

Gafisa S.A.  
Form 6-K  
May 04, 2010

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

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the month of May, 2010**

**(Commission File No. 001-33356),**

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**Gafisa S.A.**

*(Translation of Registrant's name into English)*

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**Av. Nações Unidas No. 8501, 19th floor**  
**São Paulo, SP, 05425-070**  
**Federative Republic of Brazil**  
*(Address of principal executive office)*

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

Form 20-F  Form 40-F

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

Yes  No

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

Yes  No

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

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Yes \_\_\_\_\_ No \_\_\_X\_\_\_

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

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### **Gafisa Reports Results for First Quarter 2010**

- Pre-Sales reached R\$ 857 million, a 53.5% increase over 1Q09 ---
- Revenues increase to R\$ 908 million, a 67% increase over R\$ 542 million in 1Q09 ---
- Adjusted EBITDA grew to R\$ 168 million from R\$77 million in 1Q09, on Adj. EBITDA Margin of 18.6% ---
- Over R\$ 2.1 billion in Cash and Cash Equivalents ---

**FOR IMMEDIATE RELEASE - São Paulo, May 3<sup>rd</sup>, 2010** Gafisa S.A. (Bovespa: GFSA3; NYSE: GFA), Brazil's leading diversified national homebuilder, today reported financial results for the first quarter ended March 31, 2010.

Commenting on results, Wilson Amaral, CEO of Gafisa, said: Positive momentum continued into the first quarter of 2010 with strong sales velocities across the company and a launch pace of R\$ 703 million, more than triple the amount in Q109, despite the seasonally low period due to the summer holidays and Carnival. Sales for the quarter increased 53% to R\$ 857 million as compared to Q1 2009, indicating that we are back to a strong growth trajectory after a period of uncertainty in the first half of last year. Top line growth and improving operating leverage contributed to the increase to R\$ 168.5 of adjusted EBITDA, while adjusted EBITDA margin improved significantly from 14.1% to 18.6% as compared to the previous year's period. With over R\$ 2 billion in cash and cash equivalents and a lower leverage ratio of 34.6% as a result of our recent follow-on offering, we have reduced our financing cost structure and ensured our ability to fund our current plans for growth.

Amaral added, "We have in place a platform to serve all segments of the large and growing Brazilian housing market and we will continue to benefit from our leading brands and strong reputation. Gafisa is leveraging the scale, operating efficiency and strong execution capacity to deliver high value products in line with demand trends across the country. With the offering behind us, we will now turn our focus to increasing our land bank, accelerating the pace of our launches and opportunistically looking at synergistic acquisitions. We remain very optimistic about the prospects for our industry overall. This sentiment has been reinforced by the recently renewed support of the affordable housing segment by the Brazilian Government, where we are particularly well positioned to deliver high quality products to that market through our well-established Tenda brand."

### **1Q10 - Operating & Financial Highlights**

#### **IR Contact**

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www.gafisa.com.br/ir

#### **1Q10 Earnings Results Conference Call**

Tuesday, May 4, 2010

> In English

11:00 AM US EST

12:00 PM Brasilia Time

Phones:

+1 800 860-2442 (US only)

Consolidated launches totaled R\$ 703.2 million for the quarter, a 339% increase over 1Q09. Tenda launched R\$ 297 million in the quarter, or 48% of the total amount launched in 2009.

Pre-sales reached R\$ 857.3 million for the quarter, a 53.5% increase as compared to first quarter 2009.

Net operating revenues, recognized by the Percentage of Completion (PoC) method, rose 67% to R\$ 907.6 million from R\$ 541.9 million in the 1Q09, reflecting a strong pace of execution.

Adjusted EBITDA reached R\$ 168.5 million with a 18.6% margin, a 120% increase when compared to Adjusted EBITDA of R\$ 76.6 million reached in the 1Q09, mainly due to the strong performance in all segments.

Net Income before minorities, stock option and non recurring expenses was R\$ 79.6 million for the quarter (8.8% adjusted net margin), an increase of 40% compared with the R\$ 57.1 million in the 1Q09.

+1 412 858-4600 (other countries)  
Code: Gafisa  
> **In Portuguese**  
09:00 AM US EST  
10:00 AM Brasilia Time  
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Code: Gafisa

The Backlog of Revenues to be recognized under the PoC method reached R\$ 2.93 billion, in line with the previous quarter. The Margin to be recognized improved 54 bps to 35.1%.

Gafisa's consolidated land bank totaled R\$15.6 billion in the 1Q10, with approximately R\$ 520 million of new acquisitions, reflecting the internal policy of the Company to keep an average of 2 - 3 years of Land bank.

On March 23, the Company concluded the public offering, raising R\$ 1.02 billion.

Gafisa's consolidated cash position exceeded R\$ 2.1 billion at the end of March, supporting the Company's strategy to fund and execute its growth plan.

(1) Net proceeds from the public offering.

The first quarter financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil ( Brazilian GAAP ), required for the years ended December 31, 2009. Therefore, they do not consider the early adoption of the technical pronouncements issued by CPC in 2009, approved by the Federal Accounting Council ( CFC ), required beginning on January 1, 2010. On November 10, 2009 the CVM, issued the deliberation n° 603 changed by deliberation n° 626, which gives the option for the listed Companies presents your 2010 quarterly information based o accounting practices in force at December 31, 2009.

## CEO Commentary and Corporate Highlights for 1Q10

The first quarter of 2010 began and ended on a strong note for Gafisa. Our consolidated platform of three leading brands, Gafisa, AlphaVille and Tenda, is reaping the benefits of scale, brand recognition, excellence in execution, product scope and geographic reach. Our successful performance was recognized for the second year in a row through being named as "The Largest Construction Company in Brazil" by ITCnet. Macroeconomic trends and industry specific events indicate continuing strong prospects for us during the year ahead, and contributed to robust demand for our housing products across all segments.

During the quarter, the Government reaffirmed its commitment to the development of entry level housing through the "Minha Casa, Minha Vida" (MCMV) Program by announcing the extension of that program, a doubling of its initial committed resources to R\$ 72 billion and a target of developing two million new homes over the next four years, signaling its continued support of the industry as a whole. Tenda, Gafisa's business dedicated to that segment ramped up its launches of new developments, which more than doubled from the fourth quarter, to meet the growing demand. Sales velocity of over 32% during the quarter also underscored the demand for Tenda's product, especially in light of the fact that most of our new developments were launched toward the end of the quarter given the holiday periods. And finally, in late March, Gafisa completed a successful follow-on offering of more than R\$ 1 billion that coupled with our existing cash and ample access to construction lines of credit will allow us to markedly expand our diversified portfolio of businesses and enhance our execution capacity as Brazil's largest construction company. An efficient operating platform that features three leading national brands that together serve all segments of the housing market, positions us to capture an important share of the projected 1.5 million new homes in annual demand growth.

A favorable environment for home sales continued throughout the first quarter despite the traditionally slower period due to summer holidays and Carnival, and we expect it will prevail through the year's end on the basis of strong fundamentals. Despite signs of temporary increased inflationary pressure, real wages continue to grow, interest rates remain relatively low and unemployment rates continue to fall amid a backdrop of strong consumer confidence. The growth rate in financing available to housing has remained robust despite historically high Selic rates, strengthening our view that this short term interest increase will not impact the sector. In 2005, when the Selic was at 20%, financing grew at a rapid clip and, in 2008 when the Central Bank increased the Selic from 11.25% to 13.75%, there was no impact in the housing finance growth trend. This time, the market expects the Selic to reach 11.75% by the end of 2010 and then to drop back down again in 2011. Additionally, mortgage rates are linked to the TR rate, which has a low historic correlation to Selic. Finally, a combination of subsidies and financing derived from the FGTS, which is linked to the TR rate, serves to minimize the impact of general interest rate increases on mortgages tied to the entry level segment facilitated through the Caixa Economica Federal (Caixa).

On the inflationary front, while we are seeing increases in labor costs, up to now, the significant pent up demand allows room for price increases in all segments and our Gafisa product contracts allow us to adjust all balances and payments in line with inflationary changes. The expanded use of aluminum mold technology as well as the reductions in construction cycle time for our Tenda product allow us to reduce our exposure to inflationary cost pressures as well, which we also believe will be a temporary concern, since the Central Bank is already taking the appropriate actions to control this pressure.

Brazil has enjoyed this positive macroeconomic climate thanks in part to a healthy financial system, which has seen both public and private lenders step forward to address the country's high housing deficit and low mortgage penetration. Caixa, a financial institution central to these efforts, offers strong mortgage lending capacity as evidenced by its R\$24 billion FGTS budget and has consistently improved its capacity to process mortgage applications and transfer contracted housing units to its books under the MCMV Program. Caixa's performance continues to benefit

Tenda, where we saw the number of contracted units up to April 2010, equivalent of 5,108 units, to reach 84% of the entire number contracted during 2009.

Even without the benefit of the proceeds from the oversubscribed share offering, which were received in the final days of March, Gafisa maintained a strong pace of execution during the quarter, launching R\$ 703.2 million, more than quadruple the amount of Q109. The benefits of the net proceeds of R\$1.02 billion generated by the offering are expected to be reaped in subsequent quarters, as our improved cash position of over R\$2.1 billion will provide us with the financial flexibility to acquire land to support a substantial pipeline of projects, increase our launch activity to keep pace with mounting demand, and to opportunistically pursue strategic acquisitions to broaden our scope as we have done in the past.

Wilson Amaral, CEO -- Gafisa S.A.

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## Recent Developments

### **Follow-on Share Offering:**

In March, Gafisa completed an oversubscribed follow-on offering, selling 85 million shares at R\$12.50 and generating primary proceeds of R\$ 1.06 billion and net proceeds of R\$ 1.02 billion. Coupled with existing cash and ample access to construction lines of credit, the proceeds will allow the Company to markedly expand its diversified portfolio of businesses and enhance its execution capacity. The proceeds, received by the Company on March 29, 2010, improved the Company's cash position to more than R\$2.1 billion, and are expected to be used for land acquisition, to fund launch activity to keep pace with mounting demand, and to pursue strategic acquisitions.

### **Acquired Additional 20% of AlphaVille (Subsequent event):**

On October 2, 2006, Gafisa executed an Investment Agreement governing Gafisa's admission in the capital stock of Alphaville Urbanismo S.A. ( AUSA ), which stipulated that an equity participation of 60% (First Stage) would be increased to 80% in 2010(Second Stage) and to 100% after 2011 (Third Stage). To increase Gafisa's equity participation in AUSA's to 80% per the Investment Agreement, Gafisa and Shertis Empreendimentos e Participações S.A.( Shertis ), a wholly-owned subsidiary of Alphaville Participações S.A., acquired an additional 20% of capital stock (Second Stage) through a merger, by Gafisa, of all shares issued by Shertis. As a result of the merger of shares, Shertis will become a wholly-owned subsidiary of Gafisa. The merger of shares shall entail an increase in the equity of Gafisa in the amount of R\$21,902,489.00, corresponding to the book equity value of the shares issued by Shertis merged into Gafisa, according to the appraisal report prepared by APSIS.

### **Increased Launches, Strong Sales Velocity at Tenda:**

Tenda, Gafisa's business dedicated to the entry level and affordable market segment, continued to ramp up its launches of new developments in order to meet robust demand. Tenda's first quarter launches more than doubled as compared to the previous quarter, with more than 60% of the quarter's launches coming outside of the traditional markets of Rio de Janeiro and São Paulo. Sales velocity of over 32% during the first quarter underscored strong demand for Tenda's product, especially given that most new developments were launched toward the end of the quarter, after the holiday periods.

### **Higher Volume of Mortgage Transfers under Minha Casa, Minha Vida:**

The consistently improving capacity of Caixa Economica Federal (Caixa) to process mortgage applications and transfer contracted housing units to its books under the MCMV Program, combined with more efficient internal processes at Tenda, continued to benefit Tenda's business during the beginning of the year, where the number of contracted units up to April reached 84% of the entire number contracted during 2009.

### **Minha Casa, Minha Vida 2:**

While full details of the extension of the MCMV program have not yet been provided, the Brazilian government issued a general outline in March, in which it announced an extension of MCMV through 2014, and a total investment of R\$72 billion, more than double the R\$34 billion allocated to the initial program. The goal of the second phase of the MCMV program is to deliver two million homes in four years encompassing an even lower income segment than previously targeted, but also expanded the current resources available to 40% of the total new amount to be destined to the 3-10x wages segments. All of this activity underscores both the government's continued commitment to the financing of entry level housing and the significant, untapped demand within the affordable housing segments, demand that we expect will benefit Tenda, our business dedicated to that segment.

### **Tenda's Operational Improvement:**

The first quarter of 2010 was the first full quarter that Tenda has been operated as a wholly-owned subsidiary of Gafisa. As part of this transition, we integrated much of the back office operations, consolidated the reporting



structure and took full strategic control of the direction and priorities of the business. The results of the work that was begun last year with Tenda and this past quarter are now bearing fruit. It delivered 24 completed projects/phases during the quarter and importantly, with the growth in revenue and operational and sales efficiencies achieved, contributed to the solid 18.6% Adjusted EBITDA margin for the company on a consolidated basis reflecting the combined favorable SG&A/Net Revenue. Additionally, with the number of mortgage contracted and transferred to Caixa up sequentially, Tenda is now well positioned to accelerate growth in a profitable fashion. We still have an important challenge related to 2010 Tenda's launches, but up to now we are on track with our strategic plan.

| <b>Operating and Financial Highlights (R\$000)</b> | <b>1Q10</b> | <b>1Q09</b> | <b>Var. (%)</b> | <b>4Q09</b> |
|--|-------------|-------------|-----------------|-------------|
| Launches (%Gafisa)                                 | 703,209     | 160,243     | 338.8%          | 1,000,353   |
| Launches (100%)                                    | 849,874     | 178,424     | 376.3%          | 1,262,374   |
| Launches, units (%Gafisa)                          | 3,871       | 651         | 494.9%          | 4,258       |
| Launches, units (100%)                             | 4,141       | 755         | 448.6%          | 5,662       |
| Contracted sales (%Gafisa)                         | 857,321     | 558,565     | 53.5%           | 1,053,810   |
| Contracted sales (100%)                            | 1,024,850   | 668,421     | 53.3%           | 1,218,564   |
| Contracted sales, units (% Gafisa)                 | 5,253       | 4,100       | 28.1%           | 6,413       |
| Contracted sales, units (100%)                     | 5,955       | 4,706       | 26.6%           | 7,155       |
| Net revenues                                       | 907,585     | 541,887     | 67.5%           | 897,540     |
| Gross profit                                       | 252,656     | 154,639     | 63.4%           | 277,418     |
| Gross margin                                       | 27.8%       | 28.5%       | -70 bps         | 30.9%       |
| Adjusted Gross Margin <sup>1)</sup>                | 30.4%       | 31.8%       | -145 bps        | 34.7%       |
| Adjusted EBITDA <sup>2)</sup>                      | 168,459     | 76,644      | 119.8%          | 167,825     |
| Adjusted EBITDA margin <sup>3)</sup>               | 18.6%       | 14.1%       | 442 bps         | 18.7%       |
| Adjusted Net profit <sup>3)</sup>                  | 79,624      | 57,055      | 39.6%           | 86,074      |
| Adjusted Net margin <sup>3)</sup>                  | 8.8%        | 10.5%       | -176 bps        | 9.6%        |
| Net profit   | 64,819      | 36,733      | 76.5%           | 55,321      |
| EPS (R\$) <sup>4)</sup>                            | 0.1548      | 0.1413      | 9.5%            | 0.1659      |
| Number of shares ('000 final) <sup>4)</sup>        | 418,737     | 259,925     | 61.1%           | 333,554     |
| Revenues to be recognized                          | 2,933,950   | 2,901,416   | 1.1%            | 3,024,992   |
| Results to be recognized <sup>5)</sup>             | 1,030,075   | 1,003,075   | 2.7%            | 1,065,777   |
| REF margin <sup>5)</sup>                           | 35.1%       | 34.6%       | 54 bps          | 35.2%       |
| Net debt and Investor obligations                  | 1,207,988   | 1,361,909   | -11             | 1,998,079   |
| Cash and availabilities                            | 2,125,613   | 500,778     | 324             | 1,424,053   |
| Equity   | 3,429,583   | 1,655,342   | 107             | 2,325,634   |
| Equity + Minority shareholders                     | 3,492,889   | 2,199,800   | 59              | 2,384,181   |
| Total assets                                       | 8,752,813   | 5,725,838   | 53              | 7,688,323   |
| (Net debt + Obligations) / (Equity + Minorities)   | 34.6%       | 61.9%       | -2733           | 83.8        |

1) Adjusted for capitalized interest

2) Adj. for expenses with stock options plans (non-cash), excl. Tenda's goodwill and net of provisions.

3) Adjusted for expenses with stock options plans (non-cash), minority shareholders and non recurring expenses

4) Adjusted for 1:2 stock split in the 1Q09

5) Results to be recognized net from PIS/Cofins - 3.65%; excludes the AVP method introduced by law 11,638

## Launches

In the 1Q10, launches were R\$ 703 million, an increase of 339% compared to the 1Q09, represented by 26 projects/phases, located in 16 cities.

46% of Gafisa launches represented a price per unit below R\$ 500 thousand, while nearly 74% of Tenda's launches had prices per unit below R\$ 130 thousand. The Gafisa segment was responsible for 44% of launches, Alphaville accounted for 14% and Tenda for the remaining 42%.

The tables below detail new projects launched during the first quarter 2010 and 2009:

**Table 1 - Launches per company per region**

| <b>%Gafisa - R\$000</b> |                       | <b>1Q10</b>    | <b>1Q09</b>    | <b>Var. (%)</b> | <b>4Q09</b>      |
|-------------------------|-----------------------|----------------|----------------|-----------------|------------------|
| <b>Gafisa</b>           | São Paulo             | 183,218        | 73,951         | 148%            | 436,837          |
|                         | Rio de Janeiro        | 49,564         | 24,208         | 105%            | 32,753           |
|                         | Other                 | 76,516         | 40,203         | 90%             | 107,994          |
|                         | Total                 | 309,298        | 138,362        | 124%            | 577,584          |
|                         | Units                 | 743            | 478            | 55%             | 1,472            |
| <b>Alphaville</b>       | São Paulo             | 97,269         | -              | -               | 52,929           |
|                         | Rio de Janeiro        | -              | -              | -               | 62,834           |
|                         | Other                 | -              | 21,881         | -               | 170,268          |
|                         | Total                 | 97,269         | 21,881         | 345%            | 286,030          |
|                         | Units                 | 340            | 172            | 97%             | 1,451            |
| <b>Tenda</b>            | São Paulo             | 32,671         | -              | -               | 69,032           |
|                         | Rio de Janeiro        | 49,292         | -              | -               | (29,250)         |
|                         | Other                 | 214,680        | -              | -               | 96,957           |
|                         | Total                 | 296,643        | -              | -               | 136,739          |
|                         | Units                 | 2,788          | -              | -               | 1,335            |
| <b>Consolidated</b>     | <b>Total - R\$000</b> | <b>703,209</b> | <b>160,243</b> | <b>339%</b>     | <b>1,000,353</b> |
|                         | <b>Total - Units</b>  | <b>3,871</b>   | <b>651</b>     | <b>495%</b>     | <b>4,258</b>     |

**Table 2 - Launches per company per unit price**

| <b>%Gafisa - R\$000</b> |           | <b>1Q10</b> | <b>1Q09</b> | <b>Var. (%)</b> | <b>4Q09</b> |
|-------------------------|-----------|-------------|-------------|-----------------|-------------|
| <b>Gafisa</b>           | ≤R\$500K  | 142,816     | 78,559      | 82%             | 328,283     |
|                         | > R\$500K | 166,481     | 59,803      | 178%            | 249,301     |
|                         | Total     | 309,298     | 138,362     | 124%            | 577,584     |

|                     |                      |                |                |             |                  |
|---------------------|----------------------|----------------|----------------|-------------|------------------|
| <b>Alphaville</b>   | ≤ R\$100K;           | -              | -              | -           | 24,030           |
|                     | > R\$100K; ≤ R\$500K | 97,269         | 21,881         | 345%        | 262,000          |
|                     | <b>Total</b>         | <b>97,269</b>  | <b>21,881</b>  | <b>345%</b> | <b>286,030</b>   |
| <b>Tenda</b>        | ≤ R\$130K            | 219,849        | -              | -           | 102,507          |
|                     | > R\$130K            | 76,794         | -              | -           | 34,232           |
|                     | <b>Total</b>         | <b>296,643</b> | <b>-</b>       | <b>-</b>    | <b>136,739</b>   |
| <b>Consolidated</b> |                      | <b>703,209</b> | <b>160,243</b> | <b>339%</b> | <b>1,000,353</b> |

## Pre-Sales

Pre-sales in the quarter increased by 53% to R\$ 857.3 million when compared to the 1Q09 and the amount sold was equivalent to 122% of the quarterly launches.

The Gafisa segment was responsible for 44% of total pre-sales, while Alphaville and Tenda accounted for almost 14% and 43% respectively. Considering Gafisa's pre-sales, 86% corresponded to units priced below R\$ 500 thousand, while 72% of Tenda's pre-sales came from units priced below R\$ 130 thousand. Overall sales from inventory continued to be robust. Pre-sales from projects launched before 2009 accounted for 70% of our total consolidated sales.

The tables below illustrate a detailed breakdown of our pre-sales for the first quarters 2009 and 2008:

**Table 3 - Sales per company per region**

| % Gafisa - R\$000   |                       | 1Q10           | 1Q09           | Var. (%)   | 4Q09             |
|---------------------|-----------------------|----------------|----------------|------------|------------------|
| <b>Gafisa</b>       | São Paulo             | 201,784        | 146,512        | 38%        | 308,023          |
|                     | Rio de Janeiro        | 52,741         | 43,833         | 20%        | 75,311           |
|                     | Other                 | 121,354        | 79,787         | 52%        | 83,245           |
|                     | Total                 | 375,879        | 270,132        | 39%        | 466,579          |
|                     | Units                 | 950            | 727            | 31%        | 1,210            |
| <b>Alphaville</b>   | São Paulo             | 66,163         | 3,307          | 1900%      | 55,344           |
|                     | Rio de Janeiro        | 8,535          | 9,085          | -6%        | 10,006           |
|                     | Other                 | 41,945         | 22,986         | 82%        | 138,986          |
|                     | Total                 | 116,643        | 35,379         | 230%       | 204,336          |
|                     | Units                 | 573            | 216            | 165%       | 968              |
| <b>Tenda</b>        | São Paulo             | 96,093         | 83,287         | 15%        | 131,232          |
|                     | Rio de Janeiro        | 84,953         | 78,913         | 8%         | 97,048           |
|                     | Other                 | 183,753        | 90,854         | 102%       | 154,615          |
|                     | Total                 | 364,799        | 253,054        | 44%        | 382,895          |
|                     | Units                 | 3,729          | 3,157          | 18%        | 4,234            |
| <b>Consolidated</b> | <b>Total - R\$000</b> | <b>857,321</b> | <b>558,565</b> | <b>53%</b> | <b>1,053,810</b> |
|                     | <b>Total - Units</b>  | <b>5,253</b>   | <b>4,100</b>   | <b>28%</b> | <b>6,413</b>     |

**Table 4 - Sales per company per unit price - PSV**

| % Gafisa - R\$000 |           | 1Q10    | 1Q09    | Var. (%) | 4Q09    |
|-------------------|-----------|---------|---------|----------|---------|
| <b>Gafisa</b>     | ≤R\$500K  | 322,697 | 180,287 | 79%      | 185,480 |
|                   | > R\$500K | 53,182  | 89,845  | -41%     | 281,099 |

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|                     |                      |                |                |             |                  |
|---------------------|----------------------|----------------|----------------|-------------|------------------|
|                     | <b>Total</b>         | <b>375,879</b> | <b>270,132</b> | <b>39%</b>  | <b>466,579</b>   |
| <b>Alphaville</b>   | ≤ R\$100K;           | 27,450         | 19,569         | 40%         | 7,710            |
|                     | > R\$100K; ≤ R\$500K | 85,431         | 13,282         | 543%        | 194,169          |
|                     | > R\$500K            | 3,762          | 2,529          | 49%         | 2,456            |
|                     | <b>Total</b>         | <b>116,643</b> | <b>35,379</b>  | <b>230%</b> | <b>204,336</b>   |
| <b>Tenda</b>        | ≤ R\$130K            | 262,473        | 219,106        | 20%         | 311,403          |
|                     | > R\$130K            | 102,326        | 33,948         | 201%        | 71,491           |
|                     | <b>Total</b>         | <b>364,799</b> | <b>253,054</b> | <b>44%</b>  | <b>382,895</b>   |
| <b>Consolidated</b> | <b>Total</b>         | <b>857,321</b> | <b>558,565</b> | <b>53%</b>  | <b>1,053,810</b> |

**Table 5 - Sales per company per unit price - Units**

| % Gafisa - Units    |                      | 1Q10         | 1Q09         | Var. (%)    | 4Q09         |
|---------------------|----------------------|--------------|--------------|-------------|--------------|
| <b>Gafisa</b>       | <= R\$500K           | 837          | 598          | 40%         | 250          |
|                     | > R\$500K            | 113          | 129          | -12%        | 961          |
|                     | <b>Total</b>         | <b>950</b>   | <b>727</b>   | <b>31%</b>  | <b>1,210</b> |
| <b>Alphaville</b>   | ≤ R\$100K;           | 253          | 166          | 52%         | 160          |
|                     | > R\$100K; ≤ R\$500K | 319          | 48           | 565%        | 807          |
|                     | > R\$500K            | 1            | 2            | -50%        | 2            |
|                     | <b>Total</b>         | <b>573</b>   | <b>216</b>   | <b>165%</b> | <b>969</b>   |
| <b>Tenda</b>        | <= R\$130K           | 3,092        | 2,917        | 6%          | 3,836        |
|                     | > R\$130K            | 637          | 240          | 165%        | 398          |
|                     | <b>Total</b>         | <b>3,729</b> | <b>3,157</b> | <b>18%</b>  | <b>4,234</b> |
| <b>Consolidated</b> | <b>Total</b>         | <b>5,253</b> | <b>4,100</b> | <b>28%</b>  | <b>6,413</b> |

### Sales Velocity

The consolidated company attained a sales velocity of 25.2% in the 1Q10, compared to a velocity of 16% in the 1Q09. The company sales velocity increased as compared to the previous period, mainly due to Alphaville and Tenda's improved performances during the quarter. Additionally, in this quarter we had a positive impact of R\$ 69.6 million, mainly due to an inventory price increase. The launches sales velocity was 38.0% or 51.7% if we consider the figures until the end of April, since most of the launches occurred at the end of the quarter.

**Table 6 - Sales velocity per company**

| R\$ million  | Inventories beginning of period | Launches     | Sales        | Price Increase + Other | Inventories end of period | Sales velocity |
|--------------|---------------------------------|--------------|--------------|------------------------|---------------------------|----------------|
| Gafisa       | 1,570.4                         | 309.3        | 375.9        | 26.7                   | 1,530.5                   | 19.7%          |
| AlphaVille   | 263.5                           | 97.3         | 116.6        | 6.1                    | 250.3                     | 31.8%          |
| Tenda        | 796.6                           | 296.6        | 364.8        | 36.8                   | 765.2                     | 32.3%          |
| <b>Total</b> | <b>2,630.5</b>                  | <b>703.2</b> | <b>857.3</b> | <b>69.6</b>            | <b>2,546.0</b>            | <b>25.2%</b>   |

**Table 7 - Sales velocity per launch date**

|                    | 1Q10  |                |
|--------------------|-------|----------------|
| Inventories end of | Sales | Sales velocity |



| period       |                  |                |              |
|--------------|------------------|----------------|--------------|
| 2010         |                  |                |              |
| launches     | 421,520          | 258,126        | 38.0%        |
| 2009         |                  |                |              |
| launches     | 581,735          | 286,344        | 33.0%        |
| 2008         |                  |                |              |
| launches     | 968,578          | 203,396        | 17.4%        |
| ≤ 2007       |                  |                |              |
| launches     | 574,153          | 109,455        | 16.0%        |
| <b>Total</b> | <b>2,545,985</b> | <b>857,321</b> | <b>25.2%</b> |

## Operations

Gafisa's geographic reach and execution capacity is substantial. The Company is upholding and advancing its reputation for delivering projects according to schedule and within budget. It was present in 22 different states, with 194 projects under development at the end of the first quarter. Some 420 engineers and architects were in the field, in addition to approximately 480 intern engineers in training.

Another example of the Company's execution capacity is the strong pace of revenue recognition, demonstrating that the execution pace of construction is trending with the level of sales growth. Gafisa and its subsidiaries continue to selectively launch successful projects in new regions and in multiple market segments, maximizing returns in accordance with market demand. Up to April Tenda contracted 5,108 units with CEF and we have close to 22,000 units under analysis at Caixa. Only in April Tenda contracted 2,320 units.

## Completed Projects

During the first quarter, Gafisa completed 27 projects with 3,365 units equivalent at an approximate PSV of R\$ 338 million, Gafisa delivered 3 projects and Tenda delivered the remaining 24 projects/phases.

The tables below list our products completed in the 1Q10:

**Table 8 - Delivered projects**

| Company       | Project                                   | Delivery | Launch | Local             | % Gafisa | Units<br>(% Gafisa) | PSV<br>(% Gafisa) |
|---------------|---|----------|--------|-------------------|----------|---------------------|-------------------|
| Gafisa        | COLLORI                                   | Jan-10   | Jun-06 | São Paulo<br>- SP | 50%      | 173                 | 50,800            |
| Gafisa        | CSF - PRIMULA                             | Jan-10   | Jun-07 | São Paulo<br>- SP | 100%     | 80                  | 29,906            |
| Gafisa        | FIT RESIDENCE SERVICE<br>NITERÓI          | Feb-10   | Jun-06 | São Paulo<br>- SP | 100%     | 72                  | 24,294            |
| <b>Gafisa</b> |   |          |        |                   |          | <b>325</b>          | <b>105,000</b>    |
| Tenda         | PARQUE VALENÇA 1D                         | Jan-10   | Dec-07 | SP                | 100%     | 112                 | 8,030             |
| Tenda         | CONDOMINIO COTIA I -<br>FASE 2            | Jan-10   | Apr-09 | SP                | 100%     | 432                 | 35,837            |
| Tenda         | RESIDENCIAL AMANDA I                      | Feb-10   | Jul-07 | MG                | 100%     | 20                  | 1,656             |
| Tenda         | RESIDENCIAL JULIANA<br>LIFE               | Feb-10   | Mar-07 | MG                | 100%     | 280                 | 18,048            |
| Tenda         | RESIDENCIAL Quintas do Sol<br>Ville I     | Feb-10   | Sep-07 | BA                | 100%     | 77                  | 5,005             |
| Tenda         | RESIDENCIAL CIDADES DO<br>MUNDO LIFE      | Feb-10   | Apr-08 | PE                | 100%     | 144                 | 8,100             |
| Tenda         | ITAÚNA LIFE                               | Feb-10   | Jun-07 | RJ                | 100%     | 64                  | 6,483             |
| Tenda         | ARSENAL LIFE III                          | Feb-10   | Jun-07 | RJ                | 100%     | 128                 | 9,146             |
| Tenda         | RESIDENCIAL MORADA DE<br>FERRAZ           | Feb-10   | Apr-07 | SP                | 100%     | 132                 | 6,896             |
| Tenda         | VILLAGGIO DO JOCKEY I                     | Feb-10   | May-07 | SP                | 100%     | 180                 | 14,631            |
| Tenda         | Fit Nova Vida (Taboãozinho)               | Feb-10   | Feb-10 | SP                | 100%     | 137                 | 7,261             |
| Tenda         | ATIBAIA                                   | Feb-10   | Jun-07 | GO                | 100%     | 70                  | 4,729             |
| Tenda         | ARSENAL LIFE IV                           | Feb-10   | Jun-07 | RJ                | 100%     | 128                 | 9,194             |
| Tenda         | RESIDENCIAL PARQUE DAS<br>AROEIRAS LIFE I | Feb-10   | Jan-08 | MG                | 100%     | 240                 | 20,841            |
| Tenda         | RESIDENCIAL JARDIM DAS<br>AZALEIAS        | Mar-10   | Oct-07 | MG                | 100%     | 48                  | 4,071             |

| CONDOMINIO<br>RESIDENCIAL VERDES |                    |        |        |    |      |              |                |
|----------------------------------|--------------------|--------|--------|----|------|--------------|----------------|
| Tenda                            | MARES              | Mar-10 | Feb-08 | MG | 100% | 16           | 1,480          |
| Tenda                            | RESIDENCIAL CANADA | Mar-10 | May-07 | MG | 100% | 56           | 5,100          |
| RESIDENCIAL VILLA                |                    |        |        |    |      |              |                |
| Tenda                            | MARIANA LIFE       | Mar-10 | Feb-08 | BA | 100% | 92           | 6,164          |
| RESIDENCIAL CIDADES DO           |                    |        |        |    |      |              |                |
| Tenda                            | MUNDO LIFE         | Mar-10 | Apr-08 | PE | 100% | 144          | 10,800         |
| RESIDENCIAL HORTO DO             |                    |        |        |    |      |              |                |
| Tenda                            | IPE LIFE           | Mar-10 | Nov-05 | SP | 100% | 180          | 22,060         |
| Tenda                            | RESIDENCIAL MONET  | Mar-10 | Sep-06 | SP | 100% | 60           | 4,474          |
| Tenda                            | RESIDENCIAL CURUÇA | Mar-10 | Jan-08 | SP | 100% | 120          | 9,117          |
| RESIDENCIAL ITAQUERA             |                    |        |        |    |      |              |                |
| Tenda                            | LIFE               | Mar-10 | Jun-07 | SP | 100% | 120          | 10,277         |
| RESIDENCIAL VIVENDAS             |                    |        |        |    |      |              |                |
| Tenda                            | DO SOL II          | Mar-10 | May-08 | RS | 100% | 60           | 3,989          |
| <b>Tenda</b>                     |                    |        |        |    |      | <b>3,040</b> | <b>233,390</b> |
| <b>Total</b>                     |                    |        |        |    |      | <b>3,365</b> | <b>338,389</b> |

## Land Bank

The Company's land bank of approximately R\$ 15.6 billion is composed of 418 different projects in 22 states, equivalent to more than 86 thousand units. In line with our strategy, 40% of our land bank was acquired through swaps which require no cash obligations. As the proceeds from the follow-on offering were only received at the end of March, our land bank for Q1 had not yet benefited from our increased capacity to acquire new land.

In this quarter we changed our managerial swap method calculation, in order to reflect the percentage of the swap based on the cost of the land, instead of the equivalent percentage of the PSV, which better reflect the swap impact.

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

**Table 9 - Landbank per company per unit price**

|                     |                      | PSV - R\$     | %Swap        | %Swap        | %Swap       | Potential     |
|---------------------|----------------------|---------------|--------------|--------------|-------------|---------------|
|                     |                      | million       | Total        | Units        | Financial   | units         |
|                     |                      | (% Gafisa)    |              |              |             | (% Gafisa)    |
| <b>Gafisa</b>       | ≤ R\$500K            | 4,269         | 52.5%        | 44.8%        | 7.7%        | 14,110        |
|                     | > R\$500K            | 3,338         | 31.2%        | 29.1%        | 2.0%        | 4,137         |
|                     | Total                | 7,606         | 40.8%        | 36.2%        | 4.6%        | 18,247        |
| <b>Alphaville</b>   | ≤ R\$100K;           | 2,129         | 98.1%        | 0.0%         | 98.1%       | 19,137        |
|                     | > R\$100K; ≤ R\$500K | 874           | 94.9%        | 0.0%         | 94.9%       | 3,534         |
|                     | > R\$500K            | 949           | 96.8%        | 0.0%         | 96.8%       | 140           |
|                     | Total                | 3,952         | 96.8%        | 0.0%         | 96.8%       | 22,811        |
| <b>Tenda</b>        | ≤ R\$130K            | 3,677         | 35.1%        | 35.1%        | 0.0%        | 43,055        |
|                     | > R\$130K            | 411           | 24.6%        | 24.6%        | 0.0%        | 2,579         |
|                     | Total                | 4,089         | 33.7%        | 33.7%        | 0.0%        | 45,634        |
| <b>Consolidated</b> |                      | <b>15,647</b> | <b>39.4%</b> | <b>35.6%</b> | <b>3.8%</b> | <b>86,692</b> |

**Number of projects/phases**

|              |            |
|--------------|------------|
| Gafisa       | 140        |
| AlphaVille   | 42         |
| Tenda        | 236        |
| <b>Total</b> | <b>418</b> |

**Table 10 - Landbank Evolution**

| Land Bank<br>(R\$ million)        | Gafisa       | Alphaville   | Tenda        | Total         |
|-----------------------------------|--------------|--------------|--------------|---------------|
| Land Bank -<br>BoP (4Q09)         | 7,576        | 3,962        | 4,285        | 15,823        |
| 1Q10 - Net<br>Acquisitions        | 339          | 87           | 100          | 527           |
| 1Q10 -<br>Launches                | (309)        | (97)         | (297)        | (703)         |
| <b>Land Bank -<br/>EoP (1Q10)</b> | <b>7,606</b> | <b>3,952</b> | <b>4,089</b> | <b>15,647</b> |

**1Q10 - Revenues**

On the strength of solid sales performance in the 1Q10, both from launched projects and inventories, and an accelerated pace of construction, the Company was able to recognize substantial net operating revenues for 1Q10, which rose by 67% to R\$ 907.6 million from R\$ 541.9 million in the 1Q09, with Tenda contributing 31% of the consolidated revenues.

Revenues for the industry are recognized based on actual cost versus total budgeted costs of land and construction (Percentage of Completion method or PoC method).

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

**Table 11 - Sales vs. Recognized revenues**

| R\$<br>000    |                 | 1Q10    |         |          |            | 1Q09    |         |          |            |
|---------------|-----------------|---------|---------|----------|------------|---------|---------|----------|------------|
|               |                 | Sales   | % Sales | Revenues | % Revenues | Sales   | % Sales | Revenues | % Revenues |
| <b>Gafisa</b> | 2010 launches   | 172,527 | 35%     | 7,017    | 1%         | -       | 0%      | -        | 0%         |
|               | 2009 launches   | 186,918 | 38%     | 165,513  | 26%        | 39,270  | 13%     | (63)     | 0%         |
|               | 2008 launches   | 56,262  | 11%     | 189,162  | 30%        | 142,071 | 47%     | 79,980   | 24%        |
|               | ≤ 2007 launches | 76,814  | 16%     | 265,694  | 42%        | 124,171 | 41%     | 255,257  | 76%        |
|               | Total Gafisa    | 492,522 | 100%    | 627,386  | 100%       | 305,511 | 100%    | 335,175  | 100%       |
| <b>Tenda</b>  | Total Tenda     | 364,799 | ---     | 280,199  | ---        | 253,054 | ---     | 206,712  | ---        |
| <b>Total</b>  |                 | 857,321 |         | 907,585  |            | 558,565 |         | 541,887  |            |

**1Q10 - Gross Profits**

On a consolidated basis, gross profit for the 1Q10 totaled R\$ 252.7 million, an increase of 63% over 1Q09, reflecting continued growth and business expansion. The gross margin for 1Q10 reached 27.8% (30.4% w/o capitalized interest) 70 bps lower than the 1Q09, mainly due to product mix associated with a onetime swap agreement, from our successful project called "Paulista Corporate", which have a high relative swap due to its prime location, negatively affecting the gross margin 1T10 (we drop the suspension clause), since the cost of units to be delivered to the landowner are recorded in revenue and cost with the same value, given there is no profit margin in the swapped units, bringing down the consolidated margin.

**Table 12 - Capitalized interest**

| (R\$000)           |                              | 1Q10          | 1Q09          | 4Q09          |
|--------------------|------------------------------|---------------|---------------|---------------|
| <b>Consolidado</b> | Initial balance              | 91,568        | 84,741        | 96,511        |
|                    | Capitalized interest         | 25,373        | 24,236        | 28,763        |
|                    | Interest transferred to COGS | (22,840)      | (17,723)      | (33,707)      |
|                    | <b>Final balance</b>         | <b>94,101</b> | <b>91,254</b> | <b>91,568</b> |

**1Q10 Selling, General, and Administrative Expenses (SG&A)**

In the 1Q10, SG&A expenses totaled R\$ 108.7 million, compared to R\$ 102.5 in the same quarter of 2009. When compared to the 4Q09, the SG&A decrease from R\$ 133.6 million to R\$ 108.7 million, mainly due to lower selling expenses partially related to lower sales volume in the first quarter, when compared to the 4Q09, as well as increased efficiencies in the sales structures.

All the ratios improved when compared to the 1Q09, mainly due to the continued improvement coming from Tenda and also from synergies gains related to merge of Tenda into Gafisa. As Tenda's sales and revenues continue to ramp up in the coming quarters, the costs associated with its sales platform will be diluted and its fixed cost ratios improved.

We continue to expect synergies to be achieved through shared back office functions, leveraging office infrastructure, and the accelerated implementation of systems such as SAP across Tenda's operations, expected to go live in the 3Q10, which should help us to keep an adequate SG&A/Net Revenue ratio.

When compared to the 1Q09, SG&A/Net revenue improved, falling by 694 basis points, to a comfortable level of 12.0%.

**Table 13 - Sales and G&A Expenses**

| (R\$000)            |                  | 1Q10           | 1Q09           | 4Q09           | 1Q10 x<br>1Q09 | 1Q10 x<br>4Q09 |
|---------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Consolidated</b> | Selling expenses | 51,294         | 46,606         | 73,277         | 10%            | -30%           |
|                     | G&A expenses     | 57,418         | 55,918         | 60,298         | 3%             | -5%            |
|                     | <b>SG&amp;A</b>  | <b>108,712</b> | <b>102,524</b> | <b>133,575</b> | <b>6%</b>      | <b>-19%</b>    |

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|                                 |       |       |       |          |          |
|---------------------------------|-------|-------|-------|----------|----------|
| Selling expenses / Sales        | 6.0%  | 8.3%  | 7.0%  | -236 bps | -97 bps  |
| G&A expenses / Sales            | 6.7%  | 10.0% | 5.7%  | -331 bps | 98 bps   |
| SG&A / Sales                    | 12.7% | 18.4% | 12.7% | -567 bps | 0 bps    |
| Selling expenses / Net revenues | 5.7%  | 8.6%  | 8.2%  | -295 bps | -251 bps |
| G&A expenses / Net revenues     | 6.3%  | 10.3% | 6.7%  | -399 bps | -39 bps  |
| SG&A / Net revenues             | 12.0% | 18.9% | 14.9% | -694 bps | -290 bps |

### 1Q10 Other Operating Results

In the 1Q10, our results reflected a negative impact of R\$2.0 million, net of provisions, compared to a positive impact of R\$ 29.9 million in the 1Q09 mainly due to the amortization of Tenda's goodwill (R\$ 52.6 million).

### 1Q10 Adjusted EBITDA

We adjust our EBITDA for expenses associated with stock options plans, as it represents a non-cash expense. Our Adjusted EBITDA for the first quarter totaled R\$ 168.5 million, 120% higher than the R\$ 76.6 million for 1Q09, with a consolidated adjusted margin of 18.6%, an increase of 442 basis points from the 14.1% in the 1Q09 (ex Tenda's goodwill and net of provisions).

We continue to be confident that the synergies to come related to the merger of Tenda and also the higher dilution of SG&A could benefit our margins for the coming quarters, and accordingly we are confident that we could achieve our guidance of 18.5% to 20.5% EBITDA margin for 2010.

**Table 14 - Adjusted EBITDA**

| (R\$000)   | 1Q10    | 1Q09     | 4Q09    | 1Q10 x<br>1Q09 | 1Q10 x<br>4Q09 |
|--|---------|----------|---------|----------------|----------------|
| <b>Consolidated</b> Net Profit                                       | 64,819  | 36,733   | 55,321  | 76%            | 17%            |
| (+) Financial result   | 33,268  | 9,209    | 27,891  | 261%           | 19%            |
| (+) Income taxes   | 22,489  | 16,313   | 30,502  | 38%            | -26%           |
| (+) Depreciation and<br>Amortization                                 | 10,238  | 7,982    | 10,004  | 28%            | 2%             |
| (+) Capitalized Interest<br>Expenses                                 | 22,840  | 17,723   | 33,707  | 29%            | -32%           |
| (+) Minority shareholders  | 11,623  | 11,755   | 17,929  | -1%            | -35%           |
| EBITDA   | 165,276 | 99,716   | 175,356 | 66%            | -6%            |
| (+) Stock option plan expenses                                       | 3,183   | 8,567    | (634)   | -63%           | -602%          |
| Adjusted EBITDA  | 168,459 | 108,282  | 174,722 | 56%            | -4%            |
| Net Revenues   | 907,585 | 541,887  | 897,540 | 67%            | 1%             |
| Adjusted EBITDA margin   | 18.6%   | 20.0%    | 19.5%   | -142 bps       | -91 bps        |
| <b>Consolidated</b> <sup>(1)</sup>                                   |         |          |         |                |                |
| Adjusted EBITDA  | 168,459 | 108,282  | 174,722 | 56%            | -4%            |
| (+) Tenda s goodwill and net of<br>provisions                        | -       | (31,638) | (6,897) | -100%          | -100%          |
| Adjusted EBITDA Without<br>Tenda s<br>goodwill and net of provisions | 168,459 | 76,644   | 167,825 | 120%           | 0%             |
| Adjusted EBITDA margin   | 18.6%   | 14.1%    | 18.7%   | 442 bps        | -14 bps        |

(1) Without Tenda s goodwill and net of provisions

### 1Q10 - Depreciation and Amortization

Depreciation and amortization in 1Q10 was R\$ 10.2 million, an increase of R\$ 2.2 million when compared to the R\$ 8.0 million recorded in 1Q09.

### 1Q10 - Financial Results

Net financial expenses totaled R\$ 33.3 million in 1Q10, compared to net financial expenses of R\$ 9.2 million in the 1Q09 and a net expense of R\$ 27.9 million in the 4Q09. The increase in the 1Q10 was mainly due to the higher average net debt position, since we received the proceeds coming from the equity offering on March 29<sup>th</sup>, and did not benefit from anticipated financial revenue during 1Q10.

### 1Q10 - Taxes



Income taxes, social contribution and deferred taxes for 1Q10 amounted to R\$ 22.5 million compared to R\$16.3 million in 1Q09. The effective tax rate was 22.8% in the 1Q10 compared to 29.4% in 1Q09, mainly due to the deferred tax over the amortization of Tenda's negative goodwill that negatively impacted the 1Q09.

### **1Q10 - Adjusted Net Income**

Net income in 1Q10 was R\$ 64.8 million. However, if we consider the adjusted net income (before deduction of expenses related to minority shareholders and stock options), this figure reached R\$ 79.6 million, with an adjusted net margin of 8.8%., representing growth of R\$ 22.6 million when compared to the R\$ 57.1 million in the 1Q09.

### **1Q10 - Earnings per Share**

Earnings per share already adjusted for the 2:1 stock split in all comparable periods were R\$ 0.15/share in the 1Q10 compared to R\$ 0.14/share in 1Q09, a 9.5% increase. Shares outstanding at the end of the period were 418.7 million (ex. Treasury shares) and R\$ 259.9 million in the 1Q09.

### **Backlog of Revenues and Results**

The backlog of results to be recognized under the PoC method reached R\$ 1.03 billion in the 1Q10, R\$ 27 million higher than 1Q09. The consolidated margin in the 1Q10 was 35.1%, 54 bps higher than the 1Q09.

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

**Table 15 - Results to be recognized (REF)**

| (R\$ million)       |                                | 1Q10    | 1Q09    | 4Q09    | 1Q10 x<br>1Q09 | 1Q10 x<br>4Q09 |
|---------------------|--------------------------------|---------|---------|---------|----------------|----------------|
| <b>Consolidated</b> | Revenues to be recognized      | 2,934   | 2,901   | 3,025   | 1.1%           | -3.0%          |
|                     | Costs to be recognized         | (1,904) | (1,898) | (1,959) | 0.3%           | -2.8%          |
|                     | Results to be recognized (REF) | 1,030   | 1,003   | 1,066   | 2.7%           | -3.3%          |
|                     | REF margin                     | 35.1%   | 34.6%   | 35.2%   | 54 bps         | -12 bps        |

Note: Revenues to be recognized are net from PIS/Cofins (3.65%); excludes the AVP method introduced by law 11,638

## Balance Sheet

### Cash and Cash Equivalents

On March 31, 2010, cash and cash equivalents exceeded R\$ 2.1 billion, 50% higher than the balance of R\$ 1.4 billion as of December 31, 2009, and 326% higher than the R\$ 500.8 million recorded at the close of 1Q09, mainly due to the equity offering.

### Accounts Receivable

At the conclusion of the 1Q10, total accounts receivable increased by 4% to R\$ 7.2 billion, compared to R\$ 6.9 billion in 4Q09, and an increase of 28% as compared to the R\$ 5.6 billion balance one year ago.

**Table 16 - Total receivables**

| (R\$ million)       |                               | 1Q10           | 1Q09           | 4Q09           | 1Q10 x<br>1Q09 | 1Q10 x<br>4Q09 |
|---------------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Consolidated</b> | Receivables from developments | 3,045.1        | 3,011.3        | 3,139.6        | 1%             | -3%            |
|                     | Receivables from PoC          | 4,116.1        | 2,593.6        | 3,776.6        | 59%            | 9%             |
|                     | <b>Total</b>                  | <b>7,161.2</b> | <b>5,604.9</b> | <b>6,916.2</b> | <b>28%</b>     | <b>4%</b>      |

Notes:

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

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

## Inventory (Properties for Sale)

The inventory balance totaled R\$ 1.76 billion in 1Q10, a decline of 5% when compared to R\$ 1.85 billion registered in 1Q09. Inventory reduction was mainly driven by a higher than launches sales result.

Finished units represented 8% of our inventories at market value, while 50% of the total inventory comes from units up to 30% constructed.

**Table 18 - Inventories**

| <b>(R\$000)</b>     |                          | <b>1Q10</b>      | <b>1Q09</b>      | <b>4Q09</b>      | <b>1Q10 x<br/>1Q09</b> | <b>1Q10 x<br/>4Q09</b> |
|---------------------|--------------------------|------------------|------------------|------------------|------------------------|------------------------|
| <b>Consolidated</b> | Land                     | 745,119          | 724,105          | 732,238          | 2.9%                   | 1.8%                   |
|                     | Units under construction | 842,022          | 973,884          | 895,085          | -13.5%                 | -5.9%                  |
|                     | Completed units          | 169,373          | 150,237          | 121,134          | 12.7%                  | 39.8%                  |
|                     | <b>Total</b>             | <b>1,756,514</b> | <b>1,848,226</b> | <b>1,748,457</b> | <b>-5.0%</b>           | <b>0.5%</b>            |

**Table 19 - Inventories at market value per company**

| PSV -<br>(R\$000)         |                           | 1Q10             | 1Q09             | 4Q09             | 1Q10 x<br>1Q09 | 1Q10 x<br>4Q09 |
|---------------------------|---------------------------|------------------|------------------|------------------|----------------|----------------|
| <b>Gafisa</b>             | 2010 launches             | 232,793          | -                | -                | -              | -              |
|                           | 2009 launches             | 457,995          | 80,855           | 644,384          | 466%           | -29%           |
|                           | 2008 launches             | 643,511          | 936,317          | 685,613          | -31%           | -6%            |
|                           | 2007 and earlier launches | 446,506          | 754,149          | 503,904          | -41%           | -11%           |
|                           | <b>Total</b>              | <b>1,780,805</b> | <b>1,771,321</b> | <b>1,833,901</b> | <b>1%</b>      | <b>-3%</b>     |
| <b>Tenda</b>              | 2010 launches             | 188,727          | -                | -                | -              | -              |
|                           | 2009 launches             | 123,740          | -                | 248,491          | -              | -50%           |
|                           | 2008 launches 2)          | 325,067          | 484,594          | 393,322          | -33%           | -17%           |
|                           | 2007 and earlier launches | 127,647          | 664,462          | 154,760          | -81%           | -18%           |
|                           | <b>Total</b>              | <b>765,180</b>   | <b>1,149,056</b> | <b>796,573</b>   | <b>-33%</b>    | <b>-4%</b>     |
| <b>Consolidated Total</b> |                           | <b>2,545,985</b> | <b>2,920,377</b> | <b>2,630,473</b> | <b>-13%</b>    | <b>-3%</b>     |

**Table 20 - Inventories per conclusion status**

| Company      | Not started    | Up to 30%<br>constructed | 30% to<br>70%<br>constructed | More than<br>70%<br>constructed | Finished<br>units | Total 1Q10       |
|--------------|----------------|--------------------------|------------------------------|---------------------------------|-------------------|------------------|
| Gafisa       | 422,096        | 287,978                  | 559,866                      | 319,877                         | 190,988           | 1,780,805        |
| Tenda        | 112,492        | 449,447                  | 165,024                      | 17,879                          | 20,338            | 765,180          |
| <b>Total</b> | <b>534,588</b> | <b>737,426</b>           | <b>724,891</b>               | <b>337,755</b>                  | <b>211,325</b>    | <b>2,545,985</b> |

## Liquidity

On March 31<sup>st</sup>, 2010, Gafisa had a cash position of R\$ 2.13 billion. On the same date, Gafisa's debt and obligations to investors totaled R\$ 3.33 billion, resulting in a net debt and obligations of R\$ 1.2 billion. Net debt and investor obligation to equity and minorities ratio was 34.6% compared to 83.8% in 4Q09, mainly due to the equity offering, partially offset by R\$ 233 million cash burn in the quarter. When excluding Project Finance, this ratio reached a negative -14.0%, a comfortable leverage level.

Gafisa's cash burn rate in the quarter reached R\$ 233 million. This amount reflects a strong pace of construction activity at the Company.

Currently we have access to a total of R\$ 3.8 billion in construction finance lines of credit provided by all of the major banks in Brazil. At this time we have R\$ 2.1 billion in signed contracts and R\$ 439 million in contracts in process, giving us additional availability of R\$ 1.2 billion.

We also have receivables (from units already delivered) of R\$ 250 million available for securitization.

The following tables set forth information on our debt position as of March 31, 2010.

**Table 21 - Indebtedness and Investor obligations**

| <b>Type of obligation (R\$000)</b>  | <b>1Q10</b>      | <b>1Q09</b>      | <b>4Q09</b>      | <b>1Q10 x<br/>1Q09</b> | <b>1Q10 x<br/>4Q09</b> |
|---|------------------|------------------|------------------|------------------------|------------------------|
| Debentures - FGTS (project finance)   | 1,231,575        | -                | 1,213,904        | -                      | 1.5%                   |
| Debentures - Working Capital  | 656,218          | 502,758          | 704,473          | 30.5%                  | -6.8%                  |
| Project financing (SFH)   | 458,008          | 417,352          | 467,019          | 9.7%                   | -1.9%                  |
| Working capital   | 687,801          | 635,796          | 736,736          | 8.2%                   | -6.6%                  |
| Incorporation of controlling company  | -                | 6,781            | -                | -                      | -                      |
| <b>Total consolidated debt</b>  | <b>3,033,602</b> | <b>1,562,687</b> | <b>3,122,132</b> | <b>94%</b>             | <b>23%</b>             |
| <b>Consolidated cash and availabilities</b>                                   | <b>2,132,341</b> | <b>500,778</b>   | <b>1,424,053</b> | <b>326%</b>            | <b>50%</b>             |
| <b>Investor Obligations</b>   | <b>300,000</b>   | <b>300,000</b>   | <b>300,000</b>   | <b>-</b>               | <b>-</b>               |
| <b>Net debt and investor obligations</b>                                      | <b>1,201,261</b> | <b>1,361,909</b> | <b>1,998,079</b> | <b>-12%</b>            | <b>-40%</b>            |
| <b>Equity + Minority shareholders</b>   | <b>3,492,889</b> | <b>2,199,800</b> | <b>2,384,181</b> | <b>59%</b>             | <b>47%</b>             |
| <b>(Net debt + Obligations) / (Equity + Minorities)</b>                       | <b>34.4%</b>     | <b>61.9%</b>     | <b>83.8%</b>     |                        |                        |
| <b>(Net debt + Ob.) / (Eq + Min.) - Exc. Project Finance<br/>(SFH + FGTS)</b> | <b>-14.0%</b>    | <b>76%</b>       | <b>13.3%</b>     |                        |                        |

**Table 22 - Debt maturity per company**

| <b>(R\$ million)</b>                | <b>Total</b>   | <b>Until<br/>March/2010</b> | <b>Until<br/>March/2011</b> | <b>Until<br/>March/2012</b> | <b>Until<br/>March/2013</b> | <b>After<br/>March/2013</b> |
|-------------------------------------|----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Debentures - FGTS (project finance) | 1,231.6        | 31.6                        | 150.0                       | 300.0                       | 450.0                       | 300.0                       |
| Debentures - Working Capital        | 656.2          | 108.2                       | 298.0                       | 125.0                       | 125.0                       | -                           |
| Project financing (SFH)             | 458.0          | 301.1                       | 99.9                        | 54.2                        | 2.8                         | -                           |
| Working capital                     | 687.8          | 430.8                       | 181.3                       | 43.2                        | 32.5                        | -                           |
| <b>Total consolidated debt</b>      | <b>3,033.6</b> | <b>871.7</b>                | <b>729.2</b>                | <b>522.4</b>                | <b>610.3</b>                | <b>300.0</b>                |
| <b>% Total</b>                      |                | <b>29%</b>                  | <b>24%</b>                  | <b>17%</b>                  | <b>20%</b>                  | <b>10%</b>                  |

### Outlook

Gafisa continue to expect launches in the range of R\$ 4 billion to R\$ 5 billion through 2010, of which 40-45% dedicated to the affordable entry-level segment through Tenda, with an expected full year 2010 EBITDA margins to reach between 18.5%-20.5%.

## Glossary

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

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

**Backlog Margin** Equals to Backlog of Results divided Backlog of Revenues to be recognized in future periods.

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

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

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

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

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

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

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

**PSV** Potential Sales Value.

## **About Gafisa**

Gafisa is a leading diversified national homebuilder serving all demographic segments of the Brazilian market. Established over 55 years ago, we have completed and sold more than 990 developments and built more than 11 million square meters of housing, more than any other residential development company in Brazil. Recognized as one of the foremost professionally managed homebuilders, "Gafisa" is also one of the most respected and best-known brands in the real estate market, recognized among potential homebuyers, brokers, lenders, landowners, competitors, and investors for its quality, consistency, and professionalism. Our pre-eminent brands include Tenda, serving the affordable/entrylevel housing segment, and Gafisa and Alphaville, which offer a variety of residential options to the midto higher-income segments. Gafisa S.A. is traded on the Novo Mercado of the BM&FBOVESPA (BOVESPA:GFSA3) and on the New York Stock Exchange (NYSE:GFA).

## **Investor Relations**

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



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The following table sets projects launched during 1Q10:

| Project           |   | Launch Date | Local                      | % Gafisa | Units      | PSV<br>(% Gafisa) | % sales<br>31/Mar/10 | % sales<br>30/Apr/10 |
|-------------------|---|-------------|----------------------------|----------|------------|-------------------|----------------------|----------------------|
| Gafisa            | Reserva Ecoville                        | January     | Curitiba - PR              | 50%      | 128        | 76,516            | 61%                  | 61%                  |
| Gafisa            | Pq Barueri Cond Clube F2A - Sabiá       | February    | Barueri - SP               | 100%     | 171        | 47,399            | 4%                   | 27%                  |
| Gafisa            | Alegria - Fase2B                        | February    | Guarulhos - SP             | 100%     | 139        | 40,832            | 5%                   | 42%                  |
| Gafisa            | Pátio Condomínio Clube - Harmony        | February    | São José dos Campos - SP   | 100%     | 96         | 32,332            | 7%                   | 59%                  |
| Gafisa            | Mansão Imperial - Fase 2b               | February    | São Bernardo do Campo - SP | 100%     | 89         | 62,655            | 7%                   | 27%                  |
| Gafisa            | Golden Residence                        | March       | Rio de Janeiro - RJ        | 100%     | 78         | 22,254            | 34%                  | 49%                  |
| Gafisa            | Riservato                               | March       | Rio de Janeiro - RJ        | 100%     | 42         | 27,310            | 34%                  | 63%                  |
| <b>Gafisa</b>     |   |             |                            |          | <b>743</b> | <b>309,298</b>    |                      |                      |
| Alphaville        | Alphaville Ribeirão Preto F1            | March       | Ribeirão Preto - SP        | 60%      | 340        | 97,269            | 65%                  | 82%                  |
| <b>Alphaville</b> |   |             |                            |          | <b>340</b> | <b>97,269</b>     |                      |                      |
| Tenda             | Grand Ville das Artes - Monet Life IV   | January     | Lauro de Freitas - BA      | 100%     | 56         | 5,118             | 76%                  | 77%                  |
| Tenda             | Grand Ville das Artes - Matisse Life IV | January     | Lauro de Freitas - BA      | 100%     | 60         | 5,403             | 88%                  | 85%                  |
| Tenda             | Fit Nova Vida - Taboãozinho             | January     | São Paulo - SP             | 100%     | 137        | 7,261             | 96%                  | 99%                  |
| Tenda             | São Domingos (Fase Única)               | February    | Contagem - MG              | 100%     | 192        | 17,823            | 61%                  | 69%                  |
| Tenda             | Espaço Engenho III (Fase Única)         | February    | Rio de Janeiro - RJ        | 100%     | 197        | 18,170            | 96%                  | 100%                 |
| Tenda             | Portal do Sol Life IV                   | February    | Belford Roxo - RJ          | 100%     | 64         | 5,971             | 31%                  | 64%                  |
| Tenda             | Grand Ville das Artes - Matisse Life V  | February    | Lauro de Freitas - BA      | 100%     | 120        | 10,805            | 66%                  | 71%                  |
| Tenda             | Grand Ville das                         | March       | Lauro de                   | 100%     | 120        | 10,073            | 68%                  | 77%                  |

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| Artes - Matisse<br>Life VI |   | Freitas - BA |                                    |      |              |                |     |     |
|----------------------------|---|--------------|------------------------------------|------|--------------|----------------|-----|-----|
| Tenda                      | Grand Ville das<br>Artes - Matisse<br>Life VII        | March        | Lauro de<br>Freitas - BA           | 100% | 100          | 8,957          | 15% | 64% |
| Tenda                      | Residencial<br>Buenos Aires<br>Tower                  | March        | Belo<br>Horizonte -<br>MG          | 100% | 88           | 14,226         | 62% | 82% |
| Tenda                      | Tapanã - Fase I<br>(Condomínio I)                     | March        | Belém - PA                         | 100% | 274          | 26,543         | 3%  | 5%  |
| Tenda                      | Tapanã - Fase I<br>(Condomínio III)                   | March        | Belém - PA                         | 100% | 164          | 15,926         | 4%  | 17% |
| Tenda                      | Estação do Sol -<br>Jaboatão I                        | March        | Jaboatão dos<br>Guararapes -<br>PE | 100% | 159          | 17,956         | 2%  | 9%  |
| Tenda                      | Fit Marumbi Fase<br>II                                | March        | Curitiba -<br>PR                   | 100% | 335          | 62,567         | 15% | 39% |
| Tenda                      | Carvalhaes - Portal<br>do Sol Life V                  | March        | Belford Roxo<br>- RJ               | 100% | 96           | 9,431          | 8%  | 28% |
| Tenda                      | Florença Life I                                       | March        | Campo<br>Grande - RJ               | 100% | 199          | 15,720         | 13% | 24% |
| Tenda                      | Cotia - Etapa I<br>Fase V                             | March        | Cotia - SP                         | 100% | 272          | 25,410         | 22% | 59% |
| Tenda                      | Fit Jardim<br>Botânico Paraíba -<br>Stake Acquisition | March        | João Pessoa -<br>PB                | 100% | 155          | 19,284         | 43% | 51% |
| <b>Tenda</b>               |   |              |                                    |      | <b>2,788</b> | <b>296,643</b> |     |     |
| <b>Total</b>               |   |              |                                    |      | <b>3,871</b> | <b>703,209</b> |     |     |

The following table sets forth the financial completion of the construction in progress and the related revenue recognized (R\$000) during the first quarter ended on March 31, 2010.

| Project                              | Construction status |      | % Sold |      | Revenues recognized (R\$000) |        |
|--------------------------------------|---------------------|------|--------|------|------------------------------|--------|
|                                      | 1Q10                | 4Q09 | 1Q10   | 4Q09 | 1Q10                         | 4Q09   |
| Gafisa Corporate - Jardim Paulista   | 69%                 | 0%   | 83%    | 71%  | 75,284                       | 0      |
| Gafisa LONDON GREEN                  | 99%                 | 92%  | 92%    | 83%  | 26,419                       | 27,392 |
| Gafisa IT STYLE - FASE 1             | 44%                 | 42%  | 70%    | 37%  | 25,954                       | 27,036 |
| Gafisa PARC PARADISO                 | 90%                 | 76%  | 100%   | 100% | 20,002                       | 26,234 |
| Gafisa SUPREMO                       | 72%                 | 63%  | 97%    | 96%  | 16,596                       | 13,104 |
| Gafisa ENSEADA DAS ORQUÍDEAS         | 79%                 | 68%  | 98%    | 98%  | 16,273                       | 20,847 |
| Gafisa PQ BARUERI COND - FASE 1      | 63%                 | 51%  | 67%    | 65%  | 14,962                       | 12,622 |
| Gafisa NOVA PETROPOLIS SBC - 1ª FASE | 73%                 | 60%  | 57%    | 53%  | 14,633                       | 9,832  |
| Gafisa VP HORTO - FASE 2 (OAS)       | 88%                 | 72%  | 97%    | 97%  | 14,382                       | 18,571 |
| Gafisa VISION                        | 87%                 | 76%  | 96%    | 94%  | 13,386                       | 12,170 |
| Gafisa MAGIC                         | 99%                 | 88%  | 80%    | 76%  | 12,975                       | 11,076 |
| Gafisa VP HORTO - FASE 1 (OAS)       | 92%                 | 81%  | 98%    | 97%  | 12,032                       | 17,218 |
| Gafisa Vila Nova São José - F1a      | 54%                 | 49%  | 72%    | 72%  | 11,211                       | 8,443  |
| Gafisa OLIMPIC BOSQUE DA SAÚDE       | 86%                 | 75%  | 96%    | 92%  | 9,865                        | 5,998  |
| Gafisa Conc Monte Alegre             | 39%                 | 38%  | 91%    | 71%  | 9,760                        | 31,273 |
| Gafisa Vistta Santana                | 53%                 | 47%  | 84%    | 79%  | 8,673                        | 7,687  |
| Gafisa VERDEMAR - FASE 1             | 59%                 | 47%  | 57%    | 55%  | 8,401                        | 2,860  |
| Gafisa Details                       | 61%                 | 55%  | 84%    | 63%  | 8,058                        | 3,592  |
| Gafisa TERRAÇAS ALTO DA LAPA         | 94%                 | 84%  | 94%    | 93%  | 7,827                        | 12,436 |
| Gafisa LAGUNA DI MARE - FASE 2       | 34%                 | 18%  | 69%    | 62%  | 7,716                        | 3,819  |
| Gafisa ACQUARELLE                    | 90%                 | 71%  | 90%    | 88%  | 7,237                        | 8,764  |
| Gafisa SOLARES DA VILA MARIA         | 79%                 | 66%  | 99%    | 100% | 5,967                        | 5,196  |
| Gafisa GRAND VALLEY NITERÓI - FASE 1 | 51%                 | 43%  | 92%    | 92%  | 5,943                        | 5,101  |
| Gafisa ECOLIVE                       | 47%                 | 37%  | 94%    | 84%  | 5,492                        | 5,440  |
| Gafisa Chácara Santana               | 56%                 | 47%  | 94%    | 94%  | 5,304                        | 5,029  |
| Gafisa TERRAÇAS TATUAPE              | 59%                 | 45%  | 76%    | 54%  | 5,302                        | 3,800  |

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|               |                            |            |            |            |            |                |                |
|---------------|----------------------------|------------|------------|------------|------------|----------------|----------------|
| Gafisa        | EVIDENCE                   | 85%        | 71%        | 77%        | 76%        | 4,990          | 4,165          |
|               | RUA DAS LARANJEIRAS        |            |            |            |            |                |                |
| Gafisa        | 29                         | 75%        | 69%        | 100%       | 100%       | 4,933          | 3,935          |
| Gafisa        | BRINK                      | 56%        | 47%        | 90%        | 87%        | 4,913          | 2,817          |
| Gafisa        | MONT BLANC                 | 55%        | 47%        | 36%        | 32%        | 4,769          | 1,616          |
|               | ISLA RESIDENCE             |            |            |            |            |                |                |
| Gafisa        | CLUBE                      | 100%       | 100%       | 97%        | 94%        | 4,710          | 6,039          |
| Gafisa        | Alphaville Barra da Tijuca | 80%        | 77%        | 73%        | 73%        | 4,458          | 3,152          |
|               | PRIVILEGE                  |            |            |            |            |                |                |
| Gafisa        | RESIDENCIAL SPE            | 87%        | 77%        | 87%        | 86%        | 4,343          | 6,593          |
| Gafisa        | Mansão Imperial - F1       | 46%        | 39%        | 79%        | 78%        | 4,342          | 4,532          |
| Gafisa        | ORBIT                      | 74%        | 66%        | 63%        | 56%        | 4,009          | 3,227          |
| Gafisa        | QUINTAS DO PONTAL          | 77%        | 71%        | 38%        | 35%        | 3,849          | 5,125          |
| Gafisa        | Verdemar - Fase 2          | 62%        | 51%        | 45%        | 42%        | 3,786          | 2,719          |
| Gafisa        | ICARAÍ CORPORATE           | 96%        | 89%        | 96%        | 97%        | 3,710          | 3,082          |
|               | Reserva do Bosque - Lauro  |            |            |            |            |                |                |
| Gafisa        | Sodré - Phase 2            | 31%        | 24%        | 72%        | 72%        | 3,568          | 2,682          |
| Gafisa        | Supremo Ipiranga           | 31%        | 26%        | 71%        | 63%        | 3,445          | 2,820          |
| Gafisa        | Nouvelle                   | 28%        | 6%         | 45%        | 45%        | 3,342          | 485            |
|               | CARPE DIEM                 |            |            |            |            |                |                |
| Gafisa        | RESIDENCIAL                | 62%        | 46%        | 56%        | 55%        | 3,229          | 2,818          |
|               | RIV. PONTA NEGRA ED.       |            |            |            |            |                |                |
| Gafisa        | NICE                       | 97%        | 94%        | 60%        | 49%        | 3,086          | 1,121          |
|               | RESERVA BOSQUE             |            |            |            |            |                |                |
| Gafisa        | RESORT - F 1               | 28%        | 21%        | 97%        | 97%        | 2,891          | 2,951          |
| Gafisa        | ALEGRIA FASE 1             | 29%        | 24%        | 63%        | 62%        | 2,829          | 2,141          |
|               | RESERVA DO LAGO -          |            |            |            |            |                |                |
| Gafisa        | FASE I                     | 100%       | 100%       | 98%        | 93%        | 2,782          | 4,421          |
| Gafisa        | Bella Vista - Fase 1       | 66%        | 55%        | 40%        | 39%        | 2,742          | 1,553          |
| Gafisa        | MISTRAL                    | 36%        | 28%        | 84%        | 82%        | 2,568          | 3,537          |
| Gafisa        | Brink F2 - Campo Limpo     | 56%        | 47%        | 77%        | 71%        | 2,555          | 1,337          |
| Gafisa        | Outros                     |            |            |            |            | 102,895        | 160,631        |
| <b>Gafisa</b> |                            | <b>---</b> | <b>---</b> | <b>---</b> | <b>---</b> | <b>558,398</b> | <b>539,040</b> |
| Alphaville    | RIO DAS OSTRAS             | 65%        | 58%        | 77%        | 70%        | 15,020         | 15,585         |
| Alphaville    | VITÓRIA                    | 90%        | 81%        | 89%        | 87%        | 14,794         | 20,593         |
|               | ALPHAVILLE                 |            |            |            |            |                |                |
| Alphaville    | URBANISMO                  | 100%       | 100%       | 100%       | 100%       | 9,217          | 17,368         |
| Alphaville    | RIBEIRÃO PRETO             | 6%         | 0%         | 66%        | 0%         | 4,936          | 0              |
| Alphaville    | LITORAL NORTE              | 63%        | 44%        | 74%        | 67%        | 4,575          | 5,434          |
| Alphaville    | BARRA DA TIJUCA            | 76%        | 77%        | 73%        | 73%        | 2,860          | 2,027          |
| Alphaville    | LONDRINA II                | 91%        | 84%        | 99%        | 99%        | 2,414          | 3,905          |
| Alphaville    | GRAVATAÍ                   | 63%        | 60%        | 49%        | 40%        | 2,019          | 5              |

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|                   |                 |     |     |      |     |                 |                |
|-------------------|-----------------|-----|-----|------|-----|-----------------|----------------|
| Alphaville        | Cuiabá 2        | 95% | 87% | 100% | 99% | 1,973           | 6,422          |
|                   | CARUARU (VARGEM |     |     |      |     |                 |                |
| Alphaville        | GRANDE)         | 48% | 38% | 99%  | 99% | 1,967           | 4,672          |
| Alphaville        | Outros          |     |     |      |     | 9,212           | 20,143         |
| <b>Alphaville</b> |                 | --- | --- | ---  | --- | <b>68,987</b>   | <b>96,154</b>  |
| <b>Tenda</b>      |                 | --- | --- | ---  | --- | <b>280,199</b>  | <b>262,346</b> |
| <b>Total</b>      |                 | --- | --- | ---  | --- | <b>907,585%</b> | <b>897,540</b> |

**Consolidated Income Statement**

| <b>R\$ 000</b>  | <b>1Q10</b>      | <b>1Q09</b>      | <b>4Q09</b>      | <b>1Q10 x<br/>1Q09</b> | <b>1Q10 x<br/>4Q09</b> |
|---|------------------|------------------|------------------|------------------------|------------------------|
| <b>Gross Operating Revenue</b>                          |                  |                  |                  |                        |                        |
| Real Estate Development and Sales                       | 930,999          | 558,512          | 912,764          | 66.7%                  | 2.0%                   |
| Construction and Services Rendered                      | 7,877            | 7,299            | 17,647           | 7.9%                   | -55.4%                 |
| Deductions  | (31,291)         | (23,924)         | (32,871)         | 30.8%                  | -4.8%                  |
| <b>Net Operating Revenue</b>                            | <b>907,585</b>   | <b>541,887</b>   | <b>897,540</b>   | <b>67.5%</b>           | <b>1.1%</b>            |
| <b>Operating Costs</b>                                  | <b>(654,929)</b> | <b>(387,248)</b> | <b>(620,122)</b> | <b>69.1%</b>           | <b>5.6%</b>            |
| <b>Gross profit</b>                                     | <b>252,656</b>   | <b>154,639</b>   | <b>277,418</b>   | <b>63.4%</b>           | <b>-8.9%</b>           |
| <b>Operating Expenses</b>                               |                  |                  |                  |                        |                        |
| Selling Expenses  | (51,294)         | (46,606)         | (73,277)         | 10.1%                  | -30.0%                 |
| General and Administrative Expenses                     | (57,418)         | (55,918)         | (60,298)         | 3%                     | -5%                    |
| Amortization of gain on partial sale of FIT Residential | -                | 52,600           | 11,689           | -100%                  | -100%                  |
| Other Operating Revenues / Expenses                     | (1,980)          | (22,723)         | (427)            | -91%                   | 364%                   |
| Depreciation and Amortization                           | (10,238)         | (7,982)          | (10,004)         | 28%                    | 2%                     |
| Non recurring expenses                                  | -                | -                | (13,457)         | 0%                     | -100%                  |
| <b>Operating results</b>                                | <b>131,726</b>   | <b>74,010</b>    | <b>131,644</b>   | <b>78.0%</b>           | <b>0.1%</b>            |
| Financial Income  | 23,929           | 35,527           | 23,167           | -32.6%                 | 3.3%                   |
| Financial Expenses                                      | (57,197)         | (44,736)         | (51,058)         | 27.9%                  | 12.0%                  |
| <b>Income Before Taxes on Income</b>                    | <b>98,458</b>    | <b>64,801</b>    | <b>103,753</b>   | <b>51.9%</b>           | <b>-5.1%</b>           |
| Deferred Taxes  | (14,743)         | (10,001)         | (26,014)         | 47.4%                  | -43.3%                 |
| Income Tax and Social Contribution                      | (7,746)          | (6,312)          | (4,488)          | 22.7%                  | 72.6%                  |
| <b>Income After Taxes on Income</b>                     | <b>75,969</b>    | <b>48,488</b>    | <b>73,251</b>    | <b>56.7%</b>           | <b>3.7%</b>            |
| Minority Shareholders                                   | (11,150)         | (11,755)         | (17,929)         | -5.1%                  | -37.8%                 |
| <b>Net Income</b>                                       | <b>64,819</b>    | <b>36,733</b>    | <b>55,322</b>    | <b>76.5%</b>           | <b>17.2%</b>           |
| <b>Net Income Per Share (R\$)</b>                       | <b>0.15480</b>   | <b>0.28264</b>   | <b>0.33171</b>   | <b>-45.2%</b>          | <b>-53.3%</b>          |

**Consolidated Balance Sheet**

|  | <b>1Q10</b>      | <b>1Q09</b>      | <b>4Q09</b>      | <b>1Q10 x<br/>1Q09</b> | <b>1Q10 x<br/>4Q09</b> |
|--|------------------|------------------|------------------|------------------------|------------------------|
| <b>ASSETS</b>  |                  |                  |                  |                        |                        |
| <b>Current Assets</b>                                      |                  |                  |                  |                        |                        |
| Cash and banks   | 338,672          | 120,169          | 241,193          | 181.8%                 | 40.4%                  |
| Financial investments                                      | 1,786,941        | 380,609          | 1,182,860        | 369.5%                 | 51.1%                  |
| Receivables from clients                                   | 2,193,650        | 1,392,606        | 2,008,464        | 57.5%                  | 9.2%                   |
| Properties for sale  | 1,327,966        | 1,429,411        | 1,332,374        | -7.1%                  | -0.3%                  |
| Other accounts receivable                                  | 95,436           | 137,787          | 108,791          | -30.7%                 | -12.3%                 |
| Deferred selling expenses                                  | 18,802           | 15,247           | 6,633            | 23.3%                  | 183.5%                 |
| Prepaid expenses   | 12,250           | 25,602           | 12,133           | -52.2%                 | 1.0%                   |
|  | <b>5,773,717</b> | <b>3,501,431</b> | <b>4,892,448</b> | <b>64.9%</b>           | <b>18.0%</b>           |
| <b>Long-term Assets</b>                                    |                  |                  |                  |                        |                        |
| Receivables from clients                                   | 1,922,482        | 1,200,994        | 1,768,182        | 60.1%                  | 8.7%                   |
| Properties for sale  | 428,549          | 418,815          | 416,083          | 2.3%                   | 3.0%                   |
| Deferred taxes   | 307,132          | 215,831          | 281,288          | 42.3%                  | 9.2%                   |
| Other  | 53,083           | 141,246          | 69,160           | -62.4%                 | -23.2%                 |
|  | <b>2,711,246</b> | <b>1,976,886</b> | <b>2,534,713</b> | <b>37.1%</b>           | <b>7.0%</b>            |
| Investments  | 195,534          | 195,088          | 195,088          | 0.2%                   | 0.2%                   |
| Property, plant and equipment                              | 60,269           | 45,130           | 56,476           | 33.5%                  | 6.7%                   |
| Intangible assets  | 12,047           | 7,303            | 9,598            | 65.0%                  | 25.5%                  |
|  | <b>267,850</b>   | <b>247,521</b>   | <b>261,162</b>   | <b>8.2%</b>            | <b>2.6%</b>            |
| <b>Total Assets</b>  | <b>8,752,813</b> | <b>5,725,838</b> | <b>7,688,323</b> | <b>52.9%</b>           | <b>13.8%</b>           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |                  |                  |                  |                        |                        |
| <b>Current Liabilities</b>                                 |                  |                  |                  |                        |                        |
| Loans and financings                                       | 735,741          | 467,788          | 678,312          | 57.3%                  | 8.5%                   |
| Debentures   | 139,792          | 60,758           | 122,377          | 130.1%                 | 14.2%                  |
| Obligations for purchase of land and advances from clients | 470,986          | 517,537          | 475,409          | -9.0%                  | -0.9%                  |
| Materials and service suppliers                            | 234,648          | 108,058          | 194,331          | 117.2%                 | 20.7%                  |
| Taxes and contributions                                    | 143,196          | 134,683          | 138,177          | 6.3%                   | 3.6%                   |
| Taxes, payroll charges and profit sharing                  | 64,851           | 60,226           | 61,320           | 7.7%                   | 5.8%                   |
| Provision for contingencies                                | 7,326            | 8,385            | 11,266           | -12.6%                 | -35.0%                 |
| Dividends  | 54,468           | 26,106           | 54,279           | 108.6%                 | 0.3%                   |
| Deferred taxes   | -                | -                | 79,474           | -                      | -100.0%                |

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|   |                  |                  |                  |               |              |
|---|------------------|------------------|------------------|---------------|--------------|
| Other   | 205,465          | 138,464          | 205,657          | 48.4%         | -0.1%        |
|   | <b>2,056,473</b> | <b>1,522,005</b> | <b>2,020,602</b> | <b>35.1%</b>  | <b>1.8%</b>  |
| <b>Long-term Liabilities</b>                    |                  |                  |                  |               |              |
| Loans and financings                            | 410,067          | 592,140          | 525,443          | -30.7%        | -22.0%       |
| Debentures                                      | 1,748,000        | 442,000          | 1,796,000        | 295.5%        | -2.7%        |
| Obligations for purchase of land                | 161,194          | 193,301          | 146,401          | -16.6%        | 10.1%        |
| Deferred taxes                                  | 452,496          | 266,254          | 336,291          | 69.9%         | 34.6%        |
| Provision for contingencies                     | 51,957           | 43,634           | 61,687           | 19.1%         | -15.8%       |
| Other   | 371,534          | 332,661          | 407,323          | 11.7%         | -8.8%        |
| Deferred income on acquisition                  | 8,203            | 17,249           | 10,395           | -52.4%        | -21.1%       |
| Unearned income from partial sale of investment | 0                | 116,794          | 0                | -100.0%       | 0.0%         |
|   | <b>3,203,451</b> | <b>2,004,033</b> | <b>3,283,540</b> | <b>59.9%</b>  | <b>-2.4%</b> |
| <b>Minority's</b>                               | 63,306           | 544,458          | 58,547           | -88.4%        | 8.1%         |
| <b>Shareholders' Equity</b>                     |                  |                  |                  |               |              |
| Capital   | 2,691,218        | 1,229,517        | 1,627,275        | 118.9%        | 65.4%        |
| Treasury shares                                 | (1,731)          | (18,050)         | (1,731)          | -90.4%        | 0.0%         |
| Capital reserves                                | 293,626          | 188,315          | 318,439          | 55.9%         | -7.8%        |
| Revenue reserves                                | 381,651          | 218,827          | 381,651          | 74.4%         | 0.0%         |
| Retained earnings/accumulated losses            | 64,819           | 36,733           | 0                | 76.5%         | 0.0%         |
|   | <b>3,429,583</b> | <b>1,655,342</b> | <b>2,325,634</b> | <b>107.2%</b> | <b>47.5%</b> |
| <b>Liabilities and Shareholders' Equity</b>     | <b>8,752,813</b> | <b>5,725,838</b> | <b>7,688,323</b> | <b>52.9%</b>  | <b>13.8%</b> |



**Consolidated Cash Flows**

|  | <b>1Q10</b>      | <b>1Q09</b>      |
|--|------------------|------------------|
| <b>Net Income</b>  | <b>64,819</b>    | <b>36,733</b>    |
| Expenses (income) not affecting working capital              |                  |                  |
| Depreciation and amortization                                | 11,443           | 7,982            |
| Goodwill / Negative goodwill amortization                    | (1,205)          | -                |
| Expense with stock option plan                               | 3,183            | 8,567            |
| Unearned income from partial sale of investment              | -                | (52,600)         |
| Unrealized interest and charges, net                         | 64,501           | 37,876           |
| Deferred Taxes   | 14,743           | 10,001           |
| Disposal of fixed asset                                      | -                | 4,660            |
| Warranty provision   | 2,703            | 1,920            |
| Provision for contingencies                                  | 3,158            | (1,511)          |
| Profit sharing provision                                     | 1,693            | -                |
| Allowance (reversal) for doubtful debts                      | 114              | 813              |
| Minority interest  | 11,150           | 11,755           |
| Decrease (increase) in assets                                |                  |                  |
| Clients  | (339,600)        | (475,868)        |
| Properties for sale  | (8,058)          | 180,750          |
| Other receivables  | 45,467           | 11,097           |
| Escrow deposits  | (16,440)         | 309              |
| Deferred selling expenses                                    | (12,169)         | (1,943)          |
| Prepaid expenses   | (117)            | (206)            |
| Decrease (increase) in liabilities                           |                  |                  |
| Obligations for purchase of land and advances from customers | 7,666            | 55,056           |
| Taxes and contributions                                      | 5,019            | 21,516           |
| Trade accounts payable                                       | 40,317           | (4,642)          |
| Salaries, payroll charges                                    | 3,531            | 30,535           |
| Other accounts payable                                       | (17,008)         | (787)            |
| <b>Cash used in operating activities</b>                     | <b>(115,090)</b> | <b>(117,987)</b> |
| <b>Investing activities</b>                                  |                  |                  |
| Purchase of property and equipment and deferred charges      | (17,686)         | (2,790)          |
| Restricted cash in guarantee to loans                        | (395,990)        | (34,203)         |
| <b>Cash used in investing activities</b>                     | <b>(413,676)</b> | <b>(36,993)</b>  |

**Financing activities**

|   |                |                  |
|---|----------------|------------------|
| Capital increase  | 1,063,943      | -                |
| Alienação ações em tesouraria   | (40,971)       | -                |
| Ganho na alienação de ações em tesouraria                                       | -              | -                |
| Increase in loans and financing   | 104,105        | 51,631           |
| Repayment of loans and financing  | (257,138)      | (87,349)         |
| Assignment of credit receivables, net   | (12,787)       | (17,935)         |
| Proceeds from subscription of redeemable equity interest in securitization fund | (9,668)        | 69,706           |
| Dividends paid to venture partners  | (13,147)       | -                |
| <b>Net cash provided by financing activities</b>                                | <b>834,337</b> | <b>16,053</b>    |
| <br>  |                |                  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                     | <b>305,571</b> | <b>(138,927)</b> |
| <br>  |                |                  |
| At the beginning of the period  | 1,249,422      | 528,574          |
| At the end of the period  | 1,554,993      | 389,647          |
| <br>  |                |                  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                     | <b>305,571</b> | <b>(138,927)</b> |

**SIGNATURE**

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.

Date: May 04, 2010

**Gafisa S.A.**

By:

/s/ Alceu Duílio Calciolari

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Name: Alceu Duílio Calciolari  
Title: Chief Financial Officer and Investor Relations  
Officer

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