-owned subsidiaries	6	(9,128)	(2,444)	-	-
		59,896	(11,316)	(68,465)	(46,021)
INCOME (LOSS) FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)					
		61,136	(9,689)	76,039	(3,654)
FINANCIAL INCOME (EXPENSES)					
Inflation adjustments, net		1,114	1,034	1,534	1,038
Financial income		22,451	41,416	28,248	44,316
Financial expenses		(843)	(9,874)	(7,588)	(14,140)
		22,722	32,576	22,194	31,214
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION					
		83,858	22,887	98,233	27,560
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	14	(1,852)	(795)	(5,346)	(2,888)
Deferred	14	812	795	(10,002)	(1,771)
		(1,040)	-	(15,348)	(4,659)
INCOME BEFORE MINORITY INTEREST					
		82,818	22,887	82,885	22,901
MINORITY INTEREST					
		-	-	(67)	(14)
REVERSAL OF INTEREST ON CAPITAL					
		-	8,500	-	8,500
NET INCOME					
		82,818	31,387	82,818	31,387
EARNINGS PER SHARE AT END OF YEAR					
		1.70495	0.64616		

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

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RODOBENS NEGÓCIOS IMOBILIÁRIOS 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 - R\$)

	Note	Earnings reserve			Retained earnings	Total	
		Capital	Capital reserve	Legal reserve			Retained earnings reserve
BALANCES AS OF DECEMBER 31, 2006		63,938	-	118	186	-	64,242
Prior year adjustments		-	-	-	-	(2,762)	(2,762)
BALANCES AS OF DECEMBER 31, 2006 - ADJUSTED		63,938	-	118	186	(2,762)	61,480
Additional dividends paid		-	-	-	(186)	-	(186)
Capital increase	16.a)	448,500	-	-	-	-	448,500
Net income:							
Originally calculated		-	-	-	-	40,287	40,287
Adjustments made in 2007		-	-	-	-	(8,900)	(8,900)
Net income for the adjusted year		-	-	-	-	31,387	31,387
Capital reserve (stock option plan)	16.b)	-	3,614	-	-	-	3,614
Proposal for net income recognition:							
Legal reserve		-	-	2,014	-	(2,014)	-
Interest on capital paid		-	-	-	-	(8,500)	(8,500)
Proposed dividends		-	-	-	-	(1,068)	(1,068)
Retained earnings reserve		-	-	-	17,043	(17,043)	-
BALANCES AS OF DECEMBER 31, 2007 - ADJUSTED		512,438	3,614	2,132	17,043	-	535,227
Net income		-	-	-	-	82,818	82,818
Supplementary provision for stock option plan	16.b)	-	2,341	-	-	-	2,341
Proposal for net income recognition:							
Legal reserve	16.c)	-	-	4,141	-	(4,141)	-
Proposed dividends	16.d)	-	-	-	-	(19,669)	(19,669)
Retained earnings reserve	16.d)	-	-	-	59,008	(59,008)	-
BALANCES AS OF DECEMBER 31, 2008		512,438	5,955	6,273	76,051	-	600,717

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RODOBENS NEGÓCIOS IMOBILIÁRIOS S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE YEARS

ENDED DECEMBER 31, 2008 AND 2007

(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	2008	2007	2008	2007
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income	82,818	31,387	82,818	31,387
Adjustments to reconcile net income to net cash used in operating activities:				
Stock option plan	2,341	3,614	2,341	3,614
Deferred taxes	(1,472)	(1,450)	21,689	4,077
Depreciation	737	351	1,186	412
Minority interest	-	-	63	14
Equity in subsidiaries	(95,576)	(29,349)	(2,751)	(1,004)
Write-offs of property and equipment	3,571	18	3,206	48
Interest and inflation adjustment on loans and financing	54	1,226	12,809	8,127
Increase (decrease) in operating assets:				
Trade accounts receivable	7,433	6,624	(283,249)	(62,147)
Properties for sale	28,039	(110,942)	(148,296)	(173,867)
Third-party receivables	(218,594)	(80,618)	(56,424)	(22,749)
Expenses to be passed through to SPEs (subsidiaries and jointly-owned subsidiaries)	7,057	(8,562)	6,879	(8,855)
Deferred selling expenses	18	217	(5,406)	1,224
Prepaid expenses	144	364	175	332
Other receivables	(5,482)	(3,570)	(5,871)	(3,802)
Related parties	(16,108)	9,090	(18,083)	(5,963)
Escrow deposits	(182)	(280)	(205)	(297)
Coobligations - Receivables	(1,570)	-	(4,323)	-
Trade accounts payable	1,136	1,370	12,901	5,188
Tax and social liabilities	(1,580)	3,739	1,921	4,859
Accounts payable due to purchase of property	(24,593)	40,959	2,779	77,686
Advances from customers	30	(125)	3,871	(1,074)
Funds from partners	(6,185)	7,223	14,805	15,929
Warranty reserve	(78)	(101)	1,803	(86)
Provision for investment loss	9,128	(5,056)	-	-
Provision for profit sharing (employees, directors mentioned in the by-laws and directors not mentioned in the by-laws)	1,088	123	1,088	123
Distributable profits	18,443	918	18,443	918
Other accounts payable	519	(1,516)	1,880	664
Coobligations - Receivables	1,570	-	4,323	-
Net cash used in operating activities	(207,294)	(134,346)	(329,628)	(125,242)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(7,256)	(3,321)	(15,903)	(6,909)
Other investments	(24,747)	(10,263)	28	(12,790)
Net cash used in investing activities	(32,003)	(13,584)	(15,875)	(19,699)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Loans and financing:				
Repayment of loans and financing	(2,488)	(30,397)	(122,076)	(86,515)
Borrowings and financing	1,103	14,026	238,735	79,276
Capital increase	-	448,500	-	448,500
Profit distributed	-	(186)	-	(186)
Earnings received from subsidiaries	-	5,293	-	-
Proposed dividends	(19,669)	(1,068)	(19,669)	(1,068)
Reversal of interest on capital	-	(8,500)	-	(8,500)
Net cash provided by (used in) financing activities	(21,054)	427,668	96,990	431,507
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(260,351)</b>	<b>279,738</b>	<b>(248,513)</b>	<b>286,566</b>
<b>CASH AND CASH EQUIVALENTS</b>				
At beginning of year	293,653	13,915	304,651	18,085
At end of year	33,302	293,653	56,138	304,651
	<u>(260,351)</u>	<u>279,738</u>	<u>(248,513)</u>	<u>286,566</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>				
Cash paid during the year referring to:				
Interest on loans and financing	57	1,141	11,189	6,856
Income tax and social contribution	(1,910)	131	5,916	1,889

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

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RODOBENS NEGÓCIOS IMOBILIÁRIOS S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED FOR THE YEARS

ENDED DECEMBER 31, 2008 AND 2007

(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	2008	2007	2008	2007
REVENUES	3,408	22,155	418,921	129,707
Sale of goods, products and services	3,408	22,155	418,921	129,707
INPUTS PURCHASED FROM THIRD PARTIES	(11,558)	(44,393)	(315,202)	(121,348)
Cost of products, goods and services sold	(1,994)	(18,865)	(259,278)	(82,619)
Materials, power, third-party services and other	(9,564)	(25,528)	(55,924)	(38,729)
GROSS VALUE ADDED	(8,150)	(22,238)	103,719	8,359
RETENTIONS	(737)	(351)	(1,186)	(411)
Depreciation, amortization and depletion	(737)	(351)	(1,186)	(411)
WEALTH CREATED	(8,887)	(22,589)	102,533	7,948
WEALTH RECEIVED THROUGH TRANSFER	110,362	70,367	32,386	48,943
Equity in subsidiaries	86,448	26,905	2,751	1,267
Financial income	22,722	41,076	22,194	39,714
Other	1,192	2,386	7,441	7,962
Other operating income	1,192	2,386	7,441	7,962
WEALTH FOR DISTRIBUTION	101,475	47,778	134,919	56,891
DISTRIBUTION OF WEALTH	101,475	47,778	134,919	56,891
Employees	15,152	10,464	18,281	10,972
Salaries and wages	13,805	9,742	16,053	10,183
Benefits	876	410	1,568	441
FGTS (severance pay fund)	471	312	660	348
Taxes, fees and contributions	3,505	5,927	33,753	14,519
Federal	3,328	5,814	33,210	14,255
State	-	-	-	-
Municipal	177	113	543	264
Payments to shareholders	82,818	31,387	82,885	31,400
Interest on capital	-	8,500	-	8,500
Dividends	19,669	1,068	19,669	1,068
Retained earnings (accumulated losses) for the year	63,149	21,819	63,149	21,819
Minority interest in retained earnings	-	-	67	13

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

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RODOBENS NEGÓCIOS IMOBILIÁRIOS S.A. AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS  
ENDED DECEMBER 31, 2008 AND 2007

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated) (Unaudited)

1. OPERATIONS

Rodobens Negócios Imobiliários S.A. (the “Company”) is engaged in buying and selling real estate, division or subdivision of land, real estate development and construction of buildings for sale, providing services to third parties and managing the portfolio of real estate financing receivables of its own or third-party projects. Products are aimed at two main segments, intended for different target publics, consisting of projects of up to R\$ 150 with an area between 45 and 90 m<sup>2</sup> per unit for families with average monthly income between R\$ 2 and R\$ 4 and above R\$ 150 with an area between 75 and 230 m<sup>2</sup> per unit for families with average monthly income above R\$ 4.

The development of real estate projects is usually carried out on a partnership basis, through special purpose entities (“SPE”), direct interests in the projects or consortiums, aimed at maximizing different market opportunities.

In the first quarter of 2007, the Company concluded its public offering at the BOVESPA (São Paulo Stock Exchange) New Market, resulting in a capital increase of R\$ 448,500 with the primary issue of 23,000,000 registered common shares without par value. Expenses in this process on lawyers, auditors and in-house personnel incurred are non-recurring and were recorded in the statement of income under the caption “corporate restructuring expenses” in the group operating expenses.

2. PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING PRACTICES

2.1. Presentation of financial statements

The financial statements have been prepared in accordance with accounting practices established by Brazilian Corporate Law (Law 6,404/76, as amended by Law 11,638/07), standards and instructions set forth by the Brazilian Securities and Exchange Commission (CVM), technical pronouncements issued by the Brazilian Institute of Independent Auditors (IBRACON), and resolutions by the Federal Accounting Council (CFC).

On December 28, 2007, Law 11,638 was enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law, especially with respect to chapter XV, Fiscal Year and Financial Statements, and is effective for fiscal years beginning on or after January 1, 2008. This Law was designed primarily to update the Brazilian Corporate Law, so as to enable the convergence of Brazilian accounting practices with international accounting standards (IFRS) and allow the Accounting Pronouncements Committee (CPC) to issue new accounting standards and procedures, in conformity with such international accounting standards.



The main changes introduced by Law 11,638/07 and the new technical pronouncements issued by CPC, with had impact on the financial statements as of December 31, 2008, can be summarized as follows:

- a) Replacement of the statement of changes in financial position by the statement of cash flows, which is also presented on a comparative basis.
- b) Recognition of the adjustment to present value only of nonperforming trade accounts receivable (before the delivery of the keys) and accounts payable for acquisition of real estate. The discount rate used is based on the average rate used by the Company to grant discounts on sales price list, which is consistent with remuneration rates of government securities with similar risks and terms.
- c) Creation of a new account group “intangible assets”. Software right of use is recorded in this account. Reclassification, as of December 31, 2007, of balances amounting to R\$ 1,856 and R\$ 1,888, Company and consolidated, respectively, previously classified as “Property and equipment”.
- d) Recognition and disclosure of the stock option plan whose information is disclosed in note 16.e).
- e) Expenditures directly related to the construction of a sales stand and a model flat, as well as to the acquisition of furniture and fixtures for them, which were previously recorded in “Deferred selling expenses” and recognized in the statement of income following the same criteria as for the recognition of property development earnings started to be recognized under “Property and equipment” and depreciated according to the corresponding useful life.
- f) Advertising and publicity expenses which were previously recorded under “Deferred selling expenses” and recorded in the statement of income following the same criteria as for the recognition of real estate development, started to be recognized in the statement of income under the caption “Selling expenses” when actually incurred.
- g) Deferred commissions on cancelled sales, which were previously recorded under “Deferred selling expenses” in the statement of income following the same criteria for the appropriation of real estate development revenues, started to be recognized immediately as an expense in the event of sales cancellation or when it is probable that the value contracted will not be paid.
- h) Inclusion of the presentation of the statement of value added, which is also presented on a comparative basis;
- i) Reclassification, as of December 31, 2007, of balances previously classified as “Nonoperating income” (debit balances of R\$ 138 and R\$ 132, Company and consolidated, respectively) to “Other operating income, net”.
- j) Requirement of periodic analysis of the recoverability of amounts recorded in property and equipment and intangible assets of the Company and its subsidiaries to ensure that: (i) impairment losses resulting from decisions to discontinue activities related to such assets are recorded when there is evidence that future operating results will not be sufficient to ensure their realization; and (ii) the criteria used to determine the estimated remaining useful life of such assets for purposes of recording depreciation, amortization and depletion expense are reviewed and adjusted. Analyses performed in 2008 did not indicate the need for recognizing an allowance for impairment losses.

- k) Provision for warranty, which was calculated over the cost incurred for construction (sold or not sold), started to be calculated only over the cost incurred for units sold.
- l) Financial cost, which was calculated over the cost incurred for construction (sold or not sold), started to be calculated only over the cost incurred for units sold.

As a result of the changes in accounting practices due to the adoption of the new resolutions by CVM (Brazilian Securities and Exchange Commission) already approved and disclosed, the financial statements for the year ended December 31, 2007 were rectified and are presented below reflecting these effects. The main impacts from these events are as follows:

<u>BALANCE SHEET</u>	<u>Company</u>			
	<u>2007</u> <u>Disclosed</u>	<u>Adjustment resulting</u> <u>from changes in</u> <u>accounting practices</u>	<u>Note</u>	<u>2007</u> <u>Adjusted</u>
<u>ASSETS</u>				
CURRENT ASSETS	<u>521,538</u>	<u>11</u>		<u>521,549</u>
Cash and cash equivalents	293,653	-		293,653
Trade accounts receivable	11,353	(9)	(b)	11,344
Properties for sale	115,915	33	(l)	115,948
Receivables from third parties	86,865	-		86,865
Expenses to be passed through to SPEs	9,618	-		9,618
Deferred selling expenses	31	(13)	(e), (f) e (g)	18
Prepaid expenses	214	-		214
Other receivables	3,889	-		3,889
NONCURRENT ASSETS	<u>101,901</u>	<u>(6,483)</u>		<u>95,418</u>
Long-term assets:				
Trade accounts receivable	14,258	-		14,258
Properties for sale	2,242	-		2,242
Escrow deposits	280	-		280
Due from related parties	18,409	-		18,409
Investments:				
Investments in subsidiaries and jointly-owned subsidiaries	61,740	(6,487)		55,253
Property and equipment	3,116	4	(e)	3,120
Intangible assets	1,856	-		1,856
TOTAL ASSETS	<u>623,439</u>	<u>(6,472)</u>		<u>616,967</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES	<u>56,548</u>	<u>1,576</u>		<u>58,124</u>
Trade accounts payable	2,026	-		2,026
Construction financing - mortgage loans	230	-		230
Payroll taxes and taxes payables	5,220	-		5,220
Funds from partners	9,515	-		9,515
Account payable for acquisition of real estate	27,228	-		27,228
Deferred taxes	1,502	-		1,502
Warranty reserve	577	-		577
Due to related parties - financial transactions	2,458	-		2,458
Provision for investment loss	5,016	1,576		6,592
Employee profit sharing	854	-		854
Proposed dividends	1,435	-		1,435
Other payables	487	-		487
NONCURRENT LIABILITIES	<u>23,616</u>	<u>-</u>		<u>23,616</u>
Long-term liabilities:				
Deferred taxes	1,891	-		1,891
Construction financing - mortgage loans	1,102	-		1,102
Reserve for contingencies	37	-		37
Account payable for acquisition of real estate	20,586	-		20,586
SHAREHOLDERS' EQUITY	<u>543,275</u>	<u>(8,048)</u>		<u>535,227</u>
Capital	512,438	-		512,438
Capital reserve	-	3,614	(d)	3,614
Legal reserve	2,132	-		2,132
Retained earnings reserve	28,705	(11,662)		17,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>623,439</u>	<u>(6,472)</u>		<u>616,967</u>

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STATEMENT OF INCOME	Company			
	2007 Disclosed	Adjustment resulting from changes in accounting practices	Note	2007 Adjusted
GROSS SALES REVENUE	22,164	(9)	(b)	22,155
Revenue from projects	22,164	(9)		22,155
DEDUCTIONS	(1,663)	-		(1,663)
Taxes on sales	(1,663)	-		(1,663)
NET SALES REVENUE	20,501	(9)		20,492
COST OF SALES	(18,898)	33	(l)	(18,865)
GROSS PROFIT	1,603	24		1,627
OPERATING INCOME (EXPENSES)	(2,392)	(8,924)		(11,316)
Sales expenses	(740)	66	(f) e (g)	(674)
General and administrative expenses	(13,178)	(3,614)	(d)	(16,792)
Management fees	(727)	-		(727)
Corporate restructuring expenses	(20,768)	-		(20,768)
Employee profit sharing	(1,646)	-		(1,646)
Other operating income	2,386	-		2,386
Equity in subsidiaries	33,735	(4,386)		29,349
Provision for shareholders' déficit of jointly-owned subsidiaries	(1,454)	(990)		(2,444)
INCOME (LOSS) FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)	(789)	(8,900)		(9,689)
FINANCIAL INCOME (EXPENSES)	32,576	-		32,576
Inflation adjustments, net	1,034	-		1,034
Financial income	41,416	-		41,416
Financial expenses	(9,874)	-		(9,874)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	31,787	(8,900)		22,887
INCOME TAX AND SOCIAL CONTRIBUTION	-	-		-
Current	(795)	-		(795)
Deferred	795	-		795
INCOME BEFORE MINORITY INTEREST MINORITY INTEREST	31,787	(8,900)		22,887
REVERSAL OF INTEREST ON CAPITAL	8,500	-		8,500
NET INCOME	40,287	(8,900)		31,387

STATEMENT OF CASH FLOWS	Company			
	2007 Disclosed	Adjustments resulting from changes in accounting practices	Note	2007 Adjusted
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	40,287	(8,900)		31,387
Adjustments to reconcile net income to net cash used in operating activities:				
Stock option plan	-	3,614	(d)	3,614
Deferred taxes	(1,450)	-		(1,450)
Depreciation	351	-		351
Minority interest	-	-		-
Equity in subsidiaries	(33,735)	4,386		(29,349)
Write-off of property and equipment	18	-		18
Interest and inflation adjustment on loans and financing	1,226	-		1,226

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STATEMENT OF CASH FLOWS	Company			2007 Adjusted
	2007 Disclosed	Adjustments resulting from changes in accounting practices	Note	
Changes in operating assets and liabilities:				
Trade accounts receivable	6,615	9	(b)	6,624
Properties for sale	(110,909)	(33)	(l)	(110,942)
Receivables from third parties	(80,618)	-		(80,618)
Expenses to be passed through to SPEs (subsidiaries and jointly-owned subsidiaries)	(8,562)	-		(8,562)
Deferred selling expenses	204	13	(e), (f) e (g)	217
Prepaid expenses	364	-		364
Other receivables	(3,570)	-		(3,570)
Related parties	9,090	-		9,090
Escrow deposits	(280)	-		(280)
Suppliers	1,370	-		1,370
Tax and social security liabilities	3,739	-		3,739
Accounts payable for acquisition of real estate	40,959	-		40,959
Advances from customers	(73)	(52)	(k)	(125)
Funds from partners	7,223	-		7,223
Warranty reserve	(101)	-		(101)
Provision for investment loss	(6,046)	990		(5,056)
Provision for profit sharing (employees, directors mentioned in the by-laws and directors not mentioned in the by-laws)	123	-		123
Distributable profit	918	-		918
Other accounts payable	<u>(1,568)</u>	<u>52</u>	(k)	<u>(1,516)</u>
Net cash used in operating activities	(134,425)	79		(134,346)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(3,317)	(4)	(e)	(3,321)
Increase in investments	<u>(10,188)</u>	<u>(75)</u>		<u>(10,263)</u>
Net cash used in investing activities	(13,505)	(79)		(13,584)
CASH FLOW FROM FINANCING ACTIVITIES				
Loans and financing:				
Repayments of loans and financing	(30,397)	-		(30,397)
Borrowings	14,026	-		14,026
Capital increase	448,500	-		448,500
Distributed profit	(186)	-		(186)
Profit received from subsidiaries	5,293	-		5,293
Proposed dividends	(1,068)	-		(1,068)
Reversal of interest on capital	<u>(8,500)</u>	<u>-</u>		<u>(8,500)</u>
Net cash provided by financing activities	427,668	-		427,668
INCREASE IN CASH AND CASH EQUIVALENTS	279,738	-		279,738
CASH AND CASH EQUIVALENTS				
At beginning of year	<u>13,915</u>	<u>-</u>		<u>13,915</u>
At end of year	<u>293,653</u>	<u>-</u>		<u>293,653</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the year referring to:				
Loans and financing interest	1,141	-		1,141
Income tax and social contribution	131	-		131

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<u>BALANCE SHEET</u>	<u>Consolidated</u>			
	<u>2007</u> <u>Disclosed</u>	Adjustment resulting from changes in accounting practices	<u>Note</u>	<u>2007</u> <u>Adjusted</u>
<u>ASSETS</u>				
CURRENT ASSETS	<u>665,077</u>	<u>(12,274)</u>		<u>652,803</u>
Cash and cash equivalents	304,651	-		304,651
Trade accounts receivable	96,317	(3,264)	(b)	93,053
Properties for sale	196,599	70	(l)	196,669
Receivables from third parties	38,925	-		38,925
Expenses to be passed through to SPEs	10,196	-		10,196
Deferred selling expenses	12,897	(9,080)	(e), (f) e (g)	3,817
Prepaid expenses	356	-		356
Other receivables	5,136	-		5,136
NONCURRENT ASSETS	<u>101,143</u>	<u>2,871</u>		<u>104,014</u>
Long-term assets:				
Trade accounts receivable	55,067	-		55,067
Properties for sale	12,870	-		12,870
Escrow deposits	297	-		297
Due from related parties	16,016	-		16,016
Investments:				
Investments in subsidiaries and jointly-owned subsidiaries	11,032	-		11,032
Property and equipment	3,973	2,871	(e)	6,844
Intangible	1,888	-		1,888
TOTAL ASSETS	<u>766,220</u>	<u>(9,403)</u>		<u>756,817</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES	<u>149,624</u>	<u>(1,355)</u>		<u>148,269</u>
Trade accounts payable	7,999	-		7,999
Construction financing - mortgage loans	20,612	-		20,612
Payroll charges and taxes payable	7,145	-		7,145
Funds from partners	23,248	-		23,248
Accounts payable for acquisition of real estate	66,171	(867)	(b)	65,304
Deferred taxes	8,410	-		8,410
Warranty reserve	1,749	(485)	(k)	1,264
Due to related parties - financial transactions	8,085	-		8,085
Provision for investment loss	854	-		854
Employee profit sharing	1,435	-		1,435
Proposed dividends	3,916	(3)	(k)	3,913
Other payables	-	-		-
NONCURRENT LIABILITIES	<u>73,307</u>	<u>-</u>		<u>73,307</u>
Long-term liabilities:				
Deferred taxes	39,303	-		39,303
Construction financing - mortgage loans	136	-		136
Reserve for contingencies	29,146	-		29,146
Accounts payable for acquisition of real estate	-	-		-
MINORITY INTEREST	<u>14</u>	<u>-</u>		<u>14</u>
SHAREHOLDERS' EQUITY	<u>543,275</u>	<u>(8,048)</u>		<u>535,227</u>
Capital	512,438	-		512,438
Capital reserve	-	3,614	(d)	3,614
Legal reserve	2,132	-		2,132
Retained earnings reserve	28,705	(11,662)		17,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>766,220</u>	<u>(9,403)</u>		<u>756,817</u>

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	Consolidated			2007 Adjusted
	2007 Disclosed	Adjustment resulting from changes in accounting practices	Note	
<u>STATEMENT OF INCOME</u>				
GROSS SALES REVENUE				
Revenue from projects	<u>132,968</u>	<u>(3,261)</u>	(b)	<u>129,707</u>
	132,968	(3,261)		129,707
DEDUCTIONS				
Taxes on sales	<u>(4,721)</u>	<u>-</u>		<u>(4,721)</u>
	(4,721)	-		(4,721)
NET SALES REVENUE				
	128,247	(3,261)		124,986
COST OF SALES				
	<u>(84,041)</u>	<u>1,422</u>	(b) e (l)	<u>(82,619)</u>
GROSS PROFIT				
	<u>44,206</u>	<u>(1,839)</u>		<u>42,367</u>
OPERATING INCOME (EXPENSES)				
Sales expenses	<u>(38,960)</u>	<u>(7,061)</u>		<u>(46,021)</u>
General and administrative expenses	<u>(7,954)</u>	<u>(3,447)</u>	(f) e (g)	<u>(11,401)</u>
Management fees	<u>(17,093)</u>	<u>(3,614)</u>	(d)	<u>(20,707)</u>
Corporate restructuring expenses	<u>(728)</u>	<u>-</u>		<u>(728)</u>
Employee profit sharing	<u>(20,768)</u>	<u>-</u>		<u>(20,768)</u>
Other operating income	<u>(1,646)</u>	<u>-</u>		<u>(1,646)</u>
Equity in subsidiaries	<u>7,962</u>	<u>-</u>		<u>7,962</u>
Provision for shareholders' deficit of jointly-owned subsidiaries	<u>1,267</u>	<u>-</u>		<u>1,267</u>
INCOME (LOSS) FROM OPERATIONS BEFORE				
FINANCIAL INCOME (EXPENSES)	<u>5,246</u>	<u>(8,900)</u>		<u>(3,654)</u>
FINANCIAL INCOME (EXPENSES)				
Inflation adjustment, net	<u>1,038</u>	<u>-</u>		<u>1,038</u>
Financial income	<u>44,316</u>	<u>-</u>		<u>44,316</u>
Financial expenses	<u>(14,140)</u>	<u>-</u>		<u>(14,140)</u>
INCOME BEFORE INCOME TAX AND SOCIAL				
CONTRIBUTION	<u>36,460</u>	<u>(8,900)</u>		<u>27,560</u>
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	<u>(2,888)</u>	<u>-</u>		<u>(2,888)</u>
Deferred	<u>(1,771)</u>	<u>-</u>		<u>(1,771)</u>
INCOME BEFORE MINORITY INTEREST				
	<u>31,801</u>	<u>(8,900)</u>		<u>22,901</u>
MINORITY INTEREST				
	<u>(14)</u>	<u>-</u>		<u>(14)</u>
REVERSAL OF INTEREST ON CAPITAL				
	<u>8,500</u>	<u>-</u>		<u>8,500</u>
NET INCOME				
	<u>40,287</u>	<u>(8,900)</u>		<u>31,387</u>

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STATEMENT OF CASH FLOWS	Consolidated			
	2007 Disclosed	Adjustment resulting from changes in accounting practices	Note	2007 Adjusted
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	40,287	(8,900)		31,387
Adjustments to reconcile net income to net cash used in operating activities:				
Stock option plan	-	3,614	(d)	3,614
Deferred taxes	4,077	-		4,077
Depreciation	412	-		412
Minority interest	14	-		14
Equity in subsidiaries	(1,004)	-		(1,004)
Write-offs of property and equipment	48	-		48
Interest and inflation adjustment on loans and financing	8,127	-		8,127
Changes in assets and liabilities:				
Trade accounts receivable	(65,411)	3,264	(b)	(62,147)
Properties for sale	(173,797)	(70)	(l)	(173,867)
Receivables from third parties	(22,749)	-		(22,749)
Expenses to be passed through to SPEs	(8,855)	-		(8,855)
Deferred selling expenses	(7,856)	9,080	(e), (f) e (g)	1,224
Prepaid expenses	332	-		332
Other receivables	(3,802)	-		(3,802)
Due to related parties	(5,963)	-		(5,963)
Escrow deposits	(297)	-		(297)
Trade accounts payable	5,188	-		5,188
Tax and social security liabilities	4,859	-		4,859
Accounts payable for acquisition of properties	78,553	(867)	(b)	77,686
Advances from customers	750	(1,824)	(k)	(1,074)
Funds from partners	15,929	-		15,929
Provision for warranty	399	(485)	(k)	(86)
Provision for profit sharing (employees, directors mentioned in the by-laws and directors not mentioned in the by-laws)	123	-		123
Distributable profits	918	-		918
Other payables	(1,157)	1,821	(k)	664
Net cash used in operating activities	(130,875)	5,633		(125,242)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(4,038)	(2,871)	(e)	(6,909)
Decrease (increase) in investments	(10,028)	(2,762)		(12,790)
Net cash used in investing activities	(14,066)	(5,633)		(19,699)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Loans and financing:				
Repayments of loans and financing	(86,515)	-		(86,515)
Borrowings	79,276	-		79,276
Capital increase	448,500	-		448,500
Distributed profit	(186)	-		(186)
Proposed dividends	(1,068)	-		(1,068)
Reversal of interest on capital	(8,500)	-		(8,500)
Net cash provided by financing activities	431,507	-		431,507
<b>CASH INCREASE AND CASH EQUIVALENTS</b>	<b>286,566</b>	<b>-</b>		<b>286,566</b>
<b>CASH AND CASH EQUIVALENTS</b>				
At beginning of year	18,085	-		18,085
At end of year	304,651	-		304,651
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Cash paid during the year referring to:				
Loans and financing interest	6,856	-		6,856
Income tax and social contribution	1,889	-		1,889

## 2.2. Significant accounting practices

Significant accounting practices adopted in the preparation of the financial statements are described below:

### a) Cash and cash equivalents

This account comprises amounts of cash and funds maintained in bank accounts and cash investments (original maturity of less than 90 days). Cash investments represent securities stated at cost, plus income earned through the balance sheet date, adjusted to fair value, when applicable.

### b) Trade accounts receivable

Trade accounts receivable (current and noncurrent) arise from sales of residential units already completed and delivered. The debit balance of the agreements is adjusted in conformity with their respective clauses. Receivables from agreements for sale of uncompleted units (under construction) and, consequently, not yet delivered, are subject to the procedures described in item h) below.

### c) Adjustment to present value

Asset and liability elements resulting from short-term (if relevant) and long-term transactions, without remuneration or subject to: (i) fixed interest; (ii) interest rates obviously below market quotation for similar transactions; and (iii) inflation adjustment only, with no interest, are adjusted at present value based on long-term interest rate, with reversals recognized in income for the year under "Financial income" and "Financial expenses".

### d) Assets and liabilities subject to indexation

Assets and liabilities are monetarily adjusted, when subject to indexation, according to respective agreement clauses. The effects are recognized in income on the accrual basis.

### e) Real estate for sale

Represented by units completed or under construction but not yet sold, as well as land for future developments. These properties are stated at acquisition cost, plus costs incurred according to the project completion, which do not exceed market value.

### f) Expenses to be passed through to SPEs (subsidiaries and jointly-owned subsidiaries)

Represented by preoperating expenses on projects in the launching stage, which are passed through to the SPEs (special purposes entities) upon their incorporation, and allocated to the cost of real estate sold under the same criterion as for real estate cost mentioned in item h) below.

### g) Deferred selling expenses

Include commission expenses directly related to each project, which are recorded in income under the same criterion as for the revenues described in item h) below.



h) Income from real estate development and sale

Income from real estate sales, which includes sales revenues, costs of land and construction and real estate development expenses, is recognized using the percentage of completion method for each project. This percentage is measured based on the ratio of cost incurred to total contracted estimated cost, in accordance with the criteria established by Federal Accounting Council (CFC) Resolution 963/2003, 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 "Other payables". The balances of real estate development and sale of real estate under construction, which, according to the criteria established by the aforementioned Resolution, are not included in the balance sheet accounts, are detailed in note 12.

i) Investments

Investments in subsidiaries and jointly-owned subsidiaries are accounted for under the equity method, based on the balance sheets of the respective investees as of the same base dates as the Company's balance sheets. A provision for investment loss is recognized for the subsidiaries that have shareholders' deficit, which is classified in current liabilities. Financial charges incurred in financings obtained by the Company from third parties and directly related to the financing for construction and for the purchase of land by its subsidiaries and which have not been appropriated to income for the year yet in accordance with the same procedures described in item (h) are also recorded in this group, when applicable. Possible differences in accounting practices between the subsidiaries and the Company, if any, are adjusted to the Company's accounting practices for purposes of equity in subsidiaries and consolidation.

j) Property

Stated at acquisition cost, net of the respective depreciation recorded under the straight-line method, based on the estimated useful lives of the assets, at the following annual depreciation rates: machinery and equipment - 10%, (ii) furniture and fixtures - 10%, (iii) facilities - 10%, (iv) buildings - 4%, (v) information technology systems - 20%, and (vi) rights of use - 20%. Expenses related to the acquisition and development of information systems are capitalized. Expenses referring to the sales stand construction are amortized over the estimated useful life of the asset.

k) Intangible assets

Represented by costs related to the acquisition of software, which are amortized under the straight-line method over five years, from the time benefits begin to be generated.

l) Income tax and social contribution

Income tax and social contribution are calculated according to prevailing legislation, at the rates of 15% (plus a 10% surtax, when applicable) and 9%, respectively. Certain companies determine such taxes on an actual income basis, and others on a deemed income basis. To qualify for the deemed income regime, companies are required to post gross sales revenue equal to or higher than R\$ 48,000 in the prior fiscal year.

Under the actual income regime, income tax and social contribution rates are applied on income for the year, adjusted for additions and deductions as specified by tax legislation. Under the deemed income system, income tax is calculated at the rate of 8% and social contribution at 12% of gross revenues from sales of properties and 32% of revenues from services for both taxes.

Deferred income tax and social contribution liabilities are recognized in current and long-term liabilities based on the projected collection period. These deferred balances arise from the difference between (i) the revenue recognition based on the percentage-of-completion method, mentioned in note “h” and (ii) the tax criteria in which revenue is subject to taxation when received. The balance realizable in the next year is recognized in current liabilities.

m) Other current and noncurrent assets

Stated at cost or realizable value including, when applicable, income and inflation adjustments incurred.

n) Capitalized interest

Interest on loans directly related to real estate developments “Construction Financing” is capitalized as cost “Properties for sale (in construction)” and recorded in income, in accordance with item “h” above.

o) Reserve for contingencies

Refers to labor, tax and civil contingencies and is recorded in accordance with the risk assessment made by Management and its legal counsel, including classification in long-term. The balance of the reserve for contingencies is presented net of the escrow deposits for the respective tax and labor lawsuits.

p) Current and noncurrent liabilities

Stated at known or estimated amounts plus, when applicable, related financial charges and inflation adjustments incurred.

q) Financial income (expenses)

Financial income is recorded on the accrual basis and represents interest and commissions received from customers and income from cash investments. Financial expenses represent interest incurred and other charges on financing and other financial transactions.

Interest on capital, when paid, is included in financial expenses and, for reporting purposes, the amounts recorded are reclassified as deductions from retained earnings, in shareholders’ equity.

r) Accounting estimates

The preparation of financial statements requires Management to make estimates and assumptions based on objective and subjective factors that affect the reported amounts in the interim financial statements. The most relevant item subject to estimates and assumptions is the budgeted cost of projects used to recognize income and expenses under the percentage-of-completion method, as explained in note “h” above. Other relevant items are provision for warranty, reserve for contingencies and expected useful life of property, plant and equipment items.

The Company and its subsidiaries review estimates and assumptions regularly; however, actual results could differ from those estimates.

s) Consolidation criteria

The consolidated financial statements include the accounts of the Company, subsidiaries and jointly-owned subsidiaries (individually or jointly-owned, formed for the specific purpose of the real estate project through SPEs) listed in note 6 and have been prepared in accordance with the following main criteria: (a) elimination of consolidated intercompany balances; (b) elimination of intercompany investments against the investee's shareholders' equity; (c) elimination of intercompany transactions; (d) elimination of inventory profit, when applicable, arising from intercompany sales; and (e) calculation of minority interest in consolidated shareholders' equity and net income, when material.

In the case of jointly-owned subsidiaries, by agreement between partners, consolidation includes asset, liabilities, income and expenses proportionally to the Company's ownership interest in their capital. In the proportionate consolidation, the portions corresponding to proportional asset and liability balances, as well as revenues and expenses arising from transactions between the Companies, were eliminated. Differences in accounting practices between the subsidiaries and the Company, if any, are adjusted to the Company's accounting practices for purposes of equity in subsidiaries and consolidation.

The financial statements of the subsidiary Rodobens Participações Ltda., acquired in 2007 (see note 6), are not being consolidated due to the immateriality of the balances. The table below shows a summary of the balance sheet as of December 31, 2008 and December, 2007 and the statement of income for the period then ended:

	<u>12/31/2008</u>	<u>12/31/2007</u>
Assets:		
Current	40	42
Noncurrent	<u>13,716</u>	<u>10,992</u>
Total assets	<u>13,756</u>	<u>11,034</u>
Liabilities:		
Current	1	-
Noncurrent	-	2
Shareholders' equity	<u>13,755</u>	<u>11,032</u>
Total liabilities and shareholders' equity	<u>13,756</u>	<u>11,034</u>
	<u>2008</u>	<u>2007</u>
Equity in subsidiaries	(*) 2,768	1,300
Operating expenses	<u>(17)</u>	<u>(33)</u>
Net income for the period	<u>2,751</u>	<u>1,267</u>

(\*) Refers to 50% of the shareholders' equity of the jointly-owned subsidiary Companhia Hipotecária Unibanco Rodobens.