

TransDigm Group INC  
Form 4  
August 18, 2014

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Laubenthal Raymond F

(Last) (First) (Middle)

TRANSDIGM GROUP  
INCORPORATED, 1301 EAST 9TH  
STREET, SUITE 3000

(Street)

CLEVELAND, OH 44114

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
TransDigm Group INC [TDG]

3. Date of Earliest Transaction  
(Month/Day/Year)  
08/15/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President and COO

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				Code	V Amount Price			
Common Stock	08/15/2014		S	325	D	\$ 178.5785 (1) 15,148	I	By trust fbo youngest son
Common Stock	08/15/2014		S	325	D	\$ 178.4285 (2) 14,823	I	By trust fbo youngest son
Common Stock	08/15/2014		S	325	D	\$ 178.6088 (3) 15,148	I	By trust fbo daughter

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Common Stock	08/15/2014	S	325	D	\$ 178.425	14,823	I	By trust fbo daughter
Common Stock	08/15/2014	S	325	D	\$ 178.5308 (4)	15,148	I	By trust fbo eldest son
Common Stock	08/15/2014	S	325	D	\$ 178.4162 (5)	14,823	I	By trust fbo eldest son

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Laubenthal Raymond F TRANSDIGM GROUP INCORPORATED 1301 EAST 9TH STREET, SUITE 3000 CLEVELAND, OH 44114			President and COO	

## Signatures

Halle Fine Terrion as attorney in fact for Raymond Laubenthal

08/18/2014

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Price reported constitutes the average weighted price of shares sold. Shares were sold at varying prices in the range of \$178.56 - \$178.62.

(1) The reporting person hereby undertakes, upon request of the Commission, the issuer or a security holder of the issuer, to provide full information regarding the number of shares sold at each separate price.

Price reported constitutes the average weighted price of shares sold. Shares were sold at varying prices in the range of \$178.425 -

(2) \$178.47. The reporting person hereby undertakes, upon request of the Commission, the issuer or a security holder of the issuer, to provide full information regarding the number of shares sold at each separate price.

Price reported constitutes the average weighted price of shares sold. Shares were sold at varying prices in the range of \$178.56 - \$178.66.

(3) The reporting person hereby undertakes, upon request of the Commission, the issuer or a security holder of the issuer, to provide full information regarding the number of shares sold at each separate price.

Price reported constitutes the average weighted price of shares sold. Shares were sold at varying prices in the range of \$178.47 - \$178.58.

(4) The reporting person hereby undertakes, upon request of the Commission, the issuer or a security holder of the issuer, to provide full information regarding the number of shares sold at each separate price.

Price reported constitutes the average weighted price of shares sold. Shares were sold at varying prices in the range of \$178.415 -

(5) \$178.4301. The reporting person hereby undertakes, upon request of the Commission, the issuer or a security holder of the issuer, to provide full information regarding the number of shares sold at each separate price.

### Remarks:

All transactions reported herein made pursuant to an established 10b5-1 plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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Total Current Liabilities	61,710,425	55,361,171
Minority Interest	127,763	98,053
Shareholders' Equity:		
Preferred stock, par value \$0.001, 10,000,000 shares authorized, authorized, no shares outstanding	-	-
Common stock, par value \$0.001, 50,000,000 shares authorized, 26,000,000 shares issued and outstanding as of June 30, 2008 and December 31, 2007	26,000	26,000
Additional paid-in capital	2,908,171	2,366,171
Unamortized contractual services costs	(441,067)	-
Statutory Reserves	1,042,355	1,042,355
Retained earnings	7,951,491	5,700,875
Accumulated other comprehensive income	1,261,248	570,712
Shareholders' Equity	12,748,198	9,706,113
Total Liabilities and Shareholders' Equity	\$ 74,586,386	\$ 65,165,337

**See Notes to Consolidated Financial Statements**



**CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Three Months Ended		For the Six Months Ended
	June 30,		June 30,
	<u>2008</u>	<u>2007</u>	<u>2008</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
<b>Revenues</b>			
Sales	\$ 9,823,948	\$ 9,617,588	\$ 19,245,939
Costs of Sales	7,084,546	6,132,424	13,496,330
Gross Profit	2,739,402	3,485,164	5,749,609
<b>Operating Expenses</b>			
Selling expenses			
Sales commission	113,189	85,072	324,914
Freight-out	194,466	200,453	380,923
Adverting	16,748	21,812	17,433
Travel and entertainment	31,511	95,546	63,086
Other selling expenses	33,008	64,048	77,456
Total selling expenses	388,922	466,931	863,812
General and administrative expenses			
Payroll and employees benefits	146,010	70,658	272,774
Insurance	72,182	64,832	163,828
Consultant fees	1,018,152	1,018,152	1,018,152
Derivative financial instruments	10,801	4,418	15,219
Receivables from related parties	81,152	118,146	199,298
Non current	4,413,463	4,389,935	8,803,398

	assets		
1.02.01	Non current assets	684,540	730,559
1.02.01.03	Accounts receivable	419,496	169,666
1.02.01.03.01	Receivables from clients of developments	419,496	169,666
1.02.01.04	Inventories	80,776	405,958
1.02.01.04.01	Properties for sale	80,776	405,958
1.02.01.09	Others non current assets	184,268	154,935
1.02.01.09.03	Others accounts receivable and others	111,905	95,869
1.02.01.09.04	Receivables from related parties	72,363	59,066
1.02.02	Investments	3,666,742	3,616,333
1.02.02.01	Interest in associates and affiliates	3,495,138	3,433,220
1.02.02.01.02	Interest in subsidiaries	3,259,722	3,134,293
1.02.02.01.04	Other investments	235,416	298,927
1.02.02.02.	Interest in subsidiaries	171,604	183,113
1.02.02.02.01	Interest in subsidiaries - goodwill	171,604	183,113
1.02.03	Property and equipment	15,051	12,074
1.02.03.01	Operation property and equipment	15,051	12,074
1.02.04	Intangible assets	47,130	30,969
1.02.04.01	Intangible assets	47,130	30,969

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(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

## INDIVIDUAL BALANCE SHEET - LIABILITIES AND EQUITY (in thousands of Brazilian Reais)

CODE	DESCRIPTION	ACTUAL QUARTER	
		9/30/2012	PRIOR YEAR 12/31/2011
2	Total Liabilities	6,351,779	6,665,289
2.01	Current liabilities	1,728,033	2,877,234
2.01.01	Social and labor obligations	50,545	26,996
2.01.01.02	Labor obligations	50,545	26,996
2.01.01.02.01	Salaries, payroll charges and profit sharing	50,545	26,996
2.01.02	Suppliers	47,667	54,295
2.01.02.01	Local suppliers	47,667	54,295
2.01.03	Tax obligations	42,969	50,868
2.01.03.01	Federal tax obligations	42,969	50,868
2.01.04	Loans and financing	827,311	2,007,964
2.01.04.01	Loans and financing	512,794	721,788
2.01.04.02	Debentures	314,517	1,286,176
2.01.05	Others obligations	712,319	702,236
2.01.05.01	Payables to related parties	361,521	198,197
2.01.05.02	Others	350,798	504,039
2.01.05.02.04	Obligations for purchase of real estate and advances from customers	117,175	232,792
2.01.05.02.05	Other obligations	91,374	98,773
2.01.05.02.06	Payables to venture partners	113,932	139,907
2.01.05.02.07	Obligations assumed on the assignment of receivables	28,317	32,567
2.01.06	Provisions	47,222	34,875
2.01.06.01	Tax, labor and civil lawsuits	47,222	34,875
2.01.06.01.01	Tax lawsuits	940	1,894
2.01.06.01.02	Labor lawsuits	17,129	14,968
2.01.06.01.04	Civil lawsuits	29,153	18,013
2.02	Non current liabilities	1,986,102	1,139,582
2.02.01	Loans and financing	1,544,287	444,705
2.02.01.01	Loans and financing	661,215	444,705

Explanation of Responses:

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2.02.01.01.01	Loans and financing in local currency	661,215	444,705
2.02.01.02	Debentures	883,072	0
2.02.02	Others obligations	303,193	554,354
2.02.02.02	Others	303,193	554,354
	Obligations for purchase of real estate and		
2.02.02.02.03	advances from customers	46,968	53,467
2.02.02.02.04	Other liabilities	44,808	36,489
2.02.02.02.05	Payables to venture partners	124,628	200,056
	Obligations assumed on the assignment of		
2.02.02.02.06	receivables	86,789	264,342
2.02.03	Deferred taxes	63,926	66,801
2.02.03.01	Deferred income tax and social contribution	63,926	66,801
2.02.04	Provisions	74,696	73,722
2.02.04.01	Tax, labor and civil lawsuits	74,696	73,722
2.03	Equity	2,637,644	2,648,473
2.03.01	Capital	2,734,159	2,734,157
2.03.02	Capital Reserves	32,863	18,066
2.03.02.04	Granted options	104,080	89,283
2.03.02.07	Reserve for expenditures with public offering	-71,217	-71,217
2.03.04	Reserves	-1,731	-1,731
2.03.04.09	Treasury shares	-1,731	-1,731
2.03.05	Accumulated losses	-127,647	-102,019

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(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

## INDIVIDUAL STATEMENT OF OPERATIONS (in thousands of Brazilian Reais)

CODE	DESCRIPTION	ACTUAL	YEAR TO	PRIOR	YEAR TO
		QUARTER	DATE	YEAR	DATE FROM
		7/1/2012 to	1/1/2012 to	7/1/2011 to	1/1/2011 to
		9/30/2012	9/30/2012	9/30/2011	9/30/2011
3.01	Gross Sales and/or Services	289,763	942,559	228,088	764,114
3.01.01	Real estate development and sales and construction services rendered	323,127	1,038,024	245,192	826,722
3.01.03	Taxes on sales and services	-33,364	-95,465	-17,104	-62,608
3.02	Cost of sales and/or services	-231,341	-740,081	-177,442	-681,186
3.02.01	Cost of real estate development	-231,341	-740,081	-177,442	-681,186
3.03	Gross profit	58,422	202,478	50,646	82,928
3.04	Operating expenses/income	-11,874	-96,476	-85,156	-175,995
3.04.01	Selling expenses	-25,999	-76,472	-33,406	-86,973
3.04.02	General and administrative expenses	-32,115	-98,174	-23,212	-68,443
3.04.05	Other operating expenses	-6,461	-26,622	-21,691	-77,228
3.04.05.01	Depreciation and amortization	-10,561	-21,777	-12,600	-34,985
3.04.05.02	Other operating expenses	4,100	-4,845	-9,091	-42,243
3.04.06	Equity pick-up	52,701	104,792	-6,847	56,649
3.05	Income (loss) before financial results and income taxes	46,548	106,002	-34,510	-93,067
3.06	Financial	-41,595	-134,504	-33,502	-75,006
3.06.01	Financial income	4,644	13,756	13,085	33,914
3.06.02	Financial expenses	-46,239	-148,260	-46,587	-108,920
3.07	Income before income taxes	4,953	-28,502	-68,012	-168,073
3.08	Income and social contribution taxes	-112	2,874	16,765	41,692
3.08.01	Current	-	-	-	-
3.08.02	Deferred	-112	2,874	16,765	41,692
3.09	Income (loss) from continuing operation	4,841	-25,628	-51,247	-126,381
3.11	Income (loss) for the period	4,841	-25,628	-51,247	-126,381
3.99	Income (loss) per share (Reais)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	ON	0,01120	-0,05930	-0,11880	-0,29290

Explanation of Responses:

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3.99.02	Diluted earnings (loss) per share				
3.99.02.01	ON	0,00960	-0,05930	-0,11880	-0,29290

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Quarterly information - 09/30/2012 – Gafisa S.A.

**INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME (LOSS) (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	ACTUAL	YEAR TO	PRIOR	YEAR TO
		QUARTER	DATE	YEAR DATE FROM	DATE FROM
		7/1/2012 to	1/1/2012 to	7/1/2011 to	1/1/2011 to
		9/30/2012	9/30/2012	9/30/2011	9/30/2011
4.01	Income (loss) for the period	4,841	-25,628	-51,247	-126,381
4.03	Comprehensive income (loss) for the period	4,841	-25,628	-51,247	-126,381

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Quarterly information - 09/30/2012 – Gafisa S.A.

**INDIVIDUAL STATEMENT OF CASH FLOWS – INDIRECT METHOD (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	YEAR TO DATE	
		YEAR TO DATE	YEAR TO DATE FROM PREVIOUS YEAR
		9/30/2012	9/30/2011
6.01	Net cash from operating activities	179,517	361,964
6.01.01	Cash generated in the operations	-32,071	-62,286
	Loss before income and social		
6.01.01.01	contribution taxes	-28,502	-168,073
6.01.01.02	Equity pick-up	-104,792	-56,649
6.01.01.03	Stock options expenses	14,363	9,946
	Unrealized interest and finance		
6.01.01.04	charges, net	28,716	91,482
6.01.01.05	Derivatives financial instruments	-6,383	-3,558
6.01.01.06	Depreciation and amortization	21,777	34,985
6.01.01.07	Provision for legal claims	37,250	27,951
6.01.01.08	Provision for profit sharing	19,500	36
6.01.01.09	Warranty provision	2,726	1,594
	Write-off of property and equipment,		
6.01.01.10	net	1,186	-
6.01.01.11	Allowance for doubtful accounts	3,754	-
	Provision for realization of		
	non-financial assets – properties for		
6.01.01.12	sale	-28,630	-
	Provision for penalties due to delay		
6.01.01.13	in construction works	-4,545	-
	Write-off of Cipesa's goodwill due to		
6.01.01.14	sale of landbank	11,509	-
6.01.02	Variation in Assets and Liabilities	211,588	424,250
6.01.02.01	Trade accounts receivable	161,238	79,482
6.01.02.02	Properties for sale	220,019	-46,185
6.01.02.03	Other accounts receivable	-20,668	-7,928
6.01.02.04	Prepaid expenses	-1,748	1,955
	Obligations for purchase of land and		
6.01.02.05	adv. from customers	-122,117	42,006
6.01.02.06	Taxes and contributions	-7,898	-8,220

Explanation of Responses:

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6.01.02.07	Suppliers	-6,629	-13,883		
6.01.02.08	Salaries and payable charges	4,051	-12,983		
6.01.02.09	Transactions with related parties	200,317	115,629		
6.01.02.10	Other obligations	3,078	64,938		
6.01.02.11	Assignment of credits receivable, net	-218,055	209,439	2.00%	51%
6.02	Net cash from investing activities	5.0 years			

Risk free interest rate: Current interest rate of short-dated government bonds such as discount rate on U.S. Government Treasury Bills with 30 days left until maturity.

Volatility: 51% is the volatility of our common stock price October 9, 2007 through May 19, 2008, which is the only available period for our common stocks price quoted in the OTCBB.

Warrant costs charged to operation for the six months ended June 30, 2008 and 2007 were \$42,933 and \$0, respectively.

**Note 17- EARNINGS PER SHARE**

The following is information of net income per share:

	For the three Months Ended		For the six Months Ended	
	June 30,		June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
Net Income for basic and diluted earnings per share	\$ 1,048,831	\$ 1,641,218	\$ 2,250,616	\$ 2,748,579





Weighted average shares used in basic computation	26,000,000	22,645,348	26,000,000	22,645,348
Effect of dilutive securities:				
Warrants	165,110	-	95,330	-
Weighted average shares used in diluted computation	26,165,110	22,645,348	26,095,330	22,645,348
Earnings per share:				
Basic	\$ 0.04	\$ 0.07	\$ 0.09	\$ 0.12
Diluted	\$ 0.04	\$ 0.07	\$ 0.09	\$ 0.12

**Note 18- SEGMENT REPORTING**

The major products consist of following:

	For the Six Months Ended June 30,	
	<u>2008</u>	<u>2007</u>
<b>Revenue</b>		
1 Methyl Cellulose (MC)	2,174,326	2,689,241
2 Hydroxypropyl Methyl Cellulose (HPMC)	14,356,449	10,918,708
3 Hydroxypropyl Cellulose (HPC)	109,977	179,319
4 Ethyl Cellulose (EC)	981,889	1,046,436
5 Hydroxyethyl Cellulose (HEC)	569,311	637,924
6 HEMC	187,548	161,818
7 Hydroxypropyl Cellulose (HPC)	4,342	22,880
8 HP	121,210	64,898

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9 Microcrystalline Cellulose (MCC)	28,916	19,409
10 CMC	69,661	6,043
11 Film Coating Pre-Mixed Reagent.	365,831	324,081
12 Raw materials	276,479	517,706

**Cost of Sales**

1 Methyl Cellulose (MC)	1,773,444	1,901,429
2 Hydroxypropyl Methyl Cellulose (HPMC)	9,813,530	6,691,187
3 Hydroxypropyl Cellulose (HPC)	40,701	77,253
4 Ethyl Cellulose (EC)	613,526	550,168
5 Hydroxyethyl Cellulose (HEC)	533,406	543,612
6 HEMC	154,466	117,359
7 Hydroxypropyl Cellulose (HPC)	4,547	7,951
8 HP	47,010	24,319
9 Microcrystalline Cellulose (MCC)	23,699	18,591
10 CMC	103,576	52
11 Film Coating Pre-Mixed Reagent.	103,096	104,490
12 Raw materials	285,329	516,737

**Gross Profit**

1 Methyl Cellulose (MC)	400,882	787,812
2 Hydroxypropyl Methyl Cellulose (HPMC)	4,542,919	4,227,521
3 Hydroxypropyl Cellulose (HPC)	69,276	102,066
4 Ethyl Cellulose (EC)	368,363	496,268
5 Hydroxyethyl Cellulose (HEC)	35,905	94,312
6 HEMC	33,082	44,459
7 Hydroxypropyl Cellulose (HPC)	(205)	14,929
8 HP	74,200	40,579
9 Microcrystalline Cellulose (MCC)	5,217	818
10 CMC	(33,915)	5,991
11 Film Coating Pre-Mixed Reagent.	262,735	219,591
12 Raw materials	(8,850)	969

## Geographic Areas Information

While all of the Company's assets are located in the PRC, the Company sales products to customers located in the United States, Finland, and other countries, as summarized in the following:

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Geographic <u>Areas</u>	For the Six Months Ended June 30, <u>2008</u>		For the Six Months Ended June 30, <u>2007</u>	
	<u>Revenue</u>	Percentage of <u>Total Revenue</u>	<u>Revenue</u>	Percentage of <u>Total Revenue</u>
PRC	14,176,934	73.66%	14,183,157	85.50%

United States	1,200,693	6.24%	237,867	1.43%
Finland	1,580,102	8.21%	1,046,947	6.31%
Other Countries	2,288,210	11.89%	1,120,492	6.75%
Total	19,245,939	100.00%	16,588,463	100.00%

#### Major Customers

The Company has a diversified customer base. There was one major customer who made sales over 5% of the Company's total sales as summarized in the following:

Major Customer	For the Six Months Ended June 30, <u>2008</u>		For the Six Months Ended June 30, <u>2007</u>	
	<u>Revenue</u>	<u>Percentage of Total Revenue</u>	<u>Revenue</u>	<u>Percentage of Total Revenue</u>
Customer A	1,580,102	8.21%	1,046,947	6.31%
Total	1,580,102	8.21%	1,046,947	6.31%

#### Note 19- ASSET RETIREMENT OBLIGATIONS

The Company operates within the requirements of numerous regulations at the local, province, and national levels regarding issues such as the handling and disposal of hazardous chemicals, waste-water treatment and effluent and emissions limitations among others. From a practical standpoint, certain environmental contamination cannot be reasonably determined until a facility or asset is retired or an event occurs that otherwise requires the facility to be tested and monitored. In the absence of such requirements to test for environmental contamination prior to an asset or facility retirement, the Company has concluded that it cannot reasonably estimate the cost associated with such environmental-related asset retirement obligations ( ARO ).

In addition, the Company anticipates operating its manufacturing facilities indefinitely into the future thereby rendering the potential range of settlement dates as indeterminate. Therefore, the Company has not recorded any AROs to recognize legal obligations associated with the retirement of tangible long-lived assets, as contemplated by

the Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations ( SFAS 143 ) and FASB Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations - an interpretation of FASB Statement No. 143 ( FIN 47 ).

**Note 20- COMMITMENTS AND CONTINGENCIES**

**PRC's political and economic system**

The Company faces a number of risks and challenges not typically associated with companies in North America and Western Europe, since its assets exist solely in the PRC, and its revenues are derived from its operations therein. The PRC is a developing country with an early stage market economic system, overshadowed by the state. Its political and economic systems are very different from the more developed countries and are in a state of change. The PRC also faces many social, economic and political challenges that may produce major shocks and instabilities and even crises, in both its domestic arena and in its relationships with other countries, including the United States. Such shocks, instabilities and crises may in turn significantly and negatively affect the Company's performance.

## **Environmental**

In the ordinary course of its business, the Company is subject to numerous environmental laws and regulations covering compliance matters or imposing liability for the costs of, and damages resulting from, cleaning up sites, past spills, disposals and other releases of hazardous substances. Currently, our environmental compliance costs principally include the costs to run our waste water treatment facility and routine inspection fees paid to the local environmental department. These amounts are immaterial to our operating costs. However, changes in these laws and regulations may significantly increase our environmental compliance costs and therefore have a material adverse effect on the Company's financial position and results of operations. Also, any failure by the Company to adequately comply with such laws and regulations could subject the Company to significant future liabilities.

## **Governmental control of currency conversion**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The Company receives most of its revenues in Renminbi, which is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict the Company's ability to remit sufficient foreign currency to satisfy foreign currency dominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currency to satisfy its currency demands, the Company may not be able to pay certain of its expenses as they come due.

## **Contingent liabilities**

Prior to the merger with Pacific Capital Group on November 8, 2007, the Company has not been active since discontinuing its real estate operations in 1981. Management believes that there are no valid outstanding liabilities from prior operations. If a creditor were to come forward and claim a liability, the Company has committed to contest

such claim to the fullest extent of the law. No amount has been accrued in the financial statements for this contingent liability.

### **Guaranteed Loans**

The Company has guaranteed certain loans for third-party enterprises, which, in turn, have guaranteed loans for the Company. These guarantees require payment from the Company in the event of default on payment by the respective debtor and, if the debtor defaults, the Company may be required to pay amounts outstanding under the related agreements in addition to the principal amount guaranteed, including accrued interest and related fees.

The Company and these third-party enterprises have been guaranteeing loans for each other in the day-to-day operation. Both these enterprises and the Company are considered good reputation debtors by local banks. The banks allow these companies guarantee loans for each other instead of requiring the loans be secured by collateral. None of the enterprises, for which the Company has guaranteed loans, has defaulted



on any loan repayments, and accordingly, the Company has not recorded any liabilities or losses on such guarantees.

Bank loans that the Company has guaranteed for third-party enterprises consist of the following as of June 30, 2008:

<u>Borrower</u>	<u>Financial Institutions</u>	<u>Loan Amount</u>	<u>Duration</u>	<u>Monthly Interest Rate</u>	<u>Guaranteed By</u>
Shangdong Lulong Group Co., Ltd.	Feicheng Branch of Agriculture Bank	\$ 1,367,200	11/23/2007-11/23/2008	10.026	
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	328,128	05/14/2008-05/13/2009	7.47	
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	1,093,760	09/19/2007-9/18/2008	8.748	
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	1,093,760	10/19/2007-10/18/2008	8.748	The Company
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	1,500,000	01/12/2007-01/08/2012	8.34	
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	800,000	02/02/2007-01/08/2011	8.41	
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	890,000	12/30/2006-01/08/2011	8.32938	
Shangdong Ashide Chemical Co., Ltd.	Feicheng Branch of Bank of China	700,000	12/30/2006-01/08/2011	8.32938	
	Total	\$ 7,772,848			



**ITEM 2.**

**MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

CERTAIN STATEMENTS IN THIS REPORT, INCLUDING STATEMENTS IN THE FOLLOWING DISCUSSION, ARE WHAT ARE KNOWN AS "FORWARD LOOKING STATEMENTS", WHICH ARE BASICALLY STATEMENTS ABOUT THE FUTURE. FOR THAT REASON, THESE STATEMENTS INVOLVE RISK AND UNCERTAINTY SINCE NO ONE CAN ACCURATELY PREDICT THE FUTURE. WORDS SUCH AS "PLANS," "INTENDS," "WILL," "HOPES," "SEEKS," "ANTICIPATES," "EXPECTS "AND THE LIKE OFTEN IDENTIFY SUCH FORWARD LOOKING STATEMENTS, BUT ARE NOT THE ONLY INDICATION THAT A STATEMENT IS A FORWARD LOOKING STATEMENT. SUCH FORWARD LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING OUR PLANS AND OBJECTIVES WITH RESPECT TO THE PRESENT AND FUTURE OPERATIONS OF THE COMPANY, AND STATEMENTS WHICH EXPRESS OR IMPLY THAT SUCH PRESENT AND FUTURE OPERATIONS WILL OR MAY PRODUCE REVENUES, INCOME OR PROFITS. NUMEROUS FACTORS AND FUTURE EVENTS COULD CAUSE THE COMPANY TO CHANGE SUCH PLANS AND OBJECTIVES OR FAIL TO SUCCESSFULLY IMPLEMENT SUCH PLANS OR ACHIEVE SUCH OBJECTIVES, OR CAUSE SUCH PRESENT AND FUTURE OPERATIONS TO FAIL TO PRODUCE REVENUES, INCOME OR PROFITS. THEREFORE, THE READER IS ADVISED THAT THE FOLLOWING DISCUSSION SHOULD BE CONSIDERED IN LIGHT OF THE DISCUSSION OF RISKS AND OTHER FACTORS CONTAINED IN THIS REPORT ON FORM 10-Q AND IN THE COMPANY'S OTHER FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. NO STATEMENTS CONTAINED IN THE FOLLOWING DISCUSSION SHOULD BE CONSTRUED AS A GUARANTEE OR ASSURANCE OF FUTURE PERFORMANCE OR FUTURE RESULTS.

**Overview**

China RuiTai International Holdings was originally incorporated in Delaware on November 15, 1955, under the name "Inland Mineral Resources Corp." and was formed for the purpose of engaging in all lawful businesses. On March 12, 2007, the Company changed its name to China RuiTai International Holdings Co., Ltd. Currently, the Company, through its wholly-owned subsidiary, Pacific Capital Group and its majority-owned subsidiary, TaiAn, is engaged in the production, sales, and exportation of deeply processed chemicals, with a primary focus on non-ionic cellulose ether products. Cellulose ether is an organic chemical that dissolves in water and other organic solvents. Due to the surface-active properties of cellulose ether, it acts as a thickener and stabilizer in aqueous solutions, making it a beneficial additive in a wide variety of commercial industries and products, including, but not limited to the pharmaceutical industry, the construction industry, PVC products, food and beverage products, petroleum, and cosmetics. Specific examples of applications in which cellulose ether products are used include: as a stabilizer and thickener in latex paint; in mortar dry mix for building materials; to improve the performance of resin in PVC production; as a membrane reagent, stabilizer, and thickener in pharmaceuticals; and to improve jam, ice cream, toothpaste and lipsticks in the food and cosmetic industries. TaiAn is one of the largest non-ionic cellulose ether producers in China.

## **Results of Operations**

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our results of operation and financial condition for the three and six months ended June 30, 2008.

The following discussion should be read in conjunction with the Financial Statements and related Notes appearing elsewhere in this Form 10-Q.

### ***Results of Operations for the Three Month Period Ended June 30, 2008 Compared to the Three Month Period Ended June 30, 2007***

## Revenue

Revenue. During the three month period ended June 30, 2008, the Company had revenues of \$9,823,948 as compared to revenues of \$9,617,588 during the three month period ended June 30, 2007, an increase of \$206,360, or approximately 2.1%. During the three month period ended June 30, 2008, the Company sold approximately 1,630 metric tons of cellulose ether products in 11 categories, as compared to 1,802 metric tons of cellulose ether products during the three month period ended June 30, 2007. Additionally, during the three month period ended June 30, 2008, HPMC continued to be the Company's best-selling product accounting for approximately 76% of the Company's total revenues. During the three month period ended June 30, 2008, the Company exported approximately 480 metric tons of cellulose ether products to markets in the United States, Europe, India, Japan, and South East Asia, as compared to 404 metric tons in exports during the three month period ended June 30, 2007. The small increase in sales is attributable in part to severe weather conditions, and in part to decreased demand as a result of rising prices. The Company is focused on increasing sales of higher margin products and sales to export markets.

Cost of Sales. During the three month period ended June 30, 2008, the Company's cost of sales was \$7,084,546, as compared to cost of sales of \$6,132,424 for the three month period ended June 30, 2007, an increase of \$952,122, or approximately 15.5%. This increase in cost of sales experienced by the Company was primarily attributable to an increase in the price of raw materials that the Company uses for its manufacturing.

## Operating Expenses

The operating expenses for the Company are divided into Selling Expenses and General and Administrative Expenses, both of which are discussed below:

Selling Expenses. Selling expenses which consist of sales commission, freight charges, advertising and promotion expenses totaled \$388,922 for the three month period ended June 30, 2008, as compared to \$466,931 for the three month period ended June 30, 2007, a decrease of \$78,009, or approximately 16.7%. This decrease is primarily attributable to the decrease in the traveling expenses as the Company ceased reimbursing its sales staffs' traveling expenses.

General and Administrative Expenses. General and administrative expenses totaled \$669,534 for the three month period ended June 30, 2008, as compared to \$327,112 for the three month period ended June 30, 2007, an increase of \$342,422 or approximately 105%. This increase is primarily attributable to an increase in consultant fees and office

expenses for the three month period ended June 30, 2008. The Company engaged two consultants, one to act as its investor relations advisor, and another to act as its investment banker for its financing activities.

### **Income From Operations**

For the three month period ended June 30, 2008, the Company had income from operations in the amount of \$1,680,946 as compared to income from operations of \$2,691,121 for the three month period ended June 30, 2007, a decrease of \$1,010,175, or approximately 38%. The decrease in income from operations experienced by the Company was primarily attributable to the increase in the costs of goods sold and consultant fees.

### **Interest Expense**

For the three month period ended June 30, 2008, the Company incurred interest expense in the amount of \$572,666, as compared to interest expense of \$394,665 for the three month period ended June 30, 2007, an

increase of \$178,001, or approximately 45%. The increase in interest expense incurred by the Company resulted from increases in interest expenses on bank loans. The interest expenses on bank loans increased from \$250,836 for the three months ended June 30, 2007 to \$462,548 for the three months ended June 30, 2008, an increase of \$211,712, or 84%. For the same period, the interest expenses on discount on bank check decrease from \$84,157 to \$51,571, a decrease of \$32,586, or 38%.

## **Net Income**

The Company had a net income of \$1,048,831 for the three month period ended June 30, 2008 as compared to \$1,641,218 for the three month period ended June 30, 2007, a decrease of \$592,387 or approximately 36%. The decrease in net income is attributable to the fact that the Company experienced a limited increase in revenue, while at the same time it experienced a significant increase in the cost of sales, as a result of higher raw materials and energy costs.

## ***Results of Operations for the Six Month Period Ended June 30, 2008 Compared to the Six Month Period Ended June 30, 2007***

### **Revenue**

Revenue. During the six month period ended June 30, 2008, the Company had revenues of \$19,245,939 as compared to revenues of \$16,588,463 during the six month period ended June 30, 2007, an increase of \$2,657,476 approximately 16%. The increase in revenue experienced by the Company was primarily attributable to the following factors: i) *Changes in Sales Price* the price per ton of cellulose ether increased from the six month period ended June 30, 2007 to the six month period ended June 30, 2008. For the six month period ended June 30, 2008, the average sales price of one ton of cellulose ether was \$6,167, as compared to an average sales price of \$5,431 per ton for the six month period ended June 30, 2007, an increase of \$736 per ton, or approximately 13%; and ii) *Changes in Exchange Rates* in addition to the foregoing, some of the growth in the Company's revenue was attributable to changes in the foreign exchange rate, which increased from 7.73 RMB to \$1.00 USD in the six months ended June 30, 2007 to 7.07 RMB to \$1.00 USD in the six months ended June 30, 2008, or approximately 8.5%.

Cost of Sales. During the six month period ended June 30, 2008, the Company's cost of sales was \$13,496,330, as compared to costs of sales of \$10,553,148 for the six month period ended June 30, 2007, an increase of \$2,943,182, or approximately 28%. This increase in cost of sales experienced by the Company was primarily attributable to the increase in sales volume experienced by the Company as discussed above, and an increase in the price of raw materials that the Company uses for its manufacturing. For the six months ended June 30, 2008 the price of raw materials utilized by the Company was \$3,308 per ton, as compared to \$2,424 per ton for the six month period ended June 30, 2007, an increase of \$884, or approximately 36%.

## Operating Expenses

The operating expenses for the Company are divided into Selling Expenses and General and Administrative Expenses, both of which are discussed below:

Selling Expenses. Selling expenses which consist of sales commission, freight charges, advertising and promotion expenses totaled \$863,812 for the six month period ended June 30, 2008 as compared to \$997,371 for the six month period ended June 30, 2007, a decrease of \$133,559, or approximately 13%. This minor decrease is primarily attributable to the decrease in the traveling expenses as the Company ceased reimbursing the sales staffs' traveling expenses, which was offset by the increase in sales commission due to the increase in the amount of the Company's sales.



**General and Administrative Expenses.** General and administrative expenses totaled \$1,358,868 for the six month period ended June 30, 2008, as compared to \$577,909 for the six month period ended June 30, 2007, an increase of \$780,959, or approximately 135%. This increase is primarily attributable to an increase in payroll and consultant fees. The payroll increased from \$94,336 for the six months ended June 30, 2007 to \$272,774 for the six months ended June 30, 2008, an increase of \$178,438, or approximately 189%, due to the increase in pay rate. We engaged two consultants to act as our investor relations advisor and investment banker for our financial activities. We incurred expenses for compensation paid to these consultants, as well expenses for reimbursing their out-of-pocket expenses, totaling approximately \$550,000.

### **Income From Operations**

For the six month period ended June 30, 2008, the Company had income from operations in the amount of \$3,526,929 as compared to income from operations of \$4,460,035 for the six month period ended June 30, 2007, a decrease of \$933,106, or approximately 21%. The decrease in income from operations experienced by the Company was primarily attributable to the increase in costs of goods sold and consultant fees

### **Interest Income**

For the six month period ended June 30, 2008, the Company recorded interest income in the amount of \$720,997, as compared to interest income of \$95,578 for the six month period ended June 30, 2007, an increase of \$625,419, or approximately 654%. The increase in interest income incurred by the Company was primarily attributable to the interest income from the loans to a related party, Shandong Ruitai, which amounted to \$502,282 for the six months ended June 30, 2008, as compared to none in the six months ended June 30, 2007.

### **Interest Expense**

For the six month period ended June 30, 2008, the Company incurred interest expense in the amount of \$1,225,020, as compared to interest expense of \$686,441 for the six month period ended June 30, 2007, an increase of \$538,579, or approximately 78.5%. The increase in interest expense incurred by the Company resulted from increase in interest expenses on bank loans and discount on bank checks received from customers. The interest expenses on bank loans increased by \$408,185, or 92%. The increase in interest on bank loans was primarily a result of an increase of interest rates and average outstanding bank loans. The interest rate increased from an average monthly interest rate of 6.12% for the six months ended June 30, 2007 to an average monthly interest rate of 7.23% for the six months ended June 30,

2008, an increase of approximately 1.01%. Our average outstanding bank loans increased from \$15,861,000 for the six months ended June 30, 2007 to \$21,965,000 for the six months ended June 30, 2008, an increase of \$6,104,000, or approximately 38%. Our interest expenses on discount on bank checks increased from \$100,820 in six months ended June 30, 2007 to \$245,030 in the six months ended June 30, 2008, an increase of \$144,210, or approximately 143%.

The increase in our interest expenses was due to the increase in amount of bank checks discounted as we needed additional cash resources for our business operations.

### **Net Income**

The Company had a net income of \$2,269,273 for the six month period ended June 30, 2008 as compared to \$2,748,579 for the six month period ended June 30, 2007, a decrease of \$479,306 or approximately 17.4%. The decrease in net income is attributable to an increase in cost of goods sold, as a result of increased prices for raw materials and energy costs, consultant fees, and interest expenses during the six month period ended June 30, 2008.

## **Liquidity and Capital Resources**

The Company anticipates that the existing cash and cash equivalents on hand, together with the net cash flows generated from its business activities will be sufficient to meet the working capital requirements for its on-going projects and to sustain the business operations for the next twelve months.

### **Total Current Assets & Total Assets**

As of June 30, 2008, our unaudited balance sheet reflects that we have: i) total current assets of \$45,523,357, as compared to total current assets of \$37,787,747 at December 31, 2007, an increase of \$7,735,610 or approximately 20.5%; and ii) total assets of \$74,586,386, as of June 30, 2008, compared to \$65,165,337 as of December 31, 2007, an increase of \$9,421,049 or approximately 14.5%. The Company's total assets increased substantially due to increases that the Company experienced in cash and cash equivalents, accounts receivable, inventory, restricted cash, and property and equipment, all of which are discussed below.

**Cash and Cash Equivalents.** As of June 30, 2008, our unaudited balance sheet reflects that we have cash and cash equivalents of \$5,563,312, as compared to \$4,166,713 at December 31, 2007, an increase of \$1,396,599, approximately 33.5%. The increase in the Company's cash and cash equivalents from 2007 to 2008 was primarily attributable to the bank loans that we obtained at the end of June 2008 and we put in our bank accounts.

**Accounts Receivable.** As of June 30, 2008, our unaudited balance sheet reflects that we have accounts receivable of \$4,612,199, as compared to accounts receivable of \$3,053,295 at December 31, 2007, an increase of \$1,558,904, or approximately 51%. The increase in the Company's accounts receivable from 2007 to 2008 was primarily attributable to facts that we experienced an increase in our client base and we extended credit to our new clients.

**Inventory.** As of June 30, 2008, the Company had Inventories of \$10,470,396, as compared to inventories of \$6,656,028 as of December 31, 2007, \$3,814,368 an increase of approximately 57%. The increase in inventories from 2007 to 2008 was attributable to following factors: i) while we increased our production capacity, the sales did not increase as we planned due to a general slowdown of the PRC's economy. Therefore, we increased finished goods by approximately 580 tons, or \$2,300,000; and ii) due to the occasional lack of the required power to operate our production facilities, we had to cease production periodically every month. As a result, we increased our inventory of raw materials by approximately 390 tons, or \$1,383,163 in work-in-progress. The occasional power outages were the result of energy restrictions imposed by the Chinese government to avoid power outages during the Olympic Games. Once the restrictions have been lifted, the Management plans to increase utilization beyond the current level of 80%.

Restricted Cash. As of June 30, 2008, the Company has Restricted Cash of \$16,160,399 as compared to Restricted Cash of \$14,738,564 as of December 31, 2007, an increase of \$1,421,835, or approximately 9.6%. The increase in Restricted Cash from primarily attributable to the increase in the bank checks and commercial paper that we took out from banks. Additionally, the banks required more compensation balance to secure such financial instruments.

Property and Equipment. As of June 30, 2008, our unaudited balance sheet reflects that we have property and equipment of \$12,671,491, as compared to property and equipment of \$11,306,271 at December 31, 2007, an increase of \$1,365,220, or approximately 12.1%. The increase in the Company's property and equipment from 2007 to 2008 was primarily attributable to additions made to our production equipment and changes in the foreign exchange rate, which increased from 7.31 RMB to \$1.00 USD as of December 31, 2007 to 6.87 RMB to \$1.00 USD as of June 30, 2008, or an increase of RMB 0.44, or approximately 6%

## **Total Current Liabilities**

As of June 30, 2008, our unaudited balance sheet reflects that we have total current liabilities of \$61,710,425, as compared to total current liabilities of \$55,361,171 at December 31, 2007, an increase of \$6,349,254, or approximately 11.5%. The increase in the Company's total current liabilities from 2007 to 2008 was primarily attributable to changes in the Company's bank loan, which increased by \$2,695,819 from 2007 to 2008, and the Company's Bank checks payable which increased by \$3,406,628 from 2007 to 2008.

Bank Loans. As of June 30, 2008, our unaudited balance sheet reflects that we have a bank loan of \$21,965,136, as compared to a bank loan of \$19,269,317 as of December 31, 2007, an increase of \$2,695,819, or approximately 14%. The increase in our bank loan was attributable to additional funds that we needed to borrow to purchase fixed assets and raw materials due to our increased production capacity in the six months June 30, 2008. The unit price of raw materials also increased.

Bank Checks Payable. As of June 30, 2008, our unaudited balance sheet reflects that we have a bank checks payable of \$25,466,400, as compared to a bank checks payable of \$22,059,772 as of December 31, 2007, an increase of \$3,406,628, or approximately 15%. The increase in our bank check payable was attributable to additional funds that we needed to take out in the form of bank checks and commercial paper to pay our raw material suppliers due to increase in unit price and our increased production capacity.

## **Operating Activities**

Net Cash of \$(420,569) was used by operating activities during the period ended June 30, 2008, compared to net cash provided by operating activities of \$2,843,650 during the period ended June 30, 2007. The change in net cash provided by our operating activities was primarily attributable to an increase in inventory.

## **Investing Activities**

During the period ended June 30, 2008, the net cash provided by investing activities was \$221,688, as compared to net cash used in investing activities of \$(4,578,266) for the period ended June 30, 2007. The change in net cash used in investing activities was primarily attributable to the payback of loans, \$1,475,634 to a related party, Shandong Ruitai in the six months ended June 2008, as compared to making loans of \$2,536,255 to the same party in the six months ended June 30, 2007.

Explanation of Responses:

## **Financing Activities**

During the period ended June 30, 2008, the net cash provided by financing activities was \$1,339,092, as compared to net cash used in financing activities of \$(2,459,251) for the period ended June 30, 2007. The change in net cash provided by financing activities was primarily attributable to the increase of \$1,413,902 in our bank loans in the six months ended June 30, 2007.

## **Recent Events**

On July 30, 2008, the Company successfully completed a pilot test for its newest product, biopolysaccharide, a water-soluble and viscous polysaccharide that can be made into film and fiber and applied as a functional additive in various products, such as medicine capsules, food, and food wrapping films. The Company's new two-story 4000-square meter plant, which will be capable of producing 100 tons of biopolysaccharide per year, is currently under construction. Management expects to begin mass production in the fourth quarter of 2008 and estimates a selling price for biopolysaccharide of RMB 200,000 (USD \$29,300) per ton. In addition to biopolysaccharide, the Company plans to produce new products that are still in development. The Company also plans to further improve the quality of its products and increase awareness of the RUTOCEL brand for

the export market by participating in international exhibitions in the U.S. and in Europe.

**Off Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

**ITEM 3.**

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not Applicable.

**ITEM 4T.**

**CONTROLS AND PROCEDURES.**

**Disclosure Controls and Procedures**

The Securities and Exchange Commission defines the term "disclosure controls and procedures" to mean a company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to provide reasonable assurance of achieving the objectives of timely alerting them to material information required to be included in our periodic SEC reports and of ensuring that such information is recorded, processed, summarized and reported with the time periods specified. Our chief executive officer and chief financial officer also concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance of the achievement of these objectives.

### **Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting during the period ended June 30, 2008, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II-OTHER INFORMATION**

### **ITEM 1.**

#### **LEGAL PROCEEDINGS.**



The Company is not a party to any pending legal proceedings, and no such proceedings are known to be contemplated. No director, officer or affiliate of the Company, and no owner of record or beneficial owner of more than 5.0% of the securities of the Company, or any associate of any such director, officer or security holder is a party adverse to the Company or has a material interest adverse to the Company in reference to pending litigation.

**ITEM 1A.**

**RISK FACTORS.**

Not Applicable.

**ITEM 2.**

**UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

During March 2008, the Company engaged a consultant to conduct a program of investor relations activities for a primary period of twelve months ending on February 28, 2009, and continuing on a month-to-month basis thereafter upon mutual consent. The terms of the agreement are for the consultant to receive a cash payment per month plus a warrant to purchase 150,000 shares of the Company's restricted common stock at a price of \$3.05 per share. The warrant has a term of four (4) years and is vested 50% on March 1, 2008 and 50% on September 30, 2008. The shares of common stock underlying the aforementioned warrants were not registered under the Securities Act in reliance upon the exemption from registration provided in Section 4(2) of the Securities Act. No underwriters were used, nor were any brokerage commissions paid in connection with the warrants.

On May 19, 2008, the Company engaged a consultant to as its exclusive investment banker and agent for a one-year period ended May 19, 2009, and subject to cancellation by thirty (30) days written notice by certified mail. Part of the compensation to the consultant was the issuance of a warrant to purchase 200,000 shares of the Company's common stock at a price of \$4.00 per share. The warrant has a term of five (5) years and was issued on May 19, 2008. The shares of common stock underlying the aforementioned warrants were not registered under the Securities Act in reliance upon the exemption from registration provided in Section 4(2) of the Securities Act. No underwriters were used, nor were any brokerage commissions paid in connection with the warrants.

**ITEM 3.**

**DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4.**

**SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

**ITEM 5.**

**OTHER INFORMATION.**

The information reported in Item 2 was not previously disclosed in a Form 8-K; in lieu of such filing, the information is being disclosed in this Form 10-Q. The information reported in Item 2 is hereby incorporated by reference.

**ITEM 6.**

**EXHIBITS.**

(a)

The following exhibits are filed herewith:

31.1

Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2

Certifications pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1

Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2

Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.**

By: /s/ Dian Min Ma, Chief Executive Officer

Date: August 14, 2008

By: /s/ Gang Ma, Chief Financial Officer

Date: August 14, 2008

38

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Non current assets for sale

180,703

93,188

1.01.08.01.01

Land available for sale

180,703

93,188

1.01.08.03

Others

169,169

152,320

1.01.08.03.01

Explanation of Responses:

44

Others accounts receivable and others

83,091

60,378

1.01.08.03.02

Receivables from related parties

67,896

84,207

1.01.08.03.03

Derivative financial instruments

18,182

7,735

1.02

Non Current assets

2,005,258

2,192,266

1.02.01

Non current assets

1,725,446

1,909,989

1.02.01.03

Accounts receivable

1,161,268

863,874

1.02.01.03.01

Receivables from clients of developments

1,161,268

Explanation of Responses:

45

	863,874
1.02.01.04	
Inventories	
	319,929
	798,206
1.02.01.04.01	
Properties for sale	
	319,929
	798,206
1.02.01.09	
Others non current assets	
	244,249
	247,909
1.02.01.09.03	
Others accounts receivable and others	
	164,335
	143,850
1.02.01.09.04	
Receivables from related parties	
	79,914
	104,059
1.02.03	
Property and equipment	
	41,294
	52,793
1.02.03.01	
Explanation of Responses:	46

Operation property and equipment

41,294

52,793

1.02.04

Intangible assets

238,518

229,484

1.02.04.01

Intangible assets

66,914

46,371

1.02.04.02

Goodwill

171,604

183,113

10

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(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED BALANCE SHEET - LIABILITIES AND EQUITY (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	ACTUAL	
		QUARTER	PRIOR YEAR
		9/30/2012	12/31/2011
2	Total Liabilities	9,025,658	9,506,624
2.01	Current liabilities	2,992,548	4,815,939
2.01.01	Social and labor obligations	112,214	75,002
2.01.01.02	Labor obligations	112,214	75,002
2.01.01.02.01	Salaries, payroll charges and profit sharing	112,214	75,002
2.01.02	Suppliers	156,197	135,720
2.01.02.01	Local suppliers	156,197	135,720
2.01.03	Tax obligations	297,006	250,578
2.01.03.01	Federal tax obligations	297,006	250,578
2.01.04	Loans and financing	1,418,033	3,034,743
2.01.04.01	Loans and financing	952,608	1,135,543
2.01.04.01.01	In Local Currency	952,608	1,135,543
2.01.04.02	Debentures	465,425	1,899,200
2.01.05	Others obligations	961,876	1,285,021
2.1.05.01	Payables to related parties	88,463	97,937
2.01.05.02	Others	873,413	1,187,084
2.01.05.02.02	Minimum mandatory dividends	7,684	11,774
2.01.05.02.04	Obligations for purchase of real estate and advances from customers	457,153	610,555
2.01.05.02.05	Payables to venture partners	156,773	219,796
2.01.05.02.06	Other obligations	193,136	274,214
2.01.05.02.07	Obligations assumed on assignment of receivables	58,667	70,745
2.01.06	Provisions	47,222	34,875
2.01.06.01	Tax, labor and civil lawsuits	47,222	34,875
2.01.06.01.01	Tax lawsuits	940	1,894
2.01.06.01.02	Labor lawsuits	17,129	14,968
2.01.06.01.04	Civil lawsuits	29,153	18,013
2.02	Non current liabilities	3,261,139	1,943,591
2.02.01	Loans and financing	2,432,012	721,067
2.02.01.01	Loans and financing	1,074,063	721,067
2.02.01.01.01	Loans and financing in local currency	1,074,063	721,067

Explanation of Responses:



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2.02.01.02	Debentures	1,357,949	0
2.02.02	Other obligations	584,827	1,004,608
2.02.02.02	Others	584,827	1,004,608
	Obligations for purchase of real estate and		
2.02.02.02.03	advances from customers	113,175	177,135
2.02.02.02.04	Other obligations	110,085	142,857
2.02.02.02.05	Payables to venture partners	167,425	253,390
2.02.02.02.06	Obligations assumed on assignment of receivables	194,142	431,226
2.02.03	Deferred taxes	93,373	83,002
2.02.03.01	Deferred income tax and social contribution	93,373	83,002
2.02.04	Provisions	150,927	134,914
2.02.04.01	Tax, labor and civil lawsuits	150,927	134,914
2.02.04.01.01	Tax lawsuits	14,163	13,958
2.02.04.01.02	Labor lawsuits	33,679	24,792
2.02.04.01.04	Civil lawsuits	103,085	96,164
2.03	Equity	2,771,971	2,747,094
2.03.01	Capital	2,734,159	2,734,157
2.03.02	Capital Reserves	32,863	18,066
2.03.02.04	Granted options	104,080	89,283
2.03.02.07	Reserve for expenditures with public offering	-71,217	-71,217

(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED BALANCE SHEET - LIABILITIES AND EQUITY (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	ACTUAL	PRIOR YEAR
		QUARTER	
		9/30/2012	12/31/2011
2.03.04	Reserves	-1,731	-1,731
2.03.04.09	Treasury shares	-1,731	-1,731
2.03.05	Retained earnings/accumulated losses	-127,647	-102,019
2.03.09	Non-controlling interest	134,327	98,621

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(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

## CONSOLIDATED STATEMENT OF OPERATIONS (in thousands of Brazilian Reais)

CODE	DESCRIPTION	ACTUAL	YEAR TO	PRIOR	YEAR TO
		QUARTER	DATE	YEAR	DATE FROM
		7/1/2012 to	1/1/2012 to	7/1/2011 to	1/1/2011 to
		9/30/2012	9/30/2012	9/30/2011	9/30/2011
3.01	Gross Sales and/or Services	1,064,094	3,032,464	874,378	2,589,085
3.01.01	Real estate development and sales and construction services rendered	1,146,217	3,259,801	921,608	2,757,306
3.01.03	Taxes on sales and services	-82,123	-227,337	-47,230	-168,221
3.02	Cost of sales and/or services	-755,962	-2,243,612	-708,614	-2,146,626
3.02.01	Cost of real estate development	-755,962	-2,243,612	-708,614	-2,146,626
3.03	Gross profit	308,132	788,852	165,764	442,459
3.04	Operating expenses/income	-203,476	-575,893	-169,612	-478,773
3.04.01	Selling expenses	-69,941	-206,592	-77,540	-215,292
3.04.02	General and administrative expenses	-80,951	-252,969	-59,746	-176,407
3.04.05	Other operating expenses	-52,584	-116,332	-32,326	-87,074
3.04.05.01	Depreciation and amortization	-18,704	-51,392	-21,855	-56,974
3.04.05.02	Other operating expenses	-33,880	-64,940	-10,471	-30,100
3.05	Income (loss) before financial results and income taxes	104,656	212,959	-3,848	-36,314
3.06	Financial	-60,808	-158,613	-58,111	-117,975
3.06.01	Financial income	17,394	58,804	31,619	77,980
3.06.02	Financial expenses	-78,202	-217,417	-89,730	-195,955
3.07	Income before income taxes	43,848	54,346	-61,959	-154,289
3.08	Income and social contribution taxes	-21,050	-46,983	19,003	52,570
3.08.01	Current	-18,756	-36,612	-16,331	-37,852
3.08.02	Deferred	-2,294	-10,371	35,334	90,422
3.09	Income (loss) from continuing operation	22,798	7,363	-42,956	-101,719
3.11	Income (loss) for the period	22,798	7,363	-42,956	-101,719
3.11.01	Income (loss) attributable to the Company	4,841	-25,628	-51,247	-126,381
3.11.02	Net income attributable to non-controlling interests	17,957	32,991	8,291	24,662
3.99	Income (loss) per share (Reais)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	ON	0,01120	-0,05930	-0,11880	-0,29290

Explanation of Responses:

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3.99.02	Diluted earnings (loss) per share				
3.99.02.01	ON	0,00960	-0,05930	-0,11880	-0,29290

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(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	ACTUAL	YEAR TO	PRIOR	YEAR TO
		QUARTER	DATE	YEAR DATE FROM	DATE FROM
		7/1/2012 to	1/1/2012 to	7/1/2011 to	1/1/2011 to
		9/30/2012	9/30/2012	9/30/2011	9/30/2011
4.01	Income (loss) for the period	22,798	7,363	-42,956	-101,719
	Consolidated comprehensive income				
4.03	(loss) for the period	22,798	7,363	-42,956	-101,719
4.03.01	Income (loss) attributable to Gafisa	4,841	-25,628	-51,247	-126,381
	Net income attributable to the				
4.03.02	noncontrolling interests	17,957	32,991	8,291	24,662

(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED STATEMENT OF CASH FLOWS – INDIRECT METHOD (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	YEAR TO DATE	
		9/30/2012	9/30/2011
6.01	Net cash from operating activities	351,480	-469,369
6.01.01	Cash generated in the operations	259,931	81,256
6.01.01.01	Loss before income and social contribution taxes	54,346	-154,289
6.01.01.02	Stock options expenses	23,202	12,789
6.01.01.03	Unrealized interest and finance charges, net	58,016	117,130
6.01.01.04	Depreciation and amortization	51,392	56,974
6.01.01.05	Write-off of property and equipment, net	8,668	-
6.01.01.06	Provision for legal claims	67,050	34,672
6.01.01.07	Warranty provision	11,281	7,160
6.01.01.08	Provision for profit sharing	42,906	6,425
6.01.01.9	Allowance for doubtful accounts	-16,512	6,385
6.01.01.10	Provision for realization of non-financial assets – properties for sale	-40,208	-
6.01.01.11	Provision for penalties due to delay in construction works	-1,190	-
6.01.01.12	Derivatives financial instruments	-10,529	-5,990
6.01.01.14	Write-off of Cipesa's goodwill due to sale of landbank	11,509	-
6.01.02	Variation in Assets and Liabilities	91,549	-550,625
6.01.02.01	Trade accounts receivable	356,453	-289,318
6.01.02.02	Properties for sale	441,408	-314,837
6.01.02.03	Other accounts receivable	-41,133	-15,546
6.01.02.04	Transactions with related parties	6,836	17,060
6.01.02.05	Prepaid expenses	1,715	5,133
6.01.02.06	Suppliers	20,478	-5,276
6.01.02.07	Obligations for purchase of land and adv. from customers	-217,363	121,485
6.01.02.08	Taxes and contributions	46,428	-24,046
6.01.02.09	Salaries and payable charges	-5,693	45,160
6.01.02.10	Other obligations	-105,342	-48,923
6.01.02.11	Income tax and social contribution paid	-36,612	-37,852

Explanation of Responses:

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6.01.02.12	Assignment of credits receivable, net	-375,626	-3,665
6.02	Net cash from investing activities	-5,245	356,217
6.02.01	Purchase of property and equipment and intangible assets	-80,327	-60,597
6.02.02	Redemption of short-term investments	488,213	4,572,960
6.02.03	Short-term investments	-413,131	-4,156,146
6.03	Net cash from financing activities	-19,987	241,177
6.03.01	Capital increase	2	4,957
6.03.02	Loans and financing obtained	655,979	708,729
6.03.03	Payment of loans and financing	-619,760	-876,601
6.03.04	CCI - Assignment of credits receivable	56,715	377,265
6.03.05	Proceeds from subscription of redeemable equity interest in securitization fund	11,920	-10,405
6.03.06	Payables to venture partners	-148,988	72,464
6.03.07	Loans with related parties	24,145	-35,232
6.05	Net increase of cash and cash equivalents	326,248	128,025
6.05.01	Cash and cash equivalents at the beginning of the period	137,598	256,382
6.05.02	Cash and cash equivalents at the end of the period	463,846	384,407

(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 01/01/2012 TO 09/30/2012 (in thousands of Brazilian reais)**

CODE	DESCRIPTION	Capital	Capital reserves, stock options and treasury shares	Profit reserves	Retained earnings/accumulated losses	Others comprehensive income	Total shareholders' equity	Non controlling interest
5.01	Opening balance	2,734,157	16,335	0	-102,019	0	2,648,473	98,621
5.03	Opening adjusted balance	2,734,157	16,335	0	-102,019	0	2,648,473	98,621
5.04	Capital transactions with shareholders	2	14,797	0	0	0	14,799	2,715
5.04.01	Capital increase	2	0	0	0		2	4,184
5.04.03	Stock options plan	0	14,797	0	0	0	14,797	-1,681
5.04.06	Dividends	0	0	0	0		0	212
5.05	Total of comprehensive income (loss)	0	0	0	-25,628	0	-25,628	32,991
5.05.01	Income (loss) for the period	0	0	0	-25,628	0	-25,628	32,991
5.07	Closing balance	2,734,159	31,132	0	-127,647	0	2,637,644	134,327





(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2011 TO 09/30/2011 (in thousands of Brazilian reais)**

CODE	DESCRIPTION	Capital	Capital reserves, stock options and treasury shares	Profit reserves	Retained earnings/accumulated deficit	Others comprehensive income	Total shareholders' equity	Non controlling interest
5.01	Opening balance	2,729,198	294,148	547,404	-	-	3,570,750	61,422
5.03	Adjusted balance	2,729,198	294,148	547,404	-	-	3,570,750	61,422
5.04	Capital transactions with shareholders	4,957	13,604	-	-	-	18,561	209
5.04.01	Capital increase	4,957	-	-	-	-	4,957	64
5.04.03	Stock options plan	-	13,604	-	-	-	13,604	145
5.05	Comprehensive Income (loss)	-	-	-	-126,381	-	-126,381	24,662
5.05.01	Income (loss) for the period	-	-	-	-126,381	-	-126,381	24,662
5.07	Closing balance	2,734,155	307,752	547,404	-126,381	-	3,462,930	86,293

(A free translation from the original in Portuguese into English)

Quarterly information - 09/30/2012 – Gafisa S.A.

**CONSOLIDATED STATEMENT OF VALUE ADDED (in thousands of Brazilian Reais)**

CODE	DESCRIPTION	YEAR TO DATE FROM PREVIOUS YEAR	
		YEAR TO DATE 9/30/2012	9/30/2011
7.01	Revenues	3,259,802	2,757,306
7.01.01	Real estate development, sale and services	3,270,994	2,757,306
7.01.04	Allowance for doubtful accounts	-11,192	-
7.02	Inputs acquired from third parties	-2,365,810	-2,202,566
7.02.01	Cost of sales and/or services	-2,094,086	-2,012,225
7.02.02	Materials, energy, outsourced labor and other	-271,724	-190,341
7.03	Gross added value	893,992	554,740
7.04	Retentions	-51,392	-56,974
7.04.01	Depreciation, amortization and depletion	-51,392	-56,974
7.05	Net added value produced by the Company	842,600	497,766
7.06	Added value received on transfer	58,804	77,980
7.06.02	Financial income	58,804	77,980
7.07	Total added value to be distributed	901,404	575,746
7.08	Added value distribution	901,404	575,746
7.08.01	Personnel and payroll charges	265,000	230,113
7.08.02	Taxes and contributions	295,087	141,657
7.08.03	Compensation – Interest	366,943	330,357
7.08.04	Compensation – Company capital	-25,626	-126,381
7.08.04.03	Retained losses	-25,626	-126,381



## GAFISA GROUP REPORTS RESULTS FOR 3Q12

- Gafisa Group unit deliveries increased 9% y-o-y to 17,729 in the 9M---
- 9M12 unit deliveries reached 74% of mid-range guidance for the full year ---
- Consolidated free cash generation was positive at R\$149 million in 3Q12 ---
- Operational consolidated cash flow reached R\$607 million in 9M12, or ---
- 87% of the mid point of the increased guidance established at range R\$600-R\$800 million --
- Launches reached R\$451.9 million, with sales of R\$689.3 million in 3Q12 ---
- The results represent 49% of the mid-range of the previous guidance of launches and 54% of the mid-range of full guidance, which excludes launches at Tenda in 2012
- Consolidated sales velocity in the 3Q12 was 19%, or 23% ex-Tenda ---

### IR Contact Info

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IR Website:

[www.gafisa.com.br/ir](http://www.gafisa.com.br/ir)

### 3Q12 Earnings Results Conference Call

November 13, 2012

> 8am US EST

Explanation of Responses:

**FOR IMMEDIATE RELEASE - São Paulo, November 12, 2012** – Gafisa S.A. (Bovespa: GFSA3; NYSE: GFA), Brazil’s leading diversified national homebuilder, today reported financial results for the third quarter ended September 30, 2012.

Duilio Calciolari, Chief Executive Officer, said: “Our 3Q12 results demonstrate that the execution of Gafisa’s operations advanced in the direction of our planned full-year targets. The cash generation and the deleveraging of our balance sheet remain a priority and following the delivery of over 17,700 units, we have already exceeded the mid-point of our annual cash flow (CFO) guidance, resulting in increased CFO guidance of R\$600-800mn for 2012. In addition to our focus on cash generation coming from our core business, we are also selling non-strategic land and generating new profitable businesses.”

“The Gafisa brand is now concentrated in the states of Sao Paulo and Rio de Janeiro. In the first nine months of the year we launched projects valued at over R\$795 million, all of which are aligned to our guidelines for profitability and have strong levels of initial sales with a velocity of 59%. The completion of developments in non-strategic areas will still impact our profitability in the near-term. Thereafter we will have reduced the complexity of our business and substantially increased our execution capacity.”

In English (simultaneous translation from Portuguese)

+ 1-516-300-1066 US EST

Code: Gafisa

> 11am Brasilia Time

In Portuguese

Phones:

+55-11-3127-4971 (Brazil)

Code: Gafisa

Replay:

+55-11-3127-4999 (EUA)

Code: 38738767

+55-11-3127-4999 (Brazil)

Code: 67871310

Webcast:  
[www.gafisa.com.br/ir](http://www.gafisa.com.br/ir)

Shares

GfSA3– Bovespa

GFA – NYSE

Total Outstanding Shares:

432,137,739<sup>1</sup>

Average daily trading volume (90 days<sup>2</sup>): R\$59.3 million

1) Including 599,486 treasury shares

Explanation of Responses:

“At Tenda, we remain focused on delivering existing and in-progress developments. Year-to-date we have transferred around 9,600 units to financial institutions, and delivered over 10,000 units. Of those contracts that have been cancelled, 70% have already been resold. We are postponing new Tenda launches to the first half of 2013 in order for the team to continue their good work and remain totally focused on completing and delivering current units. As a result we will not be launching the R\$300 million originally planned for the year.”

“Our AlphaVille business continues to be a strong contributor to the Group’s profits. The brand has grown to represent almost half of year-to-date launches and we expect launches to increase sequentially to more than R\$1 billion. Given the returns achieved by this brand and further development opportunities in Brazil, we continue to favor the allocation of resources to opportunities that provide the right balance of growth and profitability.”

## CONSOLIDATED FINANCIAL RESULTS

**Net revenue recognized by the “PoC” method was R\$1.06 billion in the third quarter**, which is in line with the 2Q12 result and up 22% year-over-year.

**Gross profit was R\$308 million in the third quarter, up from R\$279 million in the 2Q12** and R\$166 million in the 3Q11. **Gross margin increased to 29.0% in 3Q12**, from 26.8% in the second quarter and 19.0% in 3Q11.

**EBITDA was R\$183 million in the third quarter, up from R\$149 million in the 2Q12** and R\$62 million in the 3Q11. EBITDA for Gafisa and AlphaVille totaled R\$69 million and R\$92 million, respectively. During the third quarter, Tenda’s EBITDA was R\$22 million. During the 9M12, the EBITDA margin reached 14.4% or 20.1% ex-Tenda, compared to 6.5% and 15.5%, respectively, in the 9M11.

**Third quarter net income was R\$5 million**, compared to R\$1 million in the 2Q12 and a net loss of R\$51 million in the 3Q11.

**As of September 30, 2012, the Company had approximately R\$1.23 billion in cash** and cash equivalents compared to R\$1.1 billion at the end of the 2Q12. The net debt to equity ratio decreased to 106% in the 3Q12, from 112% in the 2Q12.

**Excluding project finance, the net debt/equity ratio was 28% as compared to 34%** in the 2Q12.

## CONSOLIDATED OPERATING RESULTS

**Project launches totaled R\$451.9 million in the 3Q12**, a 17% decrease compared to the 2Q12. Y-o-Y launches decreased 57% due to the implementation of the turnaround strategy announced at the end of 2011.

2) Up to September 30,  
2012

The result represents 49% of the mid-range of the previous full-year launch guidance of R\$2.7 to R\$3.3 billion and 54% of the mid-range of the full-year launch guidance of R\$2.4 to R\$3.0 billion, which excludes launches at Tenda in 2012.

**Consolidated pre-sales totaled R\$689.3 million in the third quarter, a 9% increase compared to the 2Q12**, and a 34% decrease compared to the 3Q11. Sales from launches represented 66% of the total, while sales from inventory comprised the remaining 34%.

**The consolidated sales speed of launches reached 66.7% in the 3Q12 and 66.3% in the 9M12. Consolidated sales over supply reached 18.7%**, compared to 23.1% in the 3Q11, reflecting fewer launches to pursue remedial/corrective action at Tenda. Excluding the Tenda brand, third-quarter sales over supply was 22.7%, compared to 20.1% in the 2Q12 and 27.4% in the 3Q11.

**Third quarter consolidated inventory at market value was decreased by R\$283 million** to R\$3.0 billion from R\$3.3 billion in the 2Q12.

**The Group delivered 17,729 units in the 9M12, representing a 9% year-over-year increase.**

Note: due to the adjustments in 2011 results, the interim results were restated.

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## RECENT EVENTS

### Consolidated Free Cash Generation Was Positive at R\$149 Million in the 3Q12

#### Chart 1. Cash Generation (Cash burn) (3Q10 – 3Q12)

Gafisa ended the third quarter with R\$1.23 billion in cash, a 13% increase over a balance R\$1.1 billion at the end of the second quarter. Across the Group, unit deliveries in the first nine months of the year were consistent with our full-year target and we have achieved the mid range of our previous operating cash flow full year guidance of R\$500-R\$700 million. Operational consolidated cash flow reached R\$607 million in the 9M12, 87% of the mid range of the updated guidance established for 2012 of R\$600-R\$800 million. Consolidated free cash generation was positive at R\$149 million in the 3Q12.

### Updated Status of AlphaVille Acquisition

The arbitration has been submitted to the Brazil-Canada Chamber of Conciliation and Arbitration as prescribed in the Agreement. As a recap, according to the terms of the Investment Agreement signed between Gafisa and Alphapar when Gafisa acquired control of AlphaVille in 2006, as the Parties have not reached an agreement on the acquisition of the remaining 20% stake in AlphaVille, the process was submitted to arbitration on an exclusive and final basis.

### Updated Status of the Results by Brand

Gafisa has been successfully implementing the strategic plan set in 2011 and has focused squarely on obtaining and maintaining operational consistency.

**Gafisa:** (1) Gafisa was able to launch 53% of the mid-range of 2012 guidance of R\$1.5 billion for the segment. (2) New Market projects, where Gafisa had lower margins will be delivered and should be substantially completed in the beginning of 2013. (3) Sales performance related to inventory has improved. (4) Gafisa has been contributing to the generation of operating cashflow.

**Tenda:** (1) Tenda posted healthy sales speed, better execution and improved quality in the portfolio of receivables. (2) In the first nine months, Tenda transferred 9,567 units to financial institutions reflecting 80% of the mid-range of guidance provided for the full year of 10,000–14,000 customers. (3) Units delivery consistent with full year guidance. (4) Tenda is contributing to the consolidated positive operating cash flow posted.

**AlphaVille:** (1) Continues to launch developments with good demand - two projects (AlphaVille Minas Gerais and Terras Alpha Sergipe) were launched with sales of 94%. (2) The results underscore the growing share of AlphaVille in the product mix. The brand accounted for 46% share of 9M12 consolidated launches, up from a 21% a year ago. (3) The quality and size of AlphaVille landbank is a strong indication of the future prospects of the company.

### Units Delivery Consistent with Full Year Guidance

Explanation of Responses:

**Chart 2. Delivered units (2007 – 3Q12)**

In the third quarter of 2012, the Company was able to achieve operational consistency in unit deliveries. Gafisa delivered 27 projects encompassing 5,531 units, a 35% decrease on the 8,459 delivered during 3Q11. In the first nine months, the Gafisa Group achieved unit deliveries of 17,729 units, representing a 9% year-over-year increase. See the accompanying chart for detailed information.

## Tenda Status

**With the introduction of the new strategy and organizational structure, Gafisa is progressing toward established guidance for the year.** The restructuring of the Tenda brand, which focuses on affordable entry level developments, is progressing according to plan. Since the beginning of the year the Gafisa Group has implemented corrective actions focused on execution and the delivery of units. In the meantime the launch of Tenda units was halted until Tenda could be relaunched under a profitable business model. These corrective actions have been successful as Tenda has been able to transfer units to financial institutions in line with guidance and contribute to consolidated positive operating cash flow. As a result, the Company expects the launch cycle to resume next year when the appropriate processes will be in place to ensure a profitable business model. Accordingly, official guidance for Tenda launches of between R\$270-R\$330 million for 2012 has been revised down to zero.

The turnaround process at Tenda has been based on three pillars: (1) the expedition of the financing process through the immediate transfer of mortgages to financial institutions; (2) the revision of the supply chain to ensure the availability of material and labor to execute works; (3) the standardization of production processes. This determines the profitability of projects in the economic segment, where margins tend to be lower and can render developments unviable.

The contracted launch and transferred sale model means that the sale of a unit is only realized following a complete customer credit analysis by the CEF, the chief financial agent for Tenda's clients. It is also contingent upon bank approval. This means Tenda's customers will learn whether they fit the profile required by the bank during financing approval. Since the start of the year, approximately 70% of sales have been transferred or are awaiting customer signatures. The remainder are in an advanced stage of being contracted with the CEF.

The review of the supply chain and suppliers is part of a move to better control the construction process at Tenda and provide assurance to engineers as they carry out their projects. The Supply Chain unit, which was created in early 2012, has full access to works from start to finish. As a result, basic inputs and services are negotiated in large quantities, rather than individually, to maximize efficiencies. Previously, materials were ordered by engineers; today the division controls materials and verifies all amendments to avoid technical issues in the supply chain or with suppliers.

One of the main technologies used by Tenda to achieve standardization in projects is the aluminum mold method. Light, durable and sized for easy handling by operators, the metal modules are assembled and filled directly with concrete for much higher-quality walls and slabs when compared to structural blocks. This also makes the process of finishing the walls unnecessary. This technology, in addition to superior process controls and reduced operational risks, reduces the construction cycle by up to 30%. Since 2010, approximately 80% of Tenda's construction has employed this technology and this proportion should increase with new launches.

The plan to resume launches at Tenda is based on the elements mentioned above, always with a conservative capital allocation. Our initial focus will be on four regions: Sao Paulo, Rio de Janeiro, Minas Gerais and Salvador, where we have already established a strong base to relaunch operations.

**KEY NUMBERS FOR THE GAFISA GROUP****Table 1 – Operating and Financial Highlights – (R\$000, unless otherwise specified)**

	3Q12	2Q12	Q-o-Q(%)	3Q11	Y-o-Y(%)	9M12	9M11
Launches (%Gafisa)	451,943	546,519	-17%	1,051,713	-57%	1,462,201	2,944,500
Launches (100%)	841,075	579,856	45%	1,318,304	-36%	1,988,977	3,395,000
Launches, units (%Gafisa)	1,361	1,182	15%	2,334	-42%	3,826	10,600
Launches, units (100%)	2,362	1,426	66%	2,813	-16%	5,455	12,400
Contracted sales (%Gafisa)	689,331	630,295	9%	1,044,651	-34%	1,727,863	3,013,800
Contracted sales (100%)	900,931	729,452	24%	1,256,078	-28%	2,070,575	3,468,400
Contracted sales, units (% Gafisa)	1,929	1,629	18%	2,866	-33%	4,060	10,400
Contracted sales, units (100%)	2,693	2,055	31%	3,770	-29%	5,648	12,600
Contracted sales from Launches (%co)	447,154	299,084	50%	852,763	-48%	969,150	1,634,800
Sales over Supply (SoS) %	18.7%	16.1%	258 bps	23.1%	-441 bps	36.5%	46.4%
Completed Projects (%Gafisa)	953,361	1,195,783	-20%	1,162,979	-18%	3,255,951	2,375,200
Completed Projects, units (%Gafisa)	5,531	6,032	-8%	8,459	-35%	17,729	16,200
Note: * The difference between the stake in the projects launched and 100% is explained by the increase in the completion of projects in the AlphaVille; business unit where the partner is the land owner.							
Consolidated Land bank (R\$)	17,831,913	15,398,446	16%	21,096,042	-15%	17,831,913	21,096,042
Potential Units	85,522	63,146	35%	100,025	-14%	85,522	100,025
Number of Projects / Phases	121	121	0%	204	-41%	121	204
Net revenues	1,064,094	1,040,537	2%	874,378	22%	3,032,464	2,589,000
Gross profit	308,132	279,141	10%	165,764	86%	788,852	442,400
Gross margin	29.0%	26.8%	213bps	19.0%	1000bps	26.0%	17.1%
Adjusted Gross Margin <sup>1</sup>	34.3%	31.7%	8%	23.4%	46%	30.9%	22.3%
Adjusted EBITDA <sup>2</sup>	183,144	148,750	23%	61,755	197%	437,081	167,800
Adjusted EBITDA margin <sup>2</sup>	17.2%	14.3%	292bps	7.1%	1015bps	14.4%	6.5%
Adjusted EBITDA margin <sup>2</sup> (ex-Tenda)	21.8%	18.5%	321bps	20.5%	124bps	20.1%	15.5%
Adjusted Net (loss) profit <sup>2</sup>	26,218	22,677	16%	(38,311)	-168%	30,566	(88,930)
Adjusted Net margin <sup>2</sup>	2.5%	2.2%	28bps	-4.4%	685bps	1.0%	-3.4%
Net (loss) profit	4,841	1,046	363%	(51,247)	-109%	(25,628)	(126,380)
EPS (loss) (R\$)	0.0112	0.0024	88bps	(0.1187)	1298bps	(0.0593)	(0.292)
Number of shares ('000 final)	432,272	432,272	0%	431,916	0%	432,272	431,916
Revenues to be recognized	3,702,549	4,124,151	-10%	4,276,647	-13%	3,702,549	4,276,647
Results to be recognized <sup>3</sup>	1,311,938	1,476,003	-11%	1,559,713	-16%	1,311,938	1,559,713
REF margin <sup>3</sup>	35.4%	35.8%	-36bps	36.5%	-104bps	35.4%	36.5%
Net debt and investor obligations	2,939,417	3,088,232	-5%	2,946,507	0%	2,939,417	2,946,507
Cash and cash equivalent	1,234,826	1,097,277	13%	912,353	35%	1,234,826	912,353
Equity	2,637,644	2,629,720	0%	3,462,929	-24%	2,637,644	3,462,929
Equity + Minority shareholders	2,771,971	2,746,145	1%	3,549,223	-22%	2,771,971	3,549,223
Total assets	9,025,658	9,170,654	-2%	9,658,113	-7%	9,025,658	9,658,113
(Net debt + Obligations) / (Equity + Min)	106%	112%	-642bps	83%	2302bps	106%	83%

Note: Unaudited Financial Operational data

1) Adjusted for capitalized interest

2) Adjusted for expenses on stock option plans (non-cash), minority shareholders

Explanation of Responses:

3) Results to be recognized net of PIS/Cofins - 3.65%; excludes the AVP method introduced by Law nº 11,638

4) Note: during 2Q12, Tenda land bank was readjusted to focus on core regions, 3Q12 all remaining non-strategic I were excluded

Nm = not meaningful

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**CONSOLIDATED DATA FOR THE GAFISA GROUP****Consolidated Launches**

Third quarter 2012 launches totaled R\$451.9 million, an 17% decrease over 2Q12. Y-o-Y launches decreased 57% due to the implementation of the turnaround strategy announced at the end of 2011. The result represents 49% of the mid-range of the previous full-year launch guidance of R\$3.0 billion and 54% of the mid-range of the previous full-year launch guidance of R\$2.7 billion. The delays in the approval of a few projects to be launched in 3Q12, in Sao Paulo, that slipped to the 4Q12, explains the drop in launches Y-o-Y. During the 9M12, 18 projects/phases were launched across 7 states, with Gafisa accounting for 54% of launches and AlphaVille the remaining 46%.

**Table 2. Consolidated Launches (R\$ million)**

Launches	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Gafisa Segment	114,291	465,900	-75%	652,512	-82%	794,881	1,816,073	-56%
AlphaVille Segment	337,652	80,619	319%	350,117	-4%	667,320	627,598	6%
Tenda Segment	-	-	na	49,085	nm	-	500,917	na
<b>Total</b>	<b>451,943</b>	<b>546,519</b>	<b>-17%</b>	<b>1,051,713</b>	<b>-57%</b>	<b>1,462,201</b>	<b>2,944,589</b>	<b>-50%</b>

**Consolidated Pre-Sales**

Third-quarter 2012 consolidated pre-sales totaled R\$689.3 million, a 9% increase compared to the 2Q12 and a 34% decrease compared to the 3Q11. Sales from launches represented 66% of the total, while sales from inventory comprised the remaining 34%.

**Table 3. Consolidated Pre-Sales (R\$ million)**

Pre-sales	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Gafisa Segment	327,990	456,383	-28%	665,408	-51%	1,101,076	1,867,221	-41%
AlphaVille Segment	331,290	158,184	109%	281,752	18%	671,451	597,683	12%
Tenda Segment	30,050	15,728	91%	97,490	-69%	(44,664)	548,969	nm
<b>Total</b>	<b>689,331</b>	<b>630,295</b>	<b>9%</b>	<b>1,044,651</b>	<b>-34%</b>	<b>1,727,863</b>	<b>3,013,873</b>	<b>-43%</b>

**Consolidated Sales over Supply (SoS)**

Consolidated sales over supply reached 18.7%, compared to 23.1% in 3Q11, reflecting fewer launches to pursue corrective remedial/action at the Tenda business. Excluding the Tenda brand, third-quarter sales over supply was 22.7%, compared to 20.1% in 2Q12 and 27.4% in 3Q11. The lower VSO is attributed to the lower contribution of launches as compared to the previous year period. The consolidated sales speed of launches reached 66.7%.

**Table 4. Gafisa Group Sales over Supply (SoS)**

Sales Speed	3Q12	2Q12 Q-o-Q (%)	3Q11 Y-o-Y (%)	9M12	9M11 Y-o-Y (%)
Gafisa (A)	16.5%	19.6%	-3.1 bps	24.8%	-8.3 bps
AlphaVille (B)	36.4%	21.6%	14.8 bps	36.4%	0.0 bps
<b>Total (A) + (B)</b>	<b>22.7%</b>	<b>20.1%</b>	<b>2.7 bps</b>	<b>27.4%</b>	<b>-4.6 bps</b>
Tenda (C)	3.8%	1.8%	1.9 bps	9.1%	-5.3 bps
<b>Total (A) + (B) + (C)</b>	<b>18.7%</b>	<b>16.1%</b>	<b>2.6 bps</b>	<b>23.1%</b>	<b>-4.4 bps</b>

Notes: nm = not meaningful

**Results by Brand****Table 5. Main Operational & Financial Numbers - Contribution by Brand – 9M12**

	Gafisa (A)	AlphaVille (B)	Total (A) + (B)	Tenda (C)	Total (A) + (B) + C)
<b>Deliveries (PSV R\$m)</b>	<b>1,650,029</b>	<b>483,414</b>	<b>2,133,443</b>	<b>1,122,507</b>	<b>3,255,951</b>
Deliveries (% contribution)	51%	15%	66%	34%	100%
<b>Deliveries (units)</b>	<b>4,735</b>	<b>2,611</b>	<b>7,346</b>	<b>10,382</b>	<b>17,728</b>
<b>Launches (R\$m)</b>	<b>794,881</b>	<b>667,320</b>	<b>1,462,201</b>	<b>0</b>	<b>1,462,201</b>
Launches (% contribution)	54%	46%	100%	0%	100%
Launches (units)	1,199	2,627	3,826	0	3,826
<b>Pre-sales</b>	<b>1,101,076</b>	<b>671,451</b>	<b>1,772,527</b>	<b>(44,664)</b>	<b>1,727,863</b>
Pre-Sales (% contribution)	64%	39%	103%	-3%	100%
<b>Revenues (R\$m)</b>	<b>1,587,446</b>	<b>524,823</b>	<b>2,112,269</b>	<b>920,195</b>	<b>3,032,464</b>
Revenues (% contribution)	52%	17%	70%	30%	100%
<b>Gross Profit (R\$m)</b>	<b>365,807</b>	<b>281,537</b>	<b>647,344</b>	<b>141,509</b>	<b>788,853</b>
Gross Margin (%)	23%	54%	31%	15%	26%
<b>EBITDA (R\$m)</b>	<b>240,637</b>	<b>183,446</b>	<b>424,083</b>	<b>13,001</b>	<b>437,084</b>
<b>EBITDA Margin (%)</b>	<b>15%</b>	<b>35%</b>	<b>20%</b>	<b>1%</b>	<b>14%</b>
EBITDA (% contribution)	55%	42%	97%	3%	100%

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**GAFISA SEGMENT**

*Focuses on residential developments within the upper, upper-middle, and middle-income segments, with unit prices exceeding R\$250,000.*

**Gafisa Segment Launches**

Third-quarter launches reached R\$114.3 million and included 2 projects/phases concentrated in São Paulo and Rio de Janeiro, 75% lower than the R\$465.9 million experienced in the second quarter. The results represent only 53% of the midpoint of the launch guidance for the year of R\$1.35 to R\$1.65 billion, due to delays in the approval of a few projects to be launched in 3Q12, that slipped to the 4Q12.

**Table 6. Launches by Market Region Gafisa Segment (R\$ million)**

%Gafisa - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11 Y-o-Y (%)	9M12	9M11	Y-o-Y (%)	
<b>Gafisa</b>	São Paulo	51,482	465,900	-89%	247,777	-79%	732,072	1,270,865	-42%
	Rio de Janeiro	62,809	-	0%	431,796	-85%	62,809	557,562	-89%
	Other	-	-	0%	(27,062)	-100%	-	(12,354)	nm
	<b>Total</b>	<b>114,291</b>	<b>465,900</b>	<b>-75%</b>	<b>652,512</b>	<b>-82%</b>	<b>794,881</b>	<b>1,816,073</b>	<b>-56%</b>
	<b>Units</b>	<b>134</b>	<b>655</b>	<b>-80%</b>	<b>1,124</b>	<b>-88%</b>	<b>1,199</b>	<b>4,467</b>	<b>-73%</b>

**Table 7. Launches by unit price Gafisa Segment (R\$ million)**

%Gafisa - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11 Y-o-Y (%)	9M12	9M11	Y-o-Y (%)	
<b>Gafisa</b>	≤R\$500K	-	34,211	-100%	83,536	-100%	210,601	928,732	-77%
	>R\$500K	114,291	431,689	-74%	568,976	-80%	584,280	887,341	-34%
	<b>Total</b>	<b>114,291</b>	<b>465,900</b>	<b>-75%</b>	<b>652,512</b>	<b>-82%</b>	<b>794,881</b>	<b>1,816,073</b>	<b>-56%</b>

**Gafisa Segment Pre-Sales**

Third quarter pre-sales totaled R\$328.0 million, a 28% decrease over 2Q12. Units launched during the same year represented 55% of total sales, while sales from inventory accounted for the remaining 45%. In 3Q12, sales velocity (sales over supply) was 16.5%, compared to 19.6% in 2Q12, and 24.8% in 3Q11. The sales velocity of Gafisa launches was 48.5%.



**Table 8. Pre-Sales by Market Region Gafisa Segment (R\$ million)**

%co - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11 Y-o-Y (%)	9M12	9M11 Y-o-Y (%)		
<b>Gafisa</b>	São Paulo	240,319	387,970	-38%	423,696	-43%	872,071	1,355,207	-36%
	Rio de Janeiro	90,009	60,484	49%	219,305	-59%	204,925	381,997	-46%
	Other	(2,338)	7,929	-129%	22,408	-110%	24,079	130,017	-81%
	<b>Total</b>	<b>327,990</b>	<b>456,383</b>	<b>-28%</b>	<b>665,408</b>	<b>-51%</b>	<b>1,101,076</b>	<b>1,867,221</b>	<b>-41%</b>
	<b>Units</b>	<b>522</b>	<b>848</b>	<b>-38%</b>	<b>1,540</b>	<b>-66%</b>	<b>2,017</b>	<b>4,396</b>	<b>-54%</b>

**Table 9. Pre-Sales by unit Price Gafisa Segment (R\$ million)**

%co - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11 Y-o-Y (%)	9M12	9M11 Y-o-Y (%)		
<b>Gafisa</b>	≤ R\$500K	72,721	179,789	-60%	499,231	-85%	398,851	1,247,831	-68%
	> R\$500K	255,270	276,594	-8%	166,178	54%	702,224	619,390	13%
	<b>Total</b>	<b>327,990</b>	<b>456,383</b>	<b>-28%</b>	<b>665,408</b>	<b>-51%</b>	<b>1,101,076</b>	<b>1,867,221</b>	<b>-41%</b>

**Table 10. Pre-Sales by unit Price Gafisa Segment (# units)**

%co - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11 Y-o-Y (%)	9M12	9M11 Y-o-Y (%)		
<b>Gafisa</b>	≤ R\$500K	246	458	-46%	1,345	-82%	1,180	3,653	-68%
	> R\$500K	276	390	-29%	195	41%	837	743	13%
	<b>Total</b>	<b>522</b>	<b>848</b>	<b>-38%</b>	<b>1,540</b>	<b>-66%</b>	<b>2,017</b>	<b>4,396</b>	<b>-54%</b>

### Gafisa Segment Delivered Projects

During the first nine months of 2012, Gafisa delivered 27 projects/phases and 4,735 units. The tables below list the products delivered in 9M12:

**Table 11. Delivered Projects Gafisa Segment (9M12)**

Company	Project	Delivery Launch		Local	% co	Units	PSV R\$000
Gafisa	Magno	Aug/12	2009	São Paulo – SP	100%	36	52,841
Gafisa	Mistral	Aug/12	2009	Belém – PA	80%	200	33,987
Gafisa	Pateo Mondrean	Sep/12	2010	São Paulo – SP	100%	137	230,975
Gafisa	Vista Patamares	Sep/12	2009	Salvador - BA	50%	336	48,629
<b>Total</b>	<b>3Q12</b>					<b>709</b>	<b>366,432</b>
Gafisa	Mosaico (Fradique Coutinho)	Apr-12	2010	São Paulo - SP	100%	62	42,947
Gafisa	Montblanc	May-12	2008	São Paulo - SP	80%	112	106,353
Gafisa	Laguna di Mare	May-12	2008	Rio de Janeiro - RJ	100%	192	71,889
Gafisa	Carpe Diem Belém	May-12	2008	Belém - PA	80%	90	37,094
Gafisa	Orbit	May-12	2008	Curitiba - PR	100%	185	31,532
Gafisa	Vistta Santana	Jun-12	2009	São Paulo - SP	100%	168	117,598
Gafisa	Vision Brooklin	Jun-12	2009	São Paulo - SP	100%	266	116,666
Gafisa	Riservato	Jun-12	2010	Rio de Janeiro - RJ	100%	42	27,310
Gafisa	Nouvelle	Jun-12	2008	Aracajú - SE	100%	12	27,129
Gafisa	Alta Vistta F2	Jun-12	2010	Maceio - AL	50%	182	5,364
<b>Total</b>	<b>2Q12</b>					<b>1,311</b>	<b>583,882</b>
Gafisa	VNSJ Metropolitan	Jan-12	2009	São José - SP	100%	96	30,028
Gafisa	VNSJ Vitoria e Lafayette	Jan-12	2008	São José - SP	100%	192	57,518
Gafisa	Mansão Imperial F2	Jan-12	2010	São Bernardo do Campo - SP	100%	100	62,655
Gafisa	Reserva das Laranjeiras	Jan-12	2008	Rio de Janeiro - RJ	100%	108	61,818
Gafisa	Alegria F2 A	Feb-12	2010	Guarulhos - SP	100%	139	43,750
Gafisa	Paulista Corporate	Feb-12	2009	São Paulo - SP	100%	168	72,213
Gafisa	Neogarden	Feb-12	2008	Curitiba - PR	100%	144	40,427
Gafisa	Reserva Santa Cecília	Feb-12	2007	Volta Redonda - RJ	100%	122	23,835
Gafisa	JTR - Comercial	Feb-12	2007	Maceió - AL	50%	193	11,911
Gafisa	Parc Paradiso	Feb-12	2007	Belém - PA	90%	432	58,754
Gafisa	Supremo Ipiranga	Mar-12	2009	São Paulo - SP	100%	104	54,860
Gafisa	GPARK Árvores	Mar-12	2007	São Luis - MA	50%	240	29,978
Gafisa	Parque Barueri Fase 1	Mar-12	2008	Barueri - SP	100%	677	151,968
<b>Total</b>	<b>1Q12</b>					<b>2,715</b>	<b>699,715</b>
<b>Total</b>	<b>9M12</b>					<b>4,735</b>	<b>1,650,029</b>

### Projects launched Gafisa Segment

The following table displays Gafisa Segment projects launched during the 9M12:

**Table 12. Projects Launched at Gafisa Segment (9M12)**

Explanation of Responses:

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Projects	Launch Date	Local	% co	Units (%co)	PSV (%co)	% sales 30/09/12	Sales 31/09/12
<b>1Q12</b>							
Duquesa	Mar/12	SP	100%	130	152,591	51%	77,238
Maraville	Mar/12	SP	100%	280	62,099	69%	43,147
<b>Total 1Q12</b>				<b>410</b>	<b>214,690</b>	<b>56%</b>	<b>120,385</b>
<b>2Q12</b>							
Like Brooklin	May/12	SP	100%	146	98,479	72%	71,136
Eclat	May/12	SP	100%	49	134,966 78,080	49%	66,393
Energy	Jun/12	SP	100%	156	00120,	78%	60,950
Coloratto	Jun/12	SP	100%	192	120,165	54%	65,429
Mistral	Jun/12	SP	100%	112	34,211	75%	25,506
<b>Total 2Q12</b>				<b>655</b>	<b>465,900</b>	<b>62%</b>	<b>289,414</b>
<b>3Q12</b>							
Scena Laguna	Aug/12	RJ	80%	50	62,809	48%	30,156
Smart Santana	Aug/12	SP	100%	84	51,482	49%	25,272
<b>Total 3Q12</b>				<b>134</b>	<b>114,291</b>	<b>48%</b>	<b>55,428</b>
<b>Total 9M12</b>				<b>1,199</b>	<b>794,881</b>	<b>59%</b>	<b>465,227</b>

Note: The VSO refers to contracted sales over the corresponding period of the offer. In this calculation, we consider the stock adjusted to reflect the correct price.

**Table 13. Land Bank Gafisa Segment – as of 3Q12**

	PSV - R\$million (%Gafisa)	%Swap Total	%Swap Units	%Swap Financial	Potential units (%co)	Potential units (100%)
São Paulo	3,706,846	33%	32%	1%	7,687	8,970
Rio de Janeiro	1,398,234	43%	43%	0%	2,244	2,293
<b>Total</b>	<b>5,105,080</b>	<b>36%</b>	<b>35%</b>	<b>1%</b>	<b>9,931</b>	<b>11,263</b>

**Table 14. Adjusted EBITDA Gafisa Segment (R\$000)**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Net profit</b>	<b>(29,760)</b>	<b>(12,222)</b>	<b>143%</b>	<b>(28,104)</b>	<b>6%</b>	<b>(64,397)</b>	<b>(138,189)</b>	<b>-53%</b>
(+) Financial result	49,813	52,869	-6%	55,389	-10%	137,128	114,794	19%
(+) Income taxes	5,093	(395)	-1389%	(4,958)	-203%	18,067	(19,726)	-192%
(+) Depreciation and Amort.	12,204	9,872	24%	16,527	-26%	37,340	41,538	-10%
(+) Capitalized interest	29,774	33,784	-12%	32,038	-7%	98,610	114,423	-14%
(+) Stock option plan expenses	2,940	5,389	-45%	3,636	-19%	14,363	9,946	44%
(+) Minority shareholders	(1,094)	597	-283%	157	-797%	(473)	530	-189%
<b>Adjusted EBITDA</b>	<b>68,970</b>	<b>89,894</b>	<b>-23%</b>	<b>74,685</b>	<b>-8%</b>	<b>240,638</b>	<b>123,316</b>	<b>95%</b>
<b>Net revenues</b>	<b>506,718</b>	<b>593,149</b>	<b>-15%</b>	<b>459,971</b>	<b>10%</b>	<b>1,587,446</b>	<b>1,357,349</b>	<b>17%</b>
<b>Adjusted EBITDA margin</b>	<b>14%</b>	<b>15%</b>	<b>-154bps</b>	<b>16%</b>	<b>-263bps</b>	<b>15%</b>	<b>9%</b>	<b>607bps</b>

Note: Net Revenues include 8% of sales of land bank that did not generate margins.

**ALPHAVILLE SEGMENT**

*Focuses on the sale of residential lots, with unit prices between R\$130,000 and R\$500,000.*

**AlphaVille Segment Launches**

AlphaVille's operations reflect the Company's intention to increase its share in the product mix. Third-quarter launches totaled R\$337.6 million, a 319% increase compared to the 2Q12 and 4% decrease compared to the 3Q11, and included 5 projects/phases across 4 states. The brand accounted for a 46% share of the 9M12 consolidated launches, up from 21% in the year-ago period.

**Table 15 - Launches by AlphaVille Segment (R\$ million)**

%co - R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>AlphaVille</b>	337,652	80,619	319%	350,117	-4%	667,320	627,598	6%
<b>Total</b>	<b>337,652</b>	<b>80,619</b>	<b>319%</b>	<b>350,117</b>	<b>-4%</b>	<b>667,320</b>	<b>627,598</b>	<b>6%</b>
<b>Units</b>	<b>1,227</b>	<b>527</b>	<b>133%</b>	<b>887</b>	<b>38%</b>	<b>2,627</b>	<b>2,437</b>	<b>8%</b>

**Table 16 - Launches by unit price AlphaVille Segment - (R\$ million)**

%co - R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>AlphaVille</b> ≤ R\$200K;	65,217	80,619	-19%	41,499	57%	274,071	103,760	164%
> R\$200K; ≤ R\$500K	272,435	-	-	271,180	nm	393,249	486,401	-19%
> R\$500K	-	-	-	37,437	nm	-	37,437	nm
<b>Total</b>	<b>337,652</b>	<b>80,619</b>	<b>319%</b>	<b>350,117</b>	<b>-4%</b>	<b>667,320</b>	<b>627,598</b>	<b>6%</b>

**AlphaVille Pre-Sales**

Third-quarter pre-sales reached R\$331.3 million, a 109% increase compared to the 2Q12 and an 18% increase compared to the 3Q11. During the 9M12, the residential lots segment's share of consolidated pre-sales increased to 39% from 20% in the 9M11. In the 3Q12, sales velocity (sales over supply) was 36.4% compared to 21.6% in the 2Q12. Third-quarter sales velocity from launches was 73%. Sales from launches represented 81% of total sales, while the remaining 19% came from inventory.

**Table 17 - Pre-Sales AlphaVille Segment - (R\$ million)**

%co - R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
AlphaVille	331,290	158,184	109%	281,752	18%	671.451	597.683	12%
<b>Total</b>	<b>331,290</b>	<b>158,184</b>	<b>109%</b>	<b>281,752</b>	<b>18%</b>	<b>671.451</b>	<b>597.683</b>	<b>12%</b>
<b>Units</b>	<b>1,245</b>	<b>717</b>	<b>74%</b>	<b>798</b>	<b>56%</b>	<b>2723</b>	<b>2.445</b>	<b>11%</b>

**Table 18. Pre-Sales by unit Price AlphaVille Segment (R\$ million)**

%AlphaVille R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>AlphaVille</b> ≤ R\$200K;	188,011	96,070	96%	40,743	361%	290,236	133,039	118%
> R\$200K; ≤ R\$500K	122,348	43,628	180%	222,354	-45%	352,355	442,946	-20%
> R\$500K	20,391	18,486	13%	18,655	12%	28,861	21,698	33%
<b>Total</b>	<b>331,290</b>	<b>158,184</b>	<b>109%</b>	<b>281,752</b>	<b>18%</b>	<b>671.451</b>	<b>597.683</b>	<b>12%</b>

**Table 19. Pre-Sales by unit Price AlphaVille Segment (# units)**

%AlphaVille R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>AlphaVille</b> ≤ R\$200K;	922	605	52%	311	196%	1,575	881	79%
> R\$200K; ≤ R\$500K	310	100	210%	474	-35%	1,147	1,550	-26%
> R\$500K	12	12	5%	12	2%	1	14	-93%
<b>Total</b>	<b>1,245</b>	<b>717</b>	<b>74%</b>	<b>798</b>	<b>56%</b>	<b>2,722</b>	<b>2,446</b>	<b>11%</b>

**AlphaVille Segment Delivered Projects**

During 9M12, AlphaVille delivered 7 projects/phases and 2,611 units. The tables below list the products delivered in the 9M12:

**Table 20. Delivered projects (9M12) - AlphaVille Segment**

Company	Project	Delivery Launch		Local	% co	Units	PSV R\$000
AlphaVille	Terras Alpha Petrolinal	jan/12	Dec-10	Petrolina/PE	75%	366	47,424
AlphaVille	Terras Alpha Petrolinal1	jan/12	Sep-11	Petrolina/PE	76%	286	41,499
AlphaVille	Terras Alpha Fozdolguaçu2	mar/12	Dec-10	Foz do Iguaçu/PR	74%	342	33,069
<b>Total 1Q12</b>						<b>994</b>	<b>121,993</b>
AlphaVille	AlphaVille Granja Viana	jun/12	jun/09	Cotia/SP	33%	110	36,264
AlphaVille	AlphaVille Ribeirão Preto F1	jun/12	mar/10	Ribeirão Preto/SP	60%	352	97,269
AlphaVille	AlphaVille Ribeirão Preto F2	jun/12	jun/10	Ribeirão Preto/SP	60%	182	54,381
<b>Total 2Q12</b>						<b>643</b>	<b>187,913</b>
AlphaVille	Alphaville Teresina	Jul/12	Sep/10	Teresina/PI	79%	589	111,248
AlphaVille	Campo Grande 2	Sep/12	Mar/11	Campo Grande/MS	65%	385	62,260
<b>Total 3Q12</b>						<b>974</b>	<b>173,508</b>
<b>Total 9M12</b>						<b>2,611</b>	<b>173,818</b>

**Table 21. Projects Launched (9M12) - AlphaVille Segment**

Project	Date	Local	% co	Units(%co)	PSV (%co)	% <sup>1</sup>	Sales
Alphaville Juiz de Fora	Feb/12	MG	65%	364	114,916	57%	64,953
Alphaville Sergipe	Mar/12	SE	74%	509	134,134	94%	126,077
<b>Alplaville Total 1Q12</b>				<b>873</b>	<b>249,050</b>	<b>77%</b>	<b>191,030</b>
Alphaville Mossoró F2	Jun/12	RN	52%	88	10,458	5%	519
Terras Alphaville Anápolis	Jun/12	GO	73%	439	70,161	95%	66,545
<b>Alplaville Total 2Q12</b>				<b>527</b>	<b>80,619</b>	<b>83%</b>	<b>67,064</b>
Alphaville Minas Gerais	Jul/12	MG	61%	340	138,770	94%	130,304
Alphaville Brasília Residencial 2	Aug/12	DF	47%	199	73,749	13%	9,687
Brasília Alpha Mall	Sep/12	DF	50%	13	5,429	0%	0
Terras Alphaville Sergipe	Sep/12	SE	88%	478	65,217	94%	61,066
Nova Esplanada 3	Sep/12	SP	30%	198	54,486	82%	44,772
<b>Alplaville Total 3Q12</b>				<b>1,227</b>	<b>337,652</b>	<b>73%</b>	<b>245,828</b>
<b>Alplaville Total 9M12</b>				<b>2,627</b>	<b>667,320</b>	<b>76%</b>	<b>503,923</b>

<sup>1</sup> Note: Sales year to date.

**Table 22. Land Bank AlphaVille Segment as of 3Q12**

	PSV - R\$million (%co)	%Swap Total	%Swap Units	%Swap Financial	Potential units (%co)	Potential units (100%)
São Paulo	1,877,167	99%	0%	99%	10,010	18,416
Rio de Janeiro	796,954	100%	0%	100%	4,695	9,241
Other	7,870,340	99%	0%	99%	41,945	66,522
<b>Total</b>	<b>10,544,461</b>	<b>99.4%</b>	<b>0%</b>	<b>99.4%</b>	<b>56,651</b>	<b>94,179</b>

**Table 23. Adjusted EBITDA AlphaVille Segment**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Net profit</b>	<b>53,330</b>	<b>25,680</b>	<b>108%</b>	<b>32,534</b>	<b>64%</b>	<b>100,640</b>	<b>96,526</b>	<b>4%</b>
(+) Financial result	8,913	5,117	74%	6,096	46%	22,229	17,004	31%
(+) Income taxes	9,757	3,199	205%	5,536	76%	14,693	11,250	31%
(+) Depreciation and amort.	552	527	5%	492	12%	1,621	1,241	31%
(+) Capitalized interest	1,303	1,063	23%	1,878	-31%	3,521	5,475	-36%
(+) Stock option plan expen.	335	7,736	-96%	456	-27%	8,405	1,184	610%
(+) Minority shareholders	17,859	7,802	129%	8,134	120%	32,336	24,132	34%
<b>Adjusted EBITDA</b>	<b>92,049</b>	<b>51,124</b>	<b>80%</b>	<b>55,126</b>	<b>67%</b>	<b>183,445</b>	<b>156,812</b>	<b>17%</b>
<b>Net revenues</b>	<b>233,577</b>	<b>167,376</b>	<b>40%</b>	<b>177,146</b>	<b>32%</b>	<b>524,823</b>	<b>450,919</b>	<b>16%</b>
<b>Adjusted EBITDA margin</b>	<b>39%</b>	<b>31%</b>	<b>886bps</b>	<b>31%</b>	<b>829bps</b>	<b>35%</b>	<b>35%</b>	<b>18bps</b>



**TENDA SEGMENT**

*Focuses on affordable residential developments, with unit prices between R\$80,000 and R\$200,000.*

**Tenda Segment Launches**

Reflecting corrective actions at Tenda and a focus on execution and delivery, no projects will be launched during 2012.

**Table 24. Launches by Market Region Tenda Segment (R\$ million)**

%Tenda - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Tenda</b>	São Paulo	-	-	0%	20,069	nm	-	40,489	nm
	Rio de Janeiro	-	-	0%	0	nm	-	64,743	nm
	Minas Gerais	-	-	0%	29,016	nm	-	207,955	nm
	Northeast	-	-	0%	0	nm	-	50,273	nm
	Others	-	-	0%	0	nm	-	137,457	nm
	<b>Total</b>	-	-	<b>0%</b>	<b>49,085</b>	<b>nm</b>	-	<b>500,917</b>	<b>nm</b>
	<b>Units</b>	-	-	<b>0%</b>	<b>324</b>	<b>nm</b>	-	<b>3,847</b>	<b>nm</b>

Note: mn not meaningful

**Table 25. Launches by Market Region Tenda Segment (R\$ million)**

%Tenda - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Tenda</b>	≤ MCMV	-	-	0%	49,085	nm	-	415,600	nm
	> MCMV	-	-	0%	-	-	-	85,316	nm
	<b>Total</b>	-	-	<b>0%</b>	<b>49,085</b>	<b>nm</b>	-	<b>500,917</b>	<b>nm</b>

Note: mn = not meaningful

**Tenda Segment Pre-Sales**

Third quarter gross pre-sales decreased 15% Q-o-Q to R\$293.8 million, compared to R\$344.8 million in 2Q12. Since 1Q12, pre-sales recognition and the remuneration of the Tenda sales force have been contingent upon the ability to pass mortgages onto financial institutions. Third quarter net pre-sales (gross pre-sales less dissolutions) were R\$30.0 million compared with R\$15.7 million in 2Q12.

The Third quarter net pre-sales results reflect the dissolution of contracts with potential homeowners who no longer qualify for bank mortgages of R\$263.7 million versus R\$329.1 million in the previous quarter.

Explanation of Responses:

Despite ongoing dissolutions expected in 2012, the Gafisa Group is experiencing good demand for these units. Of the units returned to inventory, 70% have already been resold at a premium to qualified customers within 9M12.

**Table 26. Pre-Sales (Dissolutions) by Market Region Tenda Segment (R\$ million)**

%Tenda - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Tenda</b>	São Paulo	(8,111)	2,852	-384%	41,269	-120%	(52,820)	107,088	-149%
	Rio de Janeiro	11,481	10,628	8%	213	5293%	21,918	23,096	-5%
	Minas Gerais	(13,077)	(30,185)	-57%	23,864	-155%	(76,067)	181,821	-142%
	Northeast	17,384	10,150	71%	31,713	-45%	6,905	116,567	-94%
	Others	22,373	22,283	0%	432	5077%	55,399	120,397	-54%
	<b>Total</b>	<b>30,050</b>	<b>15,728</b>	<b>91%</b>	<b>97,490</b>	<b>-69%</b>	<b>(44,664)</b>	<b>548,969</b>	<b>-108%</b>
	<b>Units</b>	<b>163</b>	<b>64</b>	<b>155%</b>	<b>528</b>	<b>-69%</b>	<b>(680)</b>	<b>3,604</b>	<b>-119%</b>

Note: 1 PoC – Percentage of completion method. Negative numbers are related to dissolutions

**Table 27. Pre-Sales (Dissolutions) by unit Price Tenda Segment (R\$ million)**

%Tenda - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Tenda</b>	≤ MCMV	7,977	21,461	-63%	46,919	-83%	(67,321)	300,723	-122%
	> MCMV	22,074	(5,733)	-485%	50,571	-56%	22,657	248,245	-91%
	<b>Total</b>	<b>30,050</b>	<b>15,728</b>	<b>91%</b>	<b>97,490</b>	<b>-69%</b>	<b>(44,664)</b>	<b>548,969</b>	<b>-108%</b>

**Table 28. Pre-Sales (Dissolutions) by unit Price Tenda Segment (# units)**

%Tenda - R\$000		3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Tenda</b>	≤ MCMV	50	95	-47%	248	-80%	(796)	2,178	-137%
	> MCMV	113	(31)	-461%	280	-60%	116	1,427	-92%
	<b>Total</b>	<b>163</b>	<b>64</b>	<b>155%</b>	<b>528</b>	<b>-69%</b>	<b>-680</b>	<b>3,604</b>	<b>-119%</b>

## Tenda Segment Operations

At the end of the 3Q11, 11,490 units or 35% of units sold by Tenda were related to projects not contracted with financial institutions. Today, all remaining units, of Tenda segment have already been contracted with banks. In 9M12, Tenda transferred 9,567 units to financial institutions, equaling 80% of the mid-range of guidance provided for the full year of 10,000-14,000 customers. The transfers contributed to the positive operational cash flow achieved in the period.

## Tenda Segment Delivered Projects

The Tenda segment is expected to represent 50% of Gafisa Group's planned deliveries of between 22,000 to 26,000 units in 2012. During the 9M12, Tenda delivered 60 projects/phases and 10,382 units, reaching 87% of the mid-range of full-year delivery guidance for the brand. The tables below list the products delivered in the 9M12:

**Table 29 - Delivered projects Tenda Segment (9M12)**

Company	Project	Delivery Launch		Local	% co Unit
Tenda	Ferrara - F1	Feb-12	2007	Poá/SP	100% 36
Tenda	Ferrara - F2	Feb-12	2007	Poá/SP	100% 76
Tenda	Portal do Sol Life III (Bl 24 e 25)	Feb-12	2009	Belford Roxo/RJ	100% 64
Tenda	Portal do Sol Life IV (Bl 22 e 23)	Feb-12	2010	Belford Roxo/RJ	100% 64
Tenda	Alta Vista (Antigo Renata)	Mar-12	2008	São Paulo/SP	100% 160
Tenda	Jardim São Luiz Life - F2 (Bloco 12)	Mar-12	2007	São Paulo/SP	100% 20
Tenda	Reserva dos Pássaros - F1 (Bl 5)	Mar-12	2006	São Paulo/SP	100% 66
Tenda	Parque Baviera Life - F1 (Bl 1 a 9)	Mar-12	2008	São Leopoldo/RS	100% 180
Tenda	Vivendas do Sol I	Mar-12	2009	Porto Alegre/RS	100% 200
Tenda	Portal do Sol Life V (Bl 19 a 21)	Mar-12	2010	Belford Roxo/RJ	100% 96
Tenda	Portal do Sol Life VI (Bl 17 e 18)	Mar-12	2010	Belford Roxo/RJ	100% 64
Tenda	Quintas do Sol Ville II - F1 (Qd 1 e 3 a 5)	Mar-12	2007	Feira de Santana/BA	100% 24
Tenda	Quintas do Sol Ville II - F2 (Qd 2)	Mar-12	2008	Feira de Santana/BA	100% 90
Tenda	Salvador Life II	Mar-12	2008	Salvador/BA	100% 180
Tenda	Boa Vista	Mar-12	2008	Belo Horizonte/MG	100% 38
Tenda	Maratá	Mar-12	2008	Goiânia/GO	100% 40
Tenda	Reserva Campo Belo (Antigo Terra Nova II)	Mar-12	2007	Goiânia/GO	100% 24
Tenda	GPARK Pássaros	Mar-12	2008	São Luis/MA	50% 24
<b>Total 1Q12</b>					<b>2,45</b>
Tenda	Residencial Portal do Sol	Apr-12	2005	Itaquaquecetuba/SP	100% 320
Tenda	Residencial Spazio Felicitá	May-12	2008	São Paulo/SP	100% 180
Tenda	Residencial Rivera Life 8ª etapa	May-12	2010	Lauro de Freitas/BA	100% 100
Tenda	Residencial Rivera Life 9ª etapa	May-12	2010	Lauro de Freitas/BA	100% 120
Tenda	Residencial Rivera Life 10ª etapa	May-12	2010	Lauro de Freitas/BA	100% 180
Tenda	Santana Tower I (Bl 5 e 12 a 14)	May-12	2008	Feira de Santana/BA	100% 120
Tenda	Engenho Nova Cintra - F1 (Bl A a E)	Jun-12	2007	Santos/SP	100% 400
Tenda	Fit Jardim Botânico (Pb)	Jun-12	2008	João Pessoa/PB	50% 320
Tenda	Fit Jardins (Marodin)	Jun-12	2009	Porto Alegre/RS	70% 170
Tenda	Parque Baviera Life - F2 (Bl 10 a 13)	Jun-12	2008	São Leopoldo/RS	100% 80
Tenda	Parque Lousã	Jun-12	2008	Novo Gama/GO	100% 300
Tenda	Parque Lumiere	Jun-12	2011	São Paulo/SP	100% 100

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Tenda	Piedade Life - F1 (Bl 1 a 5)	Jun-12	2008	Jaboatão dos Guararapes/PE	100%	180
Tenda	Reserva dos Pássaros - F1 (Bl 2 e 3)	Jun-12	2006	São Paulo/SP	100%	130
Tenda	Reserva dos Pássaros - F1 (Bl 6)	Jun-12	2006	São Paulo/SP	100%	66
Tenda	Santana Tower II - F1 (Bl 1 a 3)	Jun-12	2008	Feira de Santana/BA	100%	96
Tenda	Toulouse Life	Jun-12	2008	Anápolis/GO	100%	192
Tenda	Viver Itaquera	Jun-12	2010	São Paulo/SP	100%	192
Tenda	Mirante do Lago F1	Jun-12	2008	Ananindeua/PA	100%	462
Tenda	Mirante do Lago F2	Jun-12	2009	Ananindeua/PA	100%	180
Tenda	Terra Bonita	Jun-12	2008	Londrina/PR	100%	152
<b>Total 2Q12</b>						<b>4,072</b>

Note: To be continued in the next page.

**Table 29 - Delivered projects Tenda Segment (9M12) cont.**

Company	Project	Delivery	Launch	Local	% co	Units	PSV
Tenda	Portal do Sol Life VII (BI 15 e 16)	Aug/12	2010	Belford Roxo/RJ	100%	64	6.
Tenda	Portal do Sol Life VIII (BI1)	Aug/12	2010	Belford Roxo/RJ	100%	448	43.
Tenda	Fit Bosque Itaquera	Aug/12	2009	São Paulo/SP	100%	256	37.
Tenda	Parma Life (Rio de Janeiro)	Aug/12	Up to 2009	Rio de Janeiro/RJ	100%	263	21.
Tenda	West Life	Aug/12	Up to 2009	Rio de Janeiro/RJ	100%	80	6.
Tenda	Marumbi F-1	Aug/12	2009	Curitiba/PR	100%	335	61.
Tenda	Portal das Rosas	Sep/12	2010	Osasco/ SP	100%	140	12.
Tenda	JK 1	Sep/12	Up to 2008	Porto Alegre/ RS	100%	160	10.
Tenda	Vila Real Life	Sep/12	2008	Salvador/ BA	100%	180	14.
Tenda	Guarulhos Life	Sep/12	Up to 2008	Guarulhos/SP	100%	160	14.
Tenda	Santo Andre Life I	Sep/12	Up to 2008	Santo André/SP	100%	128	11.
Tenda	Santo Antonio Life	Sep/12	Up to 2008	Apar. de Goiânia/GO	100%	32	2.
Tenda	Grand Ville das Artes – Goya (BI 1 a 19)	Sep/12	2010	Lauro de Freitas/ BA	100%	380	35.
Tenda	Vila Nova Life	Sep/12	Up to 2008	São Paulo/SP	100%	124	10.
Tenda	Santana Tower II – F2 (BI 5, 6 e 7)	Sep/12	Up to 2008	Feira de Santana/BA	100%	96	7.
Tenda	Santana Tower II – F3 (BI 4 e 8 a 10)	Sep/12	Up to 2008	Feira de Santana/BA	100%	128	10.
Tenda	Santana Tower II – F4 (BI 11 e 14)	Sep/12	Up to 2008	Feira de Santana/BA	100%	128	10.
Tenda	Parque Ipê	Sep/12	Up to 2008	Mauá/SP	100%	90	6.
Tenda	Pq Maceio F1	Sep/12	Up to 2008	Maceio/AL	100%	252	14.
Tenda	Pq Maceio F2	Sep/12	Up to 2008	Maceio/AL	100%	252	14.
Tenda	Terra Bonita	Sep/12	Up to 2008	Londrina/PR	100%	152	59.
<b>Total 3Q12</b>						<b>3,848</b>	<b>413.</b>
<b>Total 9M12</b>						<b>10,382</b>	<b>1,122.</b>

**Table 30. Land Bank Tenda Segment (3Q12)**

	PSV - R\$million (% Tenda)	%Swap Total	%Swap Units	%Swap Financial	Potential units (%co)	Potential units (100%)
São Paulo	657,035	21%	21%	0%	5,407	5,407
Rio de Janeiro	246,987	0%	0%	0%	2,379	2,377
Nordeste	849,376	22%	22%	0%	7,195	7,195
Minas Gerais	428,974	73%	32%	40%	3,961	3,961
<b>Total</b>	<b>2,182,372</b>	<b>33%</b>	<b>22%</b>	<b>11%</b>	<b>18,943</b>	<b>18,940</b>

**Table 31. Adjusted EBITDA Tenda**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Net profit</b>	<b>(18,729)</b>	<b>(12,412)</b>	<b>51%</b>	<b>(55,677)</b>	<b>-66%</b>	<b>(61,871)</b>	<b>(84,718)</b>	<b>-27%</b>
(+) Financial result	2,082	(2,356)	-188%	(3,374)	-162%	(744)	(13,823)	-95%
(+) Income taxes	6,200	2,991	107%	(19,581)	-132%	14,223	(44,094)	-132%
(+) Depreciation and amort.	5,948	3,956	50%	4,836	23%	12,431	14,195	-12%

Explanation of Responses:

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(+) Capitalized interest	25,287	15,446	64%	5,187	388%	47,396	14,503	227%
(+) Stock option plan expens.	145	145	0%	553	-74%	435	1,659	-74%
(+) Minority shareholders	1,192	(38)	-3237%	-	0%	1,128	-	0%
<b>Adjusted EBITDA</b>	<b>22,125</b>	<b>7,732</b>	<b>186%</b>	<b>(68,056)</b>	<b>-133%</b>	<b>12,998</b>	<b>(112,278)</b>	<b>-112%</b>
<b>Net revenues</b>	<b>323,799</b>	<b>280,012</b>	<b>16%</b>	<b>237,261</b>	<b>36%</b>	<b>920,195</b>	<b>780,817</b>	<b>18%</b>
<b>Adjusted EBITDA margin</b>	<b>6,83%</b>	<b>3%</b>	<b>407bps</b>	<b>-28,68%</b>	<b>3552bps</b>	<b>1,41%</b>	<b>-14,38%</b>	<b>1579bps</b>

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**Table 32. Inventory at Market Value 3Q12 x 2Q12 – Tenda Segment breakdown by Region**

	Inventories BoP <sup>1</sup>	Launches	Dissolution	Pre-Sales	Price Adjust + Other <sup>5</sup>	Inventories EoP <sup>2</sup>	% Change 3Q12 versus 2Q12 <sup>3</sup>
<b>São Paulo</b>	<b>67,856</b>	-	<b>73,364</b>	<b>(65,253)</b>	<b>(5,274)</b>	<b>70,694</b>	4
MCMV	53,501	-	64,491	(55,796)	(5,395)	56,802	6
> MCMV	14,355	-	8,873	(9,458)	122	13,892	-3
<b>Rio de Janeiro</b>	<b>211,432</b>	-	<b>44,867</b>	<b>(56,348)</b>	<b>(52,080)</b>	<b>147,871</b>	<b>-30</b>
MCMV	196,019	-	41,090	(50,226)	(52,168)	134,715	-31
> MCMV	15,412	-	3,777	(6,122)	88	13,156	-14
<b>Minas Gerais</b>	<b>103,289</b>	-	<b>42,739</b>	<b>(29,662)</b>	<b>(12,848)</b>	<b>103,519</b>	<b>0</b>
MCMV	57,582	-	29,246	(20,157)	(9,376)	57,295	-0
> MCMV	45,707	-	13,493	(9,505)	(3,472)	46,224	1
<b>Northeast</b>	<b>107,560</b>	-	<b>38,146</b>	<b>(55,530)</b>	<b>36,778</b>	<b>126,954</b>	<b>18</b>
MCMV	98,029	-	34,987	(45,887)	(14,163)	72,966	-25
> MCMV	9,530	-	3,159	(9,643)	50,942	53,987	466
<b>Others</b>	<b>348,124</b>	-	<b>64,635</b>	<b>(87,008)</b>	<b>(10,199)</b>	<b>315,552</b>	<b>-9</b>
MCMV	115,983	-	24,667	(33,415)	232	107,467	-7
> MCMV	232,141	-	39,968	(53,593)	(10,431)	208,085	-10
<b>Total Tenda</b>	<b>838,261</b>	-	<b>263,751</b>	<b>(293,801)</b>	<b>(43,622)</b>	<b>764,589</b>	<b>-8</b>
MCMV	<b>521,115</b>	-	<b>194,482</b>	<b>(205,482)</b>	<b>(80,870)</b>	<b>429,245</b>	<b>-17</b>
> MCMV	<b>317,146</b>	-	<b>69,269</b>	<b>(88,319)</b>	<b>37,249</b>	<b>335,344</b>	<b>5</b>

Note: 1) BoP beginning of the period – 2Q12. 2) EP end of the period – 3Q12. 3) % Change 3Q12 versus 2Q12. 4) 3Q12 sales velocity. 5) projects cancelled during the period

## INCOME STATEMENT

### Revenues

On a consolidated basis, third quarter net revenues totaled R\$1,06 billion, an increase of 2% from the R\$1,04 billion posted in the 2Q12 and 21% higher than the 881.5 million posted in the 3Q11. During 3Q12, the Gafisa brand accounted for 48% of net revenues, AlphaVille comprised 22% and Tenda the remaining 30%. The table below presents detailed information about pre-sales and recognized revenues by launch year:

**Tabela 33. Pre-sales and recognized revenues by launch year**

	Launch year	3Q12				3Q11			
		PreSales	%PreSales	Revenues	%PreSales	PreSales	%PreSales	Revenues	%
<b>Gafisa</b>	2012 Launches	179,161	55%	54,778	11%	-	0%	-	0%
	2011 Launches	60,639	18%	91,653	15%	154,672	82%	51,179	11%
	2010 Launches	53,224	16%	204,334	40%	16,915	7%	171,911	38%
	≤ 2009 Launches	34,968	11%	137,787	27%	10,822	10%	231,540	51%
	Land Bank	-	0%	18,165	4%	-	0%	-	0%
	<b>Total Gafisa</b>	<b>327,990</b>	<b>100%</b>	<b>506,718</b>	<b>100%</b>	<b>1,065,408</b>	<b>100%</b>	<b>454,630</b>	<b>100%</b>
<b>Alphaville</b>	2012 Launches	267,962	81%	55,733	24%	-	0%	-	0%
	2011 Launches	44,976	14%	118,155	51%	146,030	87%	33,954	19%
	2010 Launches	12,149	4%	33,959	15%	8,704	3%	85,487	48%
	≤ 2009 Launches	6,203	2%	25,730	12%	12,018	10%	57,705	33%
	Land Bank	-	0%	-	0%	-	0%	-	0%
	<b>Total AUSA</b>	<b>331,290</b>	<b>100%</b>	<b>233,577</b>	<b>100%</b>	<b>1,081,752</b>	<b>100%</b>	<b>177,140</b>	<b>100%</b>
<b>Tenda</b>	2012 Launches	-	0%	-	0%	-	0%	-	0%
	2011 Launches	(10,819)	-36%	21,583	7%	38,062	60%	10,553	4%
	2010 Launches	18	0%	124,520	38%	37,829	39%	140,228	58%
	≤ 2009 Launches	40,850	136%	158,345	49%	1,599	2%	90,253	37%
	Land Bank	-	0%	19,352	6%	-	0%	-	0%
	<b>Total Tenda</b>	<b>30,050</b>	<b>100%</b>	<b>323,799</b>	<b>100%</b>	<b>1,097,490</b>	<b>100%</b>	<b>241,037</b>	<b>100%</b>
<b>Consolidated</b>	2012 Launches	447,122	65%	110,511	10%	-	0%	-	0%
	2011 Launches	94,796	14%	231,391	22%	252,763	82%	95,686	11%
	2010 Launches	65,391	9%	362,813	34%	193,448	9%	397,626	46%
	≤ 2009 Launches	82,021	12%	321,862	30%	1,439	9%	379,500	43%
	Land Bank	-	0%	37,517	4%	-	0%	-	0%
<b>Total</b>	<b>Total Gafisa Group</b>	<b>689,331</b>	<b>100%</b>	<b>1,064,094</b>	<b>100%</b>	<b>1,044,651</b>	<b>100%</b>	<b>872,810</b>	<b>100%</b>
	Launch year	9M12				9M11			
		PreSales	%PreSales	Revenues	%PreSales	PreSales	%PreSales	Revenues	%
<b>Gafisa</b>	2012 Launches	465,227	42%	58,089	4%	-	0%	-	0%
	2011 Launches	214,036	19%	276,275	11%	118,224	60%	122,560	9%
	2010 Launches	186,960	17%	567,190	36%	26,710	23%	417,631	31%
	≤ 2009 Launches	234,853	21%	579,288	36%	2,287	17%	817,159	60%
	Land Bank	-	0%	106,605	7%	-	0%	-	0%
	<b>Total Gafisa</b>	<b>1,101,076</b>	<b>100%</b>	<b>1,587,447</b>	<b>100%</b>	<b>1,067,221</b>	<b>100%</b>	<b>1,357,350</b>	<b>100%</b>
<b>Alphaville</b>	2012 Launches	503,923	75%	66,851	13%	-	0%	-	0%
	2011 Launches	107,467	16%	233,816	45%	19,947	75%	59,407	13%
	2010 Launches	30,163	4%	124,170	24%	8,605	13%	197,605	44%
	≤ 2009 Launches	29,897	4%	99,985	19%	1,131	12%	193,908	43%

Explanation of Responses:



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	Land Bank	-	0%	-	0%	-	0%	0%
	<b>Total AUSA</b>	<b>671,451</b>	<b>100%</b>	<b>524,823</b>	<b>100%</b>	<b>7,683</b>	<b>100%</b>	<b>450,910</b>
<b>Tenda</b>	2012 Launches	-	0%	-	0%	-	0%	0%
	2011 Launches	(47,221)	106%	53,513	262,924	48%	26,782	3%
	2010 Launches	(92,106)	206%	322,494	357,659	63%	318,956	1%
	≤ 2009 Launches	94,663	-212%	498,149	(51,615)	-11%	435,075	56%
	Land Bank	-	0%	46,039	5%	-	0%	0%
	<b>Total Tenda</b>	<b>(44,664)</b>	<b>100%</b>	<b>920,195</b>	<b>100%</b>	<b>48,969</b>	<b>100%</b>	<b>780,810</b>
<b>Consolidated</b>	2012 Launches	969,150	56%	124,941	4%	-	0%	- 0%
	2011 Launches	274,282	16%	563,604	118,29,095	61%	208,748	8%
	2010 Launches	125,018	7%	1,013,854	352,975	28%	934,19	136%
	≤ 2009 Launches	359,413	21%	1,177,422	331,803	11%	1,446,146	56%
	Land Bank	-	0%	152,643	5%	-	0%	- 0%
<b>Total</b>	<b>Total Gafisa Group</b>	<b>1,727,863</b>	<b>100%</b>	<b>3,032,464</b>	<b>100%</b>	<b>3,873</b>	<b>100%</b>	<b>2,589,085</b>

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## Gross Profit

Gross profit was R\$308 million in the third quarter compared to R\$279 million in the 2Q12 and R\$166 million in the 3Q11. Gross margin increased to 29.0% in the 3Q12, from 26.8% in the 2Q12 and 19.0% in the 3Q11.

**Table 34. Gross Margin (R\$000)**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Gross Profit</b>	<b>308,132</b>	<b>279,141</b>	<b>10%</b>	<b>165,764</b>	<b>86%</b>	<b>788,852</b>	<b>442,459</b>	<b>78%</b>
Gross Margin	29.0%	26.8%	213bps	19.0%	1000bps	26.0%	17.1%	892bps
<b>Gross Profit (ex-Tenda)</b>	<b>308,132</b>	<b>279,141</b>	<b>10%</b>	<b>165,764</b>	<b>86%</b>	<b>788,852</b>	<b>442,459</b>	<b>78%</b>
Gross Margin (ex-Tenda) %	33.7%	29.5%	421bps	30.1%	368bps	30.6%	19.4%	1121bps

**Table 35. Capitalized Interest**

(R\$million) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Opening balance	241,875	247,481	-2%	154,960	56%	221,816	146,544	51%
Capitalized interest	61,819	44,687	38%	61,633	0%	175,041	165,347	6%
Interest capitalized to COGS	(56,364)	(50,293)	12%	(39,103)	44%	(149,527)	(134,401)	11%
<b>Closing balance</b>	<b>247,330</b>	<b>241,875</b>	<b>2%</b>	<b>177,490</b>	<b>39%</b>	<b>247,330</b>	<b>177,490</b>	<b>39%</b>

## Selling, General and Administrative Expenses (SG&A)

SG&A expenses totaled R\$151 million in the 3Q12, a 10% increase on the R\$137 million in SG&A expenses posted in 3Q11 and 12% over the R\$171 million posted in the 2Q12. Selling expenses decreased 10% on a year-over-year basis to R\$70 million, given the reduction of the launches volume in the period.

**Table 36. SG&A Expenses (R\$000)**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Selling expenses	69,941	78,165	-11%	77,540	-10%	206,592	215,292	-4%
G&A expenses	80,951	93,034	-13%	59,746	35%	252,969	176,407	43%
<b>SG&amp;A</b>	<b>150,892</b>	<b>171,199</b>	<b>-12%</b>	<b>137,286</b>	<b>10%</b>	<b>459,561</b>	<b>391,699</b>	<b>17%</b>

During the 9M12, administrative expenses reached R\$253 million, a 43% increase compared to the R\$176 million posted in the 9M11. The main reasons for the increase in SG&A expenses were:

- (1) a provision related to the distribution of variable compensation, including stock options plan, which accounted for 48% and 14%, of the annual change in the G&A registered in the period, respectively;
- (2) other expenses related to services rendered, mainly auditing, which accounted for 20% of the annual change in the G&A registered in the period;

(3) administrative expenses related to the expansion of AlphaVille's operations given the increased contribution in Gafisa Group mix, which accounted for 15% of the annual change in G&A registered in the period.

**Table 37. Breakdown of General and Administrative Expenses (9M12 versus 9M11)**

(R\$000) Consolidado	9M12 (A)	9M11 (B)	A/A (%)	Change	Stake (%) in the
				(A) - (B)	Total Changes Posted (A) - (B) / (C)
Wages and salaries expenses	103,893	92,262	13%	11,631	15%
Benefits and employees	8,601	5,967	44%	2,634	3%
Travel expenses and utilities	8,245	6,292	31%	1,953	3%
Services rendered	32,792	17,324	89%	15,468	20%
Rentals and condos fee	9,835	8,860	11%	975	1%
Information Technology	9,498	15,719	-40%	(6,221)	-8%
Stock Option Plan	23,202	12,789	81%	10,413	14%
Provision for bonus and Profit Sharing	42,906	6,425	568%	36,481	48%
Other	13,997	10,769	30%	3,228	4%
<b>Total (C)</b>	<b>252,969</b>	<b>176,407</b>	<b>43%</b>	<b>76,562</b>	<b>100%</b>

**Table 38. SG&A / Launches (%)**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Selling expenses /Launches	15%	14%	117 bps	7%	810 bps	14%	7%	682 bps
G&A /Launches	18%	17%	89 bps	6%	1223 bps	17%	6%	1131 bps
SG&A/Launches	33%	31%	206 bps	13%	2033 bps	31%	13%	1813 bps
Selling expenses /Launches (ex-Tenda)	11%	10%	54 bps	5%	533 bps	10%	6%	383 bps
G&A /Launches (ex-Tenda)	12%	12%	-41 bps	4%	800 bps	12%	4%	728 bps
SG&A/Launches (ex-Tenda)	22%	22%	13 bps	9%	1332 bps	21%	10%	1111 bps

**Table 39. SG&A / Pre-Sales (%)**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Selling expenses /Pre-Sales	10%	12%	-226 bps	7%	272 bps	12%	7%	481 bps
G&A /Pre-Sales	12%	15%	-302 bps	6%	602 bps	15%	6%	879 bps
SG&A / Pre-Sales	22%	27%	-527 bps	13%	875 bps	27%	13%	1360 bps
Selling expenses /Pre-Sales (ex-Tenda)	7%	9%	-169 bps	6%	166 bps	8%	6%	219 bps
G&A /Pre-Sales (ex-Tenda)	8%	11%	-275 bps	4%	409 bps	10%	4%	527 bps
SG&A / Pre-Sales (ex-Tenda)	15%	20%	-444 bps	10%	575 bps	18%	10%	746 bps

**Table 40. SG&A / Revenues (%)**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Selling expenses /Net Revenues	7%	8%	-94 bps	9%	-222 bps	7%	8%	-147 bps
G&A expenses/Net Revenues	8%	9%	-133 bps	7%	83 bps	8%	7%	155 bps
SG&A/Net Revenues	14%	16%	-227 bps	16%	-139 bps	15%	15%	8 bps
Selling expenses /Net Revenues (ex-Tenda)	7%	7%	-76 bps	8%	-185 bps	7%	8%	-116 bps
G&A expenses/Net Revenues (ex-Tenda)	7%	9%	-156 bps	6%	132 bps	8%	6%	214 bps
SG&A/Net Revenues (ex-Tenda)	14%	16%	-232 bps	14%	-53 bps	15%	14%	98 bps

**Consolidated Adjusted EBITDA**

Adjusted EBITDA was R\$183 million in the third quarter, compared to R\$149 million in the 2Q12 and R\$62 million in the 3Q11. EBITDA for Gafisa and AlphaVille totaled R\$69 million and R\$92 million, respectively, while Tenda's EBITDA was R\$22 million. During the first nine months of 2012, the EBITDA margin reached 14% or 20% ex-Tenda, as compared to 6% and 15%, respectively, in the first nine months of 2011.

**Table 41. Consolidated Adjusted EBITDA**

(R\$'000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Net Profit (Loss)</b>	<b>4,842</b>	<b>1,046</b>	<b>363%</b>	<b>(51,247)</b>	<b>-109%</b>	<b>(25,626)</b>	<b>(126,381)</b>	<b>-80%</b>
(+) Financial result	60,808	55,630	9%	58,111	5%	158,613	117,975	34%
(+) Income taxes	21,050	5,795	263%	(19,003)	-211%	46,983	(52,570)	-189%
(+) Depreciation and Amortization	18,704	14,355	30%	21,855	-14%	51,392	56,974	-10%
(+) Capitalized Interest Expenses	56,364	50,293	12%	39,103	44%	149,527	134,401	11%
(+) Stock option plan exp.	3,420	13,270	-74%	4,645	-26%	23,203	12,789	81%
(+) Minority shareholders	17,958	8,361	115%	8,291	117%	32,991	24,662	34%
<b>Adjusted EBITDA</b>	<b>183,146</b>	<b>148,750</b>	<b>23%</b>	<b>61,755</b>	<b>197%</b>	<b>437,083</b>	<b>167,850</b>	<b>160%</b>
<b>Net Revenue</b>	<b>1,064,094</b>	<b>1,040,537</b>	<b>2%</b>	<b>874,378</b>	<b>21%</b>	<b>3,032,464</b>	<b>2,589,085</b>	<b>17%</b>
<b>Adjusted EBITDA margin</b>	<b>17%</b>	<b>14%</b>		<b>7%</b>		<b>14%</b>	<b>6%</b>	

Explanation of Responses:

			<b>292</b>		<b>1021</b>			<b>795</b>
			<b>bps</b>		<b>bps</b>			<b>bps</b>
<b>Adjusted EBITDA (ex Tenda)</b>	<b>161,020</b>	<b>141,017</b>	<b>14%</b>	<b>129,812</b>	<b>24%</b>	<b>424,085</b>	<b>280,130</b>	<b>51%</b>
<b>Adj. EBITDA Mg (ex Tenda)</b>	<b>22%</b>	<b>19%</b>	<b>321</b>	<b>20%</b>	<b>147</b>	<b>20%</b>	<b>15%</b>	<b>466</b>
			<b>bps</b>		<b>bps</b>			<b>bps</b>

### Depreciation And Amortization

Depreciation and amortization in the 3Q12 was R\$19 million, a decrease of R\$3 million when compared to the R\$22 million recorded in 3Q11, mainly due to lower showroom depreciation.

### Financial Results

Net financial expenses totaled R\$61 million in the 3Q12, compared to a net financial result of R\$58 million in the 3Q11 as a result of a higher level of leverage.

### Taxes

Income taxes, social contribution and deferred taxes for the 3Q12 amounted to negative R\$21 million, compared to R\$19 million in 3Q11.

### Adjusted Net Income (Loss)

Gafisa Group reported net income of R\$5 million in the 3Q12, compared with a net income of R\$1 million recorded in both the 2Q12 and net loss of R\$ 26 millions in the 3Q11.

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method reached R\$1.31 billion in the 3Q12, 11% lower than the R\$1.56 billion posted in the 3Q11. The consolidated margin for the quarter was 35%. The table below shows the backlog margin by segment:

**Table 42. Results to be recognized (REF) by brand**

	Gafisa	Tenda	AlphaVille	Gafisa Group	Gafisa ex-Tenda
Revenues to be recognized	<b>2.148.470</b>	<b>709.058</b>	<b>845.021</b>	<b>3.702.549</b>	<b>2.993.491</b>
Costs to be incurred (units sold)	(1.465.952)	(532.198)	(392.461)	(2.390.611)	(1.858.413)
<b>Results to be Recognized</b>	<b>682.518</b>	<b>176.860</b>	<b>452.560</b>	<b>1.311.938</b>	<b>1.135.078</b>
<b>Backlog Margin</b>	<b>32%</b>	<b>25%</b>	<b>54%</b>	<b>35%</b>	<b>38%</b>

Note: Revenues to be recognized are net of PIS/Cofins (3.65%); excludes the AVP method introduced by Law nº 11,638

**Table 43. Gafisa Group Results to be recognized (REF)**

	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
Results to be recognized	<b>3.702.549</b>	<b>4.124.151</b>	<b>-10%</b>	<b>4.276.647</b>	<b>-13%</b>	<b>3.702.549</b>	<b>4.276.647</b>	<b>-13%</b>
Costs to be incurred (units sold)	(2.390.611)	(2.648.148)	-10%	(2.716.934)	-12%	(2.390.611)	(2.716.934)	-12%
<b>Results to be Recognized</b>	<b>1.311.938</b>	<b>1.476.003</b>	<b>-11%</b>	<b>1.559.713</b>	<b>-16%</b>	<b>1.311.938</b>	<b>1.559.713</b>	<b>-16%</b>
<b>Backlog Margin</b>	<b>35%</b>	<b>36%</b>	<b>-36bps</b>	<b>36%</b>	<b>-104bps</b>	<b>35%</b>	<b>36%</b>	<b>-104bps</b>

Note: It is included in the gross profit margin and not included in the backlog: Adjusted Present Value (AVP) on receivables, revenue related to swaps, revenue and cost of services rendered, AVP over property (land) debt, cost of swaps and provision for guarantees.

**BALANCE SHEET****Cash and Cash Equivalents**

On September 30, 2012, cash and cash equivalents reached R\$1,23 billion, in line with the 2Q12. The Company's cash position is expected to be sufficient to execute its development plans.

**Accounts Receivable**

At the end of the 3Q12, total accounts receivable decreased 16% to R\$8.33 billion on a year-over-year basis and a 7% reduction as compared to the R\$8.95 billion posted in the 2Q12.

**Table 44. Total receivables**

(R\$000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)
Receivables from developments – LT (off balance sheet)	3,842,812	4,280,386	-10%	4,697,756	-18%
Receivables from PoC – ST (on balance sheet)	3,325,239	3,745,488	-11%	3,839,392	-13%
Receivables from PoC – LT (on balance sheet)	1,161,268	922,044	26%	1,395,515	-17%
<b>Total</b>	<b>8,329,319</b>	<b>8,947,918</b>	<b>-7%</b>	<b>9,932,663</b>	<b>-16%</b>

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method

Receivables from developments: accounts receivable not yet recognized according to PoC and BRGAAP

Receivables from PoC: accounts receivable already recognized according to PoC and BRGAP

**Inventory****Table 45. Inventory (Balance Sheet at cost)**

(R\$000) Consolidated	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)
Land	850,197	839,739	1%	1,170,397	-12%
Units under construction	1,308,213	1,386,111	-6%	1,166,692	12%
Completed units	200,165	209,703	-5%	346,487	-42%
<b>Total</b>	<b>2,358,575</b>	<b>2,435,553</b>	<b>-3%</b>	<b>2,683,576</b>	<b>-5%</b>

Inventory at market value totaled R\$3.0 billion in the 3Q12, 9% below the R\$3.3 billion registered in the 2Q12. On a consolidated basis, our inventory is at a level of 10 months of sales based on LTM sales figures. At the end of the 3Q12, finished units accounted for 11% of total inventory. We continue to focus on reducing finished inventory.

**Table 46. Inventory at Market Value per completion status**

Company	Not started	Up to 30% constructed	30% to 70% constructed	More than 70% constructed	Finished units <sup>1</sup>	Total 3Q12
Gafisa	253.270	360.022	539.364	433.815	73.777	1.660.248
AlphaVille	5.429	227.115	101.266	59.065	185.949	578.823
Tenda	19.242	123.154	233.663	324.802	63.728	764.589
<b>Total</b>	<b>277.941</b>	<b>710.291</b>	<b>874.292</b>	<b>817.682</b>	<b>323.453</b>	<b>3.003.660</b>

Consolidated inventory at market value was R\$3.0 billion from R\$3.3 billion at the end of the third quarter, which is R\$283 million lower than the 2Q12. The market value of Gafisa inventory, which represents 55% of total inventory, declined to R\$1.7 billion at the end of the 3Q12. The market value of AlphaVille inventory was R\$578.8 million at the end of the 3Q12, a 1% decrease compared to the end of 2Q12. Tenda inventory was valued at R\$764.6 million at the end of 3Q12, compared to R\$838.3 million at the end of the 2Q12. Despite ongoing dissolutions expected in 2012, the Gafisa Group is experiencing positive demand for units targeted at the low income segment. Of the units returned to inventory, 70% have already been resold, to qualified customers within the 9M12.

**Table 47. Inventory at Market Value 3Q12 x 2Q12**

	Inventories BoP	1 Launches	Dissolution	Pre-Sales	Price Adjust + Other <sup>5</sup>	Inventories EoP
Gafisa (A)	1,875,945	114,291	-	-327,990	-1,998	1,660,248
AlphaVille (B)	572,898	337,652	-	-331,320	-406	578,824
<b>Total (A) + (B)</b>	<b>2,448,842</b>	<b>451,943</b>	-	<b>-659,310</b>	<b>-2,404</b>	<b>2,239,075</b>
Tenda (C)	838,261	-	263,751	-293,801	-43,622	764,589
<b>Total (A) + (B) + (C)</b>	<b>3,287,103</b>	<b>451,943</b>	<b>263,751</b>	<b>-953,111</b>	<b>-46,025</b>	<b>3,003,668</b>

Note: 1) BoP beginning of the period – 2Q12. 2) EP end of the period – 3Q12. 3) % Change 3Q12 versus 2Q12. 4) 3Q12 sales velocity. 5) projects cancelled during the period



## Liquidity

The Gafisa Group ended the third quarter with R\$1.23 billion in cash and cash equivalents, a sequential improvement from R\$1,1 billion at the end of the 2Q12. Net debt was R\$2.94 billion at the end of the 3Q12, a R\$149 million reduction from R\$3.09 billion the end of the 2Q12. As a result, consolidated cash generation (cash burn) was positive at approximately R\$149 million in 3Q12, leading to R\$304 million in the 9M12. Operational consolidated cash flow reached approximately R\$607 million in the 9M12, 87% of the mid-range of our updated full year guidance of R\$600 – R\$800 million in 2012.

The net debt and investor obligations to equity and minorities ratio was 106% compared to 112% in the 2Q12. Excluding project finance, this net debt/equity ratio reached 28% from 34% in the 2Q12.

Currently we have access to a total of R\$1.6 billion in construction finance lines contracted with banks and R\$665 million of construction credit lines in the process of being approved. Also, Gafisa has R\$2.4 billion available in construction finance lines of credit for future developments. The following tables provide information on our debt position:

**Table 48. Indebtedness and Investor obligations**

Type of obligation (R\$000)	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)
Debentures - FGTS (A)	1,241,860	1,213,138	2%	1,246,413	0%
Debentures - Working Capital (B)	581,514	567,643	2%	700,596	-17%
Project Financing SFH – (C)	927,697	936,597	-1%	598,712	55%
Working Capital (D)	<b>1,098,974</b>	<b>1,138,254</b>	<b>-3%</b>	853,139	<b>29%</b>
Total (A)+(B)+(C)+(D) = (E)	<b>3,850,045</b>	<b>3,855,632</b>	<b>0%</b>	<b>3,398,860</b>	<b>13%</b>
Investor Obligations (F)	324,198	329,768	-2%	460,000	-30%
<b>Total debt (E) + (F) = (G)</b>	<b>4,174,243</b>	<b>4,185,400</b>	<b>0%</b>	<b>3,858,860</b>	<b>8%</b>
Cash and availabilities (H)	1,234,826	1,097,277	13%	912,353	35%
<b>Net debt (G)-(H) = (I)</b>	<b>2,939,417</b>	<b>3,088,123</b>	<b>-5%</b>	<b>2,946,507</b>	<b>0%</b>
<b>Equity + Minority Shareholders (J)</b>	<b>2,771,971</b>	<b>2,746,145</b>	<b>1%</b>	<b>3,549,223</b>	<b>-22%</b>
<b>ND/Equity (I)/(J) = (K)</b>	<b>106%</b>	<b>112%</b>	<b>-641 bps</b>	<b>83%</b>	<b>2302 bps</b>
<b>ND Exc. Proj Fin / Equity (I)-((A)+(C))/(J) = (L)</b>	<b>28%</b>	<b>34%</b>	<b>-640 bps</b>	<b>31%</b>	<b>-326 bps</b>

The Gafisa Group ended the third quarter with R\$1.4 billion of total debt due to short term. However, it is worth mentioning that, project finance accounts for 49% of this amount.

**Table 49. Debt maturity**

(R\$million)	Average Cost (p.a.)	Total	Until Sep/15	Until Sep/16	Until Sep/17	Until Sep/18	After Sep/16
Debentures - FGTS (A)	TR + (8.47% - 10.26%)	1,241,860	1,241,860	0	0	0	0
Debentures - Working Capital (B)	CDI + (1.50% - 1.95%)	581,514	146,733	334,781	0	0	234,781
Project Financing SFH – (C)	TR + (8.30% - 11.50%)	927,697	0	336,474	591,223	0	0
Working Capital (D)	CDI + (1.30% - 2.22%)	1,098,974	530,266	475,000	76,708	28,000	86,000

Explanation of Responses:

Total (A)+(B)+(C)+(D) =(E)		<b>3,850,041,258,723,692,6098</b>
Investors Obligations (F)	CDI + (0.235% - 1.00%) / IGPM +7.25%	<b>324,195,674,157,395,80193</b>
<b>Total debt (E) + (F) = (G)</b>	<b>9.28%</b>	<b>4,174,236,932,880,500,291</b>
<b>% due to corresponding period</b>		<b>38%34%19%9%1%</b>
((A) + (C)) / (G) Project finance as a % of Total debt due to corresponding periods		52% 49%58%62%28%0%
((B) + (D) + (F))/ (G) Corporate debt as a % of Total debt due to corresponding periods		48% 51%42%38%29%0%

**Covenant Ratios**

**Table 50. Debenture covenants - 7<sup>th</sup> emission**

(Total receivables + Finished units) / (Total debt - Cash - project debt) >2 or <0  
 (Total debt - Project Finance debt - Cash) / (Equity + Min.) ≤ 75%  
 (Total receivables + Revenues to be recognized + Inventory of finished units / Total debt - SFH + Obligations relate

**Table 51. Debenture covenants - 5<sup>th</sup> emission (R\$250 million)**

(Total debt – Project Finance debt - Cash) / Equity ≤ 75%  
 (Total receivables + Finished units) / (Total debt) ≥ 2.2x

Note: Covenant status on September 30, 2012

## OUTLOOK

With the introduction of the new strategy and organizational structure, Gafisa is progressing toward established guidance for the year. The implementation and development of the operating and financial plan to support the restructuring of Tenda indicates that we are on the right track. Although the direct results of these adjustments to the Tenda operation over recent quarters have been positive, the launch cycle should resume next year. Reflecting the purpose of implementing corrective actions and focusing on execution and delivery, we have not launched any residential tower products via Tenda in 2012. As a result, our official guidance for Tenda launches of R\$270-R\$330 million for 2012 has been revised down to zero for this year.

As a result, consolidated launches for 2012 are now expected to be between R\$2.4 and R\$3.0 billion, reflecting a new, more targeted regional focus and the deliberate slowdown of the Tenda business. Gafisa should represent around 55% of launches and AlphaVille 45%. In the first nine months of 2012, the Gafisa Group launched R\$1.46 billion or 53% of the mid-range of 2012 guidance of R\$1.5 billion for the segment. AlphaVille's launches were in line with the internal projections and planning, representing 56% of the guidance for the year.

**Table 52. Launch Guidance – 2012 Estimates versus Actual figures 9M12**

Launches Guidance 2012E	Guidance (previous)	Guidance (actual)	Mid-range 2012	Achievement 9M12	9M12 as a % of FY
Consolidated Launches	R\$2.70 – R\$3.30bn	R\$2.40 – R\$3.00bn	R\$2.70bn	R\$1.46bn	54%
<b>Breakdown by Brand</b>					
Launches Gafisa	R\$1.35 – R\$1.65bn	R\$1.35 – R\$1.65bn	R\$1.50bn	R\$795mn	53%
Launches AlphaVille	R\$1.08 – R\$1.32bn	R\$1.08 – R\$1.32bn	R\$1.20bn	R\$667mn	56%
Launches Tenda	R\$270 – R\$330mn	R\$0	-	R\$0	0%

As of September 30, 2012, the Company had R\$1.23 billion in cash and cash equivalents. During the 9M12 operational consolidated cash flow reached approximately R\$607 million, representing 87% of the mid point of the updated guidance established for the full year of 2012, of R\$600 – R\$800 million. The key drivers of cash flow generation include: (1) our ability to deliver and transfer/customers at Gafisa; (2) the transfer of Tenda units to financial institutions; (3) the sale of inventory and new projects launched; (4) the securitization of receivables and; (5) the sale of non-strategic land, which had a minor contribution to the results posted in the period.

**Table 53. Operational Cash Flow Guidance – 2012 Estimates versus Actual figures 9M12**

Guidance	Guidance	Mid-range
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Explanation of Responses:

	(previous)	(actual)	2012	Achievement 9M12	9M12 as a % of FY
Operational Cash Flow (CFO)	R\$500-R\$700 mn	R\$600-R\$800 mn	R\$700mn	R\$607mn	87%

The Gafisa Group plans to deliver between 22,000 and 26,000 units in 2012 of which 30% will be delivered by Gafisa, 50% by Tenda and the remaining 20% by AlphaVille. During the first nine months of the year of 2012, the Gafisa Group delivered 17,729 units and transferred 9,567 Tenda customers to financial institutions, achieving 80% of the mid-range of the guidance for both targets.

**Table 54. Other Relevant Operational Indicators – 2012 Estimates versus Actual figures 9M12**

Guidance of Units to be Delivered 2012E	Mid-range	Achievement 9M12	9M12 as a % of FY
Consolidated # Units to be Delivered (22-26K)	24,000	17,728	74%
Breakdown by Brand			
# Units to be Delivered Gafisa (6,600-7,800)	7,200	4,735	66%
# Units to be Delivered AlphaVille (4,400-5,200)	4,800	2,612	54%
# Units to be Delivered Tenda (11,000-13,000)	12,000	10,382	87%

**Table 55. Tenda Milestones – 2012 Estimates versus Actual figures 9M12**

Customers to be transferred at Tenda 2012E	Mid-range	Achievement 9M12	(9M12 as a % of FY)
Consolidated # Customers to be transferred (10-14K)	12,000	9,567	80%

**CONSOLIDATED INCOME STATEMENT**

R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Net Operating Revenue</b>	<b>1,064,094</b>	<b>1,040,537</b>	<b>2%</b>	<b>874,378</b>	<b>22%</b>	<b>3,032,464</b>	<b>2,589,085</b>	<b>17%</b>
Operating Costs	(755,962)	(761,396)	-1%	(708,614)	7%	(2,243,612)	(2,146,626)	5%
<b>Gross profit</b>	<b>308,132</b>	<b>279,141</b>	<b>10%</b>	<b>165,764</b>	<b>86%</b>	<b>788,852</b>	<b>442,459</b>	<b>77%</b>
<b>Operating Expenses</b>	<b>(203,476)</b>	<b>(208,309)</b>	<b>-2%</b>	<b>(169,612)</b>	<b>20%</b>	<b>(575,893)</b>	<b>(478,773)</b>	<b>20%</b>
Selling Expenses	(69,941)	(78,165)	-11%	(77,540)	-10%	(206,592)	(215,292)	-4%
General and Administrative Expenses	(80,951)	(93,034)	-13%	(59,746)	35%	(252,969)	(176,407)	43%
Other Operating Rev / Expenses	(33,880)	(22,755)	49%	(10,471)	224%	(64,940)	(30,100)	116%
Depreciation and Amortization	(18,704)	(14,355)	30%	(21,855)	-14%	(51,392)	(56,974)	-10%
<b>Operating results</b>	<b>104,656</b>	<b>70,832</b>	<b>48%</b>	<b>(3,848)</b>	<b>-2820%</b>	<b>212,959</b>	<b>(36,314)</b>	<b>-68%</b>
Financial Income	17,394	21,721	-20%	31,619	-45%	58,804	77,980	-24%
Financial Expenses	(78,202)	(77,351)	1%	(89,730)	-13%	(217,417)	(195,955)	11%
<b>Income (Loss) Before Taxes on Income</b>	<b>43,848</b>	<b>15,202</b>	<b>188%</b>	<b>(61,959)</b>	<b>-171%</b>	<b>54,346</b>	<b>(154,289)</b>	<b>-133%</b>
Deferred Taxes	(2,294)	(1,758)	30%	35,334	-106%	(10,371)	90,422	-110%
Income Tax and Social Contribution	(18,756)	(4,037)	365%	(16,331)	15%	(36,612)	(37,852)	3%
<b>Income (Loss) After Taxes on Income</b>	<b>22,798</b>	<b>9,407</b>	<b>142%</b>	<b>(42,956)</b>	<b>-153%</b>	<b>7,363</b>	<b>(101,719)</b>	<b>-100%</b>
Minority Shareholders	(17,957)	(8,361)	115%	(8,291)	117%	(32,991)	(24,662)	33%
<b>Net Income (Loss)</b>	<b>4,841</b>	<b>1,046</b>	<b>363%</b>	<b>(51,247)</b>	<b>-109%</b>	<b>(25,628)</b>	<b>(126,381)</b>	<b>-80%</b>

Note: The Income Statement reflects the impact of IFRS adoption, also for 2010.

**CONSOLIDATED BALANCE SHEET**

	3Q12	2Q12	Q-o-Q(%)	3Q11	Y-o-Y(%)
<b>Current Assets</b>					
Cash and cash equivalents	1,234,826	1,097,277	13%	912,353	35%
Receivables from clients	3,325,239	3,745,488	-11%	3,839,392	-13%
Properties for sale	2,038,646	2,053,171	-1%	2,266,859	-10%
Other accounts receivable	150,987	177,506	-15%	146,443	3%
Deferred selling expenses	69,956	73,097	-4%	30,329	131%
Prepaid expenses	1,861	19,691	-91%	13,599	-86%
Properties for sale	180,703	183,440	-1%	-	0%
Financial Instruments	18,182	17,689	3%	131	nm
	<b>7,020,400</b>	<b>7,367,359</b>	<b>-5%</b>	<b>7,209,106</b>	<b>-3%</b>
<b>Long-term Assets</b>					
Receivables from clients	1,161,268	922,044	26%	1,395,515	-17%
Properties for sale	319,929	382,382	-16%	416,717	-23%
Deferred taxes		0	0%	117,102	-100%
Other	244,249	228,083	7%	225,244	8%
	<b>1,725,446</b>	<b>1,532,509</b>	<b>13%</b>	<b>2,154,578</b>	<b>-20%</b>
Investments	<b>279,812</b>	<b>270,786</b>	<b>3%</b>	<b>294,429</b>	<b>-5%</b>
<b>Total Assets</b>	<b>9,025,658</b>	<b>9,170,654</b>	<b>-2%</b>	<b>9,658,113</b>	<b>-7%</b>
<b>Current Liabilities</b>					
Loans and financing	952,608	944,377	1%	476,100	100%
Debentures	465,425	601,672	-23%	206,336	126%
Obligations for purchase of land and advances from clients	457,153	451,129	1%	469,130	-3%
Materials and service suppliers	156,197	174,892	-11%	185,160	-16%
Taxes and contributions	297,006	277,391	7%	255,756	16%
Obligation for investors	156,773	158,234	-1%	164,914	-5%
Other	507,386	555,949	-9%	293,512	73%
	<b>2,992,548</b>	<b>3,163,644</b>	<b>-5%</b>	<b>2,050,908</b>	<b>46%</b>
<b>Long-term Liabilities</b>					
Loans and financing	1,074,063	1,130,583	-5%	975,751	10%
Debentures	1,357,949	1,179,109	15%	1,740,673	-22%
Obligations for purchase of land	113,175	114,329	-1%	192,902	-41%
Deferred taxes	93,373	91,079	3%	13,232	606%
Provision for contingencies	150,927	144,894	4%	123,950	22%
Obligation for investors	167,425	171,534	-2%	312,495	-46%
Other	304,227	429,337	-29%	698,979	-56%
	<b>3,261,139</b>	<b>3,260,865</b>	<b>0%</b>	<b>4,057,982</b>	<b>-20%</b>
<b>Shareholders' Equity</b>					
Capital	2,734,159	2,734,157	0%	2,734,155	0%
Treasury shares	-1,731	-1,731	0%	-1,731	0%
Capital reserves	32,863	29,779	10%	267,159	-88%
Revenue reserves	-	-	0%	589,727	-100%
Retained earnings	-25,628	-30,468	-16%	-126,381	-80%
Accumulated losses	-102,019	-102,019	0%	-	0%

Explanation of Responses:

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Non-controlling interests	134,327	116,425	15%	86,294	56%
	<b>2,771,971</b>	<b>2,746,145</b>	<b>1%</b>	<b>3,549,223</b>	<b>-22%</b>
<b>Liabilities and Shareholders' Equity</b>	<b>9,025,658</b>	<b>9,170,654</b>	<b>-2%</b>	<b>9,658,113</b>	<b>-7%</b>

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## CASH FLOW

### Income (Loss) Before Taxes on Income

Expenses (income) not affecting working capital  
Depreciation and amortization  
Impairment allowance  
Expense on stock option plan  
Penalty fee over delayed projects  
Unrealized interest and charges, net  
Deferred Taxes  
Disposal of fixed asset  
Warranty provision  
Provision for contingencies  
Profit sharing provision  
Allowance (reversal) for doubtful debts  
Profit / Loss from financial instruments  
Clients  
Properties for sale  
Other receivables  
Deferred selling expenses and prepaid expenses  
Obligations on land purchases and advances from customers  
Taxes and contributions  
Trade accounts payable  
Salaries, payroll charges  
Other accounts payable  
Assignment of credit receivables, net  
Current account operations  
Paid taxes

### Cash used in operating activities

### Investing activities

Purchase of property and equipment and deferred charges  
Redemption of securities, restricted securities and loans  
Investments in marketable securities, restricted securities and loans and securities, restricted securities and loans

### Cash used in investing activities

### Financing activities

Capital increase  
Contributions from venture partners  
Increase in loans and financing  
Repayment of loans and financing  
Assignment of credit receivables, net  
Proceeds from subscription of redeemable equity interest in securitization fund  
Operations of mutual

### Net cash provided by financing activities

### Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents  
At the beginning of the period  
At the end of the period

### Net increase (decrease) in cash and cash equivalents

Explanation of Responses:





**GAFISA SEGMENT INCOME STATEMENT**

R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11	Y-o-Y (%)	9M12	9M11	Y-o-Y (%)
<b>Net Operating Revenue</b>	<b>506,718</b>	<b>593,149</b>	<b>-15%</b>	<b>459,971</b>	<b>10%</b>	<b>1,587,446</b>	<b>1,357,349</b>	<b>17%</b>
Operating Costs	(379,254)	(463,290)	-18%	(344,399)	10%	(1,221,639)	(1,148,888)	6%
<b>Gross profit</b>	<b>127,464</b>	<b>129,859</b>	<b>-2%</b>	<b>115,572</b>	<b>10%</b>	<b>365,807</b>	<b>208,461</b>	<b>75%</b>
<b>Operating Expenses</b>	<b>(103,412)</b>	<b>(89,010)</b>	<b>16%</b>	<b>(93,088)</b>	<b>11%</b>	<b>(275,482)</b>	<b>(251,052)</b>	<b>10%</b>
Selling Expenses	(36,119)	(36,008)	0%	(43,045)	-16%	(102,904)	(117,157)	-12%
General and Administrative Expenses	(32,159)	(33,247)	-3%	(23,065)	39%	(98,454)	(68,559)	44%
Other Operating Rev / Expenses	(22,930)	(9,883)	132%	(10,451)	119%	(36,784)	(23,798)	55%
Depreciation and Amortization	(12,204)	(9,872)	24%	(16,527)	-26%	(37,340)	(41,538)	-10%
<b>Operating results</b>	<b>24,052</b>	<b>40,849</b>	<b>-41%</b>	<b>22,484</b>	<b>7%</b>	<b>90,325</b>	<b>(42,591)</b>	<b>-312%</b>
Financial Income	7,717	8,200	-6%	17,694	-56%	23,883	45,718	-48%
Financial Expenses	(57,530)	(61,069)	-6%	(73,083)	-21%	(161,011)	(160,512)	0%
<b>Income (Loss) Before Taxes on Income</b>	<b>(25,761)</b>	<b>(12,020)</b>	<b>114%</b>	<b>(32,905)</b>	<b>-22%</b>	<b>(46,803)</b>	<b>(157,385)</b>	<b>-70%</b>
Deferred Taxes	322	5,942	-95%	14,238	-98%	3,492	40,070	-91%
Income Tax and Social Contribution	(5,415)	(5,547)	-2%	(9,280)	-42%	(21,559)	(20,344)	6%
<b>Income (Loss) After Taxes on Income</b>	<b>(30,854)</b>	<b>(11,625)</b>	<b>165%</b>	<b>(27,947)</b>	<b>10%</b>	<b>(64,870)</b>	<b>(137,659)</b>	<b>-53%</b>
Minority Shareholders	1,094	(597)	-283%	(157)	-797%	473	(530)	-189%
<b>Net Income (Loss)</b>	<b>(29,760)</b>	<b>(12,222)</b>	<b>143%</b>	<b>(28,104)</b>	<b>6%</b>	<b>(64,397)</b>	<b>(138,189)</b>	<b>-53%</b>

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**ALPHAVILLE SEGMENT INCOME STATEMENT**

R\$000	3Q12	2Q12	Q-o-Q (%)	3Q11 Y-o-Y (%)
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