São Paulo, August 10, 2016: PDG Realty S.A. (PDGR3) announces **today** its results for the second quarter and first half of 2016. Founded in 2003, PDG develops projects for different segments and publics, operating in the development, construction and sale of residential and commercial units, as well as land plots.

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Conference Call

Date:
Thursday, August 11, 2016

- **Portuguese**

02:00 p.m. (Brasília)
01:00 p.m. (NY)

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- **English**
(Simultaneous translation)

01:00 p.m. (NY)
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Highlights and Recent Events

- **For the eighth consecutive quarter, PDG reduced its net debt, which came to R$270 million in the second quarter and R$381 million in the first half.** (page 21)

- **SFH debt fell by R$149 million between 1Q16 and 2Q16 and by R$421 million in the half.** (page 20)

- **Total leverage**, including net financial debt and the cost to be incurred, **fell by R$338 million between 1Q16 and 2Q16 and by R$463 million in the half.** (page 20)

- **Net sales of R$77 million in the quarter, 8% up on 2Q15,** and R$174 million in the half, 46% down on 1H15, when the "Na Ponta do Lápis" sales campaign was held.. (pages 7 and 8)

- **Cancellations** totaled **R$268 million in 2Q16**, **40% down on 2Q15,** and **R$574 million** in the half, **37% down on 1H15.** (pages 7 and 9)

- **Cash sales amounted to R$64 million in 2Q16 and R$146 million in 1H16**. (page 7)

- **General and administrative expenses closed the first half 19% down year-on-year, while the second-quarter figure fell by 16% over 2Q15.** (page 17)

- **Within 1H16**, **the sale of our entire stake in REP was concluded**, for which we received the equivalent of **R$34 million in real estate units** in São Paulo, as well as a **R$214 million reduction in the Company's net debt**. (page 19)

- **In May**, we **concluded the sale of two projects (D´oro and Arena) for R$10 million**, at the same time **reducing the Company's cost to be incurred by R$52 million**. (page 19)

Recent Events:

- **Debt Renegotiation of R$4.0 billion, equivalent to 74% of gross debt with our five largest creditors, including:** (page 19)

  - The conclusion, today, of the renegotiation of the Company's entire debt with its four largest creditors, totaling R$2.3 billion. In addition, the renegotiation of R$1.1 billion related to the construction financing agreements is concluded and being formalized;

  - The conclusion, on August 05, of the 11th debenture issue totaling R$565 million, equivalent to the outstanding amount of the Promissory Notes with Banco Votorantim.

- **Today, the Company signed the G&A Financing agreement to cover general and administrative expenses, estimated at up to R$200 million.** (page 19)

TABLE OF CONTENTS

During this half, we took several crucial steps forward in our strategy of divesting assets and restructure the Company’s debt.

In May, we entered into an agreement for the sale of our entire interest (58%) in REP, for which we received the equivalent of R$34 million in real estate units in São Paulo, as well as a R$214 million reduction in the Company’s net debt.

Also in May, we entered into the Memorandum of Understanding to restructure our debt with our four largest creditors (Banco do Brasil, Bradesco, CEF and Itaú Unibanco), with the following main objectives: (i) equalize the Company's financing requirements; and (ii) realign debt maturities to future cash flow prospects.

To this end, today we took a crucial step forward in the Company's debt restructuring, with the conclusion of the renegotiation of the Company's entire debt with our four largest creditors. All in all, we renegotiated R$2.3 billion, extending interest and principal maturities by four years. In addition, the renegotiation of R$1.1 billion related to the construction financing agreements is concluded and being formalized.

Today, the Company also signed the G&A Financing agreement to cover its general and administrative expenses (G&A Financing), estimated at up to R$200 million. These proceeds will be disbursed to the Company periodically until May 2017, enabling PDG to maintain its operation stability.

The Company also concluded negotiations with the Vinci Partners group for a financing operation, involving two issues of simple debentures, each divided into two series, totaling up to R$100 million. The first series of the 9th and 10th issues, amounting to R$50 million, have already been issued, and the second series are able to be subscribed by Vinci, in one or more installments within the next 12 months.

As part of the MoU entered into with Banco Votorantim and BVEP in January of this year, we concluded the sale of two projects (D´oro and Arena) for R$10 million, at the same time reducing the Company’s cost to be incurred by R$52 million. The asset sales negotiation with BVEP were extinguished in July with no further advances, and the Company sealed an agreement with Banco Votorantim for the restructuring of promissory notes totaling R$565 million.

As a result, on August 5, we concluded the 11th issue of simple debentures in the amount equivalent to the outstanding balance of the promissory notes in order to raise funds for the early redemption of these notes. The terms and conditions of the debentures are equivalent to those agreed upon with the Company's main creditors.

With the conclusion of the renegotiation of our corporate debt and SFH debt with our four largest creditors (Banco do Brasil, Caixa Econômica Federal, Bradesco S.A and Itaú), and having already finalized the renegotiation with Banco Votorantim S.A, with the 11th debenture issue, we managed to formalize the restructuring of approximately 74% of the Company's total gross debt, i.e., approximately R$4.0 billion. The renegotiation with our five largest creditors represents a decisive step forward to successfully conclude our Debt Restructuring process.

On the operational front, we recorded our eighth consecutive quarter of net debt reduction, this time of R$270 million. In the first six months, net debt fell by R$381 million, giving a total reduction of R$1.6 billion since 3Q14, excluding last year's capital increase, and considering the sale of our stake in REP.

On the commercial side, gross sales totaled R$345 million this quarter, 14% down on 1Q16, and 33% down on 2Q15. However, cancellations improved, falling by 12% on 1Q16 and 40% on 2Q15, to R$268 million in the 2Q16. As a result, 2Q16 net sales came to R$77 million, 21% down quarter-on-quarter and 8% up year-on-year.

In the first half, gross sales totaled R$748 million, 39% down on the same period last year, when the *"Na Ponta do Lápis"* sales campaign was held. Cancellations totaled R$574 million in the first half, a 37% reduction over the same period last year. Net sales amounted to R$174 million, 46% less than in 1H15. However, the reduction in sales cancellations should not be regarded as a trend, despite of its greater resilience during the period, we believe that borrowing restrictions, the scarcity of funding, high current financing rates and the maintenance of the economic scenario may have a negative impact on sales cancellations throughout the year.

Although there were no sales campaigns in 2Q16, cash sales stood at R$64 million, equivalent to 19% of period gross sales. Year-to-date cash sales totaled R$146 million, in line with the 1H15 figures.

The cost to be incurred closed 2Q16 at R$697 million, 9% and 38% down, respectively, on 1Q16 and 2Q15, further reducing the Company's execution risk.

In the second quarter, we obtained seven occupancy permits, totaling 2,540 units and PSV of R$675 million. In the first half, we obtained nine occupancy permits involving 3,984 units and PSV of R$821 million. As a result, we closed June with 35 ongoing projects.

We continued to move ahead with our intensive efforts to reduce costs and adjust the Company's structure to the size of its operation. General and administrative expenses fell by 16% in the second quarter over 2Q15, and by 19% in the first half over 1H15, while selling expenses declined by 33% and 29%, respectively, in the same periods. SG&A expenses recorded a 23% year-on-year reduction in both the second quarter and the first half.

If we look at the Company's leverage under the "extended debt" concept, considering the cost to be incurred and net debt, leverage has been falling consistently since the end of 2012, recording a decline of 57%, or R$7.6 billion, and also reducing operational complexity and the execution risk of our assets. In 2Q16, extended leverage (net debt + cost to be incurred) fell by R$338 million, including the deconsolidation of R$52 million in the cost to be incurred due to projects sold (Arena and D´oro), and reduced by R$463 million in 1H16.

We continued to amortize construction financing debt (SFH) due to the delivery of projects and the transfer of mortgages. Total SFH debt fell by R$149 million (-11%) in the quarter over 1Q16, and R$421 million (-25%) in the first half.

We reinforce that the Company have been able to successfully face one of the most important challenge in its turnaround process, specially related to monetize assets and restructure its debt.

Operating and Financial Indicators

- As of the beginning of 2014, we began disclosing our results in IFRS10, as well as proportionally to PDG's interest in each project. All the financial information is disclosed in IFRS10.

Launches	2Q16	2Q15	2Q16 vs. 2Q15	1H16	1H15	1H16 vs. 1H15	2Q16 (IFRS)	1H16 (IFRS)
Total Launches - R$ million	0	0	n.m.	0	23	n.m.	0	0
PDG % Launches - R$ million	0	0	n.m.	0	23	n.m.	0	0
# of Launched Projects	0	0	n.m.	0	1	n.m.	0	0
# of Launched Units - PDG	0	0	n.m.	0	187	n.m.	0	0

Sales and Inventory	2Q16	2Q15	2Q16 vs. 2Q15	1H16	1H15	1H16 vs. 1H15	2Q16 (IFRS)	1H16 (IFRS)
Gross Sales %PDG - R$ million	345	518	-33.4%	748	1,231	-39.2%	324	714
Net Sales %PDG - R$ million	77	71	8.5%	174	319	-45.5%	59	152
# of Net Sold Units %PDG	298	217	37.3%	518	1,124	-53.9%	197	388
Inventory at Market Value %PDG - R$ million	2,695	2,965	-9.1%	2,695	2,965	-9.1%	2,691	2,691

Operational Result (1)	2Q16	2Q15	2Q16 vs. 2Q15	1H16	1H15	1H16 vs. 1H15
Net Operational Revenues - R$ million	120	482	-75.1%	260	1,143	-77.3%
Gross Profits (Losses) - R$ million	(57)	64	n.m.	(73)	167	n.m.
Gross Margin - %	-47.6	13.2	n.m.	-28.1	14.6	n.m.
Adjusted Gross Margin - %	-27.3	21.8	n.m.	-10.5	23.0	n.m.
EBITDA Margin - %	-424.2	-11.7	n.m.	-256	-0.8	n.m.
Net Earnings (Losses) - R$ million	(740)	(231)	n.m.	(1,150)	(393)	n.m.
Net Margin - %	-	-	n.m.	-	-	n.m.

Backlog Results (REF) (1)	2Q16	2Q15	2Q16 vs. 2Q15
Gross Revenues (REF) - R$ million	620	1,063	-41.7%
COGS - R$ million	(423)	(747)	-43.4%
Gross Profit - R$ million	197	316	-37.7%
Gross Backlog Margin - %	31.8	29.7	+210 bps

Balance Sheet (1)	2Q16	2Q15	2Q16 vs. 2Q15
Cash - R$ million	271	1,198	-77.4%
Net Debt - R$ million	5,170	5,787	-10.7%
Shareholders Equity - R$ million	1,057	5,185	-79.6%
Net Debt (ex. SFH) / Shareholder Equity (%)	302.0	39.0	n.m.
Total Assets - R$ million	8,907	15,023	-40.7%

Obs: (1) Financial Results in IFRS 10.
PSV PDG excludes partnerships.

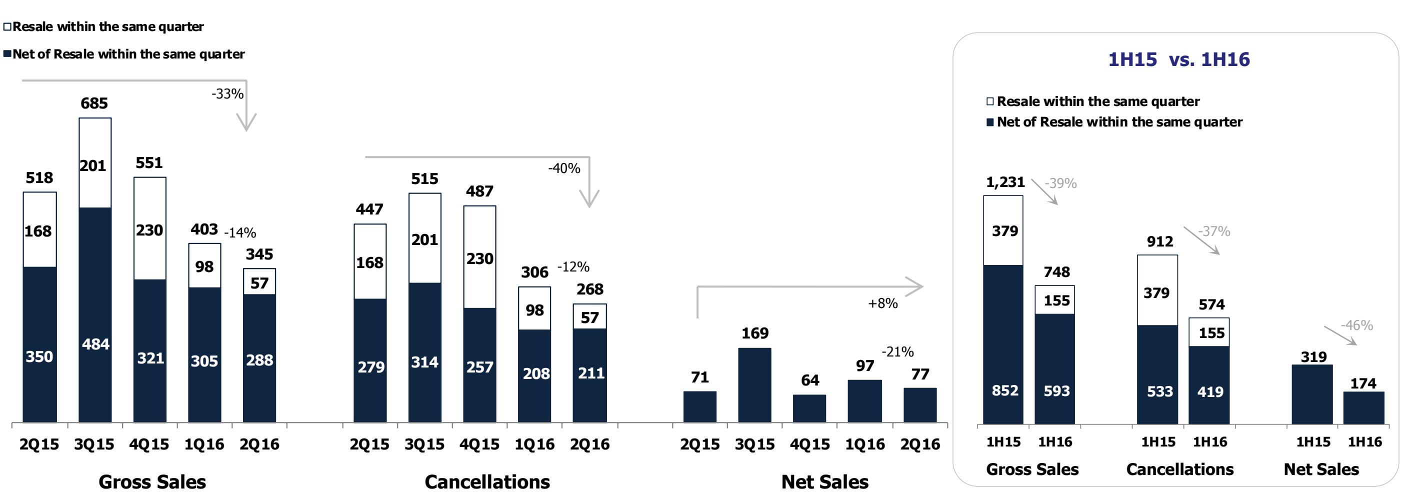
Operating Performance – Launches and Cancellations

- There were no launches the first half of 2016, with all attention still focused on monetizing assets and reducing costs and liabilities.
- There were no cancellations during the 1H16.

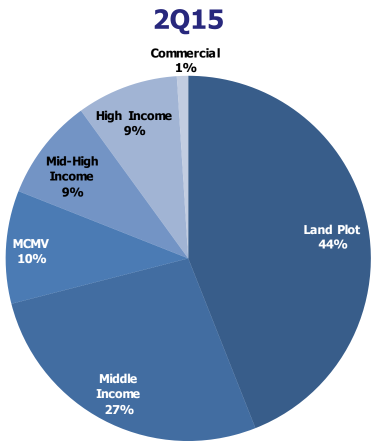
Operating Performance – Sales

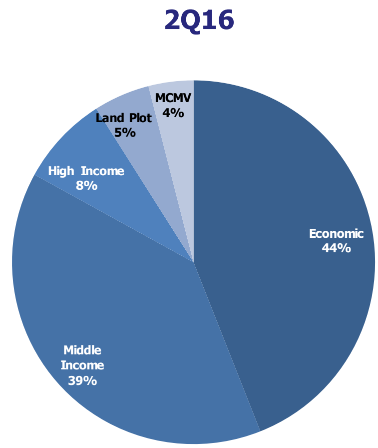
- The Company recorded gross sales of R$345 million in 2Q16 (including resales within the same quarter of cancellation), 14% down on the previous three months and 33% less than in 2Q15. In the first half, gross sales came to R$748 million, a 39% reduction over the same period last year, when the Company held the "*Na Ponta do Lápis"* sales campaign.
- Net sales came to R$77 million in the quarter, 21% down on 1Q16, but 8% up on 2Q15, despite the fact that there were no sales campaigns in the period. Year-to-date net sales stood at R$174 million, 46% less than in 1H15.
- Cash sales totaled R$64 million in 2Q16, representing 19% of gross sales in the quarter. First-half cash sales amounted to R$146 million, corresponded to 20% of gross sales in the quarter.
- Sales cancellations came to R$268 million in the quarter, 12% down on 1Q16, and 40% down year-on-year. First-half cancellations totaled R$574 million, 37% less than in the same period the year before. Despite of its greater resilience during the period, we believe that borrowing restrictions, the scarcity of funding, high current financing rates and the maintenance of the economic scenario may have a negative impact on sales cancellations throughout the year.

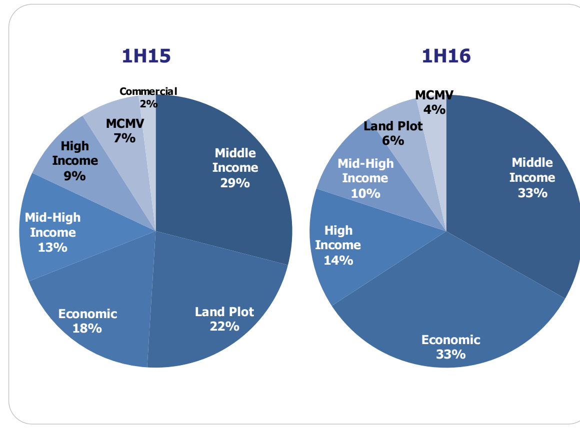
Sales Performance – PSV %PDG in R$ million



Net sales by Product % PDG – PSV

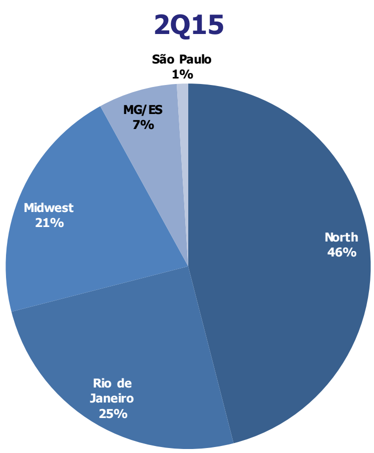


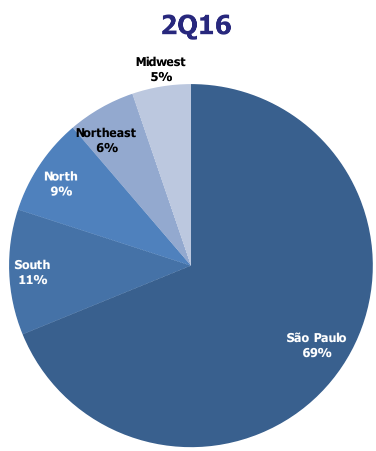


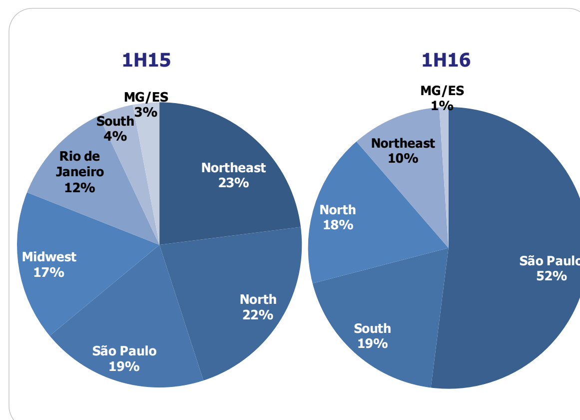


Net sales by Region – % PSV

- Due to the negative net sales in the period, the Rio de Janeiro is not included in the graphs of the 2T16 and 1H16.







Operating Performance – Cancellations and Resale

- As in the first quarter, 94% of total cancellations in 2Q16 corresponded to projects with more than 60% of their units sold, a positive indicator underlining the fact that cancellations are continuing to occur in projects with good market liquidity and therefore, a higher resale speed.

- In addition, 77% of second-quarter cancellations corresponded to concluded projects, i.e. the resale of such cancellations will result in the immediate cash inflow to the Company.

Cancellations in 2Q16 by Percentage of Resale and Year of Delivery

Percentage Sold	Concluded		2016 Delivery		2017 Delivery		Post 2017 Delivery		TOTAL	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
20% or less	-	-	-	-	-	-	47	11.1	47	11.1
21% to 40%	-	-	-	-	-	-	-	-	-	-
41% to 60%	-	-	-	-	4	1.4	8	3.2	12	4.6
61% to 80%	149	29.0	1	0.3	3	0.9	19	5.8	172	36.0
81% to 99%	624	176.5	38	20.5	28	11.1	19	8.2	709	216.2
TOTAL	**773**	**205.5**	**39**	**20.8**	**35**	**13.4**	**93**	**28.4**	**940**	**268.0**

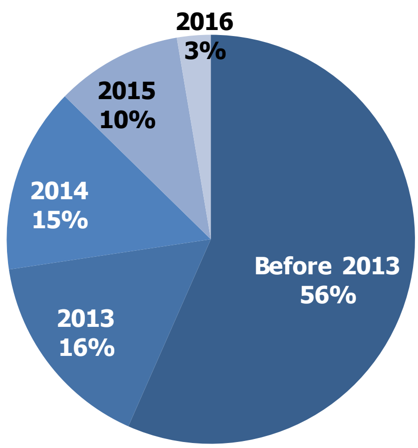
77%

94%

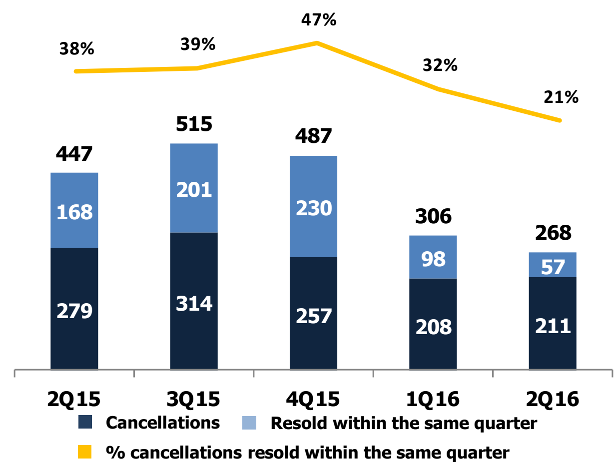
Operating Performance – Cancellations and Resale

- Looking at the breakdown of cancellations by year of sale, we can see that 72% of cancellations in 2Q16 refers to units sold prior to 2014, i.e. when credit analysis criteria were less effective.
- Of the R$268 million cancellations in 2Q16, R$57million (21% of the total) were resold in the same quarter, maintaining a reasonable resale performance. In year-to-date terms, R$155 million (27% of the total) were resold in the first half.

Cancellations by Year of Sale – %PSV-2Q16

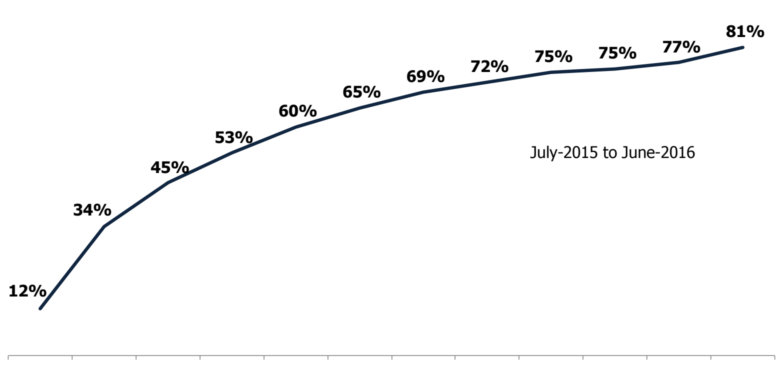


Cancellations and Resale Evolution – R$ million



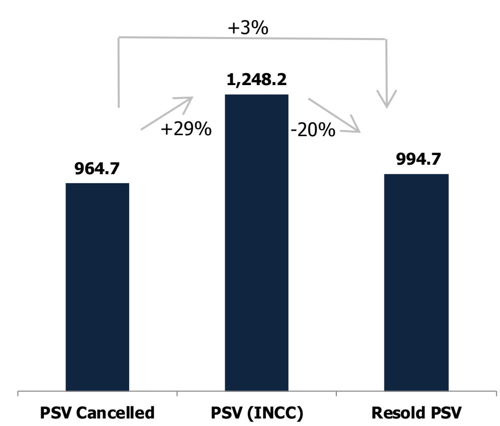
- The graph below shows that the average resale curve has remained high, reaching 81% 12 months after cancellation.
- The decline in the recomposition of accrued inflation between the original sale and the resale is due to the granting of discounts in order to speed up inventory sales, including discounts on cash sales. In the last 12 months, resale PSV has been 3% higher on average than the original canceled PSV.
- In order to ensure that the Company maintains its healthy cancellation resale ratio, we will continue to implement several commercial initiatives, including sales campaigns and discounts on cash sales, among others.

Average Resale Curve – units



Resale Price

Accrued in the last 12 months – R$ million



Operating Performance – Sales Speed (VSO)

- Looking at the quarterly sales speed (VSO) in terms of inventory effectively available, i.e. gross sales VSO, the ratio reached 12% in 2Q16.
- Net sales VSO stood at 3% in the quarter, in line with 1Q16 and 1 p.p. higher than in 2Q15.
- PDG's sales force continued to record a healthy inventory sales performance, being responsible for 59% of total sales in 2Q16. In the first half, the team accounted for 60% of the Company's total sales.

Sales Speed (VSO) – R$ million

R$ million

	3Q15	4Q15	1Q16	2Q16
Initial Inventory	**2,965**	**2,901**	**2,967**	**2,778**
(-) Cancellations	**63**	**-**	**-**	**-**
=Effective Inventory	**2,902**	**2,901**	**2,967**	**2,778**
(+) Launches	**-**	**-**	**-**	**-**
(-) Net Sales	**169**	**64**	**97**	**77**
Gross Sales[1]	685	551	403	345
Cancellations[1]	515	487	306	268
(+) Adjustments [2]	**168**	**130**	**-92**	**-6**
Final Inventory	**2,901**	**2,967**	**2,778**	**2,695**
Quarterly Sales Speed (VSO) (Gross Sales)	**24%**	**19%**	**14%**	**12%**
Quarterly Sales Speed (VSO) (Net Sales)	**6%**	**2%**	**3%**	**3%**

(1) Gross sales and cancellations include resales within the same quarter.

(2) The negative adjustment of R$6 million is mainly due to the sale of stake in projects, discounts on sales and partnerships closing.

Operating Performance – Sales Speed (VSO)

- Analyzing sales speed by region, we can see that those regions outside São Paulo and Rio de Janeiro have been recording a healthy performance, with an average VSO of 18% in 2Q16, versus 15% in São Paulo and Rio. It is worth noting that the commercial units were deliberately separated from the residential ones, given their different sales dynamics.
- It should be emphasized that, in addition to the difficult scenario facing the sector and the economy as a whole, period sales were also jeopardized by the absence of sales campaigns and marketing initiatives.

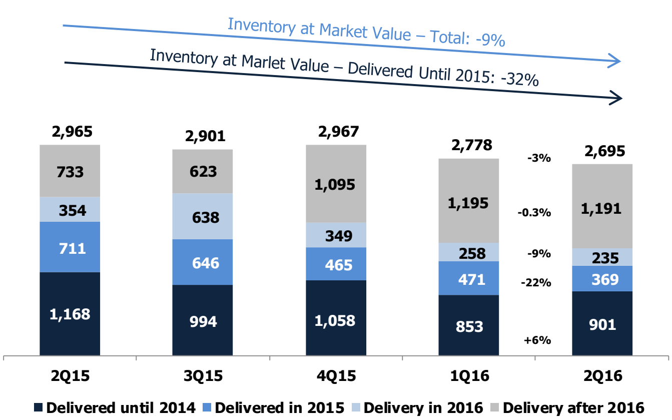
Sales Speed (VSO) by Region

Region (ex-Commercial)	VSO - Gross Sales					
	2Q15	3Q15	4Q15	1Q16	2Q16	
SÃO PAULO	17%	24%	19%	15%	16%	**VSO SP and RJ 15%**
RIO DE JANEIRO	19%	33%	30%	16%	14%	
MG/ES	71%	25%	13%	22%	17%	**VSO (ex-SP and RJ) 18%**
NORTH	30%	31%	23%	18%	17%	
NORTHEAST	22%	34%	27%	21%	18%	
SOUTH	24%	43%	29%	33%	25%	
MIDWEST	25%	25%	30%	24%	15%	
TOTAL (EX-COMMERCIAL)	**21%**	**29%**	**23%**	**18%**	**16%**	
COMMERCIAL	3%	2%	2%	1%	1%	
TOTAL	**17%**	**24%**	**19%**	**14%**	**14%**	

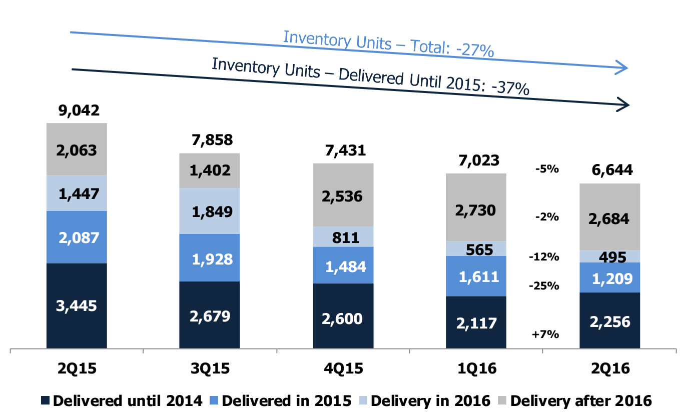
Operating Performance – Inventory

- Total inventory at market value closed the quarter at R$2,695 million, 3% down on the end of 1Q16. In comparison to 2Q15, inventory at market value fell by 9%.
- Total inventory units fell by 5%, from 7,023 in 1Q16 to 6,644 in 2Q16. In the last 12 months, total inventory units recorded a decline of 27%.
- If we consider only those units delivered by the end of 2015, inventory PSV fell by 32% between 2Q15 and 2Q16 and the number of units by 37%, reflecting the Company's successful efforts to monetize its immediate cash-generating inventory.

Inventory at Market Value – R$ million



Inventory Units



- Inventory in São Paulo and Rio de Janeiro currently corresponds to 58% of the Company's total inventory (excluding commercial units). Approximately 73% of total inventory (excluding commercial units) is concentrated in projects that are more than 60% sold, i.e. this portion of inventory has excellent liquidity.

Inventory by Percentage of Sales and Region

PSV in R$ million

Region	Up to 60%		From 60 to 80%		From 80 to 99%		Total			
	Unit	PSV	Unit	PSV	Unit	PSV	Unit	PSV	%	
SÃO PAULO	538	234.2	638	205.4	1,154	379.5	**2,330**	**819.1**	**43%**	**58%**
RIO DE JANEIRO	189	159.5	114	36.4	279	102.5	**582**	**298.4**	**15%**	
MG/ES	-	-	15	5.6	35	6.6	**50**	**12.2**	**1%**	
NORTH	-	-	279	136.8	466	192.7	**745**	**329.5**	**17%**	
NORTHEAST	454	125.0	-	-	273	167.1	**727**	**292.1**	**15%**	
SOUTH	1	1.3	61	21.5	136	58.8	**198**	**81.6**	**4%**	
MIDWEST	-	-	409	79.9	91	20.2	**500**	**100.2**	**5%**	
% Total (Ex- Commercial)		**27%**		**25%**		**48%**			**100%**	
TOTAL (Ex-Commercial)	**1,182**	**520.0**	**1,516**	**485.6**	**2,434**	**927.4**	**5,132**	**1,933.0**	**72%**	
COMMERCIAL	1,099	586.7	90	33.5	323	142.1	**1,512**	**762.3**	**28%**	**99% SP e RJ**
TOTAL	**2,281**	**1,106.7**	**1,606**	**519.1**	**2,757**	**1,069.5**	**6,644**	**2,695.3**	**100%**	
% Total		**41%**		**19%**		**40%**			**100%**	

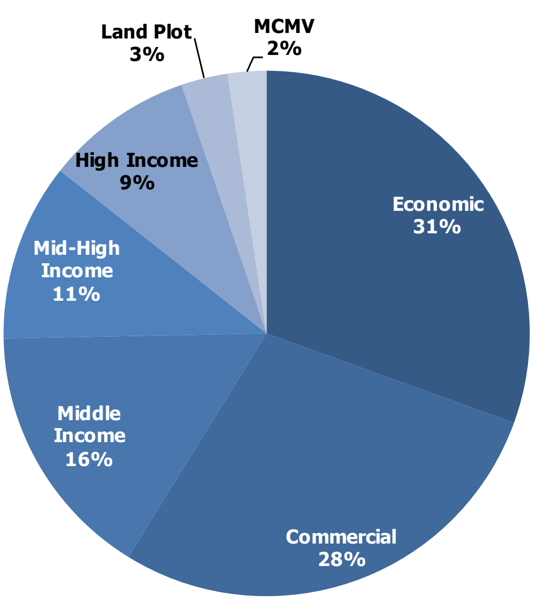
Inventory by Percentage of Sales and Year of Delivery

Percentage Sold	Concluded		2016 delivery		2017 delivery		Post 2017 delivery		Total Inventory		% Total
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV	PSV
20% or less	123	102.8	-	-	165	38.3	944	369.6	**1,232**	**510.8**	**19%**
20% to 40%	-	-	-	-	-	-	20	60.6	**20**	**60.6**	**2%**
40% to 60%	14	4.2	15	53.3	675	261.8	325	216.0	**1,029**	**535.4**	**20%**
60% to 80%	1,271	357.2	88	32.5	51	22.1	196	107.3	**1,606**	**519.1**	**19%**
80% to 99%	2,294	858.9	155	95.4	195	78.4	113	36.7	**2,757**	**1,069.5**	**40%**
TOTAL	**3,702**	**1,323.2**	**258**	**181.2**	**1,086**	**400.7**	**1,598**	**790.2**	**6,644**	**2,695.3**	**100%**

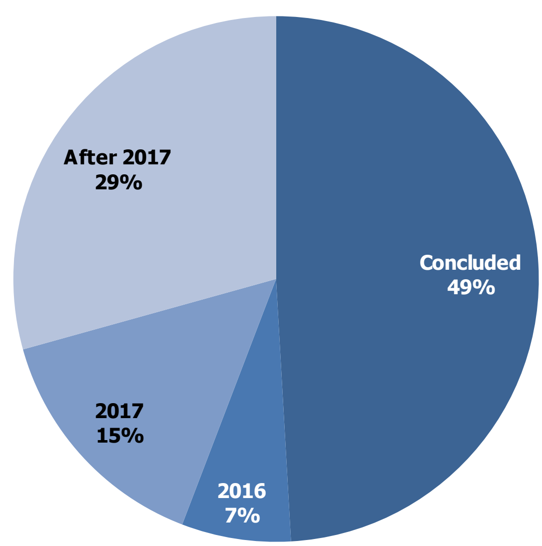
- The Company's total inventory has healthy market liquidity, given that: (i) 59% of the total is concentrated in projects that are more than 60% sold; (ii) 67% is concentrated in residential products (excluding MCMV, land development and commercial units); and (iii) 49% has already been concluded (thereby generating immediate cash), 66% of which located in São Paulo and Rio de Janeiro.

- Of the concluded inventory (49%), 92% is concentrated in projects that are more than 60% sold: (i) 27% between 60 and 80% sold; and (ii) 65% between 80% and 99% sold.

Inventory by Product – % PSV



Inventory by Delivery Schedule – % PSV



Operating Performance – Landbank

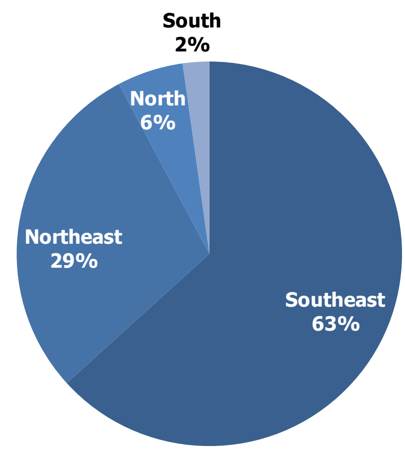
- The landbank ended the 2Q16 with an PSV (Potential Sales Value) of R$6.2 billion (%PDG), equivalent to 15,620 units.
- Compared to the 1Q16, the landbank fell 15%, a decrease of R$1.1 billion in the PSV (%PDG) due to sales and dissolutions in the period.
- The focus on the sale and dissolution of land that are not within the Company's strategy will remain an important pillar to accelerate the monetization of assets in order to deleverage the Company.

Landbank – Units and PSV

Product	Units	%	PSV PDG (R$ mn)	%	PSV (R$ mn)	%	Average Price (R$)
High Income	295	1.9%	389	6.3%	389	5.8%	1,317,883
Mid-High Income	1,466	9.4%	1,374	22.3%	1,374	20.6%	937,295
Middle Income	1,763	11.3%	834	13.5%	1,112	16.7%	473,195
Economic	5,867	37.6%	1,502	24.4%	1,502	22.5%	255,989
Residential	**9,391**	**60.1%**	**4,099**	**66.5%**	**4,377**	**65.5%**	**436,484**
Commercial	**388**	**2.5%**	**82**	**1.3%**	**82**	**1.2%**	**212,333**
Land Plot	**5,841**	**37.4%**	**1,979**	**32.1%**	**2,218**	**33.2%**	**338,790**
Total	**15,620**	**-**	**6,160**	**-**	**6,678**	**-**	**394,382**

Landbank by Region

PSV %PDG



Operating Performance – De-risking Panel

- Throughout the second quarter, we achieved 5 occupancy permits with projects managed by PDG, totaling a PSV of R$501mn and 2,155 units. We also achieve 2 more occupancy permits with projects managed by partners, with an PSV of R$174mn and 385 units. In total, we achieved 7 occupancy permits in the quarter, with an PSV of R$675mn and 2,540 units. In the first half of the year, 9 occupancy permits were achieved, with an PSV of R$821mn and 3,984 units..

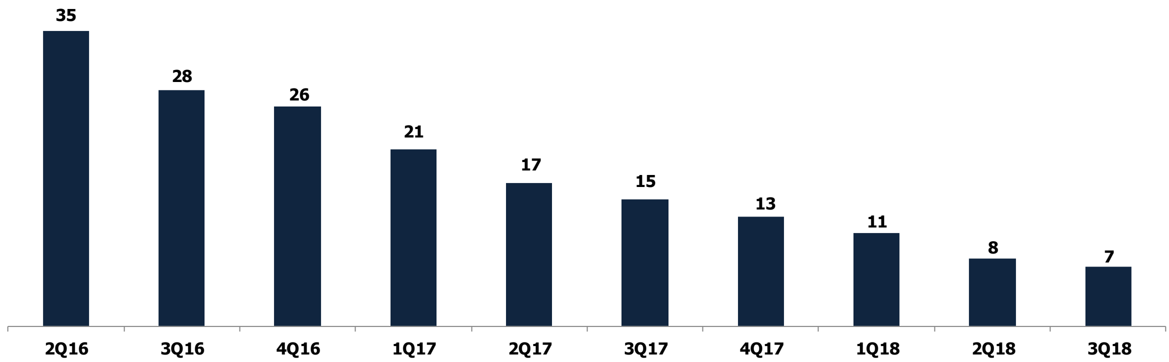
Occupancy Permits – 1H16

2016 Deliveries - Occupancy Permits							
Project	Occupancy Permit	Region	Product	Total PSV (R$ mn)	PDG PSV (R$ mn)	PDG Units	Average Price (R$ thous)
Projects Managed by PDG							
RESIDENCIAL BOSQUES DA ITALIA	1Q16	São Paulo (Countryside)	Economic	78.2	78.2	504	155.2
CITTÀ MARIS I	1Q16	Pará	MCMV	68.4	68.4	940	72.7
TOTAL PDG 1Q16	**2**			**146.6**	**146.6**	**1,444**	**-**
MARINO RESIDENCIAL	2Q16	Rio de Janeiro	Mid-High Income	48.8	43.9	55	799.1
RESERVA TAGUATINGA (JK)	2Q16	Distrito Federal	Economic	289.5	289.5	1,396	207.3
JARDIM BELA VIDA II	2Q16	Pará	MCMV	38.2	38.2	392	97.5
VILLE RUBI	2Q16	Minas Gerais	MCMV	46.9	46.9	252	186.0
CENARIO LARANJEIRAS	2Q16	Rio de Janeiro	High Income	82.0	82.0	60	1,366.8
TOTAL PDG 2Q16	**5**			**505.4**	**500.5**	**2,155**	**-**
TOTAL PDG 2016	**7**	**-**	**-**	**652.0**	**647.1**	**3,599**	**-**
Projects Managed by Partners							
TOTAL PARTNERS 1Q16	**0**	**-**	**-**	**0.0**	**0.0**	**0**	**-**
VILA NOVA SABARÁ - PRAÇA MARAJOARA	2Q16	São Paulo	Middle Income	99.7	49.8	102	488.7
RIVER SIDE	2Q16	Manaus	Economic	155.3	124.2	283	439.0
TOTAL PARTNERS 2Q16	**2**	**-**	**-**	**255.0**	**174.1**	**385**	**-**
TOTAL PARTNERS 2016	**2**	**-**	**-**	**255.0**	**174.1**	**385**	**-**
TOTAL 2016	**9**	**-**	**-**	**907.0**	**821.2**	**3,984**	**-**

Operating Performance – De-risking Panel

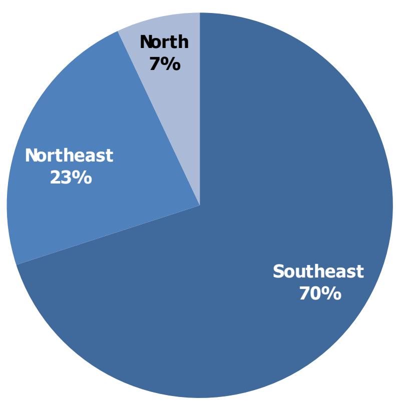
Projects in Progress – Occupancy Permit Schedule

- The Company closed 2Q16 with 35 ongoing projects, 70% of which located in the Southeast and 71% of which residential (excluding MCMV, land plot and commercial units).

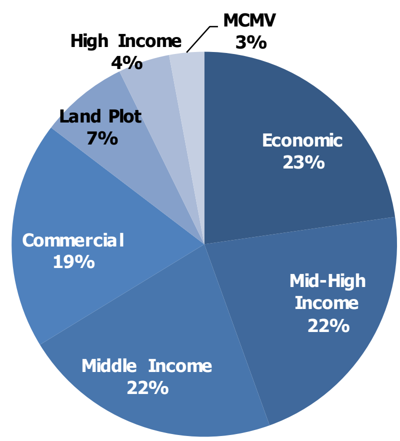


Obs.: projects under construction in the end of each quarter. Projects under PDG's management only.

Breakdown by Region – % PSV



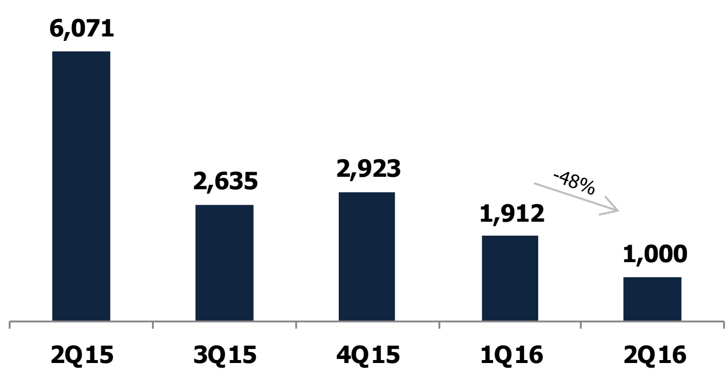
Breakdown by Product – % PSV



Operating Performance – Title Individualizations

- We individualized 1,000 units in 2Q16, giving a total of 2,912 in the first half.

Title Individualizations – units



Obs.: projects under PDG management only.

Operating Performance – Historical Data

- At the end of the 2Q16, the Company had 35 projects ongoing, totaling 9,279 units (% PDG), with 412 units (4%) belonging to the 'Minha Casa Minha Vida' Program, and 8,867 units (96%) in residential (ex MCMV), commercial and land plot development units.

	# Projects	# Total Units	# PDG Units
Launches(1)	714	160,526	155,046
Finished(2)	679	151,083	145,767
Ongoing(3)	35	9,443	9,279

(1) Historical launches until June 2016 - net of project cancellations
(2) Projects with Occupancy Permit until June 2016
(3) Ongoing projects until June 2016

Finished Projects	# Projects	# Total Units	# PDG Units
Residential, Commercial and Land Plots (ex- MCMV)	409	91,553	90,310
MCMV	270	59,530	55,457
Total	679	151,083	145,767

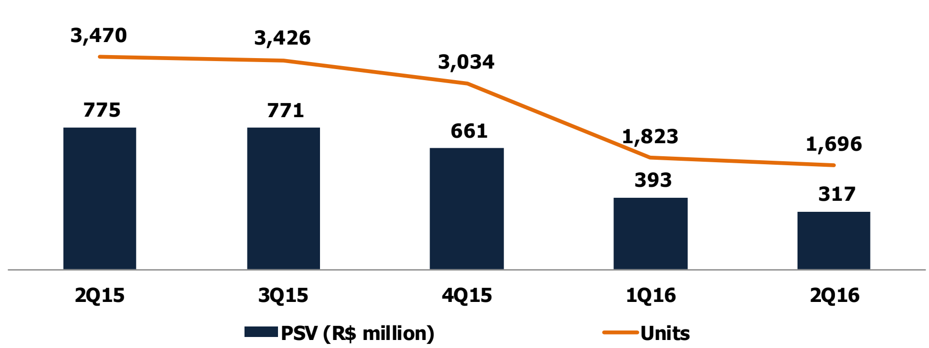
Ongoing Projects	# Projects	# Total Units	# PDG Units
Residential, Commercial and Land Plots (ex- MCMV)	33	9,031	8,867
MCMV	2	412	412
Total	35	9,443	9,279

Obs.: Projects under PDG management.

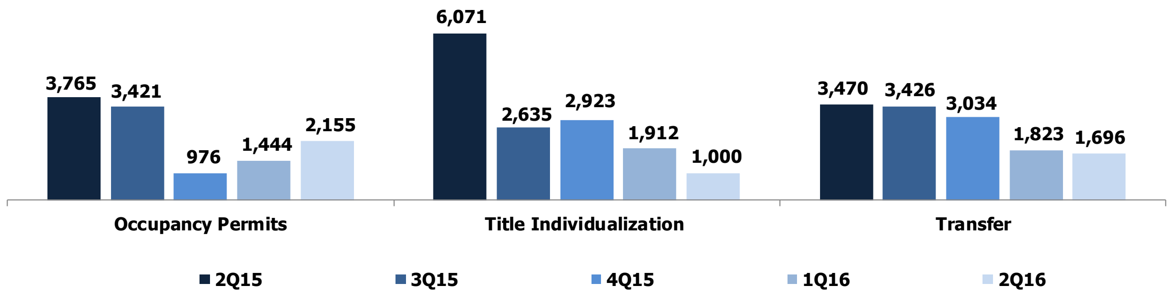
Operating Performance – Mortgage Transfers

- In the 2Q16, 1,696 units were transferred, equivalent to an PSV of R$317 million. In the first half, 3,519 units were transferred, with a total PSV of R$710 million.
- With the economic scenario still depressed, the maintenance of funding restriction, the dissolutions related to the insufficient income of the homebuyers and the lower volume of deliveries registered in 1H16 contributed to the decrease in the volume of units transferred.

Transfers by Quarter – PSV and units



Mortgage Transfer Cycle – units



Financial Performance

Gross Margin

- In the second quarter and first half, the gross margin continued to reflect pressure from discounts, especially those related to advanced payments and cash sales. The period reduction in revenue due to the slowdown in sales also contributed to the narrowing of the gross margin.

R$ million in IFRS

Gross Margin	2Q16	2Q15	(%) Var.	6M16	6M15	(%) Var.
Net Revenues	120	482	-75%	260	1,143	-77%
Cost	(177)	(418)	-58%	(333)	(976)	-66%
Gross Profit (Loss)	(57)	64	-190%	(73)	167	-144%
(+) Capitalized Interest	24	41	-41%	46	96	-52%
Adjusted Profit	(33)	105	-131%	(27)	263	-110%
Gross Margin	**-47.6%**	**13.2%**	**-60.8 pp**	**-28.1%**	**14.6%**	**-42.7 pp**
Adjusted Gross Margin	**-27.3%**	**21.8%**	**-49.1 pp**	**-10.5%**	**23.0%**	**-33.5 pp**

Backlog Result (REF)

- The gross backlog margin continued the upward trajectory of recent quarters, reflecting the delivery of older projects with lower margins and the consequent increase in the relevance of those launched from 2013 on, with margins of more than 30%. At the close of 2Q16, the gross backlog margin was 31.8%, 0.2 p.p. higher than in 1Q16 and 2.1 p.p. up year-on-year.

- The backlog recognition schedule is estimated at 43.4% in 2016, 43.7% in 2017 and 12.9% from 2018 on.

R$ million in IFRS

Backlog Results (REF)	2Q16	1Q16	2Q15
Gross Revenues	632	717	1,086
(-)Taxes *	(12)	(14)	(23)
Net Revenues - REF	620	703	1,063
(-) COGS	(423)	(481)	(747)
Gross Profit - REF	197	222	316
Gross Backlog Margin	***31.8%***	***31.6%***	***29.7%***
Capitalized Interest	92	107	127
Agre Goodwill	10	24	2
Adjusted Gross margin **	***15.3%***	***12.9%***	***17.6%***

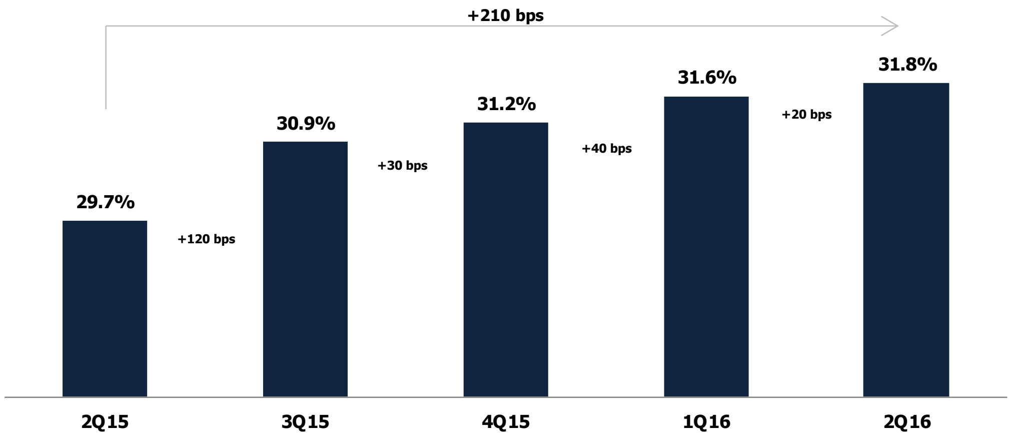
* Estimate

** Backlog margin differs from reported margin in that it does not include capitalized interest effect, future guarantees and goodwill amortization.

Backlog result recognition schedule	2016	2017	2018
	43.4%	**43.7%**	**12.9%**

Backlog Margin Trends (REF)

- The graph below shows the upward tendency of the backlog margin, which increased by 210 bps between 2Q15 and 2Q16.



Backlog Result – Pre and Post 2012

- Projects launched after 2012, with an average gross margin of 32%, already represent 88% of total gross backlog profit and have been gradually accounting for an even larger share as projects launched before 2013 are delivered.

R$ million in IFRS

Backlog Results (REF) (Pre and Post 2012 Projects)	Pre 2012	After 2012	2Q16
Net Revenues - REF	82	538	620
(-) COGS	(59)	(364)	(423)
Gross Profit - REF	23	174	197
Gross Backlog Margin	***28.0%***	***32.3%***	***31.8%***
Capitalized Interest	83	9	92
Agre Goodwill	10	-	10
Adjusted Gross margin	***-85.4%***	***30.7%***	***15.3%***

Selling, General and Administrative Expenses (SG&A)

- We remain focused on reducing costs, aiming to deleverage the Company and adjust its structure to the size of its operations. G&A expenses closed the quarter 16% down on 2Q15 and ended the first half 19% down year-on-year.

- Selling expenses in the quarter fell by 33% over 2Q15, while first-half selling expenses recorded a 29% decline over 1H15.

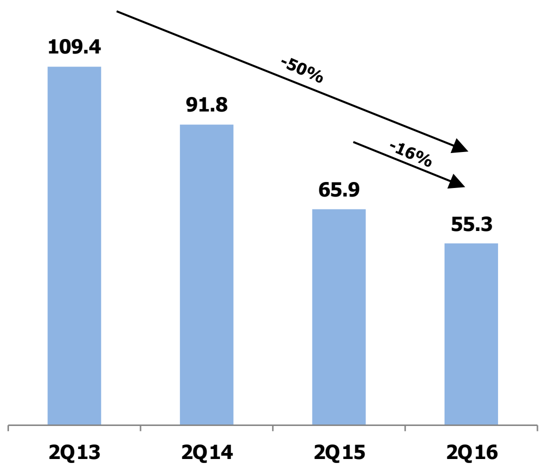
- SG&A expenses closed the quarter 23% down on 2Q15 and fell by 23% year-to-date over the first six months of last year.

R$ million

Commercial Expenses	IFRS 10			IFRS 10		
	2Q16	2Q15	Var. %	6M16	6M15	Var. %
Total Commercial Expenses	**31.3**	**46.6**	**-33%**	**55.8**	**79.1**	**-29%**
G&A Expenses	**2Q16**	**2Q15**	**Var. %**	**6M16**	**6M15**	**Var. %**
Salaries and Benefits	30.3	40.6	-26%	60.6	77.6	-22%
Profit Sharing	6.4	2.2	191%	11.8	7.8	51%
Third Party Services	9.1	10.3	-11%	19.8	25.3	-22%
Other Admin. Expenses	9.6	12.8	-25%	17.9	25.3	-29%
Total G&A	**55.3**	**65.9**	**-16%**	**110.1**	**136.0**	**-19%**
Total SG&A	**86.6**	**112.5**	**-23%**	**165.9**	**215.0**	**-23%**

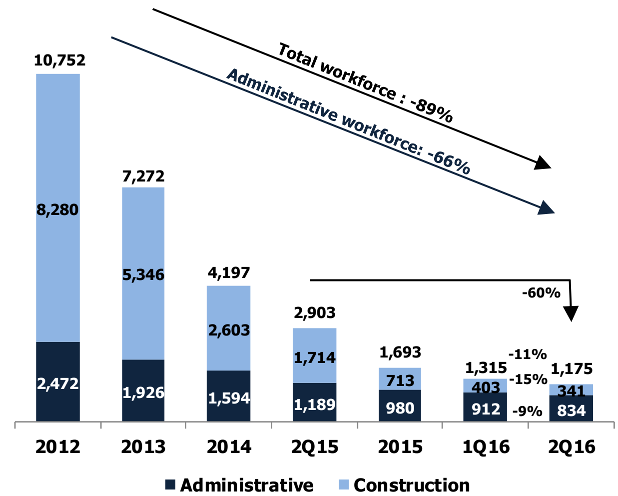
General and Administrative Expenses (G&A)

- G&A expenses maintained their downward trajectory, recording a 16% reduction in over 2Q15. In 1H16, they fell by 19% year-on-year.



Headcount

- We continued to make the necessary adjustments to adapt our structure to the size of our operations. In 2Q16, we reduced our total workforce by 11% over the previous quarter. In the last twelve months the reduction came to 60%.



On and Off Balance Sheet Receivables

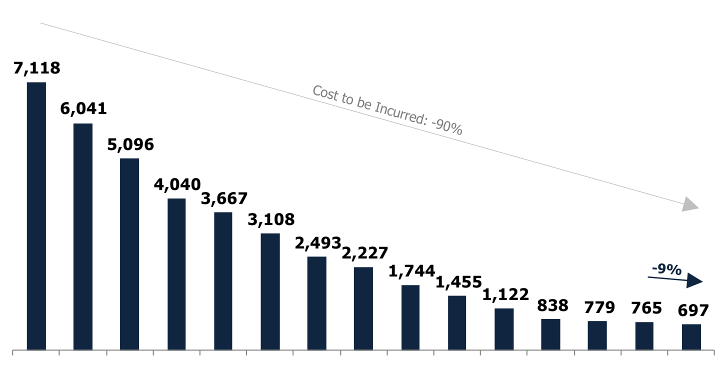
- We closed 2Q16 with total receivables of R$5.1 billion, 8% down on the previous quarter.
- The total cost to be incurred fell by 9% over 1Q16, reaching R$697 million. Since the end of 2012, the total cost to be incurred, R$7.1 billion at the time, has fallen by 90%, substantially reducing the Company's execution risk. The decline in 2Q16 includes a reduction of R$52 million from the sale of the D'oro and Arena projects to BVEP.

Accounts Receivable

R$ million in IFRS

On and Off Balance Receivables (R$ mn)	2Q16	1Q16	(%) Var.
Receivables *(on balance)*	4,664	5,066	-8%
Gross Backlog Revenues - REF	632	717	-12%
Advances from Clients - sales installments	(94)	(104)	-10%
Advances from Clients - physical barter from launches	(89)	(96)	-7%
Total Receivables (a)	**5,113**	**5,583**	**-8%**
Cost to be Incurred - Sold Units	(423)	(481)	-12%
Cost to be Incurred - Inventory Units	(274)	(284)	-4%
Total Costs to be Incurred (b)	**(697)**	**(765)**	**-9%**
Total Net Receivables (a+b)	**4,416**	**4,818**	**-8%**
ST	**1,847**	**2,187**	**-16%**
LT	**2,817**	**2,879**	**-2%**
Total *Receivables (on balance)*	**4,664**	**5,066**	**-8%**

Costs to be Incurred – R$ million



Financial Result

- Financial expenses totaled R$210.3 million in 2Q16, 9% down on 1Q16 and 5% less than in 2Q15. In the first half, financial expenses came to R$442.2 million, 7% up on 1H15.

R$ million

Financial Results (R$ mn)	IFRS 10			IFRS 10		
	2Q16	2Q15	Var. %	6M16	6M15	Var. %
Investment Income	9.3	33.7	-72%	20.3	51.8	-61%
Debentures - fair value	-	2.0	-100%	-	2.0	-100%
Interest and fines	11.3	30.3	-63%	38.1	75.2	-49%
Other financial revenue	3.1	7.0	-56%	6.7	10.2	-34%
Total financial revenues	**23.7**	**73.0**	**-68%**	**65.0**	**139.2**	**-53%**
Interest	(214.1)	(265.5)	-19%	(446.3)	(497.6)	-10%
Bank Expenses	(0.7)	(0.9)	-21%	(1.7)	(1.8)	-7%
Other	(5.5)	(15.6)	-65%	(16.9)	(21.0)	-19%
Gross Financial Expenses	**(220.3)**	**(282.0)**	**-22%**	**(464.9)**	**(520.4)**	**-11%**
Capitalized Interest on Inventory	10.0	59.7	-83%	22.7	107.4	-79%
Total Financial Expenses	**(210.3)**	**(222.3)**	**-5%**	**(442.2)**	**(412.9)**	**7%**
Total Financial Result	**(186.6)**	**(149.3)**	**25%**	**(377.1)**	**(273.7)**	**38%**

Indebtedness

During this half, we took several crucial steps forward in our strategy of monetizing assets in order to deleverage and restructure the Company's debt:

- Concluded renegotiation of R$4.0 billion, equivalent to 74% of gross debt with its five largest creditors, including:

  - The conclusion, today, of the renegotiation of the Company's entire debt with its four largest creditors, totaling R$2.3 billion. In addition, the renegotiation of R$1.1 billion related to the construction financing agreements is concluded and being formalized;

  - The conclusion, on August 05, of the 11th debenture issue totaling R$565 million, equivalent to the outstanding amount of the Promissory Notes with Banco Votorantim.

- Today, the Company also signed the G&A Financing agreement to cover its general and administrative expenses (G&A Financing), estimated at up to R$200 million. These proceeds will be disbursed to the Company periodically until May 2017, enabling PDG to maintain its operation stability.

- The Company also concluded negotiations with the Vinci Partners group for a financing operation, involving two issues of simple debentures, each divided into two series, totaling up to R$100 million. The first series of the 9th and 10th issues, amounting to R$50 million, have already been issued, and the second series are able to be subscribed by Vinci, in one or more installments within the next 12 months.

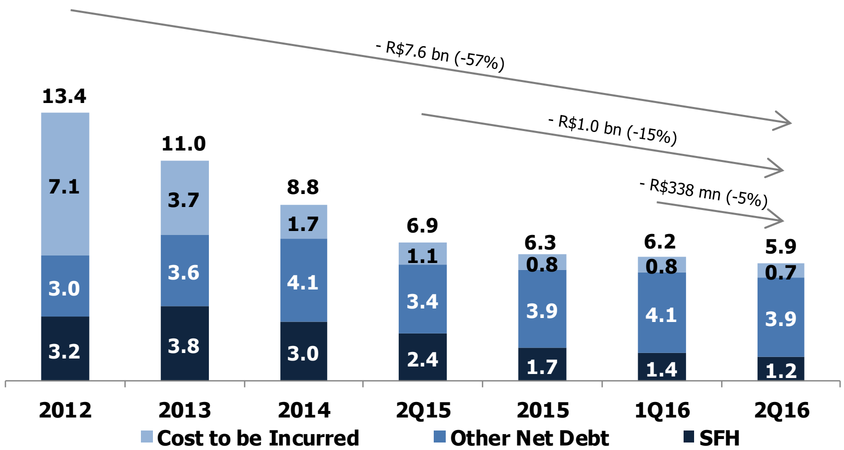
- In May, we entered into an agreement for the sale of our entire stake (58%) , for which we received the equivalent of R$34 million in real estate units in São Paulo, as well as a R$214 million reduction in the Company's net debt.

- As part of the MoU entered into with Banco Votorantim and BVEP in January of this year, we concluded the sale of two projects (D´oro and Arena) for R$10 million, at the same time reducing the Company's cost to be incurred by R$52 million.

Net Debt + Cost to be Incurred – R$ billion

- Within the concept of "extended indebtedness", considering the cost to be incurred to complete the ongoing projects, our leverage has been falling consistently since the end of 2012, recording a decline of 57%, or R$7.6 billion, and also reducing operational complexity and the execution risk of our assets.

- In the quarter, extended leverage (net debt + cost to be incurred) fell by R$338 million, including the deconsolidation of R$52 million in the cost to be incurred due to projects sold (Arena and D´oro). During the 1H16 the extended indebtedness decreased R$463mn, in the last twelve months the reduction amounted to R$1 billion.



Obs.: For comparison purposes, other net debt of 2012, 2013, 2014 have been adjusted with the inclusion of the Redeemable Preferred Shares, amounting to R$300 million.

Net Debt

- Construction financing debt (SFH) continues to fall due to the delivery of projects and the transfer of mortgages. Total SFH debt fell by R$149 million (11%) in the quarter over 1Q16, and R$421 million year-on-year in the first half.

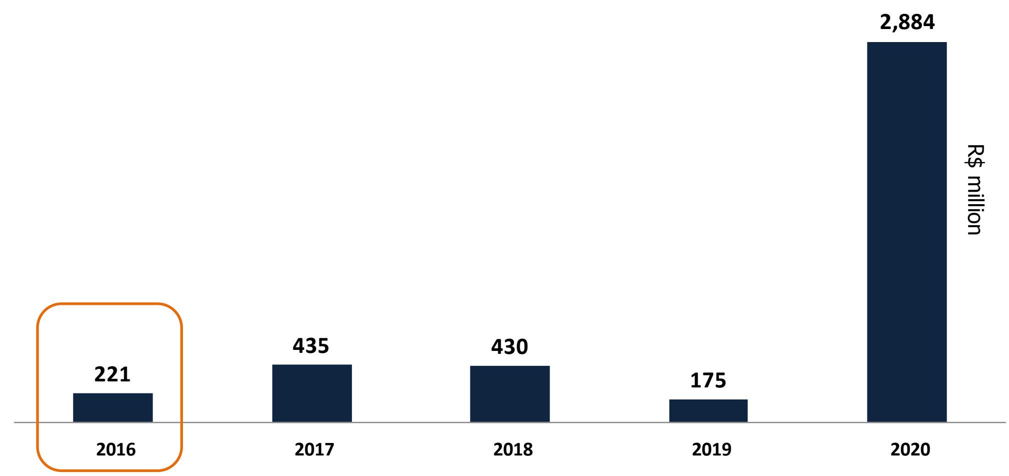
R$ million in IFRS

Indebtedness	2Q16	1Q16	(%) Var.
Cash	**271**	**373**	**-27%**
SFH	1,239	1,388	-11%
Debentures	176	249	-29%
CCB/CRI	564	680	-17%
Construction Financing	**1,979**	**2,317**	**-15%**
Working Capital, SFI and Promissory Notes	876	921	-5%
Finep/Finame	101	100	1%
Debentures	759	711	7%
CCB/CRI	1,698	1,735	-2%
Obligation for the issuance of CCB and CCI	28	29	-3%
Corporate Debt	**3,462**	**3,496**	**-1%**
Gross Debt	**5,441**	**5,813**	**-6%**
Net Debt	**5,170**	**5,440**	**-5%**
Net Debt (ex. SFH)	**3,191**	**3,123**	**2%**
Shareholders Equity *(1)*	**1,057**	**1,939**	**-46%**
Net Debt (ex. SFH)/ Equity	**302.0%**	**161.1%**	**140.9 pp**

***(1)* Includes non-controlling equity**

Debt Amortization Schedule (Pro Forma)

- Below we break down the Company's pro-forma corporate debt amortization schedule, with the following assumptions:
    - Considers the renegotiations envisaged in the memorandum entered into with our main creditors;
    - Considers the conversion of the promissory notes in the 11th debenture issue.
- It is worth noting that all the debt maturing in 2016 (approximately R$221 million) is already in the final renegotiating stage with the respective creditors;
- The sale of PDG's stake in REP is also considered in the graph.



Obs.: Does not consider obligation for the issuance of CCB and CCI, construction financing debt (SFH) and consider amortization of R$37.8 mm regarding July,16

Net Debt Variation

- The Company continues to move ahead with its deleveraging process. In 2Q16, net debt fell by R$270 million, R$214 million of which related to the sale of REP. In the first half, net debt fell by R$381 million.
- This was the eighth consecutive quarter of a reduction in net debt.

R$ million in IFRS

Net Debt Variation (R$ mn)	2013	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16
Cash and Cash Equivalents	**1,353**	**1,092**	**881**	**1,198**	**508**	**604**	**604**	**373**	**271**
Cash Variation	(468)	(261)	(211)	317	(690)	96	(488)	(231)	(102)
Gross Debt	**8,367**	**7,869**	**7,248**	**6,985**	**6,463**	**6,155**	**6,155**	**5,813**	**5,441**
Construction Financing	5,215	4,517	4,047	3,765	3,052	2,719	2,719	2,317	1,979
Corporate Debt	3,152	3,352	3,201	3,220	3,411	3,436	3,436	3,496	3,462
Gross Debt Variation	602	(498)	(621)	(263)	(522)	(308)	(1,714)	(342)	(372)
Net Debt Variation	**(1,070)**	**237**	**410**	**580**	**(168)**	**404**	**1,226**	**111**	**270**
Adjustments	**(86)**	**-**	**-**	**(502)**	**300**	**-**	**(202)**	**-**	**(214)**
Mark to market of PDGR D81 (warrant)	(86)	-	-	(2)	-	-	(2)	-	-
Sale of Equity Stake in REP	-	-	-	-	-	-	-	-	(214)
Capital Increase	-	-	-	(500)	-	-	(500)	-	-
Redemption of APRs and Promissory Notes issuance									
Net Debt Variation (+adjustments)	**(1,156)**	**237**	**410**	**78**	**132**	**404**	**1,024**	**111**	**56**

Quarters and Semesters ended on June 30th 2016 and 2015

Income Statements (R$ '000) - IFRS	2Q16	2Q15	(%) Var.	6M16	6M15	Var. %
Operating Gross Revenue						
Real Estate sales	121,729	486,643	-75%	261,528	1,153,511	-77%
Other Operating Revenues	22,792	39,044	-42%	52,694	68,411	-23%
(-) Revenues Deduction	(24,688)	(43,700)	-44%	(54,603)	(79,071)	-31%
Operating Net Revenue	**119,833**	**481,987**	**-75%**	**259,619**	**1,142,851**	**-77%**
Cost of Sold Units	(152,570)	(376,981)	-60%	(286,968)	(879,774)	-67%
Interest Expenses	(24,337)	(41,396)	-41%	(45,723)	(96,176)	-52%
Cost of sold properties	**(176,907)**	**(418,377)**	**-58%**	**(332,691)**	**(975,950)**	**-66%**
Gross Income (loss)	**(57,074)**	**63,610**	**-190%**	**(73,072)**	**166,901**	**-144%**
Gross margin	***-47.6%***	***13.2%***	**-60.8 pp**	***-28.1%***	***14.6%***	**-42.7 pp**
Adjusted gross margin (1)	***-27.3%***	***21.8%***	**-49,1 pp**	***-10.5%***	***23.0%***	**-33,5 pp**
Operating Revenues (expenses):						
Equity Income	2,593	43,463	-94%	2,779	72,074	-96%
General and Administrative	(55,320)	(65,891)	-16%	(110,104)	(135,960)	-19%
Commercial	(31,321)	(46,570)	-33%	(55,792)	(79,056)	-29%
Taxes	(4,248)	(4,385)	-3%	(6,078)	(7,209)	-16%
Depreciation & Amortization	(6,110)	(11,008)	-44%	(28,020)	(24,756)	13%
Other	(391,037)	(46,664)	738%	(477,044)	(57,293)	733%
Financial Result	(186,646)	(149,309)	25%	(377,122)	(273,696)	38%
Total operating revenues (expenses)	**(672,089)**	**(280,364)**	**140%**	**(1,051,381)**	**(505,896)**	**108%**
Income before taxes	**(729,163)**	**(216,754)**	**236%**	**(1,124,453)**	**(338,995)**	**232%**
Income Taxes and Social Contribution	(15,931)	(23,414)	-32%	(31,181)	(56,175)	-44%
Income before minority stake	**(745,094)**	**(240,168)**	**210%**	**(1,155,634)**	**(395,170)**	**192%**
Minority interest	5,091	9,101	-44%	5,154	2,452	110%
Net Income (loss)	**(740,003)**	**(231,067)**	**220%**	**(1,150,480)**	**(392,718)**	**193%**
Net margin	***-617.5%***	***-47.9%***	**-569.6 pp**	***-443.1%***	***-34.4%***	**-408.8 pp**

(1) Adjusted by interest expenses in cost of sold units and recognition of goodwill

EBITDA	2Q16	2Q15	(%) Var.	6M16	6M15	Var. %
Income (loss) before taxes	(729,163)	(216,754)	236%	(1,124,453)	(338,995)	232%
(-/+) Financial Result	186,646	149,309	25%	377,122	273,696	38%
(+) Depreciation and Amortization	6,110	11,008	-44%	28,020	24,756	13%
(+) Stock Option Plan	6,373	2,188	191%	11,752	7,775	51%
(+) Interest Expenses - Cost of Sold Units	24,337	41,396	-41%	45,723	96,176	-52%
(-/+) Equity Income result	(2,593)	(43,463)	-94%	(2,779)	(72,074)	-96%
EBITDA	**(508,290)**	**(56,316)**	**803%**	**(664,615)**	**(8,666)**	**n.m.**
EBITDA Margin	***-424.2%***	***-11.7%***	**-412.5 pp**	***-256.0%***	***-0.8%***	**-255.2 pp**

Consolidated Balance Sheet - ASSETS

PDG

On June 30th 2016 and March 31st 2016

ASSET (R$ '000)	2Q16	1Q15	(%) Var.
Current Assets			
Cash, cash equivalents and short-term investments	270,622	372,539	-27%
Accounts receivable	1,846,987	2,187,268	-16%
Properties held for sale	1,671,593	1,713,365	-2%
Prepaid expenses	7,618	9,036	-16%
Accounts with related parties	77,691	67,759	15%
Taxes to recover	47,188	64,725	-27%
Deferred income and social contribuition taxes	4,604	3,549	30%
Others	116,582	111,410	5%
Total Current Assets	**4,042,885**	**4,529,651**	**-11%**
Noncurrent Assets			
Long-Term			
Accounts receivable	2,817,140	2,879,014	-2%
Properties held for sale	1,603,383	1,728,026	-7%
Accounts with related parties	168,262	202,900	-17%
Others	1,545	1,545	0%
Total Long-Term Assets	**4,590,330**	**4,811,485**	**-5%**
Permanent Assets			
Investments	125,882	189,844	-34%
Investment Properties	-	455,816	-100%
Property and Equipament	31,326	32,502	-4%
Intangible	116,335	119,824	-3%
Total Permanent Assets	**273,543**	**797,986**	**-66%**
Total Noncurrent Assets	**4,863,873**	**5,609,471**	**-13%**
Total Assets	**8,906,758**	**10,139,122**	**-12%**

Consolidated Balance Sheet - LIABILITIES

On June 30th 2016 and March 31st 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (R$ '000)	2Q16	1Q16	(%) Var.
Current			
Loans and financings	1,678,046	1,733,041	-3%
Debentures	915,195	959,850	-5%
Obligation for the issuance of CCB & CCI	2,258,686	2,373,850	-5%
Co-obligation for the issuance of CRI	27,662	28,594	-3%
Suppliers	234,784	232,986	1%
Property acquisition obligations	105,792	149,478	-29%
Advances from clients	154,548	171,036	-10%
Taxes and contributions payable	176,853	180,235	-2%
Deferred taxes	93,934	88,544	6%
Income and social contribution taxes	102,752	94,028	9%
Accounts with related parties	14,529	8,778	66%
Others	393,848	361,324	9%
Total Current	**6,156,629**	**6,381,744**	**-4%**
Long-Term			
Loans and financings	537,513	676,028	-20%
Debentures	20,000	-	-
Obligation for the issuance of CCB & CCI	3,654	41,697	-91%
Property acquisition obligations	90,025	101,235	-11%
Advances from clients	115,150	129,227	-11%
Deferred taxes	101,761	173,324	-41%
Other Provision	466,374	409,339	14%
Other	358,913	287,610	25%
Total Long-Term	**1,693,390**	**1,818,460**	**-7%**
Shareholders' equity			
Subscribed capital	4,917,843	4,917,843	0%
Capital reserve	1,236,092	1,235,720	0%
Accumulated losses	(5,369,413)	(4,629,410)	16%
Minority interest	**272,217**	**414,765**	**-34%**
Total Shareholders' equity	**1,056,739**	**1,938,918**	**-45%**
Total liabilities and shareholders' equity	**8,906,758**	**10,139,122**	**-12%**