

Earnings Release

RSID3: R\$ 1,27 per share
OTC: RSRZY
Total shares:
428.833.420

Market cap:
R\$ 544.6 million

Conference Call

August 15, 2014

In Portuguese with simultaneous translation

10:00 a.m. (Brasília)
9:00 a.m. (US ET)

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About Rossi

Rossi is one of Brazil's leading real estate developers and builders. Rossi operates in a wide range of segments and markets and its portfolio boasts numerous sales successes registered by its residential and commercial projects.

Rossi is traded on the Novo Mercado segment of the BM&FBovespa under the ticker RSID3 and on the U.S. over-the-counter market under the ticker RSRZY.

For more information visit
www.rossiresidencial.com.br/ri

São Paulo, August 14, 2014 – Rossi Residencial S.A. (BM&FBovespa: RSID3; OTC: RSRZY) ("Company"), one of Brazil's leading real estate developers and builders, announces its results for the second quarter (2Q14) and first half (1H14) of 2014.

Highlights

- **Cash generation.** cash flow generation of R\$ 82 million (proportional) and R\$ 64 million (IFRS).
- **Reduction in leverage.** Net debt to shareholders' equity (IFRS) of 94.6%.
- **Extension of corporate debt maturities.** Further to the rollover of R\$450.0 million in maturing debt announced in the first quarter: (i) an additional rollover of R\$100 million maturing in May, 2014; and (ii) payment of R\$353.1 million until July 2014. Thus, only R\$265 million of corporate debt matures in 2014.
 - **Improvements to Rossi's management process.** Management by key performance indicators has already been rolled out in all areas of the company. Each manager has a cockpit related to cash generation and profitability targets. Restructuring aimed at improving the efficiency and governance of critical processes such as development and projects licensing, monitoring processes of certificate of occupancy issue and registration and financing transfer, ensuring greater predictability of the cycle and new projects margins, and the delivery of the legacy projects.
- **Efficiency increase and growth in financing transfers.** The volume transferred (signing of financing contracts or paid off by the customer) in the quarter increased +18% compared to the same period of last year and +14% versus the 1Q14. Units transfer SOS (volume of contracts settled and paid off units, divided by the total units with registration) increased to 28.8, against 19.7% in the same period of 2013.
- **Strong growth in sale of inventory units.** Despite the expected seasonality during the World Cup, Rossi's "Digital Outlet" campaign enabled a +6% growth in the first half of 2014 compared to the same period the previous year. Sales speed, measured by the sales-over-supply ratio in the past 12 months, was 45.2%.
- **Increase in construction done by Rossi.** Internal time executes 90% of launched projects since 2013 and 77% of ongoing projects.
- **Significant reduction in construction works and sites.** Rossi currently has 79 construction sites and costs to be incurred (Rossi's share) of R\$2.2 billion, down 36% and 54%, respectively from December 2012.
- **Acceleration of deliveries.** Growth of +35% in PSV from the first quarter of 2014, which represents around 40% of the total expected for the year.
- **Discipline in prioritizing cash generation and commitment to launch volumes profitability.** This year, Rossi launched only 4 projects totaling R\$457.3 million, concentrated in two metropolitan regions, which is well below the Company's business potential.

Key Operating and Financial Indicators

R\$ million	2Q14	2Q13	Chg.	1H14	1H13	Chg.
Operational performance						
Launches 100%	299.5	163.7	83.0%	457.4	163.7	179.3%
Gross Sales 100%	654.9	571.5	14.6%	1,232.7	1,165.0	5.8%
Rescissions 100%	343.5	207.5	655%	581.1	375.1	54.9%
Launches % Rossi	244.6	148.4	64.9%	374.1	148.4	152.0%
Gross Sales % Rossi	521.5	433.1	20.4%	967.8	903.8	7.1%
Rescissions % Rossi	261.9	164.6	59.1%	441.0	291.8	51.1%
Financial performance						
Net Revenue	486.3	506.3	-4.0%	974.6	1,048.8	-7.1%
<i>Gross Revenue (ex interest)</i>	31.2%	35.3%	-4.1 p.p.	31.2%	31.1%	0.1 p.p.
Gross Margin	19.6%	24.3%	-4.7 p.p.	19.8%	19.3%	0.5 p.p.
Adjusted EBITDA ¹	71.5	135.7	-47.3%	178.7	228.5	-21.8%
<i>Adjusted EBITDA Margin¹</i>	14.7%	26.8%	-12.1 p.p.	18.3%	21.8%	-3.5 p.p.
Net Income	0.3	46.4	-99.4%	7.1	36.4	-80.5%
Net Margin	0.1%	9.2%	-9.1 p.p.	0.7%	3.5%	-2.7 p.p.

¹ Adjusted EBITDA and Adjusted EBITDA Margin have been adjusted for expenses not involving any cash disbursement. EBITDA reconciliation in accordance with CVM Instruction 527/2012 is available on page 17 and in the glossary at the end of this document

Message from the CEO

Substantial steps were taken in the second quarter of 2014 in the execution of the Strategic Plan, given that this is the third consecutive quarter of positive cash flow.

Rossi delivered positive results, despite the slowdown of activities in June and July on account of the World Cup, with sales speed in the 12 months up to June increasing 2 percentage points to reach 45%.

The financing transfer process too proved to be quite resilient. Despite the impact of fewer business days, financing transfer volume grew 27% over the same period the previous year and 23% from the first quarter, which itself was quite strong. The restructuring done in the management of this process has already been bringing consistent results. The sales speed (SOS) of transfers, measured by the number of contracts settled or transferred divided by the transfer potential, which consists of units in the documentation files and in conditions to be transferred, increased to 31%, from 18% in the same period in 2013. This translates into a reduction in the average period for transfer and registration, from the issue of the occupancy permit until the entry of cash into the company. As announced in the first quarter, due to our confidence in the financing transfer process, we intensified the process of terminating contracts with customers who did not show any interest in settlement or failed to obtain bank loans. Consequently we expect to continue speeding up cash inflows, which is our priority. In general, these are units with the potential for quicker resale and low impact in terms of the return of installments paid, and which have the potential for effective transfer by the end of 2014.

To reinforce this strategy of improving the potential for financing transfers, a nationwide sales campaign for inventory units was launched, which will continue throughout the year, with the focus on units completed and which will be delivered in 2014. We also increased discounts in non-strategic regions to continue scaling down our operating structure in these regions.

We are continuing our careful approach to launches, which proves our commitment to reduce Rossi's debt levels and our focus on reducing operating expenses as we conclude the delivery of legacy projects by the first half of 2015.

In line with our commitment to improve transparency and the disclosure of information to the market, especially with regard to cash flows, Rossi's cash flow will be presented in two additional views that, I believe, will enable a clearer understanding of the current situation of the company, which has generated free cash flow for the third consecutive quarter. We notice that a few of our actions, mainly related to the centralization of surplus cash from SPEs at Rossi Residencial, impact the IFRS numbers, which could make it difficult to understand the operating cash flow. Hence, starting this quarter, operating cash flow will also be presented in two other ways: proportional consolidation, which was shown until the fourth quarter of 2013, and also considering 100% of the operations, regardless of the consolidation criteria. The combination of these different views will facilitate understanding and give greater transparency to the deleveraging process that already started in recent quarters and which, we expect, will continue to progress.

It is already possible to envision the company being created in line with the Strategic Plan, given that we have already identified and mapped opportunities to improve Rossi's management – right from land acquisition until the final transfer of financing - and are already implementing relevant action plans. Though our industry has a long cycle, thanks to the improvements made thus far, together with our long-term commitment, we can deliver consistent results.

I once again thank everyone in our team for their combined efforts and determination, and count on their continued efforts so we can maintain the focus on executing our strategic plan even in a more challenging scenario.

Leonardo Nogueira Diniz
CEO

Debt Cash Flow

In line with Rossi's strategy of constantly improving the disclosure of information to enable the economic agents complement the current situation of its operations, the following table shows the company's debt situation from two pro forma and unaudited views: (i) 100% of the companies, regardless of the consolidation criterion of IFRS; and (ii) Rossi's proportional share in the projects. Thus it is possible to conclude that, regardless of the consolidation criterion, the company has been generating cash consistently in recent quarters. We notice that a few of our actions, mainly related to the centralization of surplus cash from SPEs in at Rossi Residencial, impact the IFRS and proportional consolidation numbers, which could make it difficult to understand the operating cash flow. Hence, starting this quarter, operating cash flow will be shown in these three views to enable a better understanding of the company's cash generation.

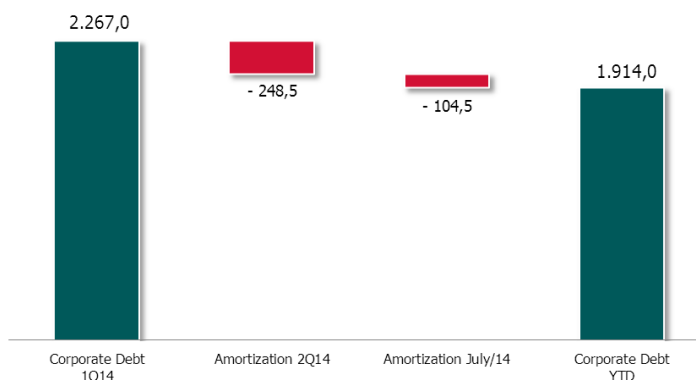
R\$ million	100%	
	2Q14	1H14
Gross debt	4,168.4	4,434.4
Cash and Cash Equivalents	1,000.4	1,221.4
Net debt	3,168,1	3,212.9
Net Debt / Shareholder's Equity	108.7%	110.1%
Cash Generation	44.9	68.2
Cash Generation YTD	113.1	

R\$ million	Proportional	
	2T14	1T14
Gross debt	3,574.0	3,832.1
Cash and Cash Equivalents	816.1	1,067.2
Net debt	2,757.9	2,764.9
Net Debt / Shareholder's Equity	114.9%	115.2%
Cash Generation	6.9	75.1
Cash Generation YTD	82.0	

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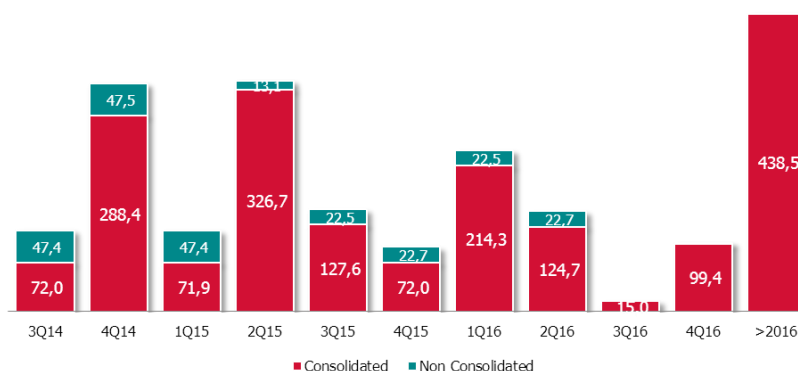
Since the beginning of the year, a total of R\$353.0 million in corporate debt has been paid (considering 100% consolidation), as shown in the chart below. Another R\$550.0 million was renegotiated to reduce the balance of debt maturing in 2014 to R\$455.2 million, excluding the overdraft facility automatically renewable in December 2014 in the total of R\$ 100 million.

Corporate Debt Trend (100%) | R\$ MM



The following chart presents the pro-forma maturity schedule of corporate debt, considering 100% consolidation, and excluding: (i) the amortizations made in 2Q14; (ii) R\$ 104.5 million related to the payment of one debenture on July 1; and (ii) the R\$100 million overdraft facility that is automatically renewable in December 2014, whose payment does not involve cash disbursement:

Corporate Debt Pro Forma | R\$ MM



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The following chart presents the reconciliation of gross debt in IFRS considering 100% consolidation and Rossi's share, with 82% of the debt from unconsolidated companies are related to loans under the National Housing System (SFH).

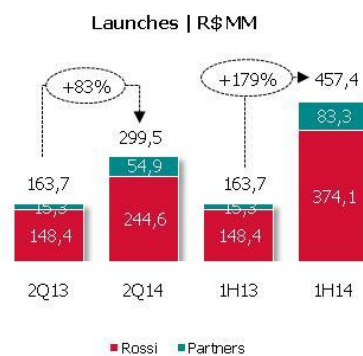


Operating Performance

The operational indicators in this earnings release are calculated according to the proportional consolidation method. As announced in the 4Q13 earnings release, starting 1Q14, in addition to the proportional operating indicators, we also present the consolidated results in accordance with IFRS, as shown in Appendix I. The information related to amounts considering 100% of operations, regardless of the consolidation criteria, is available in Appendix II.

Launches

In the quarter, only two projects were launched in the metropolitan region of São Paulo, with total potential sales value (PSV) of R\$ 299.5 million (R\$ 244.6 million Rossi's share). Total launched PSV in the year was R\$ 457.4 million (R\$ 374.1 million Rossi's share).

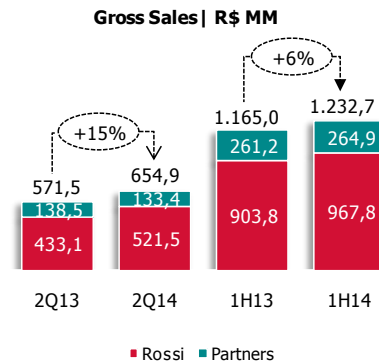


The following table presents launches in the six-month period, all in line with our strategic plan, concentrated in key metropolitan areas and products targeted at the middle and mid-high income segments:

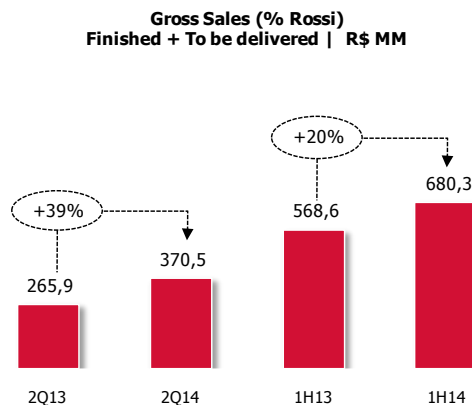
Project	Metropolitan Region	VGW 100% (R\$ MM)	VGW % Rossi (R\$ MM)	# Units	Average Price (R\$/units)
Mansão Roberto Constâncio Vieira	Aracaju	94.6	66.2	46	2,057
Rossi Mais Parque Iguaçu	Rio de Janeiro	63.2	63.2	194	326
Rossi Mais Parque da Lagoa	São Paulo	189.7	189.7	495	383
Vila Nova Sabará Praça Inglesa	São Paulo	109.8	54.9	204	538
Total		457.3	374.0	939	487

Contracted sales and Sales Speed (SoS)

In the quarter, gross contracted sales grew 15% in relation to 2Q13, totaling R\$ 654.9 million (R\$ 521.5 million Rossi's share), despite the temporary decline in demand caused by the World Cup. Gross sales in the year totaled R\$ 1,232.7 million (R\$ 967.8 million Rossi's share), an increase of 6% from the same period in 2013.



The following chart shows the successful 2nd edition of "Rossi Digital Outlet" held in May, focused on completed projects or those ready for delivery in 2014, which grew 39% and 20%, respectively, from the second quarter and first half of 2013.



The following tables present details on contracted gross sales, consolidated based on Rossi's share in the projects, segmented by metropolitan area and stage of construction:

Gross sales 2Q14 (% RR) R\$ MM	Finished	To be delivered in 2014	Under construction	Launches	Total
Belo Horizonte	5.8	1.8	4.7		12.3
Brasília	6.2	6.7	10.6		23.5
Campinas	11.3	12.3	16.4		40.0
Capital Rossi	8.3	13.5	20.8		42.5
Curitiba	6.7	9.3	9.5		25.5
Norcon Rossi		3.1	6.4		9.4
Porto Alegre	14.1	34.4	13.2		61.7
Rio de Janeiro	23.8	2.3	6.8		32.8
São Paulo	5.8	65.8	19.8	40.4	131.8
Non-Strategic Regions	56.3	46.3	39.3		141.9
Total	138.3	195.3	147.5	40.4	521.4
%	26.5%	37.4%	28.3%	7.7%	100.0%

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Gross sales 1H14 (% RR) R\$ MM	Finished	To be delivered 2014	in	Under construction	Launches	Total
Belo Horizonte	10.8		1.8	7.7		20.3
Brasília	17.3		6.7	13.6		37.5
Campinas	35.4		16.0	36.4		87.8
Capital Rossi	17.3		27.7	40.9		85.9
Curitiba	19.1		18.4	17.5		55.0
Norcon Rossi			5.2	14.8	4.7	24.7
Porto Alegre	65.6		45.1	15.1		125.8
Rio de Janeiro	33.4		6.4	13.5	23.7	77.1
São Paulo	28.6		73.7	45.0	40.4	187.7
Non-Strategic Regions	140.9		74.0	51.1		266.0
Total	368.4		275.0	255.6	68.8	967.8
%	38.1%		28.4%	26.4%	7.1%	100.0%

The following tables show the sales speed in the quarter and the past 12 months, considering Rossi's share in the projects: As a result of the discounts granted in the quarter, the inventory was revalued to better reflect the new pricing strategy.

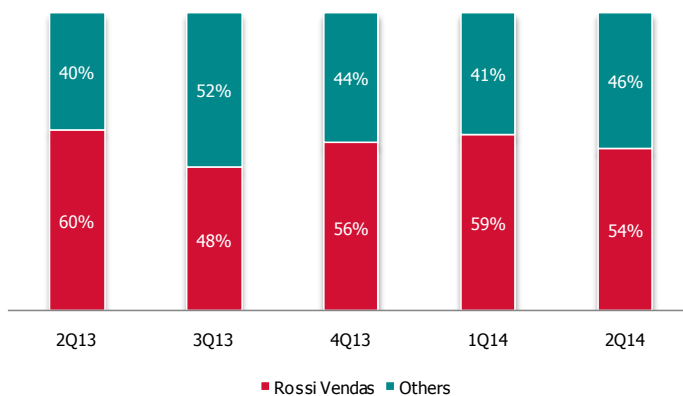
Quarterly SoS % Rossi	2Q13	3Q13	4Q13	1Q14	2Q14
Inventory - BOP	3,417.2	3,393.3	3,424.2	3,414.0	3,276.3
Launches	148.4	441.8	359.1	129.5	244.6
Projects canceled					
Inventory + Launches	3,565.6	3,835.1	3,783.2	3,543.4	3,521.0
Gross Sales	433.1	607.0	489.5	446.3	521.5
Sales Speed (SoS) (%)	12.1%	15.8%	12.9%	12.6%	14.8%
Rescission	164.6	176.7	120.2	179.2	261.9
Adjusts / Revalue	96.1	19.4			(296.1)
Inventory - EOP	3,393.3	3,424.2	3,414.0	3,276.3	2,965.2

LTM SoS % Rossi	2Q13	3Q13	4Q13	1Q14	2Q14
Inventory - BOP	2,524.2	3,042.8	3,761.2	3,417.2	3,393.3
Launches	1,058.3	1,000.2	949.2	1,078.7	1,174.9
Projects canceled					
Inventory + Launches	3,582.6	4,043.0	4,710.5	4,495.9	4,568.2
Gross Sales	1,961.4	1,952.1	2,000.5	1,975.8	2,064.3
Sales Speed (SoS) (%)	54.7%	48.3%	42.5%	43.9%	45.2%
Rescission	1,137.0	990.7	588.5	640.7	737.9
Adjusts / Revalue	635.2	342.6	115.5	115.5	(276.7)
Inventory - EOP	3,393.3	3,424.2	3,414.0	3,276.3	2,965.2

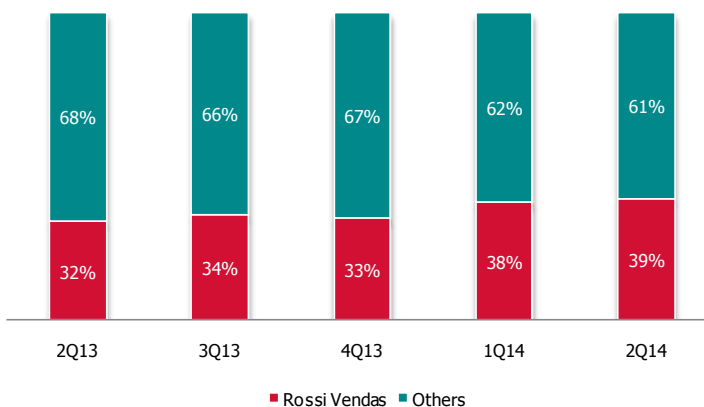
Rossi Vendas

Rossi Vendas accounted for 57% of gross contracted sales in strategic metropolitan areas during the year. The following charts show the breakdown of sales in strategic regions and rescissions by brokerage firm. Note the effectiveness and quality of our in-house team's sales results:

Gross Sales by Broker | Strategic Regions

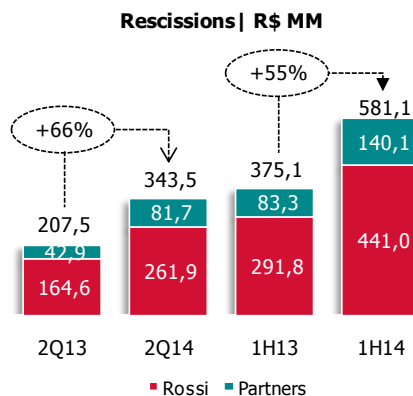


Sales Cancellations by Broker

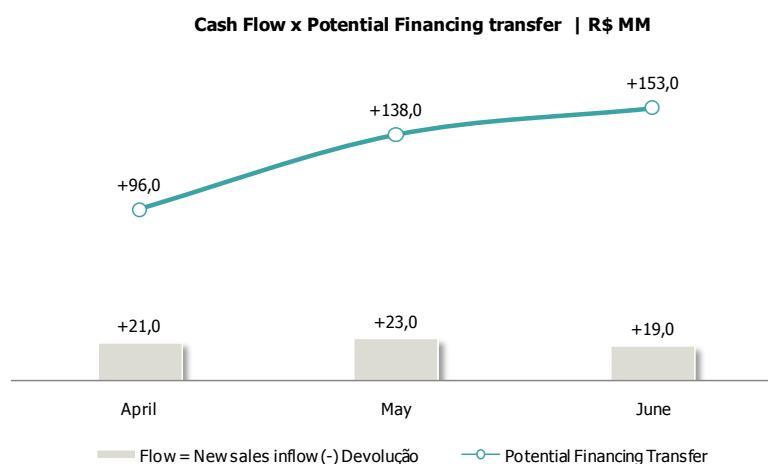


Sales Cancellations

Sales cancellations totaled R\$ 343.5 million in the quarter (R\$ 261.9 million Rossi's share), an increase of 66% from the same period in 2013. The increase was due to Rossi's policy of speeding up portfolio turnover, that is, clients who, after the delivery of units, are not delinquent but are not interested in transfer of financing, either because they did not get approval for financing or were potential investors who backed out from the acquisition and whose contracts were rescinded. Thus, depending on the expected sales speed and resale price, Rossi rescinds the contract and the unit is sold to an actual buyer in order to speed up cash generation.



The rationale behind Rossi's strategy of speeding up the rescission process is: (i) Approximately 60% is resold until three months (ii) the amount returned to the customer is recovered within three months; (iii) that the buyer of completed units is normally the final buyer, who is fully interested in quickly carrying out the financing transfer process. The following chart shows the cumulative cash flow, that is, receipt from new sales after rescissions less returned to customers, which was a positive cash flow of R\$ 19 million in the six months through June, and generated a potential transfer flow of R\$ 153 million already for 2014.



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The following table shows the consolidated breakdown of rescissions by stage of construction and metropolitan region:

Rescission 2Q14 (% RR) R\$ MM	Finished	To be delivered in 2014	Under construction	Launches
Belo Horizonte	6.9	0.9	4.7	12.5
Brasília	20.7		0.6	21.3
Campinas	11.8	4.8	5.3	21.9
Capital Rossi	5.0	8.4	6.8	20.2
Curitiba	5.7	2.4	1.8	9.9
Norcon Rossi		2.9	3.2	6.1
Porto Alegre	15.9	4.6	2.9	23.4
Rio de Janeiro	22.8	0.9	3.1	26.8
São Paulo	18.4	21.3	8.1	47.8
Non-Strategic Regions	59.6	6.8	5.4	71.8
Total	166.8	53.0	42.0	261.7
%	63.7%	20.3%	16.0%	100.0%

Rescission 1H14 (% RR) R\$ MM	Finished	To be delivered in 2014	Under construction	Launches
Belo Horizonte	13.4	0.9	6.0	20.3
Brasília	39.4		3.1	42.5
Campinas	26.7	7.7	7.0	41.4
Capital Rossi	9.3	11.2	11.0	31.5
Curitiba	13.9	3.1	2.4	19.4
Norcon Rossi		4.4	5.7	10.1
Porto Alegre	31.6	5.3	4.4	41.3
Rio de Janeiro	33.3	0.9	5.4	39.7
São Paulo	35.9	22.9	11.0	69.8
Non-Strategic Regions	105.2	10.8	9.2	125.2
Total	308.7	67.3	65.2	441.0
%	70.0%	15.3%	14.8%	100.0%

Inventory at Market Value

Inventory at market value, which is not recorded in Rossi's financial information, was R\$3.0 billion, with completed units corresponding to 13.1% of total units.

The following tables show detailed information by product line, metropolitan region and year of launch:

Inventory % Rossi	Launch Year (R\$ million)						
	Product	2010 and prior	2011	2012	2013	2014	Total
	Commercial	111.7	45.3	114.6	23.6		295.1
	Conventional	359.4	524.4	756.5	413.8	268.0	2,322.1
	Land Development				148.8		148.8
	MCMV	29.5	9.9				39.4
	Low Income	29.2	59.9	31.9		38.9	159.9
	Total	529.8	639.4	903.0	586.2	306.9	2,965.3
	%	17.9%	21.6%	30.5%	19.8%	10.3%	100.0%

Inventory % Rossi	Launch Year (R\$ million)						
	Metropolitan Region	2010 and prior	2011	2012	2013	2014	Total
	Belo Horizonte	1.7	24.2	78.1	20.1		124.1
	Brasília	36.1	74.3	76.8			187.3
	Campinas	21.7	9.3	43.3	282.9		357.2
	Capital Rossi	60.1	51.4	189.3	23.6		324.4
	Curitiba	77.1	115.6	24.3	31.9		248.9
	Norcon Rossi		20.5	98.8	75.8	59.3	254.4
	Porto Alegre	61.9		92.8	2.9		157.6
	Rio de Janeiro	4.6	12.8	55.9	84.2	38.9	196.4
	São Paulo	95.6	39.1	166.2	64.7	208.6	574.2
	Other regions	171.0	292.2	77.6			540.8
	Total	529.8	639.4	903.1	586.2	306.9	2,965.2
	%	17.9%	21.6%	30.5%	19.8%	10.3%	100.0%

The following tables show detailed information by product line, metropolitan region and estimated year of delivery:

Inventory % Rossi	Expected Year of Conclusion (R\$ million)						
	Product	Finished	2014	2015	2016	> 2016	Total
	Commercial	111.2	67.1	93.3		23.6	295.1
	Conventional	88.1	352.8	634.4	810.3	336.5	2,322.1
	Land Development					148.8	148.8
	MCMV	32.1	5.3	2.0			39.4
	Low Income	57.4	45.5	18.1	38.9		159.9
	Total	388.8	470.7	747.8	849.2	508.9	2,965.4
	%	13.1%	15.9%	25.2%	28.6%	17.2%	100.0%

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Inventory % Rossi	Expected Year of Conclusion (R\$ million)					
Metropolitan Region	Finished	2014	2015	2016	> 2016	Total
Belo Horizonte	1.7	28.9	73.4	20.1		124.1
Brasília	22.3	88.2	76.8			187.3
Campinas	34.7	39.6	65.5		217.4	357.2
Capital Rossi	12.9	58.5	41.1	188.3	23.6	324.4
Curitiba	77.1	20.8	41.4	109.6		248.9
Norcon Rossi	0.3	6.8	35.9	152.1	59.3	254.4
Porto Alegre	25.6	36.3	92.8	2.9		157.6
Rio de Janeiro	8.2	29.3	87.1	71.9		196.5
São Paulo	38.5	101.0	56.3	169.7	208.6	574.2
Other regions	167.5	61.4	177.3	134.5		540.7
Total	388.8	470.8	747.6	849.1	508.9	2,965.2
<i>%</i>	<i>13.1%</i>	<i>15.9%</i>	<i>25.2%</i>	<i>28.6%</i>	<i>17.2%</i>	<i>100.0%</i>

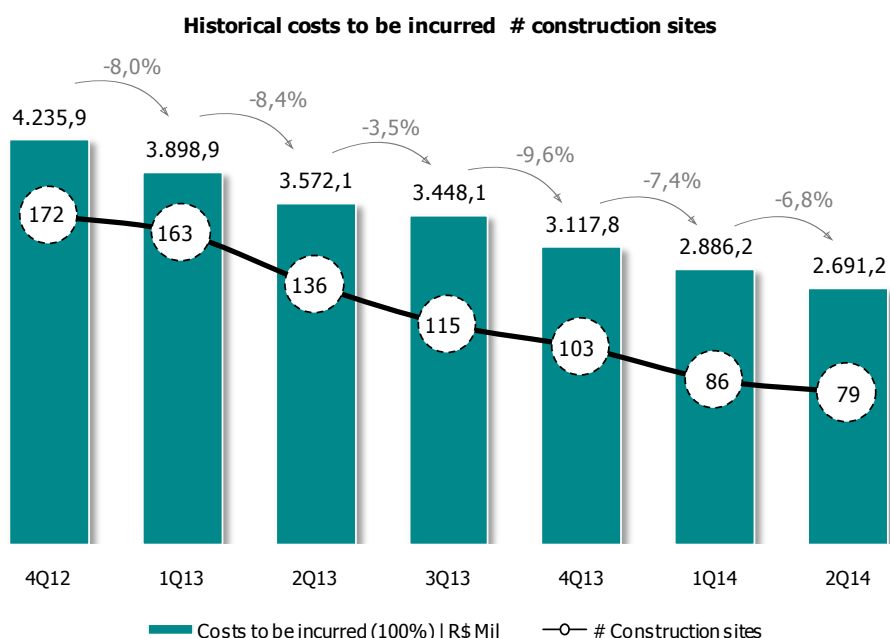
Units Delivered

Rossi completed 2,183 units in the second quarter and 4,766 units in the first half of the year. The following table gives a breakdown of deliveries in 2Q14 by certificates of occupancy by product:

2Q14			
Income Segment	Units	PSV 100% (R\$ mil)	PSV Rossi (R\$ mil)
Conventional	1,288	622,547	593,836
Commercial			
Low Income	655	146,733	128,857
MCMV	240	29,794	11,918
Total	2,183	799,074	734,611

1H14			
Income Segment	Units	PSV 100% (R\$ mil)	PSV Rossi (R\$ mil)
Conventional	2,708	1,051,195	953,876
Commercial	295	61,198	57,058
Low Income	1,051	198,970	164,340
MCMV	712	81,240	50,719
Total	4,766	1,392,603	1,225,993

Currently Rossi has 79 construction sites and 21,509 units under construction. It expects to deliver between 10,000 and 12,000 units in 2014, with total PSV on the launch date of approximately R\$ 3.6 billion (R\$2.7 billion Rossi's share). The following chart presents the historical evolution of costs to be incurred (100%), which show a trend to drop:



Earnings Release

The table below shows the accumulated percentage of expected conclusion of works in relation to year of launch, of units under construction:

Launch Year		Expected year to be delivered (% Accumulated)				
		2H14	1S15	2S15	2016	2017
2010		100.0%	100.0%	100.0%	100.0%	100.0%
2011		68.0%	71.0%	100.0%	100.0%	100.0%
2012		27.0%	38.5%	67.0%	100.0%	100.0%
2013				32.0%	67.5%	100.0%
2014					48.6%	100.0%

Land Bank

Rossi has a top quality land bank and the amounts are segmented in line with its strategy and the respective operating profile:

R\$MM	PSV 100%	PSV Rossi	Units
Rossi Residencial	8,718.5	7,288.0	21,414
Decommissioning	1,911.8	1,311.1	8,915
Consolidated Land bank	10,630.3	8,599.1	30,329

The land bank for the construction and development of residential properties totals PSV of R\$8.7 billion in future launches, and another R\$ 1.9 billion for potential decommissioning, i.e. available for sale or cancelation of the swap agreement, bringing the total to R\$ 10.6 billion. The following table shows the land bank destined for residential developments broken down by metropolitan region and product type:

Metropolitan Region	From R\$ 200 to R\$ 350 k	From R\$ 350 to R\$ 500 k	From R\$ 500 to R \$ 650 k	From R\$ 650 to R\$ 750 k	> R\$ 750 k	Total
Aracaju	779.5		907.0	254.5	759.4	2,700.5
Belo Horizonte		53.9		72.3	283.0	409.3
Campinas	447.5	182.2	88.4	587.5	175.1	1,480.6
Curitiba			62.4			62.4
Manaus		178.5	197.7	107.7	307.0	790.9
Porto Alegre	889.7	384.9	196.3		105.2	1,576.1
Rio de Janeiro		310.8		416.8	58.6	786.2
São Paulo	493.4	204.8	130.8		83.4	912.4
Total	2,610.1	1,315.1	1,582.6	1,438.8	1,771.7	8,718.3
%	29.9%	15.1%	18.2%	16.5%	20.3%	100%

Financial Performance

The financial information in this earnings release was prepared in accordance with the accounting practices adopted in Brazil, including CPCs19 (R2) and 36 (R3), related to the consolidation of certain equity interests. Thus, since 1Q13, Rossi has been consolidating all its interests in subsidiaries and joint ventures in accordance with these accounting standards.

Net Revenue

Net revenue from property sales and services came to R\$ 486.3 million in the quarter, down 4% from the same period last year, mainly due to: (i) higher volume of rescissions and (ii) discounts granted on the sale of completed units and to be delivered in 2014.

R\$ million	2Q14	2Q13	Var.(%)	1H14	1H13	Var.(%)
Gross Operational Revenue						
Property Sales and Services	498.5	521.1	-4.3%	999.5	1,079.2	-7.4%
Tax and deductions	(12.2)	(14.8)	-17.6%	(24.9)	(30.3)	-17.8%
Net Operational Revenue	486.3	506.3	-4.0%	974.6	1,048.9	-7.1%

Cost of Properties and Services Sold

The cost of properties and services sold was R\$ 390.8 million in 2Q14, an increase of 2% from 2Q13. Financial charges from construction financing and corporate debt, whose funds are allocated to production for either land acquisitions or construction, are capitalized under inventories and taken to profit or loss in proportion to the number of units sold.

R\$ million	2Q14	2Q13	Var.(%)	1H14	1H13	Var.(%)
Construction + Land	334.7	327.8	+2.1%	670.1	722.7	-7.3%
Capitalized Interests	56.1	55.4	+1.3%	111.3	123.5	-9.8%
Total	390.8	383.2	+2.0%	781.4	846.2	-7.6%

Gross Income and Gross Margin

Gross income totaled R\$ 95.5 million in 2Q14 and R\$ 193.2 million in 1H14. Excluding charges allocated to costs, gross income was R\$ 152 million and gross margin was 31.2% in 2Q14, and R\$ 304 million and 31.2% in 1H14. Below is the detailed presentation:

Gross Income	2Q14	2Q13	Var.(%)	1H14	1H13	Var.(%)
Gross Margin (%)	95.5	123.1	-22.4%	193.2	202.7	-4.7%
Adjusted Gross Income ⁽¹⁾	19.6%	24.3%	-4.7 p.p.	19.8%	19.3%	+0.5 p.p.
Adjusted Gross Margin (%) ⁽¹⁾	151.6	178.5	-15.0%	304.5	326.2	-6.6%
Adjusted Gross Margin (%) ⁽¹⁾	31.2%	35.3%	-4.1 p.p.	31.2%	31.1%	0.1 p.p.

⁽¹⁾ excluding financial charges allocated to costs

As these projects are delivered simultaneously with the progress in more recent projects, Rossi's margins should increase gradually. Note that the discounts campaign started in May 2014, especially for the units completed and to be delivered in 2014, to speed up the cash generation process, will affect results even if in the short term. The tables in the following page show the breakdown of margin by year of launch and metropolitan region:

Earnings Release

R\$ million	2Q14		1H14	
	Net Revenue	Gross Margin (ex interest)	Net Revenue	Gross Margin (ex interest)
2010 and prior	144.5	29.0%	326.0	30.0%
2011	227.1	32.8%	448.8	31.7%
2012	96.0	29.5%	171.2	31.3%
2013	13.8	36.3%	23.7	37.0%
2014	4.8	39.8%	4.8	39.8%
Total	486.3	31.2%	974.6	31.2%

R\$ million	2Q14		1H14	
	Net Revenue	Gross Margin (ex interest)	Net Revenue	Gross Margin (ex interest)
Strategic Region	398.4	31.8%	769.8	33.0%
Other Regions	87.9	28.2%	204.8	24.7%
Total	486.3	31.2%	974.6	31.2%

Selling and Administrative Expenses

Administrative expenses totaled R\$ 28 million in the quarter, with a non-recurring impact of R\$13.5 million from the reversal of provisions related to the stock options plans of employees who were terminated. The increase in selling expenses is related to the brokerage and marketing expenses on account of the campaigns held during the period to speed up sales and cash generation, and of maintenance costs of inventory finished units.

R\$ million	2Q14	2Q13	Var.(%)	1HS14	1H13	Var.(%)
Administrative (a)	28.4	51.0	-44.4%	74.4	93.0	-20.0%
Selling (b)	45.9	34.6	+32.8%	81.9	63.4	+29.2%
Administrative ÷ Net Revenue	5.8%	10.1%	-4.2 p.p.	7.6%	8.9%	-1.2 p.p.
Selling ÷ Net Revenue	9.5%	6.8%	+2.6 p.p.	8.4%	6.0%	+2.4 p.p.
(a) + (b)	74.3	85.6	-13.2%	156.3	156.4	-0.1%
(a) + (b) ÷ Net Revenue	15.3%	16.9%	-1.6 p.p.	16.0%	14.9%	1.1 p.p.

¹ Includes profit sharing and fees of executive officers

Other Operating Revenues/Expenses, Net

Other operating revenues (net) totaled R\$ 15.3 million, due mainly to: (i) sale of land of R\$ 15.0 in the first quarter (ii) reversal of the provision for risks, which were earlier booked at Rossi (parent company) and were now allocated to the respective SPEs.

Equity income

Equity income had a non-recurring impact of the allocation of provisions, as explained in the item Other Operating Revenues/Expenses. Excluding this amount, the pro forma income would be R\$ 42.6 million in the year and R\$ 21.4 million in the quarter. This change did not affect consolidated net income in the quarter.

EBITDA

Adjusted EBITDA reached R\$74.6 million in the year, with adjusted EBITDA margin of 15.3%.

R\$ million	2Q14	2Q13	Var.(%)	1H14	1H13	Var.(%)
Net Income (Loss)	0.3	46.4	-99.4%	7.1	36.4	-80.5%
(+/-) Financial Expenses (Revenues)	16.4	16.7	-1.5%	35.5	28.8	+23.4%
(+) Provision for Tax and Social Contrib.	8.1	12.9	-37.5%	19.1	30.9	-38.1%
(+) Depreciation and Amortization	3.1	6.3	-71.1%	6.4	7.7	-16.9%
EBITDA ¹	27.9	82.3	-66.2%	68.2	103.9	-34.3%
(+) Capitalized Interests	56.1	55.4	+1.3%	111.3	123.5	-9.8%
(+) Stock Options	(9.4)	4.3	N/A	(5.6)	8.9	N/A
Adjusted EBITDA²	74.6	142.0	-47.5%	173.8	236.2	-21.7%
<i>Adjusted EBITDA Margin(%)²</i>	<i>15.3%</i>	<i>28.0%</i>	<i>-12.7 p.p.</i>	<i>17.8%</i>	<i>22.5%</i>	<i>-4.7 p.p.</i>

¹ EBITDA according to CVM Instruction 527/2012.

² Adjusted EBITDA: adjusted for expenses that do not involve any cash disbursement. For more details, see the glossary at the end of this report.

Net Financial Result

The net financial result was an expense of R\$ 16.4 million, due to the following main variations in relation to the previous periods: (i) interest income from loans to partners in the amount of +R\$25 million, and (ii) -R\$24 million from discounts granted to speed up financing transfers.

Financial Results (R\$ million)	2Q14	2Q13	Var.(%)	1H14	1H13	Var.(%)
Financial Revenues	54.2	43.1	+25.6%	85.2	73.1	+16.6%
Financial Expenses	(70.6)	(59.8)	+18.0%	(120.8)	(101.9)	+18.5%
Financial Results	(16.4)	(16.7)	-1.5%	(35.6)	(28.8)	+23.4%

Net Income

In the year, Rossi registered net income of R\$ 7.1 million, with net margin of 0.7%, as a result of the impacts described in the previous sections.

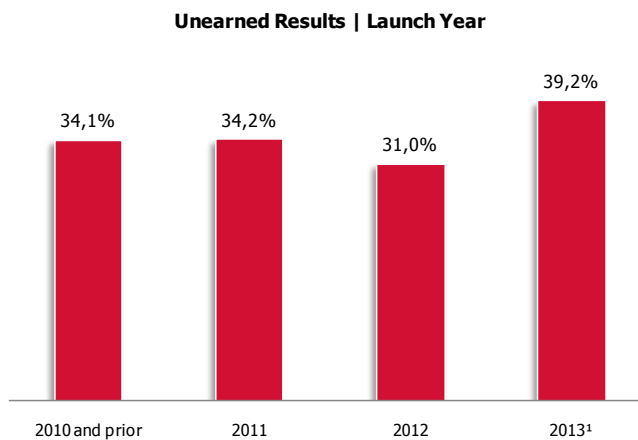
R\$ million	2Q14	2Q13	Var.(%)	1H14	1H13	Var.(%)
Net Income	0.3	46.4	-99.4%	7.1	36.4	-80.5%
Net Margin (%)	0.1%	9.2%	-9.1 p.p.	0.7%	3.5%	-2.7 p.p.

Backlog Result

The following table shows the backlog results, including PIS and Cofins taxes and excluding interested allocated to cost.

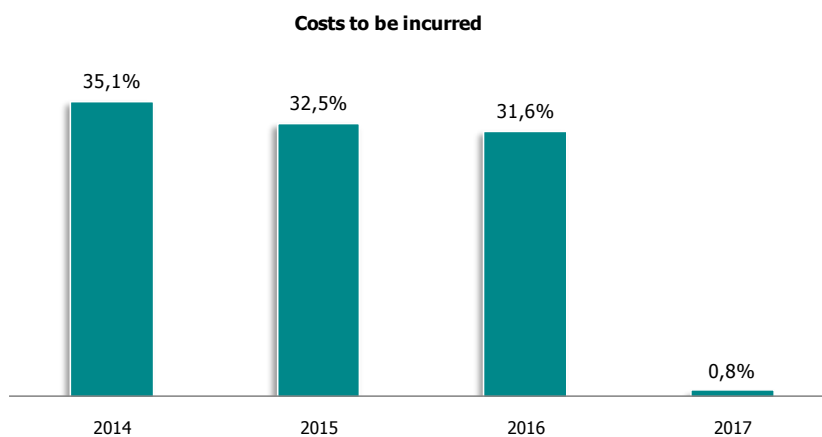
Unearned Results (R\$ million)	2Q14	1Q14	Var.(%)
Gross revenues	1,170.9	1,306.3	-10.4%
Construction Costs (w/o capitalized interests)	(751.9)	(836.3)	-10.1%
Gross Profit	419.0	470.0	-10.9%
Gross Margin (%)	35.8%	36.0%	-0.2 p.p.

The chart details the backlog margin by year of launch.



¹ not including Entreverdes Campinas, with margin of 68.4%

The following chart presents the schedule of costs to be incurred. Appendix I shows the schedule of costs that will be booked in the result through the equity income method.



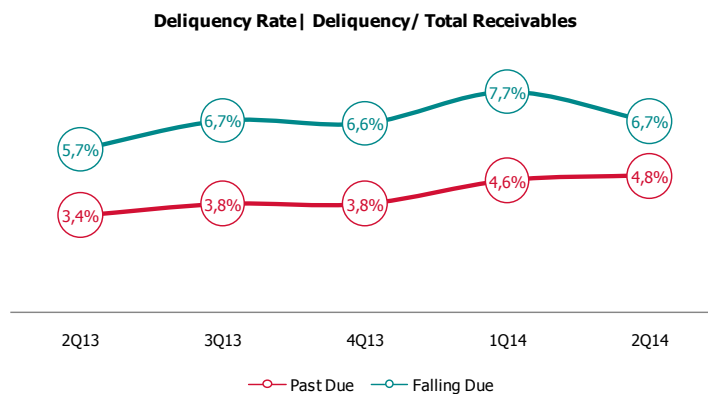
Accounts Receivable

Trade accounts receivable from real estate developments to be recognized under the PoC method (recognition of the revenues and respective costs and expenses from real estate development over the course of construction) totaled R\$ 3.6 billion.

R\$ million	2Q14	1Q14	Var.(%)
Short Term	1,817.2	1,726.7	+5.2%
Units under construction	1,242.0	1,322.2	-6.1%
Finished Units	508.4	326.2	+55.9%
Land Receivables	66.8	78.5	-14.9%
Long Term	635.5	818.5	-22.4%
Units under construction	494.7	626.8	-21.1%
Finished Units	140.8	191.8	-26.6%
Land Receivables	-	-	-
Total	2,452.7	2,545.2	-3.6%
Receivables to be incurred			
Short Term	837.7	886.3	-5.5%
Long Term	333.6	420.2	-20.6%
Total	1,171.3	1,306.5	-10.3%
Total Accounts Receivable	3,624.0	3,851.8	-5.9%

Delinquency

The delinquency rate (overdue + outstanding) dropped 1 p.p. from 1Q14. In absolute terms, the delinquent portfolio remains stable, with the increase in the delinquency rate caused by the reduction in the receivables portfolio. The rate represents total balance of clients with any amount overdue more than 90 days. It also includes contract installments falling due, in order to provide a conservative overview of the rate.



Tradable Properties

The following table details tradable properties booked in the balance sheet at historical cost. Compared to 1T14 there was a change in the criteria related to completed units in capitalized interest.

Properties for sale (R\$ million)	2Q14	1Q14	Var.(%)
Finished properties	85.0	139.3	-39.0%
Properties under construction	675.3	658.3	+2.6%
Land for future developments	438.9	461.3	-4.9%
Expenses on new projects	15.2	14.9	+2.2%
Consumables	13.7	19.1	-28.5%
Advances to suppliers	48.8	43.4	+12.4%
Capitalized Interest	162.8	125.4	+29.8%
Total	1,439.6	1,461.7	-1.5%

Decommissioning and Sale of Assets

Total asset sale agreements signed since December 2012 reached R\$ 194.2 million, of which R\$ 10.2 million in 2Q14 alone. A sum of R\$19.8 million was received in the quarter. As the table on Accounts Receivable on page 20 shows, R\$ 66.8 million has already been booked, while the balance R\$ 127.4 million is bound by conditions subsequent.

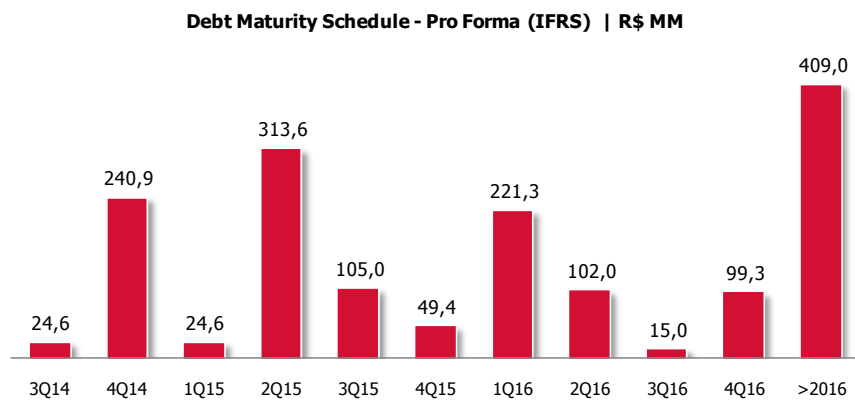
Debt

Rossi ended 2Q14 with a cash balance of R\$ 746.4 million and total debt of R\$ 3.0 billion, down 4% from 1Q14 and semiannual generation of R\$ 63.9 million. Real estate credit consists of loans for construction (SFH) and bank credit notes (CCB), which will be used for the construction and development of pre-determined housing projects. The Company also carried out a securitization operation with co-obligation, of the receivables of Entreverdes in the amount of R\$35.8 million:

R\$ million	2Q14	1Q14	Var (%)
Short Term	1,597.2	1,342.9	18.9%
Construction Financing	1,074.9	842.2	27.6%
Working Capital	174.2	172.8	0.8%
Receivables Securitization ¹	38.2	9.5	302.0%
Debentures	309.9	318.4	-2.7%
Long Term	1,414.3	1,791.6	-21.1%
Construction Financing	1,217.1	1,379.1	-11.7%
Working Capital	118.8	147.8	-19.6%
Receivables Securitization ¹	29.5	14.7	101.1%
Debentures	48.9	250.0	-80.4%
Total debt	3,011.5	3,134.5	-3.9%
Cash and Cash Equivalents	746.4	973.0	-23.3%
Net Debt	2,265.1	2,161.5	4.8%
Net Debt / Shareholder's Equity	94.6%	89.9%	4.7 p.p.
Cash Generation YTD	63.9		

Earnings Release

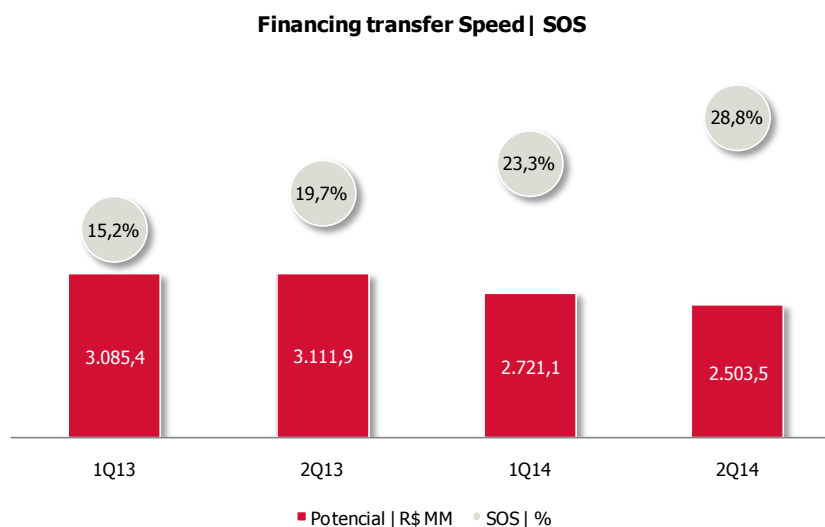
The following chart shows the pro forma corporate debt maturity schedule in accordance with IFRS, excluding the amortization of a debenture of R\$ 104.5 million on July 1, and an overdraft facility of R\$ 100 million, automatically renewable in December and which does not involve any cash disbursement. Rossi is already negotiating a possible rollover of a part of the amortization scheduled for 4Q14.



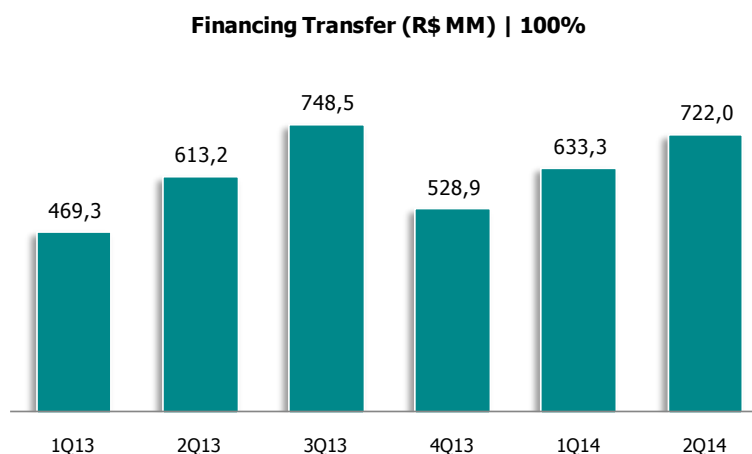
Transfer of Financing and Rossi Fácil

At the end of 2013, Rossi Fácil was restructured, by which all stages of the financing transfer process were managed similar to an assembly line, which enables the company to identify the bottlenecks at each stage and monitor the respective times. We also created detailed timetables and checklists to monitor the various stages of construction, as well as issues involving development and sundry documentation, which include the issue of the certificates of occupancy, tax certificates of good standing (CND) and registration, all of which are conditions precedent for the financing transfer process.

The following chart shows the quarterly indicator that measures the efficiency of financing transfer. The red bars show the potential transfer amounts, that is, the sum of the outstanding balance of the units that have already been registered. The speed, or SOS, of the process is measured by the ratio between the amount of transfers and settlements during the period and this potential. It can be noticed that, despite a lower potential in 2014, changes in process management have significantly improved the indicator on a quarter-on-quarter basis:



The following chart details the evolution of transfers, which shows a 17% growth in the second quarter of 2014 in relation to the same period in 2013.



Relationship with Independent Auditors

In compliance with CVM Instruction 381/03, we inform that Deloitte Touche Tohmatsu Auditores Independentes was contracted to provide the following services in 2014: audit of the financial statements in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRS"); review of interim quarterly financial information in accordance with Brazilian and international standards for reviewing interim statements (NBC TR 2410 – *Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The Company did not contract the independent auditors for services other than those related to the audit of financial statements.

The contracting of independent auditors is based on the principles that aim to preserve the independence of the auditor, namely: (a) the auditor should not audit their own work; (b) auditors should not hold management positions; and (c) auditors should not provide services that could be construed as prohibited by applicable laws. Furthermore, the Management obtains from the independent auditors a declaration that any special services provided do not affect their professional independence.

The information in the performance report that is not clearly identified as a copy of the information contained in the financial statements did not undergo any audit or review.

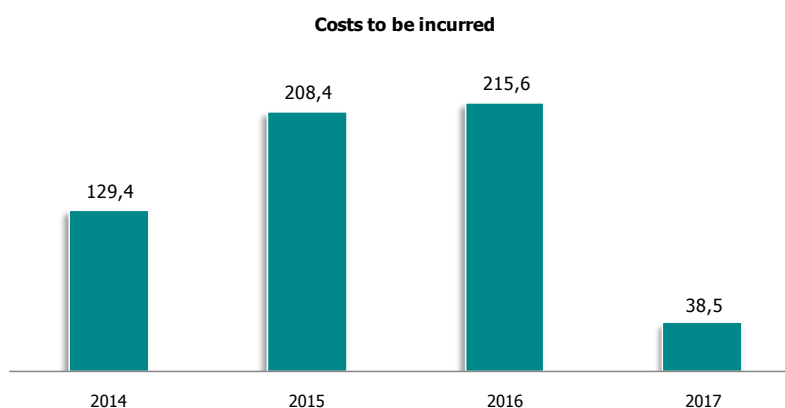
Appendix I | Indicators - IFRS

Information classified as "Consolidated" represents only the amounts pertaining to operations consolidated according to IFRS, while "Total" represents the sum of the two amounts. To facilitate comparison with historic information, data since 2009 are also available at Rossi's website.

Quarterly SOS Total	1Q14	2Q14
Inventory - BOP	4.737,2	4.572,7
Launches	157,8	457,4
Inventory + Launches	4.895,0	5.030,1
Gross Sales	553,4	588,3
Sales Speed (SoS) (%)	11,3%	11,7%
Rescission	231,1	335,0
Inventory - EOP	4.572,7	4.776,9

Quarterly SOS Consolidated	1Q14	2Q14
Inventory - BOP	2.991,7	2.846,1
Launches	63,2	253,0
Inventory + Launches	3.054,9	3.099,1
Gross Sales	350,8	384,2
Sales Speed (SoS) (%)	11,5%	12,4%
Rescission	142,0	201,7
Inventory - EOP	2.846,1	2.916,6

The chart below shows the expected booking of costs to be incurred according to the equity income method:



Appendix II | Indicators 100%

Quarterly SoS 100%	2Q13	3Q13	4Q13	1Q14	2Q14
Inventory - BOP	4,518.2	4,318.0	4,476.2	4,493.1	4,310.8
Launches	163.7	706.3	540.9	157.8	299.5
Inventory + Launches	4,682.0	5,024.3	5,017.0	4,650.9	4,610.3
Gross Sales	571.5	776.1	690.1	577.8	654.9
Sales Speed (SoS) (%)	12.2%	15.4%	13.8%	12.4%	14.2%
Rescission	207.5	228.0	166.2	237.6	343.5
Adjusts / Revalue					(174.5)
Inventory - EOP	4,318.0	4,476.2	4,493.1	4,310.8	4,124.4

LTM SoS 100%	2Q13	3Q13	4Q13	1Q14	2Q14
Inventory - BOP	3,994.9	4,527.2	4,944.1	4,518.2	4,318.0
Launches	1,324.9	1,205.7	1,410.9	1,568.7	1,704.6
Inventory + Launches	5,319.8	5,732.9	6,355.1	6,087.0	6,022.5
Gross Sales	2,222.4	2,382.1	2,631.2	2,615.5	2,698.9
Sales Speed (SoS) (%)	41.8%	41.6%	41.4%	43.0%	44.8%
Rescission	1,220.5	1,125.4	769.2	839.3	975.3
Adjusts / Revalue					(174.5)
Inventory - EOP	4,317.9	4,476.2	4,493.1	4,310.8	4,124.4

Gross Sales 2Q14 (100%) R\$ MM	Finished	To be delivered in 2014	Under construction	Launches	Total
Belo Horizonte	5.8	2.7	5.2		13.7
Brasília	6.8	6.7	16.1		29.6
Campinas	13.3	12.3	20.6		46.1
Capital Rossi	15.7	28.7	37.0		81.5
Curitiba	7.1	9.3	10.5		26.9
Norcon Rossi		4.1	9.1		13.2
Porto Alegre	15.1	34.9	13.2		63.1
Rio de Janeiro	25.5	2.7	7.4		35.7
São Paulo	6.7	81.0	28.0	46.2	161.9
Non Estrategic Regions	68.5	67.5	47.2		183.2
Total	164.5	249.9	194.4	46.2	654.9
%	25.1%	38.2%	29.7%	7.0%	100.0%

Earnings Release

Gross Sales 1H14 (100%) R\$ MM	Finished	To be delivered in 2014	Under construction	Launches	Total
Belo Horizonte	10.8	2.7	8.8		22.3
Brasília	24.5	6.7	19.3		50.5
Campinas	39.2	16.3	53.8		109.3
Capital Rossi	33.4	56.7	77.3		167.4
Curitiba	21.2	18.4	19.1		58.6
Norcon Rossi		6.7	21.1	6.8	34.6
Porto Alegre	67.3	46.5	15.1		129.0
Rio de Janeiro	35.6	7.6	14.9	23.7	81.9
São Paulo	42.3	90.5	55.7	46.2	234.5
Non Estrategic Regions	180.3	98.6	65.8		344.6
Total	454.6	350.7	350.8	76.6	1,232.7
%	36.9%	28.5%	28.5%	6.2%	100.0%

Rescission 2Q14 (100%) R\$ MM	Finished	To be delivered in 2014	Under construction	Total
Belo Horizonte	6.9	1.4	5.3	13.5
Brasília	26.5		0.7	27.3
Campinas	13.9	5.1	5.3	24.3
Capital Rossi	9.7	17.7	13.7	41.1
Curitiba	6.4	2.4	2.1	10.9
Norcon Rossi		3.9	4.7	8.6
Porto Alegre	16.9	4.8	2.9	24.6
Rio de Janeiro	24.8	1.2	3.5	29.5
São Paulo	30.4	27.1	9.6	67.2
Non Estrategic Regions	78.6	10.9	7.2	96.6
Total	214.1	74.5	55.0	343.5
%	62.3%	21.7%	16.0%	100.0%

Rescission 1H14 (100%) R\$ MM	Finished	To be delivered in 2014	Under construction	Total
Belo Horizonte	13.4	1.4	6.8	21.6
Brasília	50.1		3.4	53.5
Campinas	30.9	8.3	9.7	49.0
Capital Rossi	18.2	23.7	22.3	64.2
Curitiba	15.8	3.1	2.8	21.7
Norcon Rossi		5.9	8.2	14.0
Porto Alegre	33.5	5.6	4.4	43.5
Rio de Janeiro	36.1	1.2	6.4	43.7
São Paulo	58.8	28.9	13.7	101.4
Non Estrategic Regions	140.0	16.2	12.3	168.5
Total	396.9	94.2	90.0	581.1
%	68.3%	16.2%	15.5%	100.0%

Earnings Release

Inventory 100%	Launch Year (R\$ million)						
	Product	2010 and prior	2011	2012	2013	2014	Total
Commercial	155.5	53.8	128.1	47.2			384.6
Conventional	526.9	736.0	1,060.1	495.9	341.8		3,160.7
Land Development					333.2		333.2
MCMV	39.5	21.1					60.6
Low Income	47.4	66.3	32.7		38.9		185.3
Total	769.4	877.2	1,220.9	876.2	380.7		4,124.4
%	18.7%	21.3%	29.6%	21.2%	9.2%		100.0%

Inventory 100%	Launch Year (R\$ million)						
	Metropolitan Region	2010 and prior	2011	2012	2013	2014	Total
Belo Horizonte	1.7	24.2	78.1	20.1			124.1
Brasília	56.2	78.2	90.4				224.9
Campinas	25.6	10.2	43.3	467.3			546.4
Capital Rossi	119.6	115.8	377.5	47.2			660.1
Curitiba	85.4	187.2	24.3	31.9			328.7
Norcon Rossi		29.0	140.6	135.1	84.7		389.4
Porto Alegre	63.1		92.8	2.9			158.8
Rio de Janeiro	5.1	17.3	66.3	95.2	38.9		222.9
São Paulo	151.1	45.1	166.2	76.5	257.1		695.9
Other regions	261.7	370.0	141.5				773.2
Total	769.4	877.2	1,220.9	876.2	380.7		4,124.4
%	18.7%	21.3%	29.6%	21.2%	9.2%		100.0%

Inventory 100%	Expected Year of Conclusion (R\$ million)					Total	
	Product	Finished	2014	2015	2016		> 2016
Commercial	151.9	76.8	108.7			47.2	384.6
Conventional	247.2	459.6	848.8	1,194.8	410.3		3,160.7
Land Development						333.2	333.2
MCMV	41.7	13.0	5.9				60.6
Low Income	76.3	51.3	18.9	38.9			185.3
Total	517.1	600.7	982.3	1,233.7	790.7		4,124.4
%	12.5%	14.6%	23.8%	29.9%	19.2%		100.0%

Earnings Release

Inventory 100%	Expected Year of Conclusion (R\$ million)					
Metropolitan Region	Finished	2014	2015	2016	> 2016	Total
Belo Horizonte	1.7	28.9	73.4	20.1	-	124.1
Brasília	28.8	105.7	90.4	-	-	224.9
Campinas	38.9	40.2	65.5	-	401.7	546.4
Capital Rossi	26.4	117.6	93.3	375.7	47.2	660.1
Curitiba	85.4	23.9	41.4	178.1	-	328.7
Norcon Rossi	0.3	9.7	51.4	243.4	84.7	389.4
Porto Alegre	25.9	37.2	92.8	2.9	-	158.8
Rio de Janeiro	9.4	33.1	100.3	80.1	-	222.9
São Paulo	67.3	130.2	59.8	181.6	257.1	695.9
Other regions	233.1	74.2	314.0	151.8	-	773.2
Total	517.1	600.7	982.3	1,233.7	790.7	4,124.4
<i>%</i>	<i>12.5%</i>	<i>14.6%</i>	<i>23.8%</i>	<i>29.9%</i>	<i>19.2%</i>	<i>100.0%</i>

Income Statement - R\$ thousand

	2Q14	2Q13	Var.(%)	1S14	1S13	Var.(%)
Gross Operating Revenues						
Property sales and services	498,456	521,086	-4.3%	999,541	1,079,152	-7.4%
Taxes and deductions	(12,163)	(14,760)	-17.6%	(24,904)	(30,307)	-17.8%
Net Operating Revenue	486,293	506,326	-4.0%	974,637	1,048,845	-7.1%
Cost of Property and Services	(390,785)	(383,228)	+2.0%	(781,409)	(846,137)	-7.6%
Works+sites	(334,649)	(327,838)	+2.1%	(670,091)	(722,669)	-7.3%
Financial Charges	(56,136)	(55,390)	+1.3%	(111,318)	(123,468)	-9.8%
Gross Income	95,508	123,098	-22.4%	193,228	202,708	-4.7%
Gross Margin	19.6%	24.3%	-4.7 p.p.	19.8%	19.3%	+0.5 p.p.
Gross Margin (ex Interest)	31.2%	35.3%	-4.1 p.p.	31.2%	31.1%	+0.1 p.p.
Operating Expenses	(61,001)	(44,723)	36.4%	(116,794)	(100,982)	15.7%
Administrative	(28,353)	(50,964)	-44.4%	(74,384)	(93,003)	-20.0%
Selling	(45,957)	(34,598)	+32.8%	(81,883)	(63,370)	+29.2%
Depreciation and amortization	(1,680)	(1,597)	+5.2%	(3,347)	(3,264)	+2.6%
Result of subsidiaries	6,263	42,096	-85.1%	27,503	77,349	-64.4%
Other operating revenues (expenses)	8,726	340	+2466.6%	15,317	(18,694)	-181.9%
Earnings before financial result	34,507	78,375	-56.0%	76,434	101,726	-24.9%
Financial Results	(16,398)	(16,653)	-1.5%	(35,541)	(28,803)	23.4%
Financial Revenues	54,180	43,149	+25.6%	85,224	73,066	+16.6%
Financial Expenses	(70,578)	(59,802)	+18.0%	(120,765)	(101,869)	+18.5%
Operating Income (Loss)	18,109	61,722	-70.7%	40,892	72,923	-43.9%
Operating Margin	3.7%	12.2%	-8.5 p.p.	4.2%	7.0%	-2.8 p.p.
Provision for income tax and social contrib.	(11,006)	(9,522)	+15.6%	(19,684)	(19,512)	+0.9%
Deferred income tax	2,939	(3,394)	-186.6%	553	(11,403)	-104.9%
Minorities	(9,756)	(2,405)	+305.7%	(14,643)	(5,577)	162.6%
Net Income (Loss)	287	46,401	-99.4%	7,119	36,431	-80.5%
Net Margin	0.1%	9.2%	-9.1 p.p.	0.7%	3.5%	-2.7 p.p.

Balance Sheet | Assets – R\$ thousand

ASSETS	2Q14	1Q14	Var
CURRENT			
Cash and equivalents	550,899	562,037	-2.0%
Tradable notes	82,713	36,687	+125.5%
Accounts receivable from clients	1,754,037	1,726,722	+1.6%
Tradable properties	905,522	1,048,383	-13.6%
Other assets	1,068,948	916,611	+16.6%
Total Current Asset	4,362,119	4,290,440	+1.7%
NON CURRENT			
Tradable notes	112,751	374,266	-69.9%
Accounts receivable from clients	698,660	818,549	-14.6%
Tradable properties	534,118	413,340	+29.2%
Judicial deposits	55,001	53,838	+2.2%
Profit sharing payable	331,260	323,476	+2.4%
Investments	1,531,163	1,438,554	+6.4%
Fixed	50,906	51,973	-2.1%
Intangible	57,426	55,174	+4.1%
Total Long Term	3,371,285	3,529,170	-4.5%
TOTAL ASSETS	7,733,404	7,819,610	-1.1%

Balance Sheet | Liabilities and Shareholders' Equity – R\$ thousand

LIABILITIES AND SHAREHOLDER'S EQUITY	2Q14	1Q14	Var
CURRENT			
Construction financing – real estate credit	1,074,956	842,179	+27.6%
Loans – working capital	212,348	182,324	+16.5%
Debentures	309,932	318,418	-2.7%
Suppliers	95,605	89,875	+6.4%
Accounts payable to land site acquisition	248,904	211,259	+17.8%
Salaries and payroll charges	29,328	27,747	+5.7%
Taxes and contributions payable	43,256	34,838	+24.2%
Profit sharing payable	4,917	7,584	-35.2%
Advances from clients	82,396	102,277	-19.4%
Profit sharing payable	1,078,875	1,049,788	+2.8%
Deferred taxes and contributions	139,718	136,344	+2.5%
Other accounts payable	99,288	50,053	+98.4%
Total Current	3,419,522	3,052,686	+12.0%
NON CURRENT			
Construction financing – real estate credit	1,217,076	1,379,072	-11.7%
Loans – working capital	148,256	162,445	-8.7%
Debentures	48,926	250,000	-80.4%
Accounts payable to land site acquisition	7,714	47,323	-83.7%
Taxes and contributions payable	25,554	25,554	-0.0%
Provisions	57,235	69,465	-17.6%
Provision for guarantees	41,691	44,268	-5.8%
Deferred taxes and contributions	58,155	64,724	-10.1%
Others	241,939	244,007	-0.8%
Total non current	1,846,546	2,286,858	-19.3%
SHAREHOLDERS' EQUITY			
Capital stock	2,611,390	2,611,390	-0.0%
Treasury stock	(82,701)	(82,618)	+0.1%
Capital reserve	49,008	58,431	-16.1%
Accrued earnings	(183,589)	(183,876)	-0.2%
Total Shareholders' Equity	2,394,108	2,403,327	-0.4%
Minorities interest	73,228	76,739	-4.6%
TOTAL LIABILITIES	7,733,404	7,819,610	-1.1%

Glossary

Accounting Pronouncement Committee (CPC) - Created by Resolution 1,055/05 of the Federal Accounting Board (CFC), the CPC has the objective of "analyzing, preparing and issuing Technical Pronouncements on accounting procedures and disclosing information of this nature to allow Brazil's regulatory authority to issue standards with a view to centralizing and standardizing its production processes, always considering the convergence of Brazilian and international accounting standards".

Adjusted EBITDA – Earnings before the financial result, income tax and social contribution on net income, depreciation, amortization, financial charges associated with the cost of properties sold, expenses with share issuances, expenses with the stock option plan and other non-operating expenses. Adjusted EBITDA is not a measure of financial performance recognized by generally accepted accounting practices in Brazil (BR GAAP) and should not be considered alone, as an alternative to net income, as a measure of operating performance, as an alternative to operating cash flow or as a measure of liquidity. Adjusted EBITDA does not have a standardized definition and Rossi's definition of Adjusted EBITDA may differ from those used by other companies.

Backlog Margin – Equivalent to "Backlog Results" divided by "Backlog Revenue" to be recognized in future periods.

Backlog Result – As a result of the Percentage of Completion Method of recognizing revenues, we recognize revenues and expenses over a multi-year period for each residential unit we sell. Therefore, the balance of the Backlog Result represents revenues less costs that will be recognized in future periods from past sales.

Backlog Revenue – Backlog revenues correspond to sales contracts with revenues to be recognized in future periods as the construction progresses and not upon the signing of the contract. Therefore, our Backlog revenue represents revenues that will be incurred in future periods from past sales.

Cash Burn - Variation in net debt, less capital increases, dividends paid and non-recurring expenses.

CFC Resolution 963/03 and Percentage of Completion (PoC) Method – Revenue, as well as costs and expenses from real estate development, is recognized throughout the project's construction period in line with the costs incurred, in accordance with Resolution 963/03 of the Federal Accounting Board (CFC).

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

EBITDA – Earnings before the financial result, income tax and social contribution on net income, depreciation, amortization and financial charges associated with the cost of properties sold. The EBITDA calculation method adopted by Rossi is in accordance with the definition laid down by CVM Instruction of October 4, 2012.

Economic Segment (excluding MCMV) – Units with average price between R\$170,000 and R\$200,000.

INCC – National Construction Cost Index measured by the Getulio Vargas Foundation (FGV).

Land Bank – Land Bank formed by lots for future projects, which are acquired in cash or through swap agreements.

Launch PSV – Potential sales value corresponds to the total potential value obtained by the Company from the sale of all the units from a given development launched at a certain price.

Minha Casa Minha Vida (MCMV) – Housing program launched in 2009 with units priced up to R\$170,000.

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

PSV – Potential Sales Value.

Rossi's PSV – The potential sales value obtained or to be obtained by Rossi from the sale of all the units from a given development launched at a certain predetermined price, proportional to its share of the enterprise.

SFH Funds – Funds from the National Housing System (SFH) come from the Government Severance Indemnity Fund (FGTS) from savings deposits. Commercial banks are required to invest 65% of their total savings deposits in the housing sector, either to final customers or developers, at lower interest rates than the private market.

SOS – Sales over Supply ratio

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