

JHSF PARTICIPAÇÕES S.A.
FINANCIAL STATEMENTS
PERIODS ENDED JUNE AND MARCH 2010 AND 2009

JHSF Participações S.A.
Balance sheets as of June 30 and March 31, 2010
ASSETS
(in thousand R\$)

	Note no.	Individual		Consolidated	
		06-2010	03-2010	06-2010	03-2010
Current					
Cash and cash equivalents	5	165,530	199,993	324,913	397,840
Accounts receivable	6	38	-	257,234	240,866
Properties to be sold	7	5,507	5,507	163,485	152,167
Miscellaneous receivables	8	517	462	14,138	11,322
Tax credits		1,362	320	6,123	3,427
Deferred taxes and charges	16	-	-	9,869	8,025
Sales expenses to be appropriated		-	-	17,229	18,368
Dividends receivable		584	2,246	-	-
Total current assets		173,538	208,528	792,991	832,015
Non-current					
Long-term assets					
Accounts receivable	6	-	-	60,904	77,313
Deferred taxes and charges	16	623	813	1,701	1,672
Properties to be sold	7	-	-	176,485	192,553
Miscellaneous receivables	8	7,483	8,112	37,225	37,945
Related parts	9	3,362	5,912	4,100	4,100
Advance for future increase in capital stock	21	67,251	140,162	-	-
		78,719	154,999	280,415	313,583
Investments	10	689,071	742,047	-	-
Property and equipment (fixed assets)	11	92,035	5,673	470,816	457,034
Intangibles	12	149,485	149,485	166,617	166,874
Deferred charges	13	-	-	24,400	25,369
		930,591	897,205	661,833	649,277
Total non-current assets		1,009,310	1,052,204	942,248	962,860
Total assets		1,182,848	1,260,732	1,735,239	1,794,875

The management's explanatory notes are an integral part of these financial statements.

JHSF Participações S.A.
Balance sheets as of June 30 and March 31, 2010
LIABILITIES AND STOCKHOLDERS' EQUITY
(in thousand R\$)

	Note no.	Individual		Consolidated	
		06-2010	03-2010	06-2010	03-2010
Current					
Suppliers		558	777	29,977	28,891
Loans	14.1	36,629	36,669	109,787	109,738
Debentures	14.2	1,318	3,830	1,318	3,830
Labor and tax obligations	15	1,311	1,017	11,999	10,772
Deferred taxes and charges	16	-	-	18,246	16,358
Committed property creditors	17	-	-	33,300	40,292
Miscellaneous charges		3	3	1,541	2,106
Customer advances	19	79	-	177,268	187,382
Payable interest on own capital	23	-	-	-	-
Dividends payable	23	-	30,000	-	30,000
Related parts	9	1,314	55,225	-	-
Total current liabilities		41,212	127,521	383,436	429,369
Non-current					
Long-term liabilities					
Loans	14.1	75,508	88,046	190,268	222,518
Debentures	14.2	99,358	99,293	99,358	99,293
Labor and tax obligations	15	-	-	4,785	4,847
Committed property creditors	17	-	-	80,976	83,097
Miscellaneous charges		-	-	1,017	1,032
Related parts	9	-	-	1,723	1,723
Allowance for risks	20	-	-	3,047	2,729
Allowance for excess of liabilities over access at subsidiar	10	6,531	5,802	-	-
		181,397	193,141	381,174	415,239
Total non-current liabilities		181,397	193,141	381,174	415,239
Minority stockholders in subsidiaries	22	-	-	10,390	10,197
Stockholders' Equity	23				
Capital stock		705,782	705,782	705,782	705,782
Treasury shares		(483)	(483)	(483)	(483)
Profit reserves		254,162	234,636	254,162	234,636
Capital reserves		1,803	1,613	1,803	1,613
Adjustment of equity appraisal		(1,025)	(1,478)	(1,025)	(1,478)
		960,239	940,070	960,239	940,070
Total Liabilities and Stockholders' Equity		1,182,848	1,260,732	1,735,239	1,794,875

The management's explanatory notes are an integral part of these financial statements.

JHSF Participações S.A.
Individual and consolidated income statements
for the quarter and half-year ended June 30, 2010 and 2009
(in thousand R\$, except where otherwise specified)

	Note no.	Individual			
		06-2010	2Q 2010	06-2009	2Q 2009
Gross operating revenues					
Revenue from the sale of properties		-	-	-	-
Revenue from shopping malls		-	-	-	-
Revenue from hotels		-	-	-	-
Revenue from rent		3,335	3,335	-	-
Deductions from revenues		(308)	(308)	-	-
Net operating revenues		<u>3,027</u>	<u>3,027</u>	-	-
Operating costs					
with the sale of properties		-	-	-	-
with shopping malls		-	-	-	-
with hotels		-	-	-	-
with services rendered		(692)	(692)	-	-
		<u>(692)</u>	<u>(692)</u>	-	-
Gross profit		<u>2,335</u>	<u>2,335</u>	-	-
Operating income and (expenses)					
General and administrative expenses		(10,937)	(5,526)	(7,972)	(3,188)
Business expenses		(694)	(328)	(648)	(431)
Financial expenses		(11,433)	(5,994)	(8,630)	(3,510)
Financial revenues		8,598	3,574	1,455	636
Other operating income and (expenses)		(723)	(542)	(1,046)	(547)
Amortization of premium	12	-	-	(2,378)	(875)
Income from equity stakes	10.2.2	<u>38,959</u>	<u>26,197</u>	<u>25,218</u>	<u>13,653</u>
		<u>23,770</u>	<u>17,381</u>	<u>5,999</u>	<u>5,738</u>
Operating income		<u>26,105</u>	<u>19,716</u>	<u>5,999</u>	<u>5,738</u>
Current and deferred income tax (IRPJ) and social contribution tax (CSLL)	16.1	(190)	(190)	(192)	(214)
Earnings before minority stockholders in subsidiaries		<u>25,915</u>	<u>19,526</u>	<u>5,807</u>	<u>5,524</u>
Minority stockholders in subsidiaries	22	-	-	-	-
Net profit in the period		<u><u>25,915</u></u>	<u><u>19,526</u></u>	<u><u>5,807</u></u>	<u><u>5,524</u></u>
Net profit per share at the end of the period (in R\$)		<u><u>0.06080</u></u>	<u><u>0.04580</u></u>	<u><u>0.01362</u></u>	<u><u>0.01296</u></u>

The management's explanatory notes are an integral part of these financial statements.

JHSF Participações S.A.
Individual and consolidated income statements
for the quarter and half-year ended June 30, 2010 and 2009
(in thousand R\$, except where otherwise specified)

	Note no.	Consolidated			
		06-2010	2Q10	06-2009	2Q09
Gross operating revenues					
Revenue from the sale of properties		217,988	123,583	188,978	79,866
Revenue from shopping malls		14,147	7,997	23,498	11,769
Revenue from hotels		13,006	6,817	12,122	6,148
Revenue from rents and services rendered		26,608	15,323	17,746	8,730
Deductions from revenues		(18,096)	(10,405)	(11,594)	(4,345)
Net operating revenues		253,653	143,315	230,750	102,168
Operating costs					
with the sale of properties		(135,064)	(75,708)	(125,573)	(53,410)
with shopping malls		(10,233)	(5,251)	(13,093)	(6,948)
with hotels		(7,475)	(4,450)	(5,656)	(2,692)
with services rendered		(10,681)	(6,135)	(7,622)	(3,671)
		(163,453)	(91,544)	(151,944)	(66,721)
Gross profit		90,200	51,771	78,806	35,447
Operating income and (expenses)					
General and administrative expenses		(28,695)	(13,209)	(28,251)	(12,763)
Business expenses		(22,199)	(12,902)	(22,244)	(6,513)
Financial expenses		(24,915)	(12,351)	(21,913)	(11,825)
Financial revenues		21,899	12,937	12,564	6,115
Other operating income and (expenses)		(7,558)	(4,993)	(2,678)	(1,032)
Amortization of premium	12	-	-	(2,378)	(875)
Income from equity stakes	10.2.2	683	209	579	133
		(60,785)	(30,309)	(64,321)	(26,760)
Operating income		29,415	21,462	14,485	8,687
Current and deferred income tax (IRPJ) and social contribution tax (CSLL)	16.1	(3,077)	(1,742)	(8,041)	(2,933)
Earnings before minority stockholders in subsidiaries		26,338	19,720	6,444	5,754
Minority stockholders in subsidiaries	22	(423)	(194)	(637)	(230)
Net profit in the period		25,915	19,526	5,807	5,524
Net profit per share at the end of the period (in R\$)		0.06080	0.04580	0.01362	0.01296

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JHSF Participações S.A.
Statement of changes in stockholders' equity
for the quarter and half-year ended June 30, 2010
(Em milhares de Reais)

	Capital reserve				Profit reserves			Total	Stockholders' equity
	Capital stock	Recognized share options granted	Treasury shares	Adjustment of equity appraisal	Legal reserve	Profit retention	Retained earnings		
Balances as of December 31, 2009	705,782	1,423	(483)	(2,161)	19,419	208,828	-	228,247	932,808
Adjustment of equity appraisal	-	-	-	1,136	-	-	-	-	1,136
Share option plan	-	380	-	-	-	-	-	-	380
Net profit in the period	-	-	-	-	-	-	25,915	25,915	25,915
Balances as of June 30, 2010	705,782	1,803	(483)	(1,025)	19,419	208,828	25,915	254,162	960,239

	Capital reserve				Profit reserves			Total	Stockholders' equity
	Capital stock	Recognized share options granted	Treasury shares	Adjustment of equity appraisal	Legal reserve	Profit retention	Retained earnings		
Balances as of March 31, 2010	705,782	1,613	(483)	(1,478)	19,419	208,828	6,389	234,636	940,070
Adjustment of equity appraisal	-	-	-	453	-	-	-	-	453
Share option plan	-	190	-	-	-	-	-	-	190
Net profit in the period	-	-	-	-	-	-	19,526	19,526	19,526
Balances as of June 30, 2010	705,782	1,803	(483)	(1,025)	19,419	208,828	25,915	254,162	960,239

The management's explanatory notes are an integral part of these financial statements.

JHSF Participações S/A
Cash Flow Statement
for the quarter and half-year ended June 30, 2010 and 2009
(in thousands of R\$)

	<i>Individual</i>				<i>Consolidated</i>			
	<i>06-2010</i>	<i>2Q10</i>	<i>06-2009</i>	<i>2Q09</i>	<i>06-2010</i>	<i>2Q10</i>	<i>06-2009</i>	<i>2Q09</i>
Operating cash flow								
<i>From operations</i>								
<i>Net profit in the period</i>	25,915	19,526	5,807	5,524	25,915	19,526	5,807	5,524
<i>Depreciation and amortization</i>	1,371	1,043	674	340	14,379	7,415	14,973	7,267
<i>Amortization of premium</i>	-	-	2,378	875	-	-	2,378	875
<i>Net inflation adjustments</i>	13,877	6,007	9,122	4,099	23,562	10,809	17,952	8,984
<i>Property, plant, and equipment written off</i>	-	-	-	-	-	-	-	-
<i>Investment sold</i>	-	-	-	-	-	-	-	-
<i>Equity results</i>	(38,959)	(26,197)	(25,218)	(13,653)	(683)	(209)	(579)	(133)
<i>Minority stockholders in subsidiaries</i>	-	-	-	-	423	194	637	230
<i>Expenses with stock option plan</i>	380	190	382	191	380	190	382	191
<i>Adjustment of equity appraisal</i>	-	-	5,695	4,827	1,136	452	(592)	(1,094)
<i>Allowance for contingencies</i>	-	-	-	-	409	318	(62)	(62)
<i>Decrease (increase) in assets</i>								
<i>Accounts receivable</i>	(38)	(38)	-	-	59,920	41	(4,412)	1,523
<i>Properties to be sold</i>	(819)	-	-	-	(10,490)	4,750	43,656	23,696
<i>Tax credits</i>	937	(1,042)	(171)	177	4,780	(2,694)	(4,062)	(2,651)
<i>Sales expenses to be appropriated</i>	-	-	-	-	1,006	1,139	(476)	962
<i>Miscellaneous receivables</i>	(1,127)	(9)	(89)	(637)	(2,784)	(2,095)	(5,373)	(13,154)
<i>Dividends earned</i>	29,613	24,278	30,258	15,305	-	-	-	-
<i>Increase (reduction) in liabilities</i>								
<i>Suppliers</i>	(1,875)	(218)	(623)	(670)	(5,005)	1,070	59	8,692
<i>Labor and tax obligations</i>	(9,336)	294	(441)	46	(12,896)	1,165	(3,390)	(133)
<i>Customer advances</i>	79	79	-	-	(3,117)	(10,114)	51,438	35,176
<i>Deferred taxes and charges</i>	190	190	192	214	621	14	(4,281)	(3,674)
<i>Real estate credit notes</i>	-	-	-	-	-	-	(2,146)	(1,073)
<i>Allowance for contingencies</i>	-	-	-	-	-	-	-	-
Operating cash flow	20,208	24,103	27,966	16,638	97,556	31,971	111,909	71,146
Investment flow								
<i>Investment assets disbursements</i>	20,378	20,366	(132,995)	(132,995)	-	-	-	-
<i>Property, plant, and equipment disbursements</i>	(40)	(9)	(1,255)	(620)	(29,312)	(19,753)	(20,766)	(19,361)
<i>Deferred assets disbursements</i>	-	-	-	-	-	-	(99)	(99)
<i>Intangible assets disbursements</i>	-	-	-	-	(10)	(10)	-	-
	20,338	20,357	(134,250)	(133,615)	(29,322)	(19,763)	(20,865)	(19,461)
Loans flow								
<i>Loans</i>	(26,738)	(21,032)	(16,065)	(11,202)	(67,575)	(45,456)	(15,049)	473
<i>Committed property creditors</i>	-	-	-	-	4,633	(9,113)	(15,276)	(21)
<i>Miscellaneous charges</i>	3	-	(5,588)	(4,719)	(1,727)	(565)	(5,581)	(4,516)
<i>Receiving (payment) of current liabilities – subsidiary loans</i>	52,489	(936)	27,080	27,080	-	-	-	-
<i>Receiving (payment) of long-term liabilities – subsidiary loans</i>	-	-	(16,885)	(16,985)	-	-	40	-
<i>Receiving (payment) of long-term assets – subsidiary loans</i>	5,750	2,550	-	-	-	-	(3,260)	(3,260)
<i>Capital pay-in</i>	-	-	-	-	-	-	-	-
<i>Treasury shares</i>	-	-	-	-	-	-	-	-
<i>Adjustment to present value</i>	-	-	-	-	-	-	-	-
<i>Adjustment from prior years</i>	-	-	-	-	-	-	-	-
<i>Minority stockholders in subsidiaries</i>	-	-	-	-	(1)	(1)	(314)	(318)
<i>Advance for future increase in capital stock</i>	(52,803)	(29,505)	101,255	120,106	-	-	-	-
<i>Paid dividends and interest on own capital</i>	(74,803)	(30,000)	-	-	(74,803)	(30,000)	-	-
	(96,102)	(78,924)	89,797	114,280	(139,472)	(85,135)	(39,440)	(7,642)
Cash surplus (deficit) in the period	(55,556)	(34,463)	(16,487)	(2,697)	(71,239)	(72,927)	51,604	44,043
Changes in cash								
<i>Cash and cash equivalent at the beginning of the period</i>	221,086	199,993	25,082	11,292	396,152	397,840	177,270	184,830
<i>Cash and cash equivalent at the end of the period</i>	165,530	165,530	8,595	8,595	324,913	324,913	228,874	228,874
Cash surplus (deficit) in the period	(55,556)	(34,463)	(16,487)	(2,697)	(71,239)	(72,927)	51,604	44,044

Consolidated Operating and Financial Performance

The information provided in this release is shown on local currency (R\$) and has been prepared and presented according to Brazilian generally accepted accounting principles (Brazilian GAAP), which are required for the fiscal periods ended December 31, 2009. Accordingly, they do not include the recent approval of Technical Opinions issued by the Accounting Statements Committee (CPC) in 2009, which have been approved by the regulatory authorities and are required as of January 1, 2010. On November 10, 2009, the Brazilian Securities Commission (CVM) issued Decision no. 603, changed by Decision no. 626, which provides listed companies the option to present their 2010 quarterly statements in line with accounting practices in effect on December 31, 2009. The information presented reflects the consolidated statements.

Income Statement

Gross revenues

Gross revenues of R\$153.7 million in 2Q10 against R\$106.5 million presented in 2Q09 (R\$272.1 million in 1H10 in comparison to R\$242.3 million in 1H09) represent an increase of 44.5 percent over 2Q09 (12.3 percent when comparing 1H10 and 1H09), the result mainly of greater recognition of revenues under the PoC method (percentage of conclusion of the project) in the Real Estate Development division.

Operating costs

Consolidated operating costs totaled R\$91.5 million in 2Q10 against R\$66.7 million in 2Q09 (R\$163.4 million in 1H10 compared to R\$151.9 million in 1H09), up 37.5 percent from 2Q09 (up 7.8 percent in 1H10 from 1H09), the result especially of the greater recognition of costs in the Real Estate Development division.

Gross profit

In 2Q10, gross profit of R\$51.8 million in 2Q10 against R\$35.4 million in 2Q09 (R\$90.2 million in 1H10 compared to R\$78.8 million in 1H09) represented a 46.1 percent increase from 2Q09 figures (a 14.5 percent rise in 1H10 over 1H09), the result mainly of higher gross profit in the Real Estate Development division, for the reasons explained in the Gross Revenue and Operating Costs items above.

Operating expenses

Selling, general and administrative expenses in 2Q10 totaled R\$26.1 million, in comparison with R\$19.3 million in 2Q09 (R\$50.9 million in 1H10 over R\$50.5 million in 1H09), representing a growth of 35.9% over 2Q09 (growth of 1,0% in 1H10 compared 1H09), the result mainly of the growth of selling expenses in 2Q10, as result of real estate launchings, increasing commissions and advertising expenses.

Other operating expenses totaled R\$4.8 million in 2Q10 in comparison with R\$1.8 million in 2Q09 (R\$6.9 million in 1H10 against R\$4.5 million in 1H09), related mainly to depreciation and amortization of pré-operational expenses amortization.

Net financial income

The table below breaks down net financial income for the periods shown, in million R\$.

	2Q10	2Q09	Var. 2Q10 / 2Q09 (%)	1H10	1H09	Var. 1H10 / 1H09 (%)
Financial Revenue	12.9	6.1	111.1%	21.9	12.6	74.1%
Financial Expenses	(12.3)	(11.8)	4.2%	(24.9)	(21.9)	13.6%
. CPMF/IOF taxes	(0.1)	(0.2)	-73.1%	(0.2)	(0.3)	-53.1%
. Interest on Loans	(10.0)	(7.9)	27.1%	(21.5)	(17.0)	26.6%
. Other Financial Expenses	(2.3)	(3.7)	-39.3%	(3.2)	(4.6)	-30.0%
Net Financial Result	0.6	(5.7)	n.m.	(3.0)	(9.3)	-67.7%

In 2Q10 consolidated net financial income was R\$0.6 million in comparison with net financial expense of R\$5.7 million in 2Q09 (R\$3.0 million expense in 1H10 against R\$9.3 million expense in 1H09), as a result mainly of the growth of financial revenues, due to the increase of financial investments on cash equivalents and financial revenues from accounts receivable from real estate sold, on the other hand, there was an increase on financial expenses related mainly from the interest paid on loans, as a result of the increase of its balance compared the last year.

Net Profit

The 2Q10 net profit of R\$19.5 million is substantially higher than the net profit of R\$5.5 million recorded in 2Q09 (R\$25.9 million in 1H10 against R\$5.8 million in 1H09).

EBITDA (non revised)

The table below breaks down EBITDA for the periods shown, in million R\$ (please see glossary for the definition of EBITDA).

	2Q10	2Q09	Var. 2Q10 / 2Q09 (%)	1H10	1H09	Var. 1H10 / 1H09 (%)
Net Profit	19.5	5.5	253.5%	25.9	5.8	346.3%
(+) Minority Interest	0.2	0.2	-15.4%	0.4	0.6	-33.5%
(+) Income Tax / Social Contribution	1.7	2.9	-40.6%	3.1	8.0	-61.7%
(+) Net Financial Result	(0.6)	5.7	-110.3%	3.0	9.3	-67.7%
(+) Non-cash items (Depreciation / Amortization / Other)	7.4	8.1	-8.9%	14.4	17.4	-17.1%
(+) Equity Income Result	-	(0.1)	n.a.	-	(0.6)	n.a.
(=) EBITDA	28.3	22.4	26.3%	46.8	40.6	15.3%
(-) EBITDA from assets sold	-	(4.9)	n.a.	-	(10.0)	n.a.
(=) Adjusted EBITDA ¹	28.3	17.5	62.0%	46.8	30.6	52.8%

(1) Exclude EBITDA from assets sold in 2009

EBITDA of R\$28.3 million in 2Q10 is up 26.3 percent from 2Q09 and up 62.0 percent from 2Q09 adjusted for the assets sold in 2009 (R\$46.8 million in 1H10, up 15.3 percent from 1H09 and up 52.8 percent from 1H09 adjusted for the assets sold in 2009), due mainly to the increase of results of the Real Estate Development Division.

Balance sheet

The company's solid capital structure has a low debt ratio, assets capable of producing recurring cash, and a unique portfolio of real estate development projects suited to support the company's growth strategy.

Assets

Accounts receivable from real estate property

At the end of June 2010, our accounts receivable totaled R\$1,187.5 million, including accounts receivable of the second phase of Horto Bela Vista and Benedito Lapin, and also including account receivables on and off balance sheet, as detailed in the table below, which also includes a collection schedule for the periods shown, in million R\$.

	6/30/2010	%
Accounts Receivable - book	307.0	25.9%
Accounts Receivable - backlog	880.5	74.1%
Total accounts receivable from real estate sold ⁽¹⁾	1,187.5	100.0%

Schedule	6/30/2010	%
Received (customers advances)	160.9	13.6%
2010	227.8	19.2%
2011	475.6	40.1%
2012	189.8	16.0%
2013 and forward	133.2	11.2%

(1) Considers the totality of signed agreements, including amounts not recorded yet. The total amount of accounts receivable from real estate sold of R\$1,187.5 million less advance of clients of R\$160.9 million results into a net amount of accounts receivable from real estate sold of R\$1,026.6 million

Inventory of properties for sale

The inventory of properties for sale consists of land, properties under construction, and properties already finished. The table below breaks down this inventory according to item for the periods shown, in million R\$.

Real Estate Inventory to be Sold - Book	6/30/2010	3/31/2010	Var. (%)
Units concluded	10.1	12.8	-21.0%
Units in construction	77.2	74.3	3.9%
Land	252.6	257.5	-1.9%
Total	340.0	344.7	-1.4%

Property and equipment (fixed assets)

The table below sets forth fixed assets by business division, for the periods shown, in million R\$.

	2Q10	1Q10	Var. 2Q10 / 1Q10 (%)
Real Estate Development	114.9	103.2	11.4%
Malls	254.3	251.6	1.1%
Office Rentals	86.4	87.1	-0.8%
Hotels	9.5	9.5	0.7%
Holding and others	5.6	5.7	-0.7%
Total	470.8	457.0	3.0%

Liabilities

Creditors of Committed Properties

This represents accounts payables associated with the purchase land intended for future development; the transactions involving swaps on Horto Bela Vista (Salvador, BA) and Ponta Negra (Manaus, AM), and installments of the land purchase of Horácio Lafer (São Paulo, SP) accounting for most of this item.

Bank debt and liquidity

The table below breaks down gross bank debt and debentures by type and net debt, for the periods shown, in million R\$.

Type	Average Cost	6/30/2010	3/31/2010
Working Capital		(209.7)	(234.6)
Debentures	CDI + 1.82% p.a.	(100.7)	(103.1)
Working Capital - CEF	TR + 11.57% p.a.	(25.4)	(29.0)
BNDES	TJLP +3.55% p.a.	(64.9)	(68.6)
Total Bank Debt		(400.7)	(435.4)
Cash and equivalents		324.9	397.8
Net (Debt) Cash		(75.8)	(37.5)

The table below sets forth the schedule of payments of bank debt and debentures, in R\$ millions, as of June 30, 2010.

Year	R\$ million
Current	111.1
Non Current	
2011	52.8
2012	94.4
2013	85.0
2014	57.4
Total	400.7

Customer advances

Represented by amounts received from customers in property transactions whose construction has not started or whose recognized revenues have not reached the amount advanced by the customer, in addition to advances from storeowners for the payment of right of use in shopping malls, which are allocated to revenues after inception of operations in lease agreements.

Governance

Besides joining the Novo Mercado, the highest level of corporate governance in Brazil, the parameters of corporate governance adopted by JHSF are in line with best practices in Brazil and abroad. They use clear codes of conduct and standards that are superior to those required by regulations. The Board of Directors consists of six members, one of them independent. The Audit, Risk Management and Finance Committee is composed of three members.

Additionally, the Board of Directors approved a Code of Ethics, a reference for personal and professional conduct for all employees, and a Stock Trading Policy, with the purpose of preventing inappropriate use of insider information.

JHSF supports the dissemination of corporate governance concepts by sponsoring the Brazilian Institute of Corporate Governance (IBGC).

Auditing

Complying with CVM Instruction no. 381/03, we inform that JHSF and its subsidiaries made payments during 2Q10 to Terco Grant Thornton Auditores Independentes exclusively in consideration of auditing services.

Arbitration

The company is subject to arbitration of the Market Arbitration Chamber (*“Câmara de Arbitragem do Mercado”*), according to the commitment clause of its by-laws.

Explanatory notes for the quarterly information reports (individual and consolidated) for the quarter ended June 30, 2010.

(in thousand R\$, except where otherwise specified)

1. Operating context

JHSF Participações S.A. (the “Company”) is a publicly held corporation incorporated on June 29, 2006. Its chief business purpose is to operate as a holding company with equity stakes in other companies active in developing, buying, and selling residential and commercial properties, building and operating shopping malls, buying and selling goods, Rental the companies’ own commercial properties, providing administration, contract management, and other services, operating hotels and leisure facilities, and managing their own properties.

2. Shareholding structure

The Company has direct and indirect equity investments in the following subsidiaries, divided according to business:

<i>Business / subsidiary</i>	<i>06-2010</i>		<i>03-2010</i>	
	<i>Stake (%)</i>		<i>Stake (%)</i>	
<i>Real estate development</i>	<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
<i>JHSF Incorporações S.A.</i>	99.99	-	99.99	-
<i>Companhia Boa Vista de Desenvolvimento Imobiliário</i>	99.99	-	99.99	-
<i>JHSF (Uruguay) S.A.</i>	99.99	-	99.99	-
<i>Aveiro Incorporações S.A.</i>	99.99	-	99.99	-
<i>JHSF Belém Empreendimentos e Incorporações S.A.</i>	99.99	-	99.99	-
<i>JHSF Salvador Empreendimentos e Incorporações S.A.</i>	99.99	-	99.99	-
<i>JHSF Porto Alegre Empreendimentos e Incorporações S.A.</i>	99.99	-	99.99	-
<i>Santa Marina Desenvolvimento Imobiliário Ltda.</i>	-	99.99	-	99.99
<i>JHSF Engenharia S.A.</i>	99.99	-	-	-
<i>Shopping malls</i>				
<i>JHSF Shoppings S.A.</i>	99.99	-	99.99	-
<i>Shopping Cidade Jardim S.A.</i>	-	99.99	-	99.99
<i>Companhia Metrô Norte</i>	99.99	-	99.99	-
<i>JHSF Manaus Empreendimentos e Incorporações S.A.</i>	99.99	-	99.99	-
<i>H Brasil Comércio Importação e Exportação S.A.</i>	99.99	-	99.99	-
<i>Lyon Comércio, Importação e Exportação Ltda</i>	-	99.99	-	-
<i>Hotels</i>				
<i>Hotéis Fasano & Resorts S.A.</i>	60.00	-	60.00	-
<i>Hotel Marco Internacional S.A.</i>	13.90	51.66	13.90	51.66
<i>Services and Rental</i>				
<i>Companhia Patrimonial de Imóveis Comerciais (Vide nota 10.2.1 (b))</i>	-	-	99.99	-
<i>Companhia Administradora de Empreendimentos e Serviços</i>	99.99	-	99.99	-
<i>Sociedade Administradora de Estacionamentos e Serviços S.A.</i>	99.99	-	99.99	-
<i>Bela Vista Administradora de Condomínios e Shopping Center S.A.</i>	-	55.00	-	55.00
<i>Corbas Administradora de Bens S.A.</i>	99.99	-	99.99	-
<i>Boa Vista Serviços de Concierge Ltda</i>	-	99.99	-	99.99

3. Bases for preparing and presenting the quarterly information

The quarterly information contained in these individual (JHSF Participações S.A.) and consolidated (JHSF Participações S.A. and its subsidiaries) statements includes accounting information relative to the quarter ended June 30, 2010, and has been prepared according to accounting practices adopted in Brazil, based on the provisions of the Corporations Law (Law no. 6404/76) changed by Law no. 11638/07 and by Law no. 11941/09 and regulations set down by the Securities Commission (CVM) and the Statements, Guidelines, and Interpretations issued by the Accounting Statement Committee (CPC).

The Company's management authorized the conclusion of this quarterly information on August 12, 2010.

3.1. New accounting rules approved in 2009

With the enactment of Law no. 11638/07, designed to update Brazilian corporate law and align local accounting practices with international standards (IFRS), the CPC has been issuing new technical and accounting regulations and opinions.

During 2009, new technical opinions have been issued by the CPC and approved by CVM resolutions, for mandatory application in the 2010 fiscal year. CVM Resolution no. 603/09, approved on November 10, 2009, allowed public corporations to present their quarterly reports for the 2010 fiscal year according to the accounting regulations in effect up to December 31, 2009. Because of the complexity of the calculations and the relevance of the possible consequences the new resolutions could have on the financial statements, the Company decided to present the quarterly information for the quarter ended June 30, 2010 according to the regulations in effect up to December 31, 2009.

Below are the CPCs that may be applicable to the Company considering its businesses, as well as the main impacts on its financial statements.

CPC no.	Scope
17	Construction contracts
18	Investment in associated and subsidiary companies
20	Cost of loans
22	Information according to segment
24	Subsequent event
25	Provisions, contingent liabilities, and contingent assets
26	Presentation of financial statements
27	Property, plant, and equipment (fixed assets)
28	Property for investment
30	Revenues
32	Taxes on profits
33	Benefits for employees
36	Consolidated financial statements
37	Initial adoption of international accounting standards
38, 39, and 40	Financial instruments: recognition and measuring; presentation; demonstration
43	Initial adoption of technical opinions CPC 14 to 40
ICPC 02	Building contracts in the real estate industry
ICPC 04	Scope of Technical Opinion CPC 10 – Stock based payments
ICPC 05	Technical Opinion CPC 10 – Stock based payments – Group and treasury stock transactions

ICPC 08	Booking the proposal for dividend payment
ICPC 09	Individual financial statements, separate statements, consolidated statements, and application of the equity method

The Company's management is reviewing the impact resulting from the application of the new technical opinions the CPC has issued, particularly Technical Opinion ICPC 02 – Building contracts in the real estate industry, because the booking of revenues from sales contracts involving real estate development could be changed considerably. According to ICPC 02, the Company must decide, for revenues from sales contracts involving real estate development, if it should apply the criteria for revenue recognition according to Technical Opinion CPC 30 – Revenues or CPC 17 – Building contracts. Up to the quarter ended June 30, 2010, the Company has been adopting revenue recognition criteria closer to the instructions in CPC 17, i.e., it employs the percentage of conclusion method (PoC) for each project; this percentage is the ratio of the cost incurred over the total budgeted cost. However, if the application of ICPC 02 ultimately recommends the application of CPC 30, the revenues would probably be recognized only at the conclusion of the project, when the following conditions are met: (a) the business entity has transferred to the buyer the most significant risks and benefits associated with the ownership of the property; (b) the entity does not have a degree of involvement in the management of the sold property usually associated with ownership nor actual control of such property; (c) the amount of the revenues can be measured in a reliable manner; (d) it is likely that the economic benefits associated with the transaction will flow to the entity; and (e) expenses incurred or to be incurred, relative to the transaction, can be measured in a reliable manner.

The application of this standard involves a significant change in the systems and a review of revenues and costs in prior years; accordingly, the effects of this possible adoption were unknown when this quarterly report was issued.

If applicable, the Company will reissue the 2010 quarterly information compared with the 2009 quarterly information, also adjusted to accounting standards approved in 2009, up to the date of presentation of the financial statements for the fiscal year ended December 31, 2010.

4. Key accounting practices

a. Income recording

a.1. Sale of properties

On credit sales of finished properties, the income is recorded at the time the sale is closed, regardless of the term for receiving the amount agreed under the contract.

Fixed interest is appropriated to income on an accrual basis, regardless when such interest is received.

On sales of unfinished properties, the Company complies with the procedures and rules set down by the Federal Accounting Council's CFC Resolution 963/03 and Guideline OCPC 01, namely:

- The incurred cost of the properties sold, including the cost of the land, is fully allocated to the income;

- The ratio of the incurred cost of the properties sold, including cost of the land, in relation to the full budgeted cost is computed, and this ratio is applied on the revenues of the properties sold, adjusted according to the conditions of the sales contracts; this establishes the revenues to be recorded;
- The total sales volume computed, adjusted for inflation and net of the installments received, is recorded as accounts receivable or customer advances, as applicable.

Balances of transactions involving the sale of properties under construction that according to the criteria set down by CFC Resolution no. 963/03 are not included in the balances of the asset accounts are detailed in Note 18.

Financial charges on loan and financing transactions involving real estate and associated with projects during their development and construction are capitalized to the inventory of real estate properties and reflected in the results when the respective properties are sold.

a.2. Services, Rental, and other activities

Revenues, costs, and expenses for these items are recorded on an accrual basis per fiscal year.

b. Assets, current and non-current

- b.1.** Cash and cash equivalent are classified according to their time for realization and are recorded at acquisition cost, plus earnings earned by the dates the fiscal periods end, less the provision for adjustment for their net realization value, as applicable. Financial investments included in the cash equivalents are classified in the category “financial assets measured at their fair value.” The Company has an Exclusive Investment Fund, which is fully consolidated.
- b.2.** Accounts receivable resulting from the sale of properties are presented at realized present value and recognized according to the criteria described in Note 4.a.1. The allowance for doubtful debts consists of an amount deemed sufficient for covering estimated losses in the realization of credits resulting from lease agreements, sale of goods, and rendering of services. Regarding the Company’s property sale business, the allowance for doubtful debts was not deemed necessary because these credits have real guarantees represented by the sold properties, to the extent that title deeds are issued only after all customer receivables are settled and/or negotiated.
- b.3.** Properties to be sold are recorded at the cost of acquisition of land and include the accumulated costs with the construction and eligible financial costs in real estate development, up to the net amount for the realization thereof. Land acquired through physical exchange, as per Guideline OCPC 01, is priced at its fair value.
- b.4.** Selling expenses to be allocated include commissions paid in relation to each project, and are allocated to the income using the same criteria employed for recording revenues and costs for the properties sold (Note 4 (a.1)).
- b.5.** The other assets are shown at cost or sales price, including, when applicable, earnings and inflation adjustments incurred.
- b.6.** Investments in subsidiaries are recorded initially at the acquisition cost and priced at equity value.

- b.7.** Property, plant, and equipment (fixed assets) is recorded at acquisition, formation, or construction cost. Asset depreciation is computed using the linear method, at the rates specified in Explanatory Note 11.
- b.8.** Intangible assets acquired separately are priced in the initial recognition at the cost of acquisition and later accrued amortization and recoverable losses are deducted, as applicable. The Goodwill produced in investment acquisitions taking place up to December 31, 2008 and which are based on future yields (with no defined terms) have been amortized to that date according to the linear method. After January 1, 2009, these have no longer been amortized but are subject to impairment testing. Goodwills based on future yield with defined terms are still amortized and also subject to impairment testing.

c. Impairment testing of assets

The net book value of the main assets is reviewed annually to consider any events or changes in economic, operating, or technological circumstances that may signal a deterioration or loss of their recoverable value. When such evidence is identified and the net book value exceeds the recoverable value, the Company sets up a provision for deterioration adjusting the net book value to the recoverable value.

d. Liabilities, current and non-current

These are shown at their known or computable values, plus their respective charges and inflation or foreign-exchange adjustments, as applicable.

d.1. Debentures

These are recognized initially when the funds are received, net of transaction costs. They are then presented using the amortized cost method.

e. Adjustment to present value of assets and liabilities

Long-term monetary assets and liabilities and short-term relevant assets and liabilities are valued and adjusted, as applicable, according to their present value, considering the agreed contractual cash flows.

On their credit sales of unfinished property, real estate development entities have inflation-adjusted, non-interest-charging receivables, including the installment paid upon delivery of the property; these receivables must be discounted at present value because the inflation-adjustment indexes in the contract do not include the interest component. The contra account for the recording and reversal of the present-value adjustment is the group of revenues from real estate development.

For other assets and liabilities subject to adjustment at present value, the recording and the reversal are allocated in the financial revenues and expenses lines.

The discount rate the Company uses is based on the average rate of loans and financing obtained, net of inflation as measured by the INCC. They are compared to the yield of the NTN-B using the highest rate computed.

f. Income tax (IRPJ) and social contribution tax (CSLL)

According to tax legislation, revenues associated with sales of properties are taxed on a cash basis and not on an accrual basis, as described above for this revenue.

Income tax and social contribution tax are computed employing the criteria set by applicable tax legislation, at regular 15% rates plus an additional 10% for income tax and 9% for social contribution tax. As provided by tax legislation, some subsidiaries elected a presumed-profit tax basis. For these subsidiaries, the tax basis for income tax is 8% (real estate development) and 32% (services and Rental), while the tax basis for social contribution tax is 12% (real estate development), 32% (services and Rental), and 100% of financial revenues, on which the regular rates for income tax and social contribution tax apply.

Some residential and commercial buildings of the Parque Cidade Jardim project and some other subsidiary projects have been established using the “Affected Assets” method. Accordingly, these companies elected to have their earnings taxed on what is called Special Taxation Regime (RET), under which operating revenues earned from the sale of properties are taxed on a fixed 6% rate, which includes other taxes, such as Cofins and PIS/PASEP.

Companies whose accounting practices differ from their tax regime compute their deferred income tax and social contribution tax assets and liabilities to reflect any temporary differences, as commented in Note 16.

g. Contingent assets and liabilities and legal obligations

Accounting practices for recording and communicating contingent assets and liabilities and legal obligations are the following:

- Contingent assets are only those with real guarantees or favorable binding court decisions. Contingent assets with probable success are only reported in the explanatory notes.
- Contingent liabilities are provisioned when losses are determined as probable and the amounts involved can be assessed with sufficient accuracy. Contingent liabilities valued as possible losses are only shown in an explanatory note, while contingent liabilities valued as remote losses have no allowances and are not shown.
- Legal obligations are recorded as liabilities, regardless of any assessment on their chances of success of any legal suits the Company has filed questioning the constitutionality of taxes.

h. Use of estimations

The preparation of financial statements requires management to employ estimations and opinions that affect the reported asset and liability figures, the disclosure of contingent assets and liabilities on the date of the financial statements, and revenues and expenses in the years shown.

Among other purposes, the estimations are used to evaluate the service life of property and equipment, necessary allowances for contingent liabilities, allowance for doubtful debts, budgeted costs and revenues for real estate projects, taxes, and other similar charges. Based on this fact, the actual results may be different from the results considered in these estimations.

i. Net profit per share

Net profit per share is computed based on the number of outstanding shares on the dates of the balance sheets.

j. Consolidated financial statements

Consolidated financial statements consider the consolidation principles of Brazilian corporate legislation and CVM Instruction no. 247/96. They include the financial statements of JHSF Participações S.A., its direct and indirect subsidiaries, whose contributions have been fully consolidated (please see Note 2), and the Exclusive Investment Fund, whose interests have been fully consolidated.

This consolidation shows the share of minority stockholders in investments in which the Company has more than 50% of the capital stock of the invested company, is actively involved in the management of the company, and does not share this management. Moreover, investments in subsidiaries have been eliminated, together with payable and receivable balances and revenues and expenses resulting from transactions between these companies.

5. Cash and cash equivalents

The Company had the following available funds on June 30 and March 31, 2010:

<i>Description</i>	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>	<i>06-2010</i>	<i>03-2010</i>
<i>Cash and current account</i>	35	126	18,082	2,378
<i>Investments</i>	165,495	199,867	306,831	395,462
<i>Total</i>	165,530	199,993	324,913	397,840

The Company and its subsidiaries have investments in fixed-income securities at top-tier financial institutions in addition to investments in exclusive investment funds at Unibanco Asset Management; these funds consists chiefly of fixed-interest securities of top-tier financial institutions as well as of government bonds.

Financial investments have an average yield equivalent to 101% of interbank deposit certificates (CDI).

6. Accounts receivable

The Company had the following accounts receivable balance on June 30 and March 31, 2010:

<i>Description</i>	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>	<i>06-2010</i>	<i>03-2010</i>
<i>Promissory buyers of properties (a)</i>	-	-	307,031	309,080
<i>Rental receivables</i>	38	-	2,642	2,612
<i>Administration services</i>	-	-	133	185
<i>Other accounts receivable (b)</i>	-	-	8,497	6,473
<i>(-) Allowance for doubtful debts</i>	-	-	(165)	(171)
Total	38	-	318,138	318,179
Short term – current assets	38	-	257,234	240,866
Long term – non-current assets	-	-	60,904	77,313

a) As mentioned in Note 4 (a.1) above, the Company and its subsidiaries have employed procedures and rules set down by CFC Resolution 963/03 to record the earnings in real estate transactions. Accordingly, the balance of accounts receivable of the unfinished properties sold is not shown in the financial statements, because it is recorded only to the extent of the revenues booked net of installments received. Accounts receivable of unfinished properties have been valued at present value considering a discount rate compatible with the transactions and operations performed. The average rate applied by the Company in the quarter ended June 30, 2010 was 7.9% (6.53% for the quarter ended March 31, 2010). The receivable balance of promissory buyers of property is shown net of the effects of present-value adjustment that on June 30, 2010 represented a total of R\$10,651 (R\$7,409 on March 31, 2010);

b) This item consists mainly of accounts receivable from customers of the subsidiaries Hotel Marco Internacional S.A. and H Brasil Comércio, Importação e Exportação S.A.

As supplementary information, the balance of accounts receivable (appropriated and to be appropriated) on June 30 and March 31, 2010, relative to the sale of properties, net of installments received, can be shown as follows:

<i>Description</i>	<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>
<i>Income of sales receivable</i>	1,026,428	927,332
Short term – current assets	364,857	369,422
Long term – non-current assets	661,571	557,910

On June 30, 2010, the non-current asset installments had the following payment schedule:

<i>Year of maturity</i>	<i>Consolidated</i>
<i>2011</i>	<i>338,583</i>
<i>2012</i>	<i>189,816</i>
<i>2013</i>	<i>109,805</i>
<i>2014</i>	<i>16,546</i>
<i>After 2014</i>	<i>6,821</i>
Total	661,571

Of the total sales income receivables, R\$30,640 (R\$30,241 on March 31, 2010) refers to the balance with related parties and managers (Note 9.3).

Accounts receivable from the sale of properties are mostly up to date according to National Construction Industry Index (INCC) until their delivery to the owners. After the properties are delivered to the owners, accounts receivable are adjusted according to the IGP-M inflation index, plus market interest.

7. Properties to be sold

On June 30 and March 31, 2010, properties to be sold consist of land, properties under construction, and finished properties, as shown below:

Description	Individual		Consolidated	
	06-2010	03-2010	06-2010	03-2010
<i>Land (a)</i>	5,507	5,507	252,113	257,530
<i>Properties under construction (b)</i>	-	-	66,566	68,736
<i>Finished properties (c)</i>	-	-	10,144	12,832
<i>Advances to suppliers</i>	-	-	11,147	5,622
Total	5,507	5,507	339,970	344,720
Short term – current assets	5,507	5,507	163,485	152,167
Long term – non-current assets	-	-	176,485	192,553

a) *This refers to the stock of urban and rural land acquired for future development of residential and commercial projects. Some of the sales agreements and deeds of these land properties contain clauses for physical exchange with units in the future projects, which are presented according to their fair value, as per Guideline OCPC 01;*

b) *This refers to the cost of land, material, and services applied to the real estate properties and financial costs directly associated with the projects that are under construction.*

Properties to be sold are divided into current assets and non-current assets based on their scheduled date of launching, which is reviewed regularly by the Company's management.

8. Miscellaneous receivables

Description	Individual		Consolidated	
	06-2010	03-2010	06-2010	03-2010
<i>Loan receivables (a)</i>	9,316	10,091	22,492	19,940
<i>Insurance to be appropriated (Note 25)</i>	-	-	7,106	7,502
<i>Accounts receivable – sale of equity stake (b)</i>	-	-	3,700	3,760
<i>Loan agreements – tenants of Shopping Cidade Jardim (c)</i>	-	-	10,149	11,286
<i>Advances to suppliers</i>	439	437	439	559
<i>Other receivables (d)</i>	77	25	12,231	9,383
<i>(-) Adjustment to present value (e)</i>	(1,832)	(1,979)	(4,754)	(3,163)
Total	8,000	8,574	51,363	49,267
Short term – current assets	517	462	14,138	11,322
Long term – non-current assets	7,483	8,112	37,225	37,945

(a) In the individual columns, the R\$9,316 total consists of (i) R\$2,482 relative to the sales agreement of 1,822,101 shares of Hotéis Fasano & Resorts S.A., between the Company and Mr. Rogério Marco Fasano, and (ii) R\$6,834 relative to the loan agreement included in the Private Association Agreement and other Covenants, entered between the Company and Mr. Rogério Marco Fasano, which are adjusted for inflation according to the IPCA index, plus interest of 3.25% per year; they will be amortized by deducting dividends of the Hotéis Fasano & Resorts S.A. subsidiary. Additionally, the consolidated figure includes (i) R\$659 relative to the loan for Fabrizio Fasano Consultora Ltda., pertaining to the activities of the Fasano Group in Shopping Cidade Jardim, which has been amortized since September 2006 in 60 monthly installments adjusted for inflation according to the INCC index; (ii) R\$4,346 relative to the loan to the Shopping Cidade Jardim condominium; and (iii) R\$8,171 relative to the loan to the Promotion Fund of Shopping Cidade Jardim;

(b) Refers to the balance of the sale agreement for the stock of São Sebastião do Rio de Janeiro Administração de Restaurantes S.A., entered between the subsidiary Hotel Marco Internacional S.A. and Gero Participações S.A.

(c) Refers to the loan agreements entered with the storeowners of Shopping Cidade Jardim, totaling R\$1,971 adjusted for inflation according to the IGPM index, plus interest of 8.5% per year, and R\$8,178 adjusted for inflation according to the IPCA index plus interest of 6% per year.

(d) In the consolidated figure this is represented by (i) R\$4,080 relative to credit with the former stockholders of the Hotel Marco Internacional subsidiary, pertaining to tax debits included in the new Refis IV plan (please see note no. 15); (ii) R\$4,586 refers to the inventory of goods for resale of the H Brasil Comércio Importação e Exportação subsidiary; and (iii) R\$1,058 refers to a credit with the Boa Vista Condominium Resident Association, for implementing the condominium.

(e) Adjustment at present value on the loan receivables and loans to storeowners, computed at an average rate of 7.9% a year.

9. Related parts

9.1. Loan transactions and loan agreements

In the individual columns, the receivable and payable balances represent mainly loan agreements with open terms, entered between the Company and its subsidiaries, to provide funds to maintain operating activities. These loan agreements have no interest, as agreed between the parties. In the consolidated columns, the receivable and payable balances represent operations with natural persons, as described below. On June 30 and March 31, 2010, the asset and liability balances with related parts are as follows:

Assets:

Related parts	Individual		Consolidated	
	06-2010	03-2010	06-2010	03-2010
JHSF Incorporações S.A (*)	3,162	5,712	-	-
José Auriemo Neto (**)	-	-	3,400	3,400
Others	200	200	700	700
Total	3,362	5,912	4,100	4,100

(*) Refers to the receivable balance for the sales of the JHSF Jardim S.A. and JHSF Empreendimentos S.A. subsidiaries to the also subsidiary JHSF Incorporações S.A.

(**) Debt Confession Agreement entered on April 1, 2009 between the subsidiary JHSF Incorporações S.A. and José Auriemo Neto, who will take over debt from third parties who have acquired real estate properties of the Residencial Parque

Cidade Jardim project, and which will be paid in up to 24 months, starting on the date the agreement was executed, under the conditions of the original agreements.

Liabilities:

Related parts	Individual		Consolidated	
	06-2010	03-2010	06-2010	03-2010
<i>Shopping Cidade Jardim S.A.</i>	150	2,250	-	-
<i>Cia Patrimonial de Imóveis Comerciais – CPIC (*)</i>	-	52,975	-	-
<i>Cia Boa Vista</i>	1,164	-	-	-
<i>José Auriemo Neto (**)</i>	-	-	770	770
<i>Fabio Roberto Chimenti Auriemo (**)</i>	-	-	953	953
Total	1,314	55,225	1,723	1,723
Short term – current assets	1,314	55,225	-	-
Long term – non-current assets	-	-	1,723	1,723

(*) A company acquired by JHSF Participações S.A. on April 30, 2010.

(**) Refers to the private instrument of debt confession and promise of pledge and grant in payment of two lots that are part of the land under development by the Companhia Boa Vista de Desenvolvimento Imobiliário S.A. subsidiary.

9.2. Compensation of the Company's management

At the Special and Ordinary Stockholders' General Meeting held on April 30, 2010, the stockholders approved an annual global compensation limit for the Company's management for the 2010 fiscal year of up to R\$6,800. Up to June 30, 2010, the amounts paid totaled R\$886. During the quarter ended June 30, 2010, no other compensation was paid to management. The Company's management, together with other beneficiaries, took part in the Stock Option Plan, which is subject to exercise by its respective beneficiaries (Explanatory Note 26).

9.3. Business transactions

On June 30 and March 31, 2010, the Company had accounts receivable (appropriated and to be appropriated) with management and related companies resulting from the sale of real estate properties, as shown below:

Related parts	Consolidated	
	06-2010	03-2010
<i>Management</i>	4,285	4,394
<i>Terra Alta Imóveis Ltda.</i>	26,355	25,847
Total	30,640	30,241

The business transactions were carried out at prices compatible with other transactions carried out with third parties.

10. Investments

10.1. Permanent equity stakes

On June 30 and March 31, 2010, the Company's investments consisted of permanent equity stakes, which have been valued according to the equity method.

10.2. Key information on permanent equity stakes

10.2.1. Invested companies

	Number of common shares		Stockholders' equity		Earnings	
	Outstanding shares	Treasury shares	06-2010	03-2010	06-2010	06-2009
Invested companies						
JHSF Incorporações S.A.	165,655,902	165,655,901	339,605	319,078	23,452	28,085
Companhia Santa Cruz (a)	-	-	-	-	-	6,101
Companhia Metrô Norte	16,426,315	16,426,314	10,482	5,691	(571)	(79)
Companhia Boa Vista de Desenvolvimento Imobiliário	117,237,110	117,237,109	152,320	79,244	(1,257)	(5,338)
Companhia Patrimonial de Imóveis Comerciais (b)	-	-	-	160,153	2,406	5,271
Companhia Administradora de Empreendimentos e Serviços	1,285,000	1,284,999	(539)	(438)	(492)	291
Sociedade Administradora de Estacionamento e Serviços S.A.	1,495,500	1,495,499	980	(18)	75	52
Hotéis Fasano & Resorts S.A.	25,349,320	15,209,591	25,954	25,468	1,058	830
JHSF (Uruguay) S.A.	25,000,000	24,999,080	(5,898)	(4,875)	(1,887)	(1,241)
JHSF Shoppings S.A.	118,471,095	118,471,094	92,825	93,110	(860)	(3,195)
JHSF Jardim S.A. (c)	-	-	-	-	-	1,883
JHSF Empreendimentos S.A. (d)	-	-	-	-	-	516
Aveiro Incorporações S.A.	16,676,000	16,675,999	34,855	45,598	16,878	2,880
Hotel Marco Internacional S.A.	30,156,223	4,191,744	17,608	17,028	1,245	964
Quero Brasil Desenvolvimento e Participações Imobiliárias S.A. (e)	-	-	-	-	-	(2,602)
JHSF Salvador Empreendimentos e Incorporações S.A.	37,018,454	37,018,453	29,006	20,229	732	(6,877)
JHSF Manaus Empreendimentos e Incorporações S.A.	5,939,939	5,939,938	3,951	735	(445)	(212)
JHSF Belém Empreendimentos e Incorporações S.A.	368,789	368,788	(35)	(377)	-	(100)
JHSF Porto Alegre Empreendimentos e Incorporações S.A.	49,595	49,594	(62)	(95)	-	(33)
H Brasil Importação e Exportação S.A.	7,595,120	7,595,119	7,036	567	121	(511)
Corbas Administradora de Bens S.A.	100	99	-	-	-	-
JHSF Engenharia S.A.	100,000	99,999	100	-	-	-

(a) On October 8, 2009, JHSF Participações S.A. sold to Ecisa Participações Ltda. (a transaction guaranteed by BR Malls Participações S.A.) 100% of its capital stock in Companhia Santa Cruz, together with all rights of exploration of the parking area of Shopping Metrô Santa Cruz, managed by SAS – Sociedade Administradora de Centros Comerciais S.A., a direct subsidiary of Companhia Santa Cruz e an indirect subsidiary of JHSF Participações.

(b) The Ordinary and Extraordinary Stockholders' General Meeting held on April 30, 2010 approved the acquisition and justification protocol entered on April 05, 2010 between Companhia Patrimonial de Imóveis Comerciais – CPIC and its parent company JHSF Participações S.A., which resolved the acquisition of CPIC by JHSF Participações S.A.;

(c) Under a sale agreement entered on December 3, 2009, JHSF Participações S.A. sold at equity value 100% of the capital stock of its subsidiary JHSF Jardim S.A. to another of its subsidiaries JHSF Incorporações S.A. Then, on December 4, 2009, the Extraordinary Stockholders' General Meeting of both subsidiaries (JHSF Incorporações S.A e JHSF Jardim S.A) unanimously approved the acquisition and justification protocol entered on that date, which resolved the acquisition of JHSF Jardim S.A. by JHSF Incorporações S.A.;

(d) The Extraordinary Stockholders' General Meeting held on December 1, 2009 unanimously approved the split off and justification protocol entered on that date, which resolved the split off of JHSF Empreendimentos S.A., and the transfer of the split off part to JHSF Shoppings S.A. Under a sale agreement entered on December 3, 2009, JHSF Participações S.A. sold at equity value 100% of the capital stock of its subsidiary JHSF Empreendimentos S.A. to another of its subsidiaries JHSF Incorporações S.A. Then, on December 4, 2009, the Extraordinary Stockholders' General

Meeting of both subsidiaries (JHSF Incorporações S.A e JHSF Empreendimentos S.A) unanimously approved the acquisition and justification protocol entered on that date, which resolved the acquisition of JHSF Empreendimentos S.A. by JHSF Incorporações S.A.;

(e) The Extraordinary Stockholders' General Meeting held on December 30, 2009 approved the acquisition and justification protocol entered on December 14, 2009 between Quero Brasil and its parent company JHSF Participações S.A., which resolved the acquisition of Quero Brasil by JHSF Participações S.A.

The split off and acquisition transactions mentioned in Notes c), d), and e) were at book value and therefore produced no loss or gain in the Company's earnings.

10.2.2. Breakdown of permanent equity stakes

On June 30, 2010 and 2009, permanent equity investments consisted of the following:

Changes in the second quarter 2010

Invested companies	% share	Balances as of March 31, 2010	Stockholders' Equity (excess of liabilities over assets) as of March 31, 2010	Additional funds	Dividends exercised in 2009	Conversion adjustments	Equivalence	Written off through takeovers	Stockholders' Equity (excess of liabilities over assets) as of June 30, 2010	Balances as of June 30, 2010
JHSF Incorporações S.A.	99.99	319,073	-	3,656	-	-	16,871	-	-	339,600
Companhia Metrô Norte	99.99	5,691	-	5,244	-	-	(454)	-	-	10,481
Companhia Boa Vista de Desenvolvimento Imobiliário	99.99	79,243	-	73,238	-	-	(162)	-	-	152,319
Companhia Patrimonial de Imóveis Comerciais	99.99	160,151	-	-	-	-	-	(160,151)	-	-
Companhia Administradora de Empreendimentos e Serviços	99.99	-	(439)	325	-	-	(425)	-	(539)	-
Sociedade Administradora de Estacionamentos e Serviços S.A.	99.99	-	(18)	780	-	-	218	-	-	980
Hotéis Fasano & Resorts S.A.	60.00	15,281	-	-	-	-	291	-	-	15,572
JHSF (Uruguay) S.A.	99.99	-	(4,875)	-	-	450	(1,473)	-	(5,898)	-
JHSF Shoppings S.A.	99.99	93,110	-	14	-	-	(299)	-	-	92,825
Aveiro Incorporações S.A.	99.99	45,599	-	483	(22,615)	-	11,388	-	-	34,855
Hotel Marco Internacional S.A.	13.90	2,368	-	-	-	-	81	-	-	2,449
JHSF Salvador Empreendimentos e Incorporações S.A.	99.99	20,228	-	8,632	-	-	144	-	-	29,004
JHSF Manaus Empreendimentos e Incorporações S.A.	99.99	734	-	3,339	-	-	(123)	-	-	3,950
JHSF Belém Empreendimentos e Incorporações S.A.	99.99	-	(375)	342	-	-	-	-	(33)	-
JHSF Porto Alegre Empreendimentos e Incorporações S.A.	99.99	-	(95)	34	-	-	-	-	(61)	-
H Brasil Comércio Importação e Exportação S.A.	99.99	569	-	6,327	-	-	140	-	-	7,036
Corbas Administradora de Bens S.A.	99.99	-	-	-	-	-	-	-	-	-
Total		742,047	(5,802)	102,414	(22,615)	450	26,197	(160,151)	(6,531)	689,071

Changes in the first half of 2010

Invested companies	% share	Balances as of December 31, 2010	Stockholders' Equity (excess of liabilities over assets) as of 31.12.09	Additional funds	Dividends exercised in 2009	Conversion adjustments	Equivalence	Written off through takeovers	Stockholders' Equity (excess of liabilities over assets) as of June 30, 2010	Balance as of June 30, 2010
JHSF Incorporações S.A.	99.99	312,492	-	3,656	-	-	23,452	-	-	339,600
Companhia Metrô Norte	99.99	5,808	-	5,244	-	-	(571)	-	-	10,481
Companhia Boa Vista de Desenvolvimento Imobiliário	99.99	80,339	-	73,238	-	-	(1,257)	-	-	152,319
Companhia Patrimonial de Imóveis Comerciais	99.99	157,745	-	-	-	-	2,406	(160,151)	-	-
Companhia Administradora de Empreendimentos e Serviços	99.99	-	(372)	325	-	-	(492)	-	(539)	-
Sociedade Administradora de Estacionamentos e Serviços S.A.	99.99	126	-	780	-	-	74	-	-	980
Hotéis Fasano & Resorts S.A.	60.00	14,937	-	-	-	-	635	-	-	15,572
JHSF (Uruguay) S.A.	99.99	-	(5,145)	-	-	1,134	(1,887)	-	(5,898)	-
JHSF Shoppings S.A.	99.99	93,671	-	14	-	-	(860)	-	-	92,825
Aveiro Incorporações S.A.	99.99	40,109	-	483	(22,615)	-	16,878	-	-	34,855
Hotel Marco Internacional S.A.	13.90	2,276	-	-	-	-	173	-	-	2,449
JHSF Salvador Empreendimentos e Incorporações S.A.	99.99	19,640	-	8,632	-	-	732	-	-	29,004
JHSF Manaus Empreendimentos e Incorporações S.A.	99.99	1,056	-	3,339	-	-	(445)	-	-	3,950
JHSF Belém Empreendimentos e Incorporações S.A.	99.99	-	(375)	342	-	-	-	-	(33)	-
JHSF Porto Alegre Empreendimentos e Incorporações S.A.	99.99	-	(95)	34	-	-	-	-	(61)	-
H Brasil Comércio Importação e Exportação S.A.	99.99	588	-	6,327	-	-	121	-	-	7,036
Corbas Administradora de Bens S.A.	99.99	-	-	-	-	-	-	-	-	-
Total		728,766	(5,987)	102,414	(22,615)	1,134	38,959	(160,151)	(6,531)	689,071

Changes in the second quarter 2009

	% share	Balances as of March 31, 2009	Additional funds	Dividends	Conversion adjustments	Equivalence	Balances as of June 30, 2009
Invested companies							
JHSF Incorporações S.A.	99.99	283,225	40,457	-	-	11,809	335,491
Companhia Santa Cruz	95.00	20,350	-	(6,046)	-	2,445	16,749
Companhia Metrô Norte	99.99	5,376	1,470	-	-	(65)	6,781
Companhia Boa Vista de Desenvolvimento Imobiliário	99.99	80,866	6,651	-	-	(2,142)	85,375
Companhia Patrimonial de Imóveis Comerciais	99.99	159,418	-	(5,155)	-	2,696	156,959
Companhia Administradora de Empreendimentos e Serviços	99.99	1,866	15	(352)	-	(24)	1,505
Sociedade Administradora de Estacionamento e Serviços S.A.	99.99	(587)	686	-	-	138	237
Hotéis Fasano & Resorts S.A.	60.00	14,502	-	-	-	150	14,652
JHSF (Uruguay) S.R.L.	99.99	4,528	-	-	(5,921)	(87)	(1,480)
JHSF Shoppings S.A.	99.99	39,492	48,584	-	-	(1,334)	86,742
JHSF Jardim S.A.	99.99	55,198	226	-	-	951	56,375
JHSF Empreendimentos S.A.	99.99	14,150	1,745	-	-	148	16,043
Aveiro Incorporações S.A.	99.99	4,648	12,430	-	-	1,880	18,958
Hotel Marco Internacional S.A.	13.90	2,157	-	-	-	41	2,198
Quero Brasil Desenvolvimento e Participações Imobiliárias S.A.	99.99	(9,687)	-	-	-	(1,219)	(10,906)
JHSF Belém Empreendimentos e Incorporações S.A.	99.99	(402)	26	-	-	2	(374)
JHSF Porto Alegre Empreendimentos e Incorporações S.A.	99.99	(109)	15	-	-	-	(94)
JHSF Salvador Empreendimentos e Incorporações S.A.	99.99	(5,612)	28,385	-	-	(1,270)	21,503
JHSF Manaus Empreendimentos e Incorporações S.A.	99.99	(955)	2,601	-	-	(86)	1,560
H Brasil Comércio Importação e Exportação S.A.	99.99	(299)	1,258	-	-	(380)	579
Total		668,125	144,549	(11,553)	(5,921)	13,653	808,853

Changes in the first half of 2009

	% share	Balances as of December 31, 2008	Additional funds	Dividends	Conversion adjustments	Equivalence	Balance as of June 30, 2009
Invested companies							
JHSF Incorporações S.A.	99.99	266,949	40,457	-	-	28,085	335,491
Companhia Santa Cruz	95.00	16,999	-	(6,046)	-	5,796	16,749
Companhia Metrô Norte	99.99	5,390	1,470	-	-	(79)	6,781
Companhia Boa Vista de Desenvolvimento Imobiliário	99.99	84,062	6,651	-	-	(5,338)	85,375
Companhia Patrimonial de Imóveis Comerciais	99.99	156,843	-	(5,155)	-	5,271	156,959
Companhia Administradora de Empreendimentos e Serviços	99.99	1,551	15	(352)	-	291	1,505
Sociedade Administradora de Estacionamento e Serviços S.A.	99.99	(501)	686	-	-	52	237
Hotéis Fasano & Resorts S.A.	60.00	14,156	-	-	-	496	14,652
JHSF (Uruguay) S.R.L.	99.99	6,048	-	-	(6,287)	(1,241)	(1,480)
JHSF Shoppings S.A.	99.99	41,351	48,584	-	-	(3,193)	86,742
JHSF Jardim S.A.	99.99	54,266	226	-	-	1,883	56,375
JHSF Empreendimentos S.A.	99.99	13,783	1,745	-	-	515	16,043
Aveiro Incorporações S.A.	99.99	3,648	12,430	-	-	2,880	18,958
Hotel Marco Internacional S.A.	13.90	2,066	-	-	-	132	2,198
Quero Brasil Desenvolvimento e Participações Imobiliárias S.A.	99.99	(8,305)	-	-	-	(2,601)	(10,906)
JHSF Belém Empreendimentos e Incorporações S.A.	99.99	(300)	26	-	-	(100)	(374)
JHSF Porto Alegre Empreendimentos e Incorporações S.A.	99.99	(76)	15	-	-	(33)	(94)
JHSF Salvador Empreendimentos e Incorporações S.A.	99.99	(6)	28,385	-	-	(6,876)	21,503
JHSF Manaus Empreendimentos e Incorporações S.A.	99.99	(830)	2,601	-	-	(211)	1,560
H Brasil Comércio Importação e Exportação S.A.	99.99	(168)	1,258	-	-	(511)	579
Total		656,926	144,549	(11,553)	(6,287)	25,218	808,853

11. Property and equipment (fixed assets)

Description	Average annual depreciation (%)	Individual		Consolidated	
		06-2010	03-2010	06-2010	03-2010
<i>Betterments in third-party property – Company's offices at Shopping Cidade Jardim</i>	20	4,386	4,386	4,386	4,386
<i>Information technology systems and equipment</i>	18	1,466	1,460	3,483	3,289
<i>Vehicles</i>	16	539	539	1,966	2,051
<i>Furniture and equipment</i>	6	242	242	1,033	1,019
<i>Machinery and equipment</i>	9	5	2	1,064	973
<i>Shopping Cidade Jardim (a)</i>	4	-	-	263,268	259,562
<i>Betterments in third-party properties - Shopping Metrô Tucuruvi (in progress) (b)</i>	-	-	-	13,335	10,791
<i>Metropolitan and Platinum Office Towers (c)</i>	3	90,523	-	90,523	90,523
<i>Hotel Marco Internacional S.A. (d)</i>	6	-	-	13,773	13,519
<i>Properties under construction - Companhia Boa Vista de Empreendimentos Imobiliários (in progress) (e)</i>	-	-	-	15,353	14,013
<i>Properties under construction – Shopping Center – JHSF Salvador Empreendimentos e Incorporações S.A. (in progress) (f)</i>	-	-	-	38,019	30,219
<i>Properties under construction – Shopping Center – JHSF Manaus Empreendimentos e Incorporações S.A. (in progress) (g)</i>	-	-	-	22,204	21,889
<i>Sales stands</i>	16	-	-	34,509	33,621
<i>Advances to suppliers</i>	-	967	655	1,886	1,490
<i>Others</i>	2	276	276	12,239	9,596
Subtotal		98,404	7,560	517,041	496,941
<i>(-) Accrued depreciation</i>		(6,369)	(1,887)	(46,225)	(39,907)
Total net property, plant, and equipment		92,035	5,673	470,816	457,034

(a) The “Shopping Cidade Jardim” item includes costs relative to the land and construction of the project, which opened May 31, 2008; it also includes costs relative to the mall's expansion, which opened April 29, 2010;

(b) The Company also recorded the initial expenses with betterments, infrastructure, and construction in properties of Companhia Metropolitana de São Paulo – Metrô, to implement the Shopping Metrô Tucuruvi, whose construction work is underway. Shopping Metrô Tucuruvi's concession has a 44-year term, starting on the date the right of actual use is recorded publicly.

(c) Commercial property intended for Rental;

(d) This item shows all property and equipment (fixed assets) of the Hotel Marco Internacional subsidiary.

(e) The “Properties under construction – Companhia Boa Vista de Empreendimentos Imobiliários” item includes the costs of construction of the Hotel Fasano property that will be commercially operated by the Company in the Boa Vista Project.

(f) The item records the costs relative to the land and initial costs of construction of the shopping mall belonging to the Horto Bela Vista project in the city of Salvador, state of Bahia.

(g) This item shows the land cost and the initial construction costs of the shopping mall in the Manaus – Ponta Negra project.

12. Intangibles

Description	Individual		Consolidated	
	06-2010	03-2010	06-2010	03-2010
Goodwill on acquisition of investment (a)	155,677	155,677	168,821	168,821
(-) Amortization of Goodwill	(6,192)	(6,192)	(8,492)	(8,492)
Subtotal	149,485	149,485	160,329	160,329
Other intangibles				
Brands and patents (b)	-	-	313	313
Commercial sites (c)	-	-	3,655	3,655
Commercial concessions (d)	-	-	3,000	3,000
Others	-	-	1,754	1,806
(-) Other amortization	-	-	(2,434)	(2,229)
Total	149,485	149,485	166,617	166,874

(a) Refers to the Goodwill in the acquisition of permanent equity stakes, whose composition is shown in Note 12.1;

(b) Refers to costs with brands and patents registered at the National Industrial Property Institute (INPI) and owned by the subsidiaries;

(c) Refers to commercial sites acquired in the city of São Paulo in the Jardins district for operations with tenants; these are being amortized according to terms agreed in contract;

(d) Refers to payments made to tenants for the installation of stores in Shopping Cidade Jardim, which are amortized according to contract conditions.

12.1. Breakdown of Goodwill on acquisition of investments

Companies	06-2010			03-2010
	Original cos	Accrued amortization	Net	Net
Shopping Cidade Jardim (a)	101,548	(5,923)	95,625	95,625
Shopping Metrô Tucuruvi (a)	51,436	-	51,436	51,436
Hotel Marco Internacional S.A. (b)	2,693	(269)	2,424	2,424
Total Individual	155,677	(6,192)	149,485	149,485
Hotel Marco Internacional S.A. (c)	13,144	(2,300)	10,844	10,844
Total Consolidated	168,821	(8,492)	160,329	160,329

(a) Goodwill produced in the acquisition of the companies (i) JHSF Shoppings S.A., (ii) JHSF Jardim S.A., and (iii) JHSF Empreendimentos S.A., on June 21, 2007 by JHSF Participações S.A., which held joint stakes in the Shopping Cidade Jardim and Shopping Metrô Tucuruvi projects.

The Goodwill recorded in relation to Shopping Cidade Jardim and Shopping Metro Tucuruvi, based on future earnings expectation for these two projects (based, in turn, on a report prepared by an independent appraisal company) was amortized beginning on the inception of mall operation until December 31, 2008 and subject to impairment testing beginning in 2009;

(b) On January 21, 2008, the Company acquired 4,191,715 nominative common shares of Hotel Marco Internacional S.A., which represent 13.9% of that company's capital stock; its Goodwill is based on the expectation of future earnings in the operations of Hotel Marco Internacional S.A. and was amortized until December 31, 2008, and subject to impairment testing beginning 2009;

(c) Refers to the Goodwill recorded by the Hotéis Fasano & Resorts S.A. subsidiary considering the full Goodwill amount, in result of the consolidation. The Company has a 60% interest in the Hotéis Fasano & Resorts S.A. subsidiary. This Goodwill is the result of the Company's acquisition of the 86.1% interest held by the Hotéis Fasano & Resorts S.A. subsidiary in Hotel Marco Internacional S.A. and is based on the expectation of future earnings in the operations of Hotel Marco Internacional S.A. and was amortized until December 31, 2008, and subject to impairment testing beginning 2009;

13. Deferred charges

As per Law no. 11941/08, the remaining balance of the deferred charges on December 31, 2008 that could be allocated to permanent assets and intangible assets remained as assets under this item until it is fully amortized, but subject to periodical impairment testing.

Description	Annual amortization (%)	Individual		Consolidated	
		06-2010	03-2010	06-2010	03-2010
<i>Pre-operating expenses - Shopping Cidade Jardim S.A. (a)</i>	10	-	-	22,222	22,222
<i>Pre-operating expenses - Companhia Boa Vista de Empreendimentos Imobiliários (b)</i>	10	-	-	3,386	3,386
<i>Hotel Marco Internacional S.A. (c)</i>	10	-	-	13,489	13,489
Subtotal		-	-	39,097	39,097
<i>Amortization of deferred charges</i>		-	-	(14,697)	(13,728)
Total net deferred charges		-	-	24,400	25,369

(a) This refers to pre-operating expenses incurred since December 2005 to prepare for the Shopping Cidade Jardim project; these expenses are amortized over up to ten years, which is the estimated time for the return on the investments, starting on the inception of operation and generation of income; The above project started operations in May 2008.

(b) Pre-operating expenses with Companhia Boa Vista de Desenvolvimento Imobiliário refer to expenses incurred in studies and implementation of the Boa Vista project; these expenses are amortized over ten years, starting with the recording of the income from this project in November 2007;

(c) Pre-operating expenses with Hotel Marco Internacional S.A. refer to expenses incurred in the implementation, improvements, and betterments of the installations and facilities of the hotel, which are amortized over up to ten years.

14. Loans and debentures

14.1. Loans

Description	Index	Annual interest rate (%)	Individual		Consolidated	
			06-2010	03-2010	06-2010	03-2010
Financial institutions (a)	CDI	0.96 to 2.40	112,137	124,715	209,745	234,648
Financial institutions (b)	TR	11.60	-	-	25,447	28,986
BNDES (c)	TJLP	3.55	-	-	64,863	68,622
Total			112,137	124,715	300,055	332,256
Short term – current assets			36,629	36,669	109,787	109,738
Long term – non-current assets			75,508	88,046	190,268	222,518

(a) This corresponds to loans in domestic currency, for working capital purposes, obtained from regular financial institutions and guaranteed by promissory notes and the guarantee of the parent company;

(b) This corresponds to loans in domestic currency, for working capital purposes, obtained from regular financial institutions and guaranteed by mortgages;

(c) This corresponds to a loan in local currency from BNDES. This loan was obtained to fund the Shopping Cidade Jardim project, and guaranteed by mortgage as well as the project itself, in addition to the partners' guarantees.

On June 30, 2010, the non-current asset installments have the following payment schedule:

Year of maturity	Individual	Consolidated
2011	20,804	52,961
2012	34,288	84,612
2013	20,416	40,222
2014	-	12,473
Total	75,508	190,268

14.2. Debentures

Description	Index	Yield (interest)	Individual		Consolidated	
			06-2010	03-2010	06-2010	03-2010
First issue of simple debentures	CDI	2.40% p.a	101,580	104,093	101,580	104,093
(-) Cost of debenture issuing	-	-	(904)	(970)	(904)	(970)
Total			100,676	103,123	100,676	103,123
Short term – current assets			1,318	3,830	1,318	3,830
Long term – non-current assets			99,358	99,293	99,358	99,293

On December 1, 2009, the Company concluded the issuing of one hundred (100) simple debentures, non-convertible into shares, in a single chirographic series, with a nominal value of R\$1,000, totaling R\$100,000, maturing in five years starting on the date of their issue, with scheduled amortization in six installments, to first on November 12, 2012 (R\$8,000) and four equal installments (R\$22,500) maturing on May 12 and November 12, 2013, and May 12 and November 12, 2014. Yield will be paid twice a year.

On June 30, 2010, the non-current asset installments have the following payment schedule:

<i>Year of maturity</i>	<i>Installment</i>	<i>Cost</i>	<i>Total</i>
2011	-	(131)	(131)
2012	10,000	(255)	9,745
2013	45,000	(187)	44,813
2014	45,000	(69)	44,931
Total	100,000	(642)	99,358

Covenants

The loan agreements have restrictive clauses determining certain commitments undertaken by the Company, which may or may not cause an acceleration of the securities, namely:

- If the Company becomes a limited liability company;
- If the Company changes its business purpose, substantially changing its current activities;
- If the Company pays dividends, interest on its capital stock, or any other type of profit sharing specified in its charter while the Company is in arrears with the holders of its debentures, except for minimum mandatory payments (Article 202 of Law no. 6.404/76);
- In case of condemnation, seizure, or any type of disposal by the Company of assets classified as permanent assets and valued at R\$20,000 or more, provided that this can affect the Company's financial capacity;
- If the Company fails to renew permits and licenses, including environmental, and which impact the operations of the Company;
- If any judicial or extrajudicial recovery is filed against the Company;
- Default or accelerated maturity of any debt issued by the Company valued at more than R\$30,000, without proper challenge and demonstration of the obligation.

The Company fully complied all these covenants as the quarter ended June 30, 2010.

15. Labor and tax obligations

<i>Description</i>	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>	<i>06-2010</i>	<i>03-2010</i>
PIS	30	-	155	256
COFINS	137	-	1,978	1,939
ISS	-	-	584	605
ICMS	-	-	163	86
IPI	-	-	-	48
IRPJ	-	-	903	776
CSLL	-	-	480	343
Exceptional tax installment plan	-	-	4,930	4,988
Special Taxation Regime (RET)	-	-	540	739
Labor allowances	783	613	3,937	3,112
Payroll taxes	154	164	896	821
Taxes withheld by third parties	207	198	1,632	1,549
Others	-	42	586	357
Total	1,311	1,017	16,784	15,619
Short term – current assets	1,311	1,017	11,999	10,772
Long term – non-current assets	-	-	4,785	4,847

In order to take advantage of the favorable payment conditions provided by Law no. 11941, dated December 24, 2009, the Hotel Marco Internacional subsidiary chose to join the special tax payment plan (Refis IV), which combined all that company's debt with INSS, Cofins, and PIS/PASEP as of

2010. On June 30, 2010, the debt balance totaled R\$4,930 (R\$4,988 on March 31, 2009), of which R\$493 was considered current liabilities and R\$4,489 non-current liabilities. Out of this total, R\$4,080 (R\$4,079 on March 31, 2010) will be reimbursed by the former stockholders of Hotel Marco Internacional, according to an agreement entered between the parties at the time of acquisition, and, accordingly, were considered non-current liabilities. The above subsidiary also joined the special tax payment plan of the city of São Paulo (PPI); on June 30, 2010 the debt balance totaled R\$417 (R\$426 on March 31, 2010), of which R\$69 was considered current liabilities and R\$348 non-current liabilities.

The long-term balance of the above tax payment plans has the following payment schedule:

<i>Year of maturity</i>	<i>Consolidated</i>
2011	281
2012	562
2013	562
2014	562
After 2014	2,818
Total	4,785

16. Deferred taxes and charges

Income tax and social contribution tax are recorded in the financial statements based on the revenues recorded and on the cost incurred under an accrual basis. For tax purposes, SRF Normative Instruction no. 84/79 (real estate development and marketing activities) enables the Company to defer the payment of taxes to match the receivables of sales closed. Therefore, the financial statements include assets or liabilities of deferred taxes based on the difference between the recognized profit in the financial statements according to Resolution no. 963/03 and the payable taxes, under cash-basis accounting.

<i>Description</i>	<i>Individual</i>					
	<i>06-2010</i>			<i>03-2010</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
<i>Deferred taxes and charges (PIS, Cofins, IRPJ, and CSLL)</i>	623	-	623	813	-	813
Short term – current assets	-	-	-	-	-	-
Long term – non-current assets	623	-	623	813	-	813

<i>Description</i>	<i>Consolidated</i>					
	<i>06-2010</i>			<i>03-2010</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
<i>Deferred taxes and charges (PIS, Cofins, IRPJ, and CSLL)</i>	11,570	(18,246)	(6,676)	9,697	(16,358)	(6,661)
Short term – current assets	9,869	(18,246)	(8,377)	8,025	(16,358)	(8,333)
Long term – non-current assets	1,701	-	1,701	1,672	-	1,672

16.1. Reconciliation of income tax and social contribution tax

Below is the reconciliation of income tax and social contribution tax on June 30, 2010 and 2009.

	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>06-2009</i>	<i>06-2010</i>	<i>06-2009</i>
<i>Income before income tax and social contribution tax</i>	26,105	5,999	29,415	14,485
<i>- Income from equity stakes</i>	(38,959)	(25,218)	(683)	(579)
<i>- Amortization of Goodwill</i>	-	2,378	-	2,378
<i>- Net effect from additions, exclusions, and offsetting of tax losses</i>	-	-	-	-
<i>- Exclusion of the net effects of subsidiaries taxed under the Special Tax Regime (RET) and Presumed Profit Regime</i>	-	-	(26,051)	(13,226)
<i>Actual Profit calculation base</i>	(12,854)	(16,841)	2,681	3,059
<i>Applicable rate</i>	34%	34%	34%	34%
<i>Tax debit computed according to the Actual Profit Regime</i>	-	-	(912)	(1,040)
<i>RET calculation base</i>	-	-	108,184	108,625
<i>Applicable rate</i>	2.87%	2.87%	2.87%	2.87%
<i>Tax debit computed according to the RET</i>	-	-	(3,105)	(3,118)
<i>Presumed Profit calculation base</i>	-	-	7,385	10,393
<i>Applicable rate</i>	34%	34%	34%	34%
<i>Tax debit computed according to the Presume Profit Regime</i>	-	-	(2,511)	(3,534)
<i>Income tax (IRPJ) and social contribution tax (CSLL)</i>	(190)	(192)	3,451	(349)
<i>Total</i>	(190)	(192)	(3,077)	(8,041)

17. Committed property creditors

These are balances payable with either financial resources or property exchanges related to agreements for the acquisition of land for future property developments.

<i>Description</i>	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>	<i>06-2010</i>	<i>03-2010</i>
<i>Salvador Project (a)</i>	-	-	64,995	66,858
<i>Praça Vila Nova Project</i>	-	-	-	1,551
<i>Manaus Project (b)</i>	-	-	36,580	38,280
<i>Itaim Project (c)</i>	-	-	12,701	16,700
<i>Total</i>	-	-	114,276	123,389
<i>Short term – current assets</i>	-	-	33,300	40,292
<i>Long term – non-current assets</i>	-	-	80,976	83,097

(a) This refers to the land purchased by the subsidiary JHSF Salvador (buyer) and EULUZ Empreendimentos Ltda. (seller) of the property located in the city of Salvador, for the development of the Condomínio Horto Bela Vista project. To pay for the property acquired, JHSF agreed to grant a 45% stake of the shopping mall to be built at the site within 36 months after all necessary building permits are secured to begin construction work. To ensure the payment of the property, JHSF will deliver to EULUZ Empreendimentos Ltda. a surety bond to this effect.

(b) Refers to land acquisition under public deed entered between the JHSF Manaus subsidiary and several creditors, in which the first agrees to develop on that site a multiuse complex consisting

of a shopping mall and other real estate development. To pay for the site, JHSF will deliver a 22% stake in the shopping mall to be built there and a 13% interest in the PSV of the residential and office towers to be developed.

(c) This refers to the acquisition of land in the city of São Paulo under a public deed entered between the subsidiary JHSF Incorporações S.A. and several creditors for the development of a future real estate project.

Contracts subject to inflation adjustment employ the National Construction Industry Index (INCC) and interest, as applicable. The share included in the non-current liabilities will mature after the first half of 2011.

18. Transactions with real estate projects in progress

As per Note 4 (a.1), the earnings of real estate transactions are appropriated based on the cost incurred; thus, the balance of the accounts receivable of the units sold but not yet concluded is recorded partially in the financial statements of the Company, because their booking reflects known revenues, net of any installments already received.

Revenues to be appropriated resulting from real estate units sold in projects under construction (not concluded) and the respective cost commitments to be incurred in relation to the units sold are not recorded in the financial statements.

The amounts are shown below:

<i>Description</i>	<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>
<i>Income of sales closed to be appropriated</i>	880,340	790,636
<i>(-) Construction commitments with sold units</i>	(522,634)	(461,172)

Additionally, the JHSF Incorporações S.A. subsidiary has incurred in an obligation resulting from the lease contract of 12 office properties to be delivered, under the following conditions: (a) 60 months after delivery (forecast for April 2012); (b) possibility of full subRental; and (c) minimum lease term of 36 months, at the sole discretion of the tenant.

19. Customer advances

	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>	<i>06-2010</i>	<i>03-2010</i>
<i>Income from property sales above appropriated revenues (a)</i>	-	-	160,944	172,385
<i>Income from property sales of non-appropriated revenues (b)</i>	-	-	1,012	1,001
<i>Customer advances – assignment of rights of use of stores – Shopping Cidade Jardim (c)</i>	-	-	12,950	12,072
<i>Customer advances – assignment of rights of use of stores – Shopping Cidade Jardim (d)</i>	-	-	112	-
<i>Customer advances – assignment of rights of use of stores – Shopping Bela Vista - Salvador (e)</i>	-	-	1,862	1,498
<i>Customer advances – assignment of rights of use of stores – Shopping Ponta Negra - Manaus (f)</i>	-	-	121	98
<i>Others</i>	79	-	267	328
Total	79	-	177,268	187,382

- (a) Customer payments in excess of the balances of the credit receivables recorded according to practice described in Note 4.a.1 and physical exchanges adjusted at fair price are recorded as customer advances; of the total, R\$5,915 refers to amounts received through physical exchanges.
- (b) Receivables relative to projects with for non-recognized revenues.
- (c) Refers to funds received as assignment of rights of use of stores in Shopping Cidade Jardim, which are appropriated to the income because of the lease agreement terms with tenants.
- (d) Refers to funds received as assignment of rights of use of stores in Shopping Metrô Norte, which will be appropriated to the income because of the lease agreement terms with tenants.
- (e) Refers to funds received as assignment of rights of use of stores in Shopping Bela Vista – Salvador, which are appropriated to the income because of the lease agreement terms with tenants.
- (f) Refers to funds received as assignment of rights of use of stores in Shopping Ponta Negra – Manaus, which are appropriated to the income because of the lease agreement terms with tenants.

20. Allowance for risks

During the normal course of business activities, the Company and its subsidiaries are exposed to certain risks, which include tax, labor, and civil suits under discussion. The Company and its subsidiaries have recorded the following allowances to meet possible legal suits:

	<i>Individual</i>		<i>Consolidated</i>	
	<i>06-2010</i>	<i>03-2010</i>	<i>06-2010</i>	<i>03-2010</i>
<i>Labor (a)</i>	-	-	88	88
<i>Tax (b)</i>	-	-	2,807	2,489
<i>Civil</i>	-	-	152	152
Total	-	-	3,047	2,729

- (a) Refers to labor suits, claiming salary differences, additional payment for unhealthful working conditions, employment ties and respective charges, severance benefits, overtime, and all respective payroll charges;
- (b) This consists of an allowance for possible risks involving federal taxes and contributions (PIS, Cofins, IRPJ, and CSLL).

The Company and its subsidiaries are parties in other labor, tax, and civil suits resulting from the normal course of business activities; in the opinion of the Management and its legal advisors, these suits have a possible likelihood of unfavorable outcome and no reserve has been established to meet the unfavorable outcomes of such suits. On June 30, 2010, these suits totaled R\$659 in tax cases, R\$2,733 in labor cases, and R\$378 in civil cases.

The table below shows risk allowances:

	<i>Consolidated</i>			
	<i>Labor</i>	<i>Tax</i>	<i>Civil</i>	<i>Total</i>
Balance on March 31, 2010	88	2,489	152	2,729
<i>Allowances established during the second quarter</i>	-	318	-	318
Balance on June 30, 2010	88	2,807	152	3,047

21. Advance for future increase in capital stock

Refers to advances provided by the Company to its subsidiaries, which will be used to pay in capital stock.

Assets	Individual	
	06-2010	03-2010
JHSF Incorporações S.A.	650	3,656
Companhia Administradora de Empreendimentos e Serviços	-	325
Companhia Metrô Norte	2,275	5,244
Companhia Boa Vista de Desenvolvimento Imobiliário	-	73,238
Sociedade Administradora de Estacionamento e Serviços S.A.	-	780
Hotéis Fasano & Resorts S.A.	50	37
JHSF Shoppings S.A.	33	14
JHSF (Uruguay) S.A. (a)	42,289	37,710
Aveiro Incorporações S.A.	879	483
JHSF Belém Empreendimentos e Incorporações S.A.	-	342
JHSF Porto Alegre Empreendimentos e Incorporações S.A.	-	34
JHSF Salvador Empreendimentos e Incorporações S.A.	17,325	8,633
JHSF Manaus Empreendimentos e Incorporações S.A.	2,107	3,339
H Brasil Importação e Exportação S.A.	1,643	6,327
Total	67,251	140,162

(a) Since the JHSF (Uruguay) S.A. subsidiary is based in another country, advances for future increase in capital stock are adjusted for inflation based on the exchange rate of the US dollar and its respective foreign-exchange variations are recorded in the Adjustment for Equity Appraisal item in Stockholders' Equity.

22. Minority Stockholders in subsidiaries

This consists of:

Liabilities breakdown

	% Interest	Individual		Consolidated	
		06-2010	03-2010	06-2010	03-2010
Hotéis Fasano & Resorts S.A.	40.00	-	-	10,382	10,187
Others	-	-	-	8	10
Total		-	-	10,390	10,197

Income breakdown

	% Interest	Individual		Consolidated	
		06-2010	06-2009	06-2010	06-2009
Companhia Santa Cruz (Note 10.2.1 item (a))	5.00	-	-	-	(305)
Hotéis Fasano & Resorts S.A.	40.00	-	-	(423)	(332)
Total		-	-	(423)	(637)

23. Stockholders' equity

	06-2010	03-2010
Capital stock	705,782	705,782
Treasury shares	(483)	(483)
Profit reserves	254,162	234,636
Capital reserves	1,803	1,613
Adjustment of equity appraisal	(1,025)	(1,478)
Total	960,239	940,070

Capital stock

On June 30 and March 31, 2010, the paid-in capital stock of the Company totaled R\$705,782, and was represented by 426,374,825 nominative common shares, with no face value.

Treasury shares

This refers to 155,500 common shares acquired by the Company under the first stock buyback, ended on October 19, 2009, to be held in treasury, cancelled, sold at a later date, or used for a possible exercise of the Company's stock option plan. As of June 30, 2010, this stock remained in the Company's treasury. Considering the stock price before the closing of the quarter on June 30, 2010, R\$2.60, the market value of all this stock totals R\$404.

Capital reserve

This refers to the recording of stock options granted to the management and employees under the stock purchasing plan (Note 26), complying with Technical Opinion CPC10 – Stock Based Payment, approved by CVM Decision no. 562/08.

Profit reserves

The legal profit reserve consists of the appropriation of 5% of the period's net profit.

The profit retention reserve corresponds to the profit remaining after the appropriation of the legal reserve and distribution of dividends and interest on the Company's own capital stock. The profit reserve is intended mainly to meet investment plans included in capital budgets to develop new businesses.

Adjustment of equity appraisal

The adjustment of equity appraisal was performed according to Law no. 11638, dated December 28, 2007, and represents the foreign-exchange variations resulting from advances for future increase in capital stock of the JHSF (Uruguay) S.A. subsidiary and adjustments in the conversion of the balance sheet of JHSF (Uruguay) S.A.

Dividend distribution policy

Every year, shareholders are entitled to receive dividends amounting to at least 25% of the year's net profit, subject to the following adjustments:

- The subtraction of amounts intended to establish the legal reserve and the contingency reserve during the year; and
- The addition of amounts resulting from the reverse entry, during the year, of contingency reserves established in prior years.

Net profit

On December 31, 2009, the Company's management proposed to the Ordinary Stockholders' General Meeting, on an ad referendum basis, the distribution of R\$52,400 as interest on the Company's own capital stocks to its stockholders. The payment of this interest took place in January 2010. Additionally, the management also proposed the supplementary distribution of R\$30,000 in dividends, which were paid by May 2010.

The above distributions were approved by the Ordinary and Extraordinary Stockholders' General Meeting held on April 30, 2010.

24. Financial instruments

The Company and its subsidiaries have transactions that include financial instruments intended to meet the companies' operational needs and reduce exposure to financial, interest rate, and currency risks. All these transactions are recorded in the Company's accounts.

The Company and its subsidiaries do not perform any transactions involving financial instruments with speculative purposes.

The risks are managed through control policies, specific strategies, and limit setting, as follows:

(a) Risk management

Credit risks

The Company and its subsidiaries restrict their exposure to credit risks associated with banks and to cash and cash equivalents investing their assets in top-tier financial institutions.

Regarding accounts receivable, the Company and its subsidiaries restrict their exposure to credit risks by selling to a broad range of clients and continually reviewing credit. Additionally, the Company has not had any substantial losses on account of its risk analyses criteria and the existence of real guarantees of recovering the properties if clients default while the properties are still under construction.

On June 30, 2010, the management of the Company and its subsidiaries decided it was not necessary to set up reserves to meet possible losses in the recovery of receivables associated with properties already finished, because in this case also there is the real guarantee of the property.

During this same period, no relevant credit risk was associated with clients.

Interest rate risk

The Company has loans for working capital, debentures, and financial investments indexed to the CDI rate, which exposes these assets and liabilities to interest rate fluctuations. Management monitors the behavior of the future interest rate market to assess the possible need to effect instruments to protect against the risk of volatility of these rates.

Currency risks

The Company has investments in a subsidiary abroad totaling R\$43,593, equivalent to US\$24,198 (US dollars); on this date there is no instrument to hedge this foreign-exchange exposure.

(b) Market value of the financial instruments

The main asset and liability financial instruments are described below, as well as the criteria employed to value them:

Cash and cash equivalents

Market value of cash, bank current accounts, and investments does not differ significantly from the figures shown in the financial statements (Note 5). The rates agreed reflect the usual market conditions.

Accounts receivable

The balance of client accounts receivable corresponds to the figures shown in the financial statements (Note 6). The balance of client accounts receivable is adjusted according to contractual indexes used in the market and are kept at present value according to CVM Instruction no. 469/08.

Loans and debentures

The market value of loans and debentures does not differ from the figures shown in the financial statements. The loans and debentures use rates compatible with the market rates and are adjusted as agreed in contract. The debit balance on June 30, 2010 corresponds to the actual settlement figures.

(c) Derivative transactions

On June 30, 2010, the Company and its subsidiaries had no derivative transactions.

25. Insurance

The Company and its subsidiaries have insurance coverage for personal damage to third parties and physical damage to tangible assets, in addition to coverage against hazards such as fire, lightning, electrical damage, nature, and gas explosions. Management considers that the existing insurance coverage is enough to cover the likely hazards to the Company's assets and/or its liabilities.

Insurance for construction and maintenance hazards is the responsibility of the contractors hired by the Company and its subsidiaries to build the projects; the Company and its subsidiaries could not effect such coverage because their business activity does not include the construction of real estate projects. Management considers that the existing insurance coverage effected by these contractors is enough to cover the likely hazards to the Company's assets and/or its liabilities.

The subsidiary JHSF Incorporações S.A. effected surety bonds for private obligations; the insured was Fundação Vale do Rio Doce de Seguridade Social (Valia), to guarantee an indemnity up to the amount specified in the policy for losses resulting from a possible delinquency of the subsidiary regarding the obligations for the construction of Tower 3 (Continental Tower) of the Condomínio Cidade Jardim Corporate Center and part of the common areas referred to under the Main Sales Agreement entered between Valia and the aforementioned subsidiary.

Because of their nature and peculiarity, the assumptions used to measure the risks have not been reviewed by the Company's independent auditors.

On June 30, 2010 the Company had insurance policies covering the following risks:

Company	Line	Term	Coverage
JHSF Participações S.A.	Auto insurance	Aug/09 to Aug/10	100% of the FIPE table
JHSF Incorporações S.A	Builders' risks for the Praça Vila Nova project	Nov/09 to Nov/11	R\$65,544
JHSF Incorporações S.A	Legal liability for the Praça Vila Nova project	Nov/09 to Nov/11	R\$5,000
JHSF Incorporações S.A	General legal liability for the Parque Cidade Jardim office towers	Oct/09 to Mar/12	R\$5,000
JHSF Incorporações S.A	General legal liability for the Parque Cidade Jardim residential towers	Apr/10 to Oct/10	R\$2,000
JHSF Incorporações S.A	Builders' risks for the Parque Cidade Jardim office towers	Jun/09 to Jun/12	R\$549,557
JHSF Incorporações S.A	Builders' risks for the Parque Cidade Jardim residential towers	Apr/10 to Oct/10	R\$35,000
Metropolitan and Platinum Office Towers condominium	Office condominiums of the Metropolitan and Platinum Office Towers	Mar/10 to Oct/11	R\$131,320
Metropolitan and Platinum Office Towers	General legal liability	Mar/10 to Oct/11	R\$4,000
Sociedade Adm. Estac.e Serviços	Parking garage legal liability	Mar/10 to Oct/11	R\$500
Shopping Cidade Jardim condominium	General legal liability	May/10 to May/11	R\$14,000
Shopping Cidade Jardim condominium	Named perils	May/10 to May/11	R\$160,000
JHSF Salvador S.A	Business owners' insurance	Nov/09 to Nov/10	R\$4,800
JHSF Salvador S.A	General legal liability	Mar/10 to Jul/12	R\$311,191
JHSF Salvador S.A	Builders' risks	Mar/10 to Jul/12	R\$2,000
H Brasil Com Imp. Exp. S.A	Named perils	Aug/09 to Jun/11	R\$13,596
H Brasil Com Imp. Exp. S.A	General legal liability	Aug/09 to Aug/10	R\$1,000
Companhia Metrô Norte.	Builders' risks	May/10 to Dec/11	R\$107,616
Companhia Metrô Norte.	General legal liability	May/10 to Dec/11	R\$10,000
Hotel Marco Internacional	General legal liability	Oct/09 to Oct/10	R\$1,000
Hotel Marco Internacional	Miscellaneous perils	Oct/09 to Oct/10	R\$200
Hotel Marco Internacional	Business owners' insurance	Oct/09 to Oct/10	R\$72,858

26. Stock options plan

In accordance with Article 6, Paragraph 3, of the Company's articles of incorporation, and always within the limits of authorized capital stock and in line with the plan approved at the shareholders' general meeting, the Board of Management can approve the Company's granting stock options to its managers and employees, as well as officers and employees of the Company's direct and indirect subsidiaries, or to natural persons who render services to the Company, with no right of preference for the shareholders.

Under the stock option plan, the Board of Management had approved by December 31, 2009 four stock option grants for its managers, employees, and service providers, as well as for managers, employees, and service providers of the Company's subsidiaries.

The volumes granted can be exercised by the beneficiaries at the rate of 25% every 12-month waiting period, up to six years after the shares are granted, which happened on July 23, 2009. The 1,175,000 shares have a six-month waiting period at the rate of 25% each, up to six years after they are granted. The exercise price will be updated based on the IPCA rate measured between the month of the grant and the month the option is actually exercised.

Based on Technical Statement CPC 10 – Payment based on shares, the Company estimated the fair value of the options on the dates they were granted and recognized as an expense in each period a share proportional to the term of the rights. Considering that no similar transactions exist in the market, the Company used the Black & Scholes method to estimate the fair value of the options in each grant. Details of each grant as well as the amounts computed and recognized in the financial statements are shown below:

Program	<u>First granting</u>	<u>Second granting</u>	<u>Third granting</u>	<u>Fourth granting</u>
Exercise term	3/13/2013	3/12/2014	8/6/2014	7/22/2015
Number of shares	<u>552,758</u>	<u>1,526,495</u>	-	<u>1,251,530</u>
Granted	994,202	2,227,993	39,693	1,251,530
(-) Cancelled	(284,429)	(701,498)	(39,693)	-
(-) Exercised	(157,015)	-	-	-
Market value (*) R\$ thousands	<u>1,536</u>	<u>2,980</u>	-	<u>1,168</u>
Appropriated 2007	256	-	-	-
Appropriated 2008	256	497	11	-
Appropriated 2009	241	465	8	97
Reversal relative to 2009 appropriations	(46)	(94)	(8)	-
Reversal to stockholders equity relative to appropriations in prior ye	(123)	(126)	(11)	-
Appropriated 1Q10	49	93	-	48
Appropriated 2Q10	49	93	-	48

(*) Market value on the date the stocks were granted. The market price for the first stock grant refers to the Company's IPO price.

On July 23, 2009, the Company's Board of Management approved the granting of stock options of up to one million four hundred thousand (1,400,000) shares of the Company to eligible beneficiaries under its Stock Option Plan. On the same date, under its fourth grant, the Company granted one million two hundred and fifty one thousand five hundred and thirty (1,251,530) share options under its Share Option Plan.

The Company performed the computation for the approved grants on the date of the quarterly statements and concluded that if these options had been exercised on June 30, 2010 there would be no dilution in comparison with the equity value or with market value.