

Gafisa S.A.
Form 6-K
May 06, 2008

FORM 6-K

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of May, 2008

Commission File Number: 001-33356

Gafisa S.A.

(Translation of registrant's name into English)

**Av. Nações Unidas No. 4777, 9th floor
São Paulo, SP, 05477-000**

Federative Republic of Brazil

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

| | | | |
|------|-------------------------------------|------|--------------------------|
| Form | <input checked="" type="checkbox"/> | Form | <input type="checkbox"/> |
| 20-F | | 40-F | |

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

| | | | |
|-----|--------------------------|----|-------------------------------------|
| Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
|-----|--------------------------|----|-------------------------------------|

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

| | | | |
|-----|--------------------------|----|-------------------------------------|
| Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
|-----|--------------------------|----|-------------------------------------|

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

| | | | |
|-----|--------------------------|----|-------------------------------------|
| Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
|-----|--------------------------|----|-------------------------------------|

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Gafisa Reports Results for First Quarter 2008
--- Net income Rose 103% on 63% Increase in Gross Profits ---
--- Launches Increase 91% to R\$578 Million; Pre-sales Increase 97% to R\$502 million ---
--- Land Bank Tops R\$11 Billion ---

São Paulo, May 5, 2008 - Gafisa S.A. (Bovespa: GFSA3; NYSE: GFA), Brazil's leading diversified national homebuilder, today reported financial results for the first quarter ended March 31, 2008. The financial statements were prepared and presented in accordance with Brazilian GAAP (BR GAAP) and in Brazilian Reais (R\$). Additionally, financial statements and operating information consolidate the numbers for Gafisa and its subsidiaries, and refer to Gafisa's stake (or participation) in its developments.

Chief Executive Officer Wilson Amaral said, "As you can imagine, we are all pleased with last week's upgrade by S & P of Brazil's sovereign credit to investment grade. This will have important positive implications on the overall health of the Brazilian economy and liquidity within our debt and equity markets as more investors will now be able to participate in the strong growth potential of Brazil.

As a company, we are off to a strong start in 2008 and remain optimistic about the prospects for our sector. During what is traditionally a slower quarter for the industry, we were pleased by both the launches achieved during the first quarter, as well as the velocity of pre-sales. Gafisa has now launched and developed products in each of our newly targeted demographic segments through AlphaVille, addressing the high and mid-high income markets and Fit Residencial and Bairro Novo, targeting the lower income segments of the population. And, while we continue to expand our geographic reach and diversify our product offering to consumers, our higher-end traditional Gafisa product remains highly competitive. Indicative of the continuing demand for the Gafisa branded product, a development launched in Salvador, Bahia, in January was nearly 100% pre-sold by the end of the quarter. "

Amaral continued, "With a strong balance sheet and over R\$722 million in cash, one of the best teams in the industry, and a track-record of success in on-time and within budget execution of developments, we remain well-positioned to continue our strong pace of growth throughout the year. Our land bank has reached R\$11 billion and represents over 58 thousand units. Pre-sales, a strong indicator of Gafisa's ability to meet consumer demand, grew 97% for the quarter, launches increased 91% compared to the prior year and EBITDA margin for the quarter increased to 15.9% as compared to 15.1% in the previous year's quarter."

Operating & Financial Highlights

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1Q08 Earnings Results

Conference Call

Tuesday, May 6, 2008

> In English

11AM EST

12AM Brasilia Time

Phone: +1 (973) 935-8893

Code: 43201887

> In Portuguese

9AM EST

10AM Brasilia Time

· Consolidated launches totaled R\$577.9 million for the quarter, an increase of 91% as compared to the first quarter of 2007.

· Pre-sales from current launches and inventory reached R\$502.3 million for the quarter, a 97% increase over 1Q07. The share of pre-sales from current launches rose 171% to R\$203.6 million from R\$75.1 million sequentially.

· Net operating revenues, recognized by the Percentage of Completion ("PoC") method, rose 42% to R\$319.5 million from R\$224.3 million in 1Q07.

· 1Q08 EBITDA reached R\$50.8 million (15.9% EBITDA margin), a 51% increase compared to adjusted EBITDA of

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Code: Gafisa

R\$33.8 million (15.1% EBITDA margin) reached in 1Q07.

- Net Income was R\$41.6 million for the quarter (13.0% net margin) an increase of 103% compared with adjusted R\$20.5 million in 1Q07. EPS in 1Q08 was R\$.32, an increase of 88% compared to adjusted 1Q07.

- The Backlog of Results to be recognized under the PoC method reached R\$665.2 million, a 79% increase over 1Q07. The Backlog Margin to be recognized reached 38.5%.

- Gafisa's land bank totaled R\$11.1 billion at 1Q08, representing a 94% increase over 1Q07 and 9% increase over the previous quarter.

- In January, Gafisa enhanced its presence in the high-end North East market through the launch of Horto Fase 2-Villagio Panamby, selling 98% of the units in the quarter.

- Upgrade on Fitch corporate rating to A bra (stable outlook) from A- (A minus) bra.

CEO Commentary and Corporate Highlights for 1Q 2008

I am pleased to report that demand for housing continues to be very healthy. During the seasonally slower first quarter, Gafisa experienced a robust rate of pre-sales reaching R\$502.3 million, almost double that of the previous year's quarter for developments launched during the quarter as well as for existing inventory. The velocity of pre-sales remains strong and is not only indicative of the still unmet demand for housing, but also of Gafisa's ability to develop products that consumers want. There is a huge gap in the supply available to meet the demand for affordable entry level and lower priced housing, and thus we launched Fit Residencial and Bairro Novo. Fit sales are growing quickly; in this quarter alone they reached R\$80 million and were 70% higher than in the year 2007. However, there is also significant unmet demand in the higher income segments for primary housing in many areas throughout Brazil. The near sell-out -- in record time -- of our high-end development in Salvador, Bahia launched in January, clearly demonstrates this point.

Looking ahead, we believe that the outlook for continued growth in the Brazilian residential housing industry remains strong. Mortgages with resources from savings accounts increased by 88% in this quarter compared to the first quarter of 2007. We remain confident that the banking system will continue to accelerate the rate of access to mortgages, thus continuing to fuel our industry. There are several reasons to support this perspective: savings account balances are expected to continue to grow and regulation requires that 65% of those balances be used toward financing mortgages; even with potential increases in rates, the improved terms and tenors of loans will continue to make monthly payments affordable; and, the Selic rate does not necessarily have a direct correlation to the consumer's mortgage rate. Finally, the Brazilian Central Bank's decision to control inflation, resulting from stronger-than-anticipated economic activity, and the overall health of the economy will have a long-term positive impact on all consumers and their ability to continue to afford new housing.

Gafisa is going into 2008 with both a strong cash position and a healthy balance sheet with significant room for additional leverage, should we choose to pursue it. Based on our current outlook and performance, we are reaffirming our full-year launch guidance of R\$3 Billion. We also continue to expect to achieve an EBITDA margin of between 16% and 17% for the full year. We established a powerful platform for future growth in 2007 and will work hard throughout 2008 to successfully execute this plan.

Wilson Amaral
CEO - Gafisa S.A.

Recent Developments

Fit sales reached R\$80 million: In 2007 Fit sales were R\$47 million, in the first quarter alone sales totaled R\$80 million, reflecting the success of launches in the fourth quarter of 2007. In the São Paulo state, sales increased over four times compared to 2007. Fit now has 11 developments in 6 metropolitan areas.

The North East: With the successful launch of a high-end development, Horto Fase 2-Villagio Panamby, located in Salvador, Bahia, the Company now serves most socioeconomic segments in that region with Gafisa, AlphaVille and Fit products. While each company operates independently, they have been able to leverage the strong local relationships created by Gafisa to identify the best locations, develop highly desirable offerings and launch and execute in an efficient manner.

Gafisa Vendas expands to the North East: Gafisa established Gafisa Vendas to shore up the performance of third party sales teams and ensure sales speed and excellence. The wholly-owned Gafisa Vendas sales teams were first established in São Paulo and Rio de Janeiro, and already account for 43% and 34% of sales in these markets,

respectively. Based on a rapid track record of success, this model is now expanding to the North East.

Bairro Novo starts construction: Bairro Novo Cotia, phases 1 and 2, launched in December 2007, started construction this quarter. It is on track for planned delivery and by the end of March had completed 11% of the development.

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Conservative Accounting Practices: During the fourth quarter of 2007, the Company began capitalizing interest cost from corporate debt and to recognize it on a percentage of completion basis. Interest expense is now included on the COGS line of the income statement. This, as well as Gafisa's practice of deferring only the selling expenses that are associated with the showrooms, while recognizing revenues on a Percentage of Completion (PoC) basis, is now fully reflected in the Company's quarterly earnings statements and represents one of the most conservative stances in accounting practices in the industry.

Potential Financing Program: Recently, the Company submitted an initial filing with the CVM for a potential R\$1 billion debenture program. We are in the process of registering the first tranche, of R\$200 million.

| Operating and Financial Highlights (R\$000) | 1Q08 | 1Q07 ¹ | Change | 4Q07 ² |
|--|-------------|--------------------------|---------------|--------------------------|
| Project Launches (% Gafisa) | 577,888 | 303,146 | 91% | 1,036,382 |
| Project Launches (100%) | 796,896 | 345,275 | 131% | 1,279,371 |
| Project Launches (Units) (100%) | 2,105 | 1,817 | 16% | 6,757 |
| Project Launches (Units) (% Gafisa) | 1,493 | 1,562 | (4%) | 4,975 |
| Pre-Sales (% Gafisa) | 502,260 | 254,503 | 97% | 662,412 |
| Sales from current project launches (% Gafisa) | 203,621 | 75,161 | 171% | 569,080 |
| Sales from inventory (% Gafisa) | 298,639 | 179,342 | 67% | 93,332 |
| Pre-Sales (100%) | 716,111 | 306,513 | 134% | 804,835 |
| Pre-Sales (Units) (100%) | 2,789 | 1,186 | 135% | 3,726 |
| Pre-Sales (Units) (% Gafisa) | 2,040 | 959 | 113% | 2,092 |
| Average Sales Price (R\$/sq.m) (excluding lots) | 2,923 | 2,854 | 2% | 2,765 |
| Net Operating Revenues | 319,482 | 224,316 | 42% | 372,755 |
| Gross Profits | 106,996 | 65,527 | 63% | 131,266 |
| Gross Margin | 33.5% | 29.2% | 430 bps | 35.2% |
| EBITDA | 50,770 | 33,778 | 51% | 58,108 |
| EBITDA Margin | 15.9% | 15.1% | 8 bps | 15.6% |
| Extraordinary Expenses | - | (30,174) | - | - |
| Net Income | 41,646 | 20,547 | 103% | 66,952 |
| Net Margin | 13.0% | 9.2% | 380 bps | 18.0% |
| Earnings per Share (R\$) | 0.32 | 0.17 | 88% | 0.52 |
| Average number of shares, basic | 129,455,361 | 124,396,957 | 4% | 129,281,029 |
| Backlog of Revenues (R\$million) | 1,726 | 986 | 75% | 1,527 |
| Backlog of Results (R\$ million) | 665 | 372 | 79% | 583 |
| Backlog Margin | 38.5% | 37.7% | 80 bps | 38.2% |
| Net Debt (Cash) | 368,582 | (265,403) | - | 174,909 |
| Cash | 722,385 | 621,252 | 16% | 514,447 |
| Shareholders' Equity | 1,572,534 | 1,424,322 | 10% | 1,530,763 |
| Total Assets | 3,611,764 | 2,241,757 | 61% | 2,950,493 |

Notes: ¹ 1Q07 adjusted for follow-on offering and capitalized interest.

² 4Q07 adjusted for PIS/COFINS + Eldorado and capitalized interest.

Launches

Gafisa's project launches increased 91%, from R\$303 million in first quarter 2007 to R\$578 million in first quarter 2008. Following our strategy of diversification into high-potential, less explored markets, in the first quarter of 2008 new markets share of the total increased to 38% - during 2007 33% of our launches came from new markets. Launches in new markets increased 266% compared to the first quarter of 2007. We maintain our goal of growth in the affordable entry level segment, and are developing a strong pipeline for FIT and Bairro Novo.

The tables below detail new projects launched in the first quarters of 2007 and 2008:

| Table 1 - Launches per Company (Gafisa %) | | 1Q08 | 1Q07 | 1Q08 x 1Q07 |
|--|----------------------|----------------|----------------|--------------------|
| Gafisa | PSV (R\$ 000) | 490,782 | 251,154 | 95% |
| | Units | 956 | 1,052 | (9%) |
| | R\$/m ² | 3,334 | 2,519 | 32% |
| | Area | 147,188 | 99,705 | 48% |
| AlphaVille | PSV (R\$ 000) | 58,521 | 35,018 | 67% |
| | Units | 388 | 326 | 19% |
| | R\$/m ² | 320 | 233 | 37% |
| Fit Residencial | PSV (R\$ 000) | 182,748 | 150,029 | 22% |
| | Units | 28,585 | 16,974 | 68% |
| | R\$/m ² | 149 | 184 | (19%) |
| Total | PSV (R\$ 000) | 577,888 | 303,146 | 91% |
| | Units | 1,493 | 1,562 | (4%) |
| | Area | 341,035 | 258,898 | 32% |
| | | | | |

R\$ 000

| Table 2 - Launches per Region (Gafisa %) | | 1Q08 | 1Q07 | 1Q08 x 1Q07 |
|---|-----------------------|----------------|----------------|--------------------|
| Gafisa | São Paulo | 251,653 | 75,683 | 233% |
| | Rio de Janeiro | 108,231 | 150,904 | (28%) |
| | New Markets | 130,898 | 24,567 | 433% |
| | Total Gafisa | 490,782 | 251,154 | 95% |
| AlphaVille | New Markets | 58,521 | 35,018 | 67% |
| Fit Residencial | São Paulo | - | 16,974 | - |
| | New Markets | 28,585 | - | - |
| | Total Fit Residencial | 28,585 | 16,974 | 68% |
| Total | São Paulo | 251,653 | 92,657 | 172% |
| | Rio de Janeiro | 108,231 | 150,904 | (28%) |
| | New Markets | 218,004 | 59,585 | 266% |
| Total | | 577,888 | 303,146 | 91% |

Pre-Sales and Sales Velocity

In this quarter, pre-sales almost doubled to R\$502 million from R\$255 million in the first quarter of 2007, reflecting the strength of our launches in the last quarter of 2007. Pre-sales reached 87% of new launches. Our diversification strategy is showing strong results, pre-sales in new markets accounted for 46% of pre-sales in the current quarter, compared to 33% of total sales in 2007. Additionally, São Paulo continues to show impressive pre-sales speeds, with a

51% total increase in this quarter over the same period in 2007.

The real estate market continues to benefit from rising consumer confidence, favorable loan terms and the strong inflow of commercial bank mortgages. This scenario is positively impacting our ability to sell our products.

The tables below set forth a detailed breakdown of our pre-sales for the first quarters of 2007 and 2008:

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| Table 3 - Pre-Sales per Company (Gafisa %) | | 1Q08 | 1Q07 | 1Q08 x 1Q07 |
|---|-----------------------------|----------------|----------------|--------------------|
| Gafisa | PSV (R\$ 000) | 362,372 | 230,198 | 57% |
| | Units | 802 | 785 | 2% |
| | R\$/m ² | 3,453 | 2,854 | 21% |
| | Area (m ²) | 106,109 | 84,816 | 25% |
| AlphaVille | PSV (R\$ 000) | 56,951 | 24,305 | 134% |
| | Units | 310 | 174 | 78% |
| | R\$/m ² | 345 | 281 | 23% |
| | Area (m ²) | 165,165 | 86,473 | 91% |
| Fit Residencial ² | PSV (R\$ 000) | 80,097 | - | - |
| | Units | 889 | - | - |
| | R\$/m ² | 1,756 | - | - |
| | Area (m ²) | 45,603 | - | - |
| Bairro Novo ^{1 2} | PSV (R\$ 000) | 2,840 | - | - |
| | Units | 39 | - | - |
| | R\$/m ² | 1,543 | - | - |
| | Area (m ²) | 1,841 | - | - |
| Total | PSV (R\$ 000) | 502,260 | 254,503 | 97% |
| | Units | 2,040 | 959 | 113% |
| | Area (m²) | 318,718 | 171,289 | 86% |

R\$ 000

| Table 4 - Pre -Sales per Region (Gafisa %) | | 1Q08 | 1Q07 | 1Q08 x 1Q07 |
|---|-----------------------|------------------|----------------|--------------------|
| Gafisa | São Paulo | 138,232 | 128,365 | 8% |
| | Rio de Janeiro | 75,106 | 73,441 | 2% |
| | New Markets | 149,034 | 28,392 | 425% |
| | Total Gafisa | 362,372 | 230,198 | 57% |
| AlphaVille | São Paulo | 2,097 | 236 | 789% |
| | Rio de Janeiro | 2,421 | - | - |
| | New Markets | 52,433 | 24,069 | 118% |
| | Total AlphaVille | 56,951 | 24,305 | 134% |
| Fit Residencial ² | São Paulo | 51,473 | - | - |
| | New Markets | 28,624 | - | - |
| | Total Fit Residencial | 80,097 | - | - |
| Bairro Novo ^{1 2} | São Paulo | 2,840 | - | - |
| | Total | São Paulo | 194,642 | 128,601 |
| | Rio de Janeiro | 77,527 | 73,441 | 6% |
| | New Markets | 230,091 | 52,461 | 339% |
| Total | | 502,260 | 254,503 | 97% |

Note: ¹ Bairro Novo figures presented in this report correspond to Gafisa' stake of 50% in the company.

² Fit Residencial and Bairro Novo recognize sales after client receives final approval from bank or CEF.

Operations

Gafisa now has 127 projects under development in 17 different states. With a strong track record of managing multiple construction sites spread over a wide geographic area, Gafisa is uniquely positioned to execute its aggressive launch strategy.

Fit Residencial will deliver its first project in the first semester of 2008 within the expected delivery schedule, and Bairro Novo started construction of Bairro Novo Cotia.

Land Reserves

Consistent with our established land bank policies, the Company owns approximately R\$11.1 billion in its land bank composed of 144 different sites. The land bank totals 16.1 million square meters, equivalent to 58,791 units.

In accordance with our land bank diversification strategy, at the end of the quarter 42% of the consolidated land bank was outside of the Rio de Janeiro and São Paulo states. Our land bank reflects our strategy of servicing all segments of the homebuyer market. One of our goals going forward is to continue increasing Fit Residencial and Bairro Novo's land banks aimed at the Affordable Entry Level segment and the Low Affordable Entry Level segment, respectively.

The table below show a detailed breakdown of our current land bank:

| Table 5 - Land Bank per Region | | Future Sales R\$000 (% Gafisa) | % of Swap⁽¹⁾ | Usable Area (sqm x1000) (% Gafisa) | Potential Units (% Gafisa) | Potential Units (100%) |
|---------------------------------------|----------------------|---|------------------------------------|---|---|---------------------------------------|
| Gafisa | São Paulo | 2,669 | 28% | 1,096 | 7,319 | 8,058 |
| | Rio de Janeiro | 1,236 | 21% | 534 | 3,680 | 4,227 |
| | New Markets | 2,217 | 74% | 1,300 | 8,164 | 14,181 |
| | Total Gafisa | 6,122 | 45% | 2,930 | 19,163 | 26,466 |
| AlphaVille | São Paulo | 1,105 | 99% | 3,751 | 6,207 | 14,394 |
| | Rio de Janeiro | 131 | 100% | 449 | 630 | 1,120 |
| | New Markets | 1,762 | 98% | 7,726 | 9,505 | 19,098 |
| | Total AlphaVille | 2,998 | 98% | 11,926 | 16,342 | 34,612 |
| Fit Residencial | São Paulo | 972 | 9% | 526 | 9,859 | 11,887 |
| | Rio de Janeiro | 79 | 0% | 46 | 854 | 1,019 |
| | New Markets | 350 | 6% | 174 | 2,669 | 4,297 |
| | Total Fit | 1,401 | 7% | 746 | 13,382 | 17,203 |
| Bairro Novo | São Paulo | 48 | 0% | 30 | 690 | 1,380 |
| | Rio de Janeiro | 230 | 81% | 197 | 3,746 | 7,492 |
| | New Markets | 337 | 89% | 266 | 5,468 | 10,935 |
| | Total Bairro Novo | 615 | 78% | 493 | 9,904 | 19,807 |
| Total | | 11,136 | 81% | 16,095 | 58,791 | 98,088 |

(1) % Swap refers to the swap portion over total land costs.

2008 and 2007 Capitalized Interest

Targeting best accounting practices, in 4Q07 we began to capitalize interest cost from corporate debt (mostly raised in 2007) and to recognize it on a percentage of completion basis. Accordingly, since 4Q07 we account for interest expenses on the COGS line of our income statement, thus impacting our gross margin.

In our 4Q07 earnings statements, we adjusted capitalized interest for the whole year 2007 in the fourth quarter. In the table below, we show how 2007 capitalized interest allocated among the four quarters of 2007 would have affected each quarter's income statements, to help make 1Q08 more comparable to 1Q07 and 4Q07:

Table 6 - Capitalized Interest Effect (R\$000)

| | 1Q08 | 1Q07 | 2Q07 | 3Q07 | 4Q07 | 2007 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| COGS | (2,749) | (2,433) | (2,600) | (3,283) | (3,220) | (11,535) |
| Financial Expenses | 16,626 | 6,865 | 7,339 | 9,264 | 9,087 | 32,554 |
| Income Taxes | (4,718) | (1,507) | (1,611) | (2,034) | (1,995) | (7,146) |
| Net Income | 9,159 | 2,925 | 3,128 | 3,947 | 3,872 | 13,873 |
| Earnings per share (R\$) | 0.07 | 0.02 | 0.02 | 0.03 | 0.03 | 0.11 |
| Properties for Sale (Current Assets) | 34,914 | | | | | 21,037 |

1Q08 - Revenues

Net operating revenues for 1Q08 rose 42% to R\$319.5 million from R\$224.3 million in 1Q07.

Revenues for the industry are recognized based on actual cost versus total budgeted costs of land and construction (Percentage of Completion method or PoC method) and the pre-sales portfolio is recognized in future periods even if the company has already completely pre-sold developments.

The table below presents detailed information of pre-sales and recognized revenues by launch year:

Table 7 - Pre-sales x Recognized revenues (R\$ 000)

| | 1Q08 | | | | 1Q07 | | | |
|---------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Pre-Sales | % of Total | Revenues | % of Revenues | Pre-Sales | % of Total | Revenues | % of Revenues |
| Launched in 2008 | 203,621 | 40.5% | 30,759 | 9.6% | - | - | - | - |
| Launched in 2007 | 236,750 | 47.1% | 88,386 | 27.7% | 75,161 | 29.5% | - | - |
| Launched in 2006 | 32,575 | 6.5% | 119,562 | 37.4% | 130,276 | 51.2% | 63,666 | 28.4% |
| Launched in 2005 | 25,769 | 5.1% | 70,129 | 22.0% | 34,375 | 13.5% | 109,353 | 48.7% |
| Launched up to 2004 | 3,545 | 0.7% | 10,646 | 3.3% | 14,691 | 5.8% | 51,297 | 22.9% |
| TOTAL | 502,260 | 100.0% | 319,482 | 100.0% | 254,503 | 100.0% | 224,316 | 100.0% |

1Q08 - Gross Profits

Gross profits for 1Q08 totaled R\$107.0 million (adjusted R\$65.5 million for 1Q07), an increase of 63%, partially reflecting continuing robust demand in sales, specially in the higher end of the market this quarter. Gross margin for 1Q08 was 33.5%, 430 basis points higher than 1Q07.

1Q08 - Selling, General, and Administrative Expenses (SG&A)

Our growth strategy and investment in infrastructure for future growth lead to higher G&A expenses. In 1Q08, due to the ramp up of Fit Residencial and Bairro Novo and the consolidation of AlphaVille, G&A reached R\$32.1 million compared to R\$19.5 million in 1Q07. G&A will be diluted as we grow revenues in the future.

| Table 8 - SG&A expenses | 1Q08 | 1Q07 |
|------------------------------------|---------------|---------------|
| Selling Expenses (R\$ 000) | 24,047 | 12,006 |
| G&A Expenses (R\$ 000) | 32,150 | 19,484 |
| SG&A Expenses (R\$ 000) | 56,197 | 31,490 |
| Selling Expenses / Launches | 4.2% | 4.0% |
| G&A Expenses / Launches | 5.6% | 6.4% |
| SG&A / Launches | 9.7% | 10.4% |
| Selling Expenses / Sales | 4.8% | 4.7% |
| G&A Expenses / Sales | 6.4% | 7.7% |
| SG&A / Sales | 11.2% | 12.4% |
| Selling Expenses / Revenues | 7.5% | 5.4% |
| G&A Expenses / Revenues | 10.1% | 8.7% |
| SG&A / Revenues | 17.6% | 14.0% |

Gafisa has adopted conservative accounting standards, especially with regards to the recognition of selling expenses. The only selling expenses that we defer are those associated with the showrooms, and this, as previously noted, negatively impacts our EBITDA margin. As can be seen on the table below, our deferred selling expenses are low and will be amortized on a PoC basis:

| Table 9 - Deferred selling expenses¹ | 1Q08 | 1Q07 | 4Q07 |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

| | | | |
|--|--------|--------|--------|
| Deferred Selling Expenses (R\$ 000) | 44,633 | 18,972 | 37,023 |
| Deferred Selling Expenses / LTM Launches | 1.8% | 1.7% | 1.7% |
| Deferred Selling Expenses / LTM Sales | 2.4% | 1.7% | 2.3% |
| Deferred Selling Expenses / LTM Revenues | 3.5% | 2.5% | 3.2% |

¹ Current assets account

1Q08 - EBITDA

EBITDA for the first quarter totaled R\$50.8 million, 51% higher than the R\$33.8 million for adjusted 1Q07. As a percentage of net revenues, EBITDA increased from 15.1% in 1Q07 to 15.9% in 1Q08.

1Q08 - Depreciation and Amortization

Depreciation and amortization in 1Q08 amounted to R\$1.8 million, compared to the R\$5.1 million in 1Q07. Amortization of the acquisition of AlphaVille - R\$1.5 million in 1Q08 and R\$3.8 million in 1Q07 - explains most of this difference.

With regards to the amortization of the goodwill generated from the AlphaVille acquisition, we used a linear calculation for the 1Q07 and 2Q07 results, and for 3Q07 and 4Q07 this figure was equal to zero. As explained in the 2007 Earnings Release, from 1Q08 on we will amortize this goodwill through a progressive exponential calculation following the EBIT, in the percentages described below:

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 4.49% | 6.28% | 7.22% | 10.11% | 11.52% | 14.02% | 11.78% | 11.67% | 11.45% | 11.46% |

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1Q08 - Financial Results

Net financial results totaled R\$6.2 million in 1Q08 compared to a negative of R\$8.7 million in 1Q07, mainly due to the capitalization of interest.

1Q08 - Income Taxes

Net income taxes and social contribution for 1Q08 amounted to R\$9.8 million versus R\$3.1 million in 1Q07. The higher figure in 2008 reflects an increase in the income taxes and social contribution that is proportional to the growth of the Company's net income.

1Q08 - Net Income and Earnings per Share

Net income in 1Q08 was R\$41.6 million (13.0% of net revenues), compared to adjusted R\$20.5 million in 1Q07. Earnings per share were R\$0.32 in 1Q08 compared to adjusted R\$0.17 in 1Q07.

Shares outstanding were 129.4 million in 1Q08 compared to 125.5 million in 1Q07.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method reached R\$665.2 million in 1Q08, from R\$371.9 million in 1Q07 and R\$583.4 million in 4Q07.

The table below shows our revenues, costs and results to be recognized, as well as the amount of the corresponding costs and the expected margin:

Table 10 - Revenues and results to be recognized (R\$ million)

| | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
|---|-----------|---------|---------|----------------|----------------|
| Sales to be recognized—end of period | 1,725.9 | 985.7 | 1,526.6 | 75.1% | 13.1% |
| Cost of units sold to be recognized - end of period | (1,060.7) | (613.8) | (943.2) | 72.8% | 12.5% |
| Backlog of Results to be recognized | 665.2 | 371.9 | 583.4 | 78.9% | 14.0% |
| Backlog Margin - yet to be recognized | 38.5% | 37.7% | 38.2% | 80 bps | 30 bps |

Balance Sheet**Cash and Cash Equivalents**

On March 31, 2008, cash and cash equivalents were equal to R\$722 million, 41% higher than R\$514 million on December 31, 2007, and 16% higher than 1Q07's R\$621 million.

At the end of the quarter, Gafisa's debt totaled R\$1,091 million, bringing a net debt position of R\$369 million. The detail of the debt breakdown is located on table 16. Net debt to equity ratio is 23.4%.

Accounts Receivable

Accounts receivable increased 12% to R\$2.7 billion in March 2008, compared to R\$2.4 billion in 4Q07, and 71% compared to R\$1.6 billion in March 2007.

Table 11 - Revenues and results to be recognized (R\$000)

| Real estate development receivables: | | | | | |
|--|------------------|------------------|------------------|--------------------|--------------------|
| | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
| Current | 607,668 | 392,634 | 524,818 | 54.8% | 15.8% |
| Long-term | 578,475 | 236,576 | 497,933 | 144.5% | 16.2% |
| Total | 1,186,143 | 629,210 | 1,022,751 | 88.5% | 16.0% |
| Receivables to be recognized on our balance sheet according to PoC method and Brazilian GAAP: | | | | | |
| | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
| Current | 445,790 | 220,894 | 486,794 | 101.8% | (8.4%) |
| Long-term | 1,054,173 | 720,555 | 881,352 | 46.3% | 19.6% |
| Total | 1,499,963 | 941,449 | 1,368,146 | 59.3% | 9.6% |
| Total Accounts Receivables | 2,686,106 | 1,570,659 | 2,390,896 | 71.0% | 12.3% |

Table 12 - Aging of Account Receivables Portfolio

| Total | 2008 | 2009 | 2010 | 2011 | 2012 and later |
|--------------|-------------|-------------|-------------|-------------|-----------------------|
| 2,686,106 | 1,062,987 | 532,710 | 581,587 | 261,218 | 247,604 |

Inventory (Properties for Sale)

Our inventory includes land paid in cash, construction in progress, and finished units. Our inventory reached R\$1.2 billion in 1Q08, an increase of 106.7% as compared to R\$559 million registered in 1Q07 due to land acquisitions in cash (more details in the “Land Reserves” section of this report) and developments under construction.

Table 13 - Inventory (R\$ 000)

| | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
|-------------------------------|------------------|----------------|----------------|----------------|----------------|
| Land | 566,697 | 202,342 | 379,068 | 180.1% | 49.5% |
| Properties under construction | 514,747 | 307,597 | 503,417 | 67.3% | 2.3% |
| Units completed | 74,808 | 49,520 | 41,826 | 51.1% | 78.9% |
| Total | 1,156,252 | 559,459 | 924,311 | 106.7% | 25.1% |
| Current | 1,015,020 | 481,874 | 774,908 | 110.6% | 31.0% |
| Long-term | 141,232 | 77,585 | 149,403 | 82.0% | (5.5%) |
| Total | 1,156,252 | 559,459 | 924,311 | 106.7% | 25.1% |

Table 14 - Inventory at Market Value per year (Gafisa %)

| | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
|--------------------|------------------|----------------|------------------|----------------|----------------|
| Launches from 2008 | 346,424 | - | - | - | - |
| Launches from 2007 | 883,605 | 226,942 | 1,127,498 | 289% | (22%) |
| Launches from 2006 | 173,788 | 331,795 | 200,326 | (48%) | (13%) |
| Prior to 2005 | 224,984 | 326,452 | 250,987 | (31%) | (10%) |
| PSV | 1,628,801 | 885,189 | 1,578,811 | 84% | 3% |
| Launches from 2008 | 944 | - | - | - | - |
| Launches from 2007 | 4,400 | 1,196 | 5,883 | 268% | (25%) |
| Launches from 2006 | 619 | 1,133 | 714 | (45%) | (13%) |
| Prior to 2005 | 995 | 1,651 | 1,078 | (40%) | (8%) |
| Units | 6,958 | 3,980 | 7,675 | 75% | (9%) |

Table 15 - Inventory at Market Value per Company

| | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
|-----------------|------------------|----------------|------------------|-------------|----------------|
| Gafisa | 1,236,748 | 699,026 | 1,141,701 | 77% | 8% |
| AlphaVille | 205,317 | 169,189 | 196,309 | 21% | 5% |
| Fit Residencial | 164,704 | 16,974 | 216,214 | 870% | (24%) |
| Bairro Novo | 22,032 | - | 24,587 | - | (10%) |
| Total | 1,628,801 | 885,189 | 1,578,811 | 84% | 3% |

Liquidity

The following table sets forth information on our indebtedness as of March 31, 2008. In addition to our net cash position we have over R\$200 million in receivables of completed units, which are available for securitization anytime. We had an upgrade on our corporate rating by Fitch to A bra (stable outlook) from A- (A minus) bra.

Table 16 - Debt breakdown (R\$ 000)

| Type of transaction | Rates | 1Q08 | 4Q07 | 1Q07 |
|------------------------------|--------------------|---------|---------|---------|
| Debentures | 1.3%p.a. + CDI | 242,312 | 249,190 | 242,663 |
| Construction Financing (SFH) | 6.2-11.4%p.a. + TR | 194,017 | 98,700 | 34,248 |

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| | | | | |
|------------------------------|-----------------------|-----------|---------|-----------|
| Downstream Merger obligation | 10-12%p.a. + TR | 12,020 | 13,311 | 16,925 |
| Funding for developments | 6.2%p.a. + TR | 2,501 | 2,702 | 23,147 |
| Working Capital | 104-105% of CDI | 217,414 | 204,463 | 34,952 |
| UniGafisa | 0.235% p.a. + CDI | 300,000 | - | - |
| Other (AlphaVille) | 0.66-3.29% p.a. + CDI | 122,703 | 121,390 | 3,912 |
| Total Debt | | 1,090,967 | 689,356 | 355,847 |
| Total Cash | | 722,385 | 514,447 | 621,252 |
| Net Debt (Cash) | | 368,582 | 174,909 | (265,405) |

Debt payment schedule as of March 31, 2008:

Table 17 - Debt Maturity (R\$ 000)

| | Total | 2008 | 2009 | 2010 | 2011 | 2012 and later |
|------------------------------|------------------|---------------|----------------|----------------|----------------|----------------|
| Debentures | 242,312 | 2,312 | 48,000 | 96,000 | 96,000 | - |
| Construction Financing (SFH) | 194,017 | 49,095 | 99,525 | 40,121 | 5,276 | - |
| Downstream Merger obligation | 12,020 | 4,020 | 5,534 | 2,466 | - | - |
| Funding for developments | 2,501 | 797 | 857 | 847 | - | - |
| Working Capital | 217,414 | - | 217,414 | - | - | - |
| UniGafisa | 300,000 | - | - | - | - | 300,000 |
| Other (AlphaVille) | 122,703 | 10,150 | 2,394 | 28,455 | 27,922 | 53,782 |
| Total | 1,090,967 | 66,374 | 373,724 | 167,889 | 129,198 | 353,782 |

As of March 31, 2008, our net debt to equity ratio was 23.4% compared to 11.4% in 4Q07.

Outlook

For 2008 Gafisa reiterates its launch guidance of R\$3 billion for its share of consolidated launches. Approximately R\$2 billion is expected to come from Gafisa, R\$300 million from AlphaVille and R\$700 million from Bairro Novo and Fit Residencial.

Based on current market outlook, the Company expects the EBITDA margin to be between 16% and 17% for the full year 2008.

Glossary

Backlog of Results - As a result of the Percentage of Completion Method of recognizing revenues, we recognize revenues and expenses over a multi-year period for each residential unit we sell. Our backlog of results represents revenues minus costs that will be incurred in future periods from past sales.

Backlog of Revenues - As a result of the Percentage of Completion Method of recognizing revenues, we recognize revenues over a multi-year period for each residential unit we sell. Our backlog represents revenues that will be incurred in future periods from past sales.

Backlog Margin - Equals to "Backlog of results" divided "Backlog of Revenues" to be recognized in future periods.

Land Bank - Land that Gafisa holds for future development paid either in Cash or through swap agreements. Each decision to acquire land is analyzed by our investment committee and approved by our board of directors.

PoC Method - Under Brazilian GAAP, real estate development revenues, costs and related expenses are recognized using percentage-of-completion ("PoC") method of accounting by measuring progress towards completion in terms of actual costs incurred versus total budgeted expenditures for each stage of a development.

Pre-sales - Contracted pre-sales are the aggregate amount of sales resulting from all agreements for the sale of units entered into during a certain period, including new units and units in inventory. Contracted pre-sales will be recorded as revenue as construction progresses (PoC method). There is no definition of "contracted pre-sales" under Brazilian GAAP.

HIG (High Income) - segment with residential units sold at minimum price of R\$3,600 per square meter.

MHI (Mid-High) - segment with residential units sold at prices ranging from R\$2,800 to 3,600 per square meter.

MID (Middle Income) - segment with residential units sold at prices ranging from R\$2,300 to 2,800 per square meter.

MID (Mid-Low) - segment with residential units sold at prices ranging from R\$1,800 to 2,300 per square meter.

AEL (Affordable Entry Level) - residential units targeted to the mid-low and low income segments with prices below R\$1,800 per square meter.

LOT (Urbanized Lots) - land subdivisions, or lots, with prices ranging from R\$150 to R\$600 per square meter

COM (Commercial buildings) - Commercial and corporate units developed only for sale with prices ranging from R\$3,000 to R\$7,000 per square meter.

SFH Funds - Funds from SFH are originated from the Governance Severance Indemnity Fund for Employees (FGTS) and from savings accounts deposits. Banks are required to invest 65% of the total savings accounts balance in the housing sector, either to final customers or developers, at lower interest rates than the private market.

Swap Agreements - A system in which we grant the land-owner a certain number of units to be built on the land or a percentage of the proceeds from the sale of units in such development in exchange for the land. By acquiring land through this system, we intend to reduce our cash requirements and increase our returns.

PSV - Potential Sales Value.

About Gafisa

We are one of Brazil's leading diversified national homebuilders. Over the last 50 years, we have been recognized as one of the foremost professionally-managed homebuilders, having completed and sold more than 900 developments and constructed almost 40 million square meters of housing, which we believe is more than any other residential development company in Brazil. We believe "Gafisa" is one of the best-known brands in the real estate development market, enjoying a reputation among potential homebuyers, brokers, lenders, landowners and competitors for quality, consistency and professionalism.

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This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of Gafisa. These are merely projections and, as such, are based exclusively on the expectations of management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors; therefore, they are subject to change without prior notice.

The following table sets forth projects launched during the first quarter of 2008:

| Project | Launch Month | Segment R\$/m ² | Location | Usable Area m ² (% Gafisa) | Gafisa Units | Gafisa's Stake (%) | PSV | % Sold |
|-------------------------------------|--------------|----------------------------|---------------------|---------------------------------------|--------------|--------------------|----------------|----------------|
| | | | | | | | (% Gafisa) | up to 03/31/08 |
| | | | | | | | R\$ 000 | |
| Gafisa Costa Maggiore | January | HIG | Cabo Frio - RJ | 4,693 | 30 | 50% | 24,052 | 84% |
| Gafisa Horto Phase 2 | January | HIG | Salvador - BA | 2,298 | 92 | 50% | 87,807 | 98% |
| Gafisa Pablo Picasso | January | HIG | João Pessoa - PB | 4,188 | 12 | 50% | 12,632 | 26% |
| AUSA Alpha Ville Londrina Phase 2 | January | LOT | Londrina - PR | 67,060 | 173 | 63% | 17,230 | 20% |
| Gafisa Nova Petrópolis | March | MHI | São Bernardo - SP | 36,879 | 268 | 100% | 108,479 | 23% |
| Gafisa Terraças - Alto da Lapa | March | MHI | São Paulo - SP | 23,248 | 182 | 100% | 72,701 | 19% |
| Gafisa Raízes Granja Viana | March | MHI | Cotia - SP | 8,641 | 35 | 50% | 25,994 | 10% |
| Gafisa Verde Mar | March | MHI | Guarujá - SP | 13,084 | 80 | 100% | 44,479 | 23% |
| Gafisa London Green Phase 2 | March | HIG | Niterói - RJ | 15,009 | 140 | 100% | 54,719 | 18% |
| Gafisa Carpe Diem | March | MHI | Rio de Janeiro - RJ | 10,012 | 91 | 80% | 29,461 | 25% |
| Gafisa Magnific | March | HIG | Goiânia - GO | 9,225 | 27 | 100% | 30,458 | 34% |
| AUSA Alpha Ville Jacuhy Phase 2 | March | LOT | Serra - ES | 115,688 | 215 | 65% | 41,291 | 28% |
| FIT ¹ Citta Vila Allegro | March | AEL | Salvador - BA | 11,099 | 149 | 50% | 28,585 | 1% |
| Total 1Q08 | | | | 321,124 | 1,494 | 73% | 577,888 | 35% |

¹ Fit Residencial recognizes sales only after the client has received the final approval by the bank.

The following table sets forth the financial completion of the construction in progress and the related revenue recognized during the quarter ended on March, 31 2008.

| Development | Date Launched | Total Area sq m | Final Completion | | % Sold Accumulated | | Revenue Recognized R\$ 000 | | Gafisa Stake |
|------------------------------|---------------|-----------------|------------------|------|--------------------|------|----------------------------|--------|--------------|
| | | | 1Q08 | 1Q07 | 1Q08 | 1Q07 | 1Q08 | 1Q07 | |
| | | | | | | | | | |
| Gafisa | | | | | | | | | |
| VP - Horto Fase 2 | jan-08 | 22,298 | 30% | 0% | 97% | 0% | 28,491 | - | 50% |
| Península Fit | mar-06 | 24,080 | 77% | 22% | 69% | 29% | 10,975 | 8,094 | 100% |
| Sunspecial Resid. Service | mar-05 | 21,189 | 99% | 62% | 98% | 70% | 8,925 | 10,614 | 100% |
| The Gold | dec-05 | 10,465 | 97% | 59% | 100% | 31% | 7,850 | 3,258 | 100% |
| Villagio Panamby - Agrias | nov-06 | 21,390 | 51% | 28% | 89% | 19% | 7,476 | 4,849 | 100% |
| Espaço Jardins | may-06 | 28,926 | 58% | 17% | 100% | 66% | 7,085 | 3,312 | 100% |
| Villagio Panamby - Mirabilis | mar-06 | 23,355 | 77% | 45% | 94% | 39% | 6,687 | 2,351 | 80% |
| Supremo | aug-07 | 34,864 | 41% | 0% | 69% | 0% | 6,506 | - | 80% |
| Enseada das Orquídeas | oct-07 | 42,071 | 22% | 0% | 51% | 0% | 5,912 | - | 80% |
| Beach Park - Living | oct-07 | 11,931 | 60% | 4% | 77% | 25% | 5,911 | 547 | 100% |

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| | | | | | | | | | |
|--|--------|--------|------|-----|------|-----|-------|--------|------|
| Isla | mar-07 | 31,423 | 26% | 0% | 82% | 16% | 5,578 | - | 100% |
| Espacio Laguna | aug-06 | 13,091 | 59% | 19% | 72% | 22% | 5,432 | 1,734 | 100% |
| Solaris de Vila Maria | dec-07 | 13,376 | 16% | 0% | 93% | 0% | 5,327 | - | 100% |
| Sunplaza Personal Office | mar-06 | 6,328 | 100% | 42% | 100% | 36% | 5,509 | 6,173 | 50% |
| Olimpic - Chácara Sto Antonio | aug-06 | 24,988 | 48% | 21% | 98% | 50% | 5,100 | 3,252 | 45% |
| Olimpic Resort | oct-05 | 21,851 | 99% | 54% | 100% | 82% | 4,945 | 8,438 | 100% |
| Blue Vision - Sky e Infinity | jun-06 | 9,257 | 85% | 46% | 82% | 37% | 4,390 | 6,087 | 100% |
| Paço das Águas | may-06 | 10,836 | 73% | 39% | 93% | 33% | 4,388 | 1,344 | 100% |
| Blue II e Concept | dec-05 | 14,148 | 95% | 73% | 72% | 32% | 4,597 | 12,174 | 100% |
| Arena | dec-05 | 29,256 | 92% | 44% | 100% | 86% | 4,049 | 8,629 | 100% |
| Vista Ibirapuera | may-06 | 9,963 | 85% | 43% | 100% | 90% | 4,031 | 2,737 | 100% |
| Ville Du Soleil | oct-06 | 8,920 | 79% | 17% | 50% | 11% | 3,757 | 871 | 100% |
| London Green | jun-07 | 28,998 | 35% | 0% | 44% | 0% | 3,648 | - | 100% |
| CSF - Santtorino | aug-06 | 14,979 | 42% | 9% | 100% | 54% | 3,471 | 247 | 60% |
| Villagio Panamby - Parides | nov-06 | 13,093 | 70% | 48% | 100% | 50% | 3,469 | 7,078 | 100% |
| Town Home | nov-05 | 8,319 | 80% | 31% | 95% | 33% | 3,451 | 1,413 | 50% |
| Beach Park Acqua | nov-05 | 8,793 | 100% | 33% | 95% | 55% | 3,068 | 5,515 | 100% |
| CSF - Paradiso | nov-06 | 16,286 | 33% | 5% | 79% | 30% | 2,982 | 547 | 100% |
| Blue Land | aug-03 | 9,169 | 90% | 44% | 75% | 28% | 5,009 | 2,734 | 100% |
| Parc Paradiso | aug-07 | 41,773 | 11% | 0% | 89% | 0% | 3,121 | - | 100% |
| CSF - Saint Etienne | may-05 | 11,261 | 100% | 46% | 97% | 48% | 3,574 | 3,957 | 100% |
| Villagio Panamby - Jazz Duet | sep-05 | 13,400 | 99% | 67% | 98% | 28% | 2,891 | 5,221 | 100% |
| Mirante do Rio | oct-06 | 4,875 | 44% | 2% | 98% | 63% | 2,540 | 80 | 100% |
| Quinta Imperial | jul-06 | 8,422 | 49% | 6% | 76% | 38% | 2,434 | 378 | 50% |
| Grand Valley | mar-07 | 16,908 | 27% | 0% | 61% | 19% | 2,388 | - | 100% |
| VP - Horto | oct-07 | 22,281 | 35% | 0% | 100% | 0% | 4,777 | - | 80% |
| Olimpic Bosque | oct-07 | 19,150 | 27% | 0% | 73% | 0% | 2,133 | - | 50% |
| Palm D'Or | sep-05 | 8,493 | 95% | 49% | 100% | 40% | 1,916 | 4,334 | 50% |
| CSF - Acácia | jun-07 | 23,461 | 11% | 0% | 89% | 0% | 1,847 | - | 100% |
| Icaraf Corporate | dec-06 | 5,683 | 45% | 19% | 90% | 40% | 1,787 | 5,209 | 100% |
| Fit Niterói | aug-06 | 8,523 | 49% | 27% | 83% | 40% | 1,626 | 1,861 | 100% |
| Blue Land | nov-05 | 9,083 | 91% | 45% | 75% | 28% | 5,009 | 1,318 | 50% |
| Felicita - Evangelina 2 | dec-06 | 11,323 | 35% | 0% | 80% | 18% | 1,699 | (0) | 100% |
| Collori | nov-06 | 19,731 | 45% | 24% | 86% | 28% | 1,578 | 2,811 | 100% |
| Acqua Residence Fase 1 | apr-07 | - | 21% | 0% | 45% | 10% | - | - | 100% |
| Privilege Residencial | sep-07 | 12,938 | 15% | 0% | 65% | 0% | 1,577 | - | 100% |
| Villagio Panamby - Domaine Du Soleil | sep-05 | 8,225 | 100% | 69% | 100% | 45% | 1,469 | 5,039 | 100% |
| Cuiabá | dec-05 | 5,887 | 93% | 30% | 39% | 11% | 1,364 | 399 | 50% |
| Parc Paradiso Fase 2 | sep-07 | - | 12% | 0% | 84% | 0% | - | - | 100% |
| CSF - Prímula | jun-07 | 13,897 | 16% | 0% | 77% | 0% | 1,223 | - | 100% |
| Grand Valley Niterói | oct-07 | 17,905 | 18% | 0% | 83% | 0% | 1,150 | - | 100% |
| Weber Art | jun-05 | 5,812 | 100% | 54% | 98% | 50% | 1,391 | 3,060 | 100% |
| Riviera Ponta Negra - Cannes e Marseille | jan-04 | 11,166 | 100% | 97% | 85% | 55% | 1,144 | 3,588 | 50% |

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| | | | | | | | | | |
|-----------------------|--------|---------|------|------|------|-----|--------|--------|------|
| Del Lago | may-05 | 62,022 | 93% | 46% | 99% | 57% | 1,126 | 5,275 | 80% |
| Riviera Nice | dec-06 | 3,380 | 31% | 0% | 47% | 15% | 1,021 | - | 50% |
| Vivance Res. Service | nov-06 | 14,717 | 21% | 13% | 76% | 35% | 988 | 1,417 | 100% |
| CSF - Dália | jun-07 | 9,000 | 13% | 0% | 76% | 0% | 849 | - | 100% |
| Città Imbuí | sep-07 | 22,442 | 15% | 0% | 86% | 0% | - | - | 50% |
| Belle Vue - Porto | | | | | | | | | |
| Alegre | aug-04 | 9,559 | 79% | 58% | 70% | 46% | 863 | 1,755 | 100% |
| CSF - Benne Sonanz | sep-03 | 4,718 | 100% | 100% | 100% | 53% | 786 | 9 | 100% |
| Celebrare | mar-07 | 14,679 | 19% | 0% | 74% | 6% | 591 | - | 100% |
| Secret Garden | may-07 | 15,344 | 18% | 0% | 61% | 0% | 567 | - | 100% |
| Blue One | sep-03 | 10,649 | 100% | 99% | 84% | 43% | 740 | 907 | 100% |
| Montenegro Boulevard | jun-05 | 174,862 | 100% | 81% | 100% | 76% | 690 | 3,754 | 100% |
| Costa Paradiso | apr-05 | 63,041 | 100% | 100% | 57% | 24% | 399 | 815 | 100% |
| Lumiar | feb-05 | 7,193 | 96% | 77% | 91% | 37% | 496 | 4,650 | 100% |
| Side Park - Ed. Style | jul-04 | 10,911 | 99% | 82% | 98% | 72% | 350 | 2,930 | 100% |
| Villagio Panamby - | | | | | | | | | |
| Double View | oct-03 | 5,388 | 100% | 100% | 100% | 97% | 387 | 2,910 | 100% |
| La Place | may-04 | 8,416 | 100% | 96% | 97% | 60% | 301 | 1,461 | 100% |
| Others | | | | | | | 13,158 | 34,857 | |

| Development | Date Launched | Total Area sq m | Final Completion | | % Sold Accumulated | | Revenue Recognized R\$ 000 | | Gafisa Stake |
|---------------------------------|---------------|-----------------|------------------|------|--------------------|------|----------------------------|----------------|--------------|
| | | | 1Q08 | 1Q07 | 1Q08 | 1Q07 | 1Q08 | 1Q07 | |
| | | | | | | | 1Q08 | 1Q07 | |
| AlphaVille | | | | | | | 58,599 | 32,021 | |
| AlphaVille Salvador II | feb-06 | 853,344 | 82% | 26% | 94% | 84% | 8,929 | 4,033 | 55% |
| AlphaVille Recife | aug-06 | 704,051 | 72% | 18% | 94% | 91% | 8,287 | 1,013 | 65% |
| AlphaVille Jacuhy | dec-07 | 2,274,585 | 7% | 0% | 92% | 0% | 6,348 | - | 65% |
| AlphaVille Burle Marx | mar-05 | 1,305,022 | 95% | 49% | 34% | 16% | 4,932 | 844 | 50% |
| AlphaVille Gravataí | jun-06 | 1,309,397 | 75% | 20% | 47% | 30% | 4,362 | 973 | 64% |
| AlphaVille Campo Grande | mar-07 | 517,869 | 61% | 0% | 57% | 39% | 4,072 | - | 67% |
| AlphaVille Eusébio | sep-05 | 534,314 | 90% | 40% | 76% | 44% | 3,375 | 1,324 | 65% |
| AlphaVille Natal | feb-05 | 1,028,722 | 100% | 73% | 100% | 100% | 2,217 | 11,450 | 63% |
| AlphaVille Araçagy | aug-07 | 195,829 | 45% | 0% | 84% | 0% | 2,101 | - | 50% |
| AlphaVille Rio Costa do Sol | sep-07 | 1,521,753 | 10% | 0% | 83% | 0% | 2,021 | - | 58% |
| AlphaVille Manaus | aug-05 | 464,688 | 100% | 36% | 100% | 100% | 1,781 | 2,072 | 63% |
| AlphaVille Litoral Norte | mar-04 | 798,893 | 100% | 100% | 84% | 83% | 764 | - | 63% |
| AlphaVille Londrina 2 | jan-08 | 377,650 | 8% | 0% | 28% | 0% | 377 | - | 63% |
| AlphaVille Londrina 2 | dec-07 | 377,650 | 8% | 0% | 28% | 0% | 377 | - | 63% |
| Others | | | | | | | 8,656 | 10,312 | |
| Fit Residencial | | | | | | | 18,073 | - | |
| Fit Jaçanã | mar-07 | 16,586 | 61% | 0% | 97% | 0% | 4,125 | - | 98% |
| Fit Vila Augusta | oct-07 | 23,036 | 25% | 0% | 59% | 0% | 3,752 | - | 100% |
| Fit Coqueiro I | sep-07 | 44,584 | 15% | 0% | 72% | 0% | 2,059 | - | 60% |
| Fit Jardim Botânico | dec-07 | 31,055 | 23% | 0% | 70% | 0% | 1,802 | - | 50% |
| Fit Jaraguá | oct-07 | 14,345 | 24% | 0% | 53% | 0% | 1,764 | - | 100% |
| Fit Taboão | dec-07 | 20,319 | 13% | 0% | 53% | 0% | 1,591 | - | 100% |
| Fit Mirante do Sol | dec-07 | 26,936 | 10% | 0% | 34% | 0% | 1,088 | - | 100% |
| Fit Maria Inês | dec-07 | 19,541 | 18% | 0% | 46% | 0% | 1,048 | - | 60% |
| Others | | | | | | | 844 | - | |
| Bairro Novo | | | | | | | 4,047 | - | 50% |
| Bairro Novo Cotia (Fases 1 e 2) | dec-07 | 23,617 | 11% | | 42% | | 4,047 | - | 50% |
| Total | | | | | | | 330,688 | 232,014 | |

Consolidated Statement of Income

| R\$ 000 | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
|--------------------------------------|------------------|------------------|------------------|-----------------|----------------|
| Gross Operating Revenue | | | | | |
| Real State development and sales | 330,688 | 232,014 | 366,678 | 42.5% | (9.8%) |
| Construction and services rendered | 368 | 3,326 | 14,766 | (88.9%) | (97.5%) |
| Deductions | (11,574) | (11,024) | (8,689) | (4.9%) | 33.2% |
| Net Operating Revenue | 319,482 | 224,316 | 372,755 | 42.4% | (14.3%) |
| Operating Costs | (212,486) | (156,356) | (238,269) | 35.9% | (10.8%) |
| Gross profit | 106,996 | 67,960 | 134,486 | 57.4% | (20.4%) |
| Operating Expenses | | | | | |
| Selling expenses | (24,047) | (12,006) | (31,101) | 100.3% | (22.7%) |
| General and administrative expenses | (32,150) | (19,484) | (38,753) | 65.0% | (17.0%) |
| Equity Income | | | | | |
| Other Operating Revenues | (29) | (259) | (3,304) | 88.8% | (99.1%) |
| EBITDA | 50,770 | 36,211 | 61,328 | 40.2% | (17.2%) |
| Depreciation and Amortization | (1,750) | (5,061) | (2,259) | (65.4%) | (22.5%) |
| Extraordinary expenses | - | (30,174) | - | (100.0%) | - |
| EBIT | 49,020 | 976 | 59,069 | 4,922.5% | (17.0%) |
| Financial Income | 14,343 | 8,080 | 20,186 | 77.5% | (28.9%) |
| Financial Expenses | (8,105) | (16,765) | 9,016 | (51.7%) | (189.9%) |
| Income before taxes on income | 55,258 | (7,709) | 88,271 | (816.8%) | (37.4%) |
| Deffered Taxes | (6,076) | (1,551) | (16,137) | 291.7% | (62.3%) |
| Income tax and social contribution | (3,755) | (1,591) | (6,865) | 136.0% | (45.3%) |
| Income after taxes on income | 45,427 | (10,851) | 65,269 | (518.6%) | (30.4%) |
| Minority Shareholders | (3,781) | (1,701) | (2,189) | 122.3% | 72.7% |
| Net income | 41,646 | (12,552) | 63,080 | (431.8%) | (34.0%) |
| Net income per share | 0.32 | (0.10) | 0.49 | | |

Consolidated Balance Sheet

| R\$ 000 | 1Q08 | 1Q07 | 4Q07 | 1Q08 x 1Q07 | 1Q08 x 4Q07 |
|---|------------------|------------------|------------------|----------------|----------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and banks | 47,614 | 34,049 | 79,590 | 39.8% | (40.2%) |
| Financial investments | 674,771 | 587,203 | 434,857 | 14.9% | 55.2% |
| Receivables from clients | 607,668 | 392,634 | 524,818 | 54.8% | 15.8% |
| Properties for sale | 1,015,020 | 481,874 | 774,908 | 110.6% | 31.0% |
| Other accounts receivable | 133,205 | 117,856 | 101,920 | 13.0% | 30.7% |
| Deferred selling expenses | 44,633 | 18,972 | 37,023 | 135.3% | 20.6% |
| Prepaid expenses | 11,021 | 7,691 | 8,824 | 43.3% | 24.9% |
| | 2,533,932 | 1,640,279 | 1,961,940 | 54.5% | 29.2% |
| Long-term assets | | | | | |
| Receivables from clients | 578,475 | 236,576 | 497,933 | 144.6% | 16.2% |
| Properties for sale | 141,232 | 77,585 | 149,403 | 82.0% | (5.5%) |
| Deferred taxes | 69,938 | 59,921 | 61,322 | 16.7% | 14.1% |
| Other | 49,770 | 44,287 | 42,797 | 12.4% | 16.3% |
| | 839,415 | 418,369 | 751,455 | 100.6% | 11.7% |
| Permanent assets | | | | | |
| Investments | 209,450 | 171,602 | 209,689 | 22.1% | (0.1%) |
| Properties and equipment | 28,967 | 11,507 | 27,409 | 151.7% | 5.7% |
| | 238,417 | 183,109 | 237,098 | 30.2% | 0.6% |
| Total assets | 3,611,764 | 2,241,757 | 2,950,493 | 61.1% | 22.4% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Loans and financings | 82,964 | 53,716 | 59,526 | 54.4% | 39.4% |
| Debentures | 2,312 | 2,663 | 9,190 | (13.2%) | (74.8%) |
| Real estate development obligations | - | 5,088 | - | (100.0%) | - |
| Obligations for purchase of land | 200,497 | 127,846 | 163,034 | 56.8% | 23.0% |
| Materials and service suppliers | 115,794 | 62,144 | 86,709 | 86.3% | 33.5% |
| Taxes and contributions | 77,850 | 49,045 | 70,293 | 58.7% | 10.8% |
| Taxes, payroll charges and profit sharing | 36,292 | 19,587 | 38,512 | 85.3% | -5.8% |
| Advances from clients - real state and services | 58,412 | 62,833 | 47,662 | (7.0%) | 22.6% |
| Dividends | 26,981 | 11,163 | 26,981 | 141.7% | |
| Other | 114,995 | 22,558 | 75,489 | 409.8% | 52.3% |
| | 716,097 | 416,643 | 577,396 | 71.9% | 24.0% |
| Long-term liabilities | | | | | |
| Loans and financings | 765,691 | 59,469 | 380,640 | 1187.5% | 101.2% |
| Debentures | 240,000 | 240,000 | 240,000 | | |
| | 156,393 | 14,055 | 73,207 | 1012.7% | 113.6% |

| | | | | | |
|---|------------------|------------------|------------------|---------------|--------------|
| Obligations for purchase of land | | | | | |
| Deferred taxes | 77,956 | 43,848 | 63,268 | 77.8% | 23.2% |
| Unearned income from property sales | | | | | |
| | - | 95 | - | (100.0%) | |
| Other | 32,597 | 51,533 | 35,773 | (36.7%) | (8.9%) |
| | 1,272,637 | 409,000 | 792,888 | 211.2% | 60.5% |
| Deferred income | | | | | |
| Deferred income on acquisition of subsidiary | | | | | |
| | 29,406 | 1,281 | 32,223 | 2195.6% | (8.7%) |
| Minority Shareholders | 21,090 | (9,489) | 17,223 | (322.3%) | 22.5% |
| Shareholders' equity | | | | | |
| Capital | 1,221,971 | 1,214,580 | 1,221,846 | 0.6% | 0.0% |
| Treasury shares | (18,050) | (18,050) | (18,050) | | |
| Capital reserves | 167,276 | 167,276 | 167,276 | | |
| Revenue reserves | 201,337 | 60,516 | 159,691 | 232.7% | 26.1% |
| | 1,572,534 | 1,424,322 | 1,530,763 | 10.4% | 2.7% |
| Total liabilities and shareholders' equity | | | | | |
| | 3,611,764 | 2,241,757 | 2,950,493 | 61.1% | 22.4% |