

Edgar Filing: Madison Strategic Sector Premium Fund - Form SC 13G

Madison Strategic Sector Premium Fund
Form SC 13G
February 10, 2014

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No.)*

MADISON STRATEGIC SECTOR PREMIUM FUND

(Name of Issuer)

Common Stock

(Title of Class of Securities)

558268108

(CUSIP Number)

December 31, 2013

(Date Of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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SEC 1745 (3-06)

CUSIP No.558268108

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1. NAME OF REPORTING PERSON:
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Morgan Stanley
I.R.S. #36-3145972

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) []

(b) []

3. SEC USE ONLY:

4. CITIZENSHIP OR PLACE OF ORGANIZATION:

The state of organization is Delaware.

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH:

5. SOLE VOTING POWER:
389,363

6. SHARED VOTING POWER:
21,415

7. SOLE DISPOSITIVE POWER:
0

8. SHARED DISPOSITIVE POWER:
422,059

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:
422,059

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

[]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):
7.3%

12. TYPE OF REPORTING PERSON:
HC, CO

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1. NAME OF REPORTING PERSON:
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Morgan Stanley Smith Barney LLC
I.R.S. #26-4310844

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2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) []

(b) []

3. SEC USE ONLY:

4. CITIZENSHIP OR PLACE OF ORGANIZATION:

The state of organization is Delaware.

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH:

5. SOLE VOTING POWER:
389,363

6. SHARED VOTING POWER:
21,415

7. SOLE DISPOSITIVE POWER:
0

8. SHARED DISPOSITIVE POWER:
422,059

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:
422,059

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

[]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):
7.3%

12. TYPE OF REPORTING PERSON:
BD

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Item 1. (a) Name of Issuer:

MADISON STRATEGIC SECTOR PREMIUM FUND

(b) Address of Issuer's Principal Executive Offices:

550 SCIENCE DRIVE

MADISON WI 53711

Item 2. (a) Name of Person Filing:

(1) Morgan Stanley

(2) Morgan Stanley Smith Barney LLC

(b) Address of Principal Business Office, or if None, Residence:

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- (1) 1585 Broadway
New York, NY 10036
- (2) 1585 Broadway
New York, NY 10036

(c) Citizenship:

- (1) The state of organization is Delaware.
- (2) The state of organization is Delaware.

(d) Title of Class of Securities:

Common Stock

(e) CUSIP Number:

558268108

Item 3. If this statement is filed pursuant to Sections 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o).
Morgan Stanley & Co. Incorporated
- (b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with Section 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with Section 240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with Section 240.13d-1(b)(1)(ii)(G);
Morgan Stanley
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with Section 240.13d-1(b)(1)(ii)(J).

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Item 4. Ownership as of December 31, 2013.*

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(a) Amount beneficially owned:

See the response(s) to Item 9 on the attached cover page(s).

(b) Percent of Class:

See the response(s) to Item 11 on the attached cover page(s).

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote:

See the response(s) to Item 5 on the attached cover page(s).

(ii) Shared power to vote or to direct the vote:

See the response(s) to Item 6 on the attached cover page(s).

(iii) Sole power to dispose or to direct the disposition of:

See the response(s) to Item 7 on the attached cover page(s).

(iv) Shared power to dispose or to direct the disposition of:

See the response(s) to Item 8 on the attached cover page(s).

Item 5. Ownership of Five Percent or Less of a Class.

Not Applicable

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary which Acquired the Security Being Reported on By the Parent Holding Company.

See Exhibit 99.2

Item 8. Identification and Classification of Members of the Group.

Not Applicable

Item 9. Notice of Dissolution of Group.

Not Applicable

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

* In Accordance with the Securities and Exchange Commission Release No. 34-39538 (January 12, 1998) (the "Release"), this filing reflects the securities beneficially owned, or that may be deemed to be beneficially owned, by certain operating units (collectively, the "MS Reporting Units") of Morgan Stanley and its subsidiaries and affiliates (collectively, "MS"). This filing does not reflect securities, if any, beneficially owned by any operating units of MS whose ownership of securities is disaggregated from that of the MS Reporting Units in accordance with the Release.

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Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 10, 2014

Signature: /s/ Marielle Giudice

Name/Title: Marielle Giudice/Authorized Signatory, MORGAN STANLEY

MORGAN STANLEY

Date: February 10, 2014

Signature: /s/ Paul Bray

Name/Title: Paul Bray/Authorized Signatory, MORGAN STANLEY SMITH BARNEY LLC

MORGAN STANLEY SMITH BARNEY LLC

EXHIBIT NO. -----	EXHIBITS -----	PAGE ----
99.1	Joint Filing Agreement	7
99.2	Item 7 Information	8

* Attention. Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).

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EXHIBIT NO. 99.1 TO SCHEDULE 13G
JOINT FILING AGREEMENT

February 10, 2014

MORGAN STANLEY and MORGAN STANLEY SMITH BARNEY LLC,

hereby agree that, unless differentiated, this

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Schedule 13G is filed on behalf of each of the parties.

MORGAN STANLEY

BY: /s/ Marielle Giudice

Marielle Giudice/Authorized Signatory, MORGAN STANLEY

MORGAN STANLEY SMITH BARNEY LLC

BY: /s/ Paul Bray

Paul Bray/Authorized Signatory, MORGAN STANLEY SMITH BARNEY LLC

* Attention. Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).

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EXHIBIT NO. 99.2

ITEM 7 INFORMATION

The securities being reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Smith Barney LLC, a broker dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

8,647

17,058

%
LOT

-49

45,973

8,978

%

412

238

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	691
	-66
%	
	267,047
	22,257
%	1100
COM	
	23,823
	24,588
%	-3
	5,206
	4,791
%	9
	4,590
	5,374
%	-15
TOTAL	
	597,281
	381,206
%	57
	2,799
	2,838
%	-1
	510,681

170,524

199

%

Table 9 – 1H07 - Pre-Sales by Region

Geog. Region

1H07

1H06

Change (%)

1H07

1H06

Change (%)

1H07

1H06

Change (%)

São Paulo

229,950

226,338

2

%

2,736

2,881

-5

%

103,388

86,453

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	20
% Rio de Janeiro	
	90,830
	95,366
	-5
%	
	2,923
	3,129
	-7
%	
	40,941
	39,511
	4
% New Markets	
	276,501
	59,502
	365
%	
	2,811
	2,258
	24
%	
	366,352
	44,560
	722
% TOTAL	
	597,281
	381,206
	10

	57
%	
	2,799
	2,838
	-1
%	
	510,681
	170,524
	199
%	

Table 10 – 1H07 Pre-Sales by Launch Year

Launching year

1H07

1H06

Change (%)

1H07

1H06

Change (%)

1H07

1H06

Change (%)

Launches from 2007

299,521

-

NA

11

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	2,611
	-
	NA
	237,456
	-
	NA
Launches from 2006	
	200,261
	186,163
%	8
	3,011
	3,442
%	-13
	96,647
	64,162
%	51
Launches from 2005	
	57,765
	128,594
%	-55
	3,099
	2,540
%	22
	12

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	61,632
	58,167
	6
% Up to 2004 launchings	
	39,734
	66,449
	-40
%	
	3,228
	2,230
	45
%	
	114,945
	48,195
	139
% TOTAL	
	597,281
	381,206
	57
%	
	2,799
	2,838
	-1
%	
	510,681
	170,524
	199
%	
	13

Operations

Gafisa now has 89 projects under construction in 14 different states, totaling approximately 5.1 million square meters. With a strong record of managing multiple construction sites spread over a wide geographical area, we believe Gafisa has the expertise to deliver on our aggressive launch strategy.

We have delivered 12 projects this year and expect to deliver another 19 by the end of the year.

Land Reserves

Consistent with our established land bank policies, the Company owns approximately R\$6.2 billion in its land bank distributed in 91 different sites. Gafisa's current land reserve totals R\$3.3 billion as we continue aligned with our policy of maintaining land reserves of two to three years of future project launches. The land bank totals 1.5 million square meters, which is equivalent to 13,425 units, of which 9,541 units are in the middle and mid-high income segments. AlphaVille's current land reserves totals R\$2.6 billion, which is equivalent to 12.3 million square meters, and 33,388 units. Fit's current land reserves totals R\$233.1 million, which is equivalent to 137 thousand square meters, and 2,965 units.

We continue with our land bank diversification strategy and at the end of the quarter 68% of Gafisa's land bank was outside the cities of Rio de Janeiro and São Paulo. Our land bank reflects our strategy of servicing all levels of the homebuyer market. One of our goals going forward is to continue increasing the land bank for Fit Residencial, aimed at the Affordable Entry Level segment.

As of June 30, 2007, the proportion of land acquired through swap agreements in Gafisa dropped to 70.3% compared to 72.4% in March 31, 2007. In 2Q07, the percentage of swap agreements in our land reserve in the city of São Paulo decreased to 39.4% from 46.6% in 1Q07. The stock of land acquired through swap agreements in the city of Rio de Janeiro and in new markets was 88.6% and 72.4%, respectively.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE**CVM – BRAZILIAN SECURITIES****COMMISSION****ITR – Quarterly Information****Corporate Legislation****COMMERCIAL, INDUSTRIAL AND OTHER Base Date – June 30, 2007****Voluntary Resubmission****Unaudited****01610-1 GAFISA S/A****01.545.826/0001-07****08.01 – COMMENT ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER**

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

Table 11a – Land Bank Gafisa

	Potential Units				Future Sales (R\$000)	% acquired through Swap
	HIGH	MID & MHI	AEL	COM&LOTS		
São Paulo	636	2,074	-	102	1,192	39.4%
Rio de Janeiro	776	750	-	418	500	88.6%
New Markets	764	6,717	-	1,188	1,629	72.4%
Total	2,176	9,541	-	1,708	3,321	70.3%
% of Total	16%	71%	0%	13%		

Table 11b – Land Bank AlphaVille

	Potential Units LOTS	Future Sales (R\$000)	% acquired through Swap
São Paulo	15,739	1,033	85.1%
Rio de Janeiro	1,736	178	100.0%
New markets	15,913	1,396	82.3%
Total	33,388	2,607	84.6%
% of Total	100%		

Table 11c – Land Bank Fit Residencial

	Potential Units AEL	Future Sales (R\$000)	% acquired through Swap
São Paulo	1,199	87	0.0%
Rio de Janeiro	-	-	0.0%
New markets	1,766	146	16.0%
Total	2,965	233	10.6%
% of Total	100%		

2Q07 - Revenues

Total net operating revenues for the three months ending June 30, 2007 rose 75% to R\$266.5 million from R\$152.2 million over the same period of the previous year. This growth was primarily due to the recognition of higher pre-sales from previous periods.

Revenues for the industry are recognized based on actual cost versus total budgeted costs of land and construction (Percentage of Completion method or PoC method) and the pre-sales portfolio is recognized in future periods even if the company has already completely pre-sold developments.

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

Table 12 – Pre-sales x Recognized revenues – 2Q07

Launching year	2Q07				2Q06				
	Pre-Sales	% of Total Revenue	% of Revenues	Pre-Sales	% of Total Revenue	% of Revenues	Pre-Sales	% of Total Revenue	% of Revenues
Developments									
Launched in 2007	224,361	65.5%	16,038	6.0%					
Launched in 2006	69,984	20.4%	73,398	27.5%	143,699	62.8%	16,042	10.5%	
Launched in 2005	40,665	11.9%	128,083	48.1%	48,347	21.1%	43,144	28.4%	
Launched up to 2004	7,768	2.3%	49,029	18.4%	36,824	16.1%	92,965	61.1%	
TOTAL	342,778	100.0%	266,548	100.0%	228,870	100.0%	152,151	100.0%	

(A free translation of the original in Portuguese)

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CVM – BRAZILIAN SECURITIES

COMMISSION

ITR – Quarterly Information

COMMERCIAL, INDUSTRIAL AND OTHER Base Date – June 30, 2007

Voluntary Resubmission

01610-1 GAFISA S/A

Corporate Legislation

Base Date – June 30, 2007

Unaudited

01.545.826/0001-07

08.01 – COMMENT ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

2Q07 - Gross Profits

Gross profits for 2Q07 totaled R\$80.1 million, an increase of 105% compared to the second quarter of 2006. The gross margin for 2Q07 was 30.0%, 430 basis points (bps) higher than the same period of 2006. This result has been influenced by the increase in sales at higher margins as we have been recognizing revenue from projects launched in 2005 and 2006.

2Q07 – Selling, General, and Administrative Expenses (SG&A)

Our aggressive growth strategy leads to higher SG&A expenses. As seen below, the main effect comes from the growth in G&A expenses. This growth is due to the consolidation of AlphaVille (R\$5.5 million), and the ramp-up of Fit Residencial and Bairro Novo (R\$2.8 million). Additionally, bonus provisions (R\$4.9 million), which were previously accrued at year end are now accrued quarterly.

In the current scenario, it is more appropriate to compare SG&A expenses with the company's launches due to the lag in revenue recognition.

Table 13 – SG&A

expenses	2Q07	2Q06		1H07	1H06
Selling Expenses	17,330	9,422	Selling Expenses	29,336	18,551
G&A Expenses	27,146	10,021	G&A Expenses	46,280	16,622
SG&A	44,476	19,443	SG&A	75,616	35,173
	2Q07	2Q06		1H07	1H06
Selling Expenses / Launches	3.7%	3.4%	Selling Expenses / Launches	3.8%	4.3%
G&A Expenses / Launches	5.8%	3.7%	G&A Expenses / Launches	6.0%	3.8%
SG&A / Launches	9.4%	7.1%	SG&A / Launches	9.8%	8.1%

2Q07 - EBITDA

EBITDA for 2Q07 totaled R\$38.4 million, 90% higher than the R\$20.2 million in 2Q06. As a percentage of net revenues, EBITDA increased 115 bps from 13.3% in 2Q06 to 14.4% in the 2Q07.

Our aggressive growth strategy leads to higher SG&A expenses, as Gafisa expenses selling on a cash basis and increases the G&A to support growth. As we recognize 100% of the expenses as they are incurred, but use the PoC method to recognize the revenues, SG&A expenses increase in advance of the higher revenues. Please refer to the 4Q06 Earnings Release for a detailed description of the SG&A accounting.

It is also important to mention that, starting in 2007, we are accruing our bonus provision on a quarterly basis. During 2006 we provisioned the yearly bonus fully in the last quarter, strongly impacting the quarter's EBITDA. Impact in 2007 will be distributed in all four quarters, with an R\$4.9 million provision in 2Q07, which represents 1.9% of net revenues.

2Q07 - Depreciation and Amortization

Depreciation and amortization in 2Q07 amounted to R\$5.5 million, an increase of 440% compared to the R\$1.0 million in 2Q06. This is a result primarily of the R\$3.8 million amortization of goodwill from the AlphaVille acquisition. The goodwill from the AlphaVille acquisition will be amortized over 10 years.

(A free translation of the original in Portuguese)

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CVM – BRAZILIAN SECURITIES

COMMISSION

ITR – Quarterly Information

Corporate Legislation

COMMERCIAL, INDUSTRIAL AND OTHER Base Date - June 30, 2007

Voluntary Resubmission

Unaudited

01610-1 GAFISA S/A

01.545.826/0001-07

08.01 – COMMENT ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

2Q07 - Financial Results

Net financial results totaled a negative R\$3.0 million in 2Q07 compared to a positive R\$4.0 million in 2Q06. Financial expenses in 2Q07 totaled R\$18.3 million, an increase of 45% over 2Q06 R\$12.6 million as we consolidated AlphaVille's debt. Financial income decreased from R\$16.6 million to R\$15.4 million, primarily due to the effect in cash and cash equivalents of the lower interest rates.

2Q07 - Income Taxes

Income taxes and social contribution for 2Q07 amounted to a positive R\$3.9 million versus a negative R\$2.0 million in same period of last year, mainly because of tax credits in 2Q07.

2Q07 - Net Income and Earnings per Share

Net income for 2Q07 was R\$32.1 million (12.1% of net revenues), R\$11.0 million or 52.2% higher than the adjusted Net income of R\$21.1 million (13.9% of net revenues) or 67% higher than the unadjusted net income of \$19.3 million registered in the same period of 2006. 2006 results were adjusted by a one off charge of R\$1.8 million.

Net earnings per share was R\$0.25 in 2Q07 compared to pro-forma adjusted and unadjusted net earnings per share of R\$0.21 in 2Q06. Basic weighted average shares outstanding were 129 million in 2Q07 and 102 million in 2Q06.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method reached R\$418.8 million in 2Q07, R\$180.0 million higher than the 2Q06 and R\$46.9 million more than 1Q07.

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

Table 14 - Revenues and results to be recognized (R\$000)

(eop)	2Q07	1Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
Sales to be recognized—end of period	1,100.2	985.7	540.1	11.62%	103.69%
Cost of units sold to be recognized - end of period	-681.4	-613.8	-301.3	11.01%	126.14%
Backlog of Results to be recognized	418.8	371.9	238.8	12.6%	75.4%
<i>Backlog Margin - yet to be recognized</i>	38.1%	37.7%	44.2%	0.3%	-6.1%

Balance Sheet

Cash and Cash Equivalents

On June 30 2007, cash and cash equivalents increased to R\$496.0 million, 20% lower than March 31, 2007 (R\$621.3 million), and 17% higher than 2Q06's (R\$422.8 million).

Accounts Receivables

Accounts receivables increased 96.5% to R\$1.8 billion in June 2007 when compared to the R\$0.9 billion figure of 2Q06, and 16.0% compared to the R\$1.5 billion that was registered in March 2007. In 2Q07, receivables of completed units (post-completion receivables) reached R\$239 million or 13% of the total accounts receivables.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE**CVM – BRAZILIAN SECURITIES****COMMISSION****ITR – Quarterly Information****Corporate Legislation****COMMERCIAL, INDUSTRIAL AND OTHER Base Date – June 30, 2007****Voluntary Resubmission****Unaudited****01610-1 GAFISA S/A****01.545.826/0001-07****08.01 – COMMENT ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER****Table 15 – Accounts
Receivables from Clients
Real estate development**

receivables:	2Q07	2Q06	1Q07	2Q07 x 2Q06	2Q07 x 1Q07
Current	411,256	311,648	365,848	32.0%	12.4%
Long-term	316,057	72,763	236,576	334.4%	33.6%
Total	727,313	384,411	602,424	89.2%	20.7%

Receivables to be recognized on our balance sheet according to PoC method and BRGAAP (for more details, see note 5 on our Financial Statements):

	2Q07	2Q06	1Q07	2Q07 x 2Q06	2Q07 x 1Q07
Current	270.288	116.048	220.894	132,9%	22,4%
Long-term	793.470	411.171	720.555	93,0%	10,1%
Total	1.063.758	527.219	941.449	101,8%	13,0%

Total Accounts

Receivables	1.791.071	911.630	1.543.873	96,5%	16,0%
--------------------	------------------	----------------	------------------	--------------	--------------

Inventory (Properties for Sale)

Our inventory includes land paid in cash, construction in progress, and finished units. Our inventory increased to R\$594.0 million in 2Q07, an increase of 82.1% as compared to the R\$326.2 million registered in 2Q06 due to recent land acquisitions in cash (more details in the “Land Reserves” section of this report) and developments under construction. It is important to note that the increase in units completed is due to the consolidation of AlphaVille.

The tables below details inventory for the 2Q07:

Table 16 – Inventory

	2Q07	1Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
Land	187,257	214,235	84,899	-12.6%	120.6%
Properties under construction	351,753	295,704	204,394	19.0%	72.1%
Units completed	55,003	49,520	36,881	11.1%	49.1%
Total	594,013	559,459	326,174	6.2%	82.1%

The table below details inventory units at market value for the 2Q07:

Table 17 - Inventory at Market Value

Segments	2Q07	1Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
HIG	69,856	91,930	106,389	-24%	-34%
MHI	375,429	242,285	297,609	55%	26%
MID	385,465	312,472	123,059	23%	213%

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AEL	10,549	20,253	13,685	-48%	-23%
LOT	157,182	195,903	69,630	-20%	126%
COM	15,760	22,346	130,755	-29%	-88%
TOTAL	1,014,242	885,189	741,127	15%	37%

Geog. Region	2Q07	1Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
São Paulo	269,476	265,407	326,395	2%	-17%
Rio de Janeiro	248,971	206,893	234,251	20%	6%
New Markets	495,794	412,889	180,481	20%	175%
TOTAL	1,014,242	885,189	741,127	15%	37%

Launching year	2Q07	1Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
Launches from 2007	487,986	226,942	-	NA	NA
Launches from 2006	263,959	331,795	252,997	-20%	4%
Launches from 2005	161,553	203,340	242,449	-21%	-33%
Launches from 2004	100,744	123,111	245,681	-18%	-59%
TOTAL	1,014,242	885,189	741,127	15%	37%

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The following table sets forth information on our indebtedness as of June 30, 2007:

Table 18 – Debt Breakdown

Type of transaction	Rates	2Q07	1Q07	2Q07 x 1Q07
Debentures	1.3%p.a. + CDI	250,481	242,663	3.2%
Construction Financing (SFH)	6.2-11%p.a. + TR	38,295	34,248	11.8%
Downstream Merger obligation	10-12%p.a. + TR	16,237	16,925	-4.1%
Funding for developments	3-6.3%p.a. + CDI	22,359	23,147	-3.4%
Working Capital	3.5-6.2%p.a. + CDI	41,387	34,952	18.4%
Others (Alphaville)	19.6-25.7%p.a	1,998	3,912	-48.9%
Total		370,757	355,847	4.2%
Total Cash		496.016	621.252	-20,2%
Net Debt (Cash)		-125.259	-265.405	24,3%

Debt payment schedule as of June 30, 2007:

Table 19 – Debt Maturity

Type	Total	2007	2008	2009	2010	2011 and later
Debentures	250,481	10,481	-	48,000	96,000	96,000
Construction Financing (SFH)	38,295	22,588	7,494	6,451	1,762	-
Downstream Merger obligation	16,237	4,894	3,865	5,257	2,221	-
Funding for developments	22,359	13,204	4,367	2,957	1,831	-
Working Capital	41,387	19,467	6,850	7,759	4,987	2,324
Others	1,998	654	741	603	-	-
Total	370,757	71,288	23,317	71,027	106,801	98,324

As of June 30 2007, our net debt to equity ratio was negative 8.6% compared to negative 18.2% in 2Q06 and negative 18.6% in 1Q07.

Outlook

We reiterate our outlook for the full year of 2007. We expect an increase of 60% to 65% in consolidated project launches over 2006. Approximately 25% (R\$250 million) should come from Gafisa's core business, 20% (R\$200 million) from Fit Residencial, and another 20% (R\$ 200 million) from AlphaVille.

Gafisa expects to deliver a consolidated 2007 EBITDA margin of 15% to 16%. Gafisa's core business continues to increase its EBITDA margin, but the consolidated figure will be impacted by the costs associated with ramping up Fit Residencial, Bairro Novo, and AlphaVille.

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Glossary

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

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

Backlog Margin – Equals to “Backlog of results” divided “Backlog of Revenues” to be recognized in future periods.

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

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

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

HIG (High Income) – segment with residential units sold at minimum price of R\$3,600 per square meter.

MHI (Mid-High) – segment with residential units sold at prices ranging from R\$2,800 to 3,600 per square meter.

MID (Middle Income) – segment with residential units sold at prices ranging from R\$2,000 to 2,800 per square meter.

AEL (Affordable Entry Level)– residential units targeted to the mid-low and low income segments with prices ranging from R\$1,500 to 2,000 per square meter.

LOT (Urbanized Lots) – land subdivisions, or lots, with prices ranging from R\$150 to R\$800 per square meter

COM (Commercial buildings)– Commercial and corporate units developed only for sale with prices ranging from R\$4,000 to R\$7,000 per square meter.

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

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

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About Gafisa

We are one of Brazil's leading diversified national homebuilders. Over the last 50 years, we have been recognized as one of the foremost professionally-managed homebuilders, having completed and sold more than 900 developments and constructed over 37 million square meters of housing, which we believe is more than any other residential development company in Brazil. We believe "Gafisa" is one of the best-known brands in the real estate development market, enjoying a reputation among potential homebuyers, brokers, lenders, landowners and competitors for quality, consistency and professionalism.

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

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The following table sets forth detailed information of projects launched in 2007 by quarter:

Projects launched in 1Q07	Month of Launch	Segment	Location	Usable Area (s.q.m)	# of Units (100%)	Gafisa's Stake (%)	Sales Value at 06/30/07	
							Gafisa's Stake (%)	% Sold up
Fit Jaçana ¹	March	AEL	São Paulo - SP	9,181	184	100%	16,974	64%
Isla	March	Mid	São Caetano - SP	31,423	240	100%	75,683	60%
Grand Valley	March	Mid	Rio de Janeiro - RJ	16,908	240	100%	44,014	51%
Acqua Residence (Fase 1)	March	Mid	Nova Iguaçu - RJ	28,400	380	100%	71,701	43%
Celebrare	March	Mid	Caxias - RJ	14,679	188	100%	35,189	65%
Reserva do Lago	March	Mid	Goiania - GO	16,800	96	50%	24,567	52%
Campo Grande I	March	Lot	Campo Grande - MS	225,269	489	67%	35,018	48%
Total				342,660	1,817		303,147	54%

Projects launched in 2Q07	Month of Launch	Segment	Location	Usable Area (s.q.m)	# of Units (100%)	Gafisa's Stake (%)	Sales Value at 06/30/07	
							Gafisa's Stake (%)	% Sold up
CSF - Prímula	June	Mid	São Paulo - SP	13,897	96	100%	29,906	41%
CSF - Dália	June	Mid	São Paulo - SP	9,000	68	100%	18,430	33%
CSF - Acácia	June	Mid	São Paulo - SP	23,461	192	100%	47,784	36%
Jatiuca Trade Residence	June	Mid	Maceió - AL	32,651	500	50%	39,546	23%
Enseada das Orquídeas	June	Mid-High	Santos - SP	52,589	475	80%	125,721	3%
London Green	June	Mid-High	Rio de Janeiro - RJ	28,998	300	50%	51,069	15%
Horizonte	May	Mid	Belém -PA	7,505	29	60%	12,704	97%
Secret Garden	May	Mid	Rio de Janeiro - RJ	15,344	252	100%	38,699	48%
Evidence	April	Mid	São Paulo - SP	23,487	144	50%	32,425	27%
Fit Maceió	April	AEL	Maceió - AL	4,207	54	50%	3,087	29%
Acquarelle	April	Mid	Manaus - AM	17,742	259	85%	35,420	32%
Palm Ville	April	Mid	Salvador - BA	13,582	112	50%	15,106	74%
Art Ville	April	Mid	Salvador - BA	16,157	263	50%	20,777	84%
Total				258,621	2,744		470,673	29%
Total YTD 2007				601,280	4,561		773,819	39%

Note: ¹ As mentioned above, Fit Residencial recognizes sales only after the client has received the final approval by Caixa Econômica Federal.

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The following table sets forth the financial completion of the construction in progress in 2007 and 2006 and the related revenue recognized during those years:

Development	Month/Year launched	Total area (m ²)	Final Completion (%)		Percentage sold- accumulated		Revenue Recognized (BRL000)		Gafisa Stake (%)
			2Q07	2Q06	2Q07	2Q06	2Q07	2Q06	
Empresarial									
Pinheiros	nov-04	17,149	99.5%	49.4%	100.0%	11.0%	13,289	1,342	39.1%
Arena	dez-05	29,256	59.7%	16.1%	100.0%	98.1%	11,710	4,971	100.0%
Villagio Panamby - Jazz Duet	set-05	13,400	78.1%	22.2%	80.2%	38.1%	11,460	2,075	100.0%
Sunspecial Resid. Service	mar-05	21,189	75.7%	21.2%	86.2%	73.3%	9,363	6,471	100.0%
Sunplaza Personal Office	mar-06	6,328	60.6%	8.9%	87.4%	69.2%	7,568	1,182	100.0%
Península Fit	mar-06	24,080	34.5%	2.3%	55.5%	49.8%	6,948	666	100.0%
Bem Querer	nov-05	11,136	70.0%	2.0%	100.0%	95.3%	6,909	377	100.0%
Olimpic Resort	out-05	21,851	65.2%	12.7%	100.0%	99.2%	6,824	5,265	100.0%
CSF - Saint Etienne	mai-05	11,261	66.0%	12.1%	96.3%	89.4%	6,652	849	100.0%
Villagio Panamby - Agrias	nov-06	21,390	32.0%	0.0%	60.0%	0.0%	6,189	-	100.0%
Palm D'Or	set-05	8,493	63.0%	25.5%	96.1%	36.4%	5,833	2,487	100.0%
Beach Park Acqua	nov-05	9,770	55.7%	11.3%	86.2%	80.6%	5,766	1,168	90.0%
Blue Land	ago-03	18,252	56.3%	36.4%	67.2%	22.4%	5,255	3,188	100.0%
Lumiar	fev-05	7,193	89.6%	18.8%	96.8%	57.4%	5,181	942	100.0%
Del Lago	mai-05	62,022	57.4%	19.2%	90.9%	48.6%	5,021	2,167	80.0%
Olimpic - Chácara Sto Antonio	ago-06	24,988	27.1%	0.0%	91.9%	0.0%	4,392	-	100.0%
Villagio Panamby - Domaine Du Soleil	set-05	8,225	82.2%	26.5%	84.0%	49.1%	4,004	3,405	100.0%
Montenegro Boulevard	jun-05	174,862	92.7%	65.3%	100.0%	99.7%	3,824	2,220	100.0%
Villagio Panamby- Mirabilis	mar-06	23,355	48.4%	0.0%	80.5%	58.0%	3,784	-	100.0%
The Gold	dez-05	10,465	69.3%	0.0%	68.3%	38.7%	3,653	-	100.0%
Icarai Corporate	dez-06	5,683	29.5%	0.0%	85.2%	0.0%	3,643	-	100.0%
Celebrare	mar-07	14,679	15.3%	0.0%	67.0%	0.0%	3,587	-	100.0%
Blue Vision - Sky e Infinity	jun-06	18,514	58.1%	37.4%	84.4%	42.0%	3,568	2,848	50.0%

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Grand Valley	mar-07	16,908	15.4%	0.0%	47.0%	0.0%	3,546	-	100.0%
Riviera Ponta Negra - Cannes e Marseille	jan-04	22,332	100.0%	79.9%	73.3%	67.9%	3,455	5,044	100.0%
Espaço Jardins	mai-06	28,926	22.1%	0.0%	95.3%	30.9%	3,383	-	100.0%
Paço das Águas	mai-06	24,080	45.2%	0.0%	69.6%	47.8%	3,219	-	45.0%
Sundeck	nov-03	13,043	100.0%	65.9%	86.5%	72.8%	3,172	7,607	100.0%
Villagio Panamby - Parides	nov-06	13,093	49.4%	0.0%	100.0%	0.0%	3,011	-	100.0%
Weber Art	jun-05	5,812	69.8%	11.2%	91.2%	77.2%	2,790	702	100.0%
Vistta Ibirapuera	mai-06	9,963	48.0%	32.3%	100.0%	100.0%	2,365	11,786	100.0%
Isla	mar-07	31,423	12.6%	0.0%	68.1%	0.0%	2,300	-	100.0%
Felicita - Evangelina 2	dez-06	11,323	14.5%	0.0%	55.1%	0.0%	2,232	-	100.0%
Terras de São Francisco	jul-04	114,160	100.0%	97.1%	93.5%	85.7%	2,093	2,627	50.0%
Collori	nov-06	39,462	24.0%	0.0%	38.4%	0.0%	2,047	-	50.0%
Espacio Laguna	ago-06	16,364	24.4%	0.0%	28.9%	0.0%	1,974	-	80.0%
Town Home	nov-05	8,319	41.9%	13.2%	55.0%	20.0%	1,614	1,022	100.0%
Side Park - Ed. Style	jul-04	10,911	90.5%	37.5%	100.0%	96.5%	1,598	2,418	100.0%
New Point	abr-03	12,034	100.0%	59.6%	98.5%	97.1%	1,554	117	90.0%
CSF - Paradiso	mai-07	16,286	7.4%	0.0%	72.1%	0.0%	1,435	-	100.0%
Sunprime	nov-03	11,802	100.0%	92.2%	100.0%	93.4%	1,423	3,239	100.0%
La Place	mai-04	8,416	100.0%	68.0%	91.2%	69.0%	1,412	5,892	100.0%
CSF - Santtorino	ago-06	14,979	11.9%	0.0%	100.0%	0.0%	1,279	-	100.0%
Ville Du Soleil	out-06	8,920	29.4%	0.0%	29.4%	0.0%	1,071	-	100.0%
Cuiabá	dez-05	11,775	44.6%	0.0%	27.9%	9.2%	984	-	50.0%
Art Ville	abr-07	16,157	5.3%	0.0%	68.3%	0.0%	938	-	50.0%
Quinta Imperial	jul-06	8,422	12.3%	0.0%	76.5%	0.0%	905	-	100.0%
Reserva das Palmeiras	fev-03	16,912	100.0%	96.1%	100.0%	100.0%	869	821	90.0%
Alphaville							61,409	-	
Others							7,821	56,703	
Total							264,319	139,602	

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08.01 – COMMENT ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER**Consolidated Statements of Income**

R\$ 000	2Q07	2Q06	1Q07	2Q07 x 2Q06	2Q07 x 1Q07
Gross Operating Revenue	280,121	158,701	246,053	77%	14%
Real State development and sales	264,319	139,602	242,727	89%	9%
Construction and services rendered	15,802	19,099	3,326	-17%	375%
Deductions	-13,573	-6,550	-21,737	107%	-38%
Net Operating Revenue	266,548	152,151	224,316	75%	19%
Operating Costs	-186,467	-113,027	-156,356	65%	19%
Gross profit	80,081	39,124	67,960	105%	18%
Operating Expenses	-41,665	-18,949	-31,749	120%	31%
Selling expenses	-17,330	-9,422	-12,006	84%	44%
General and administrative expenses	-27,146	-10,021	-19,134	171%	42%
Equity Income	-37	1,185	-259	-103%	-86%
Other Operating Revenues	2,848	-691	-350	-512%	-914%
EBITDA	38,416	20,175	36,211	90%	6%
Depreciation and Amortization	-5,517	-1,022	-5,061	440%	9%
Extraordinary expenses	0	-1,840	-30,174	na	na
EBIT	32,899	17,313	976	90%	3269%
Financial Income	15,395	16,621	8,080	-7%	91%
Financial Expenses	-18,340	-12,631	-16,765	45%	9%
Income before taxes on income	29,954	21,303	-7,710	41%	-489%
Deffered Taxes	5,703	-881	-1,551	-747%	-468%
Income tax and social contribution	-1,774	-1,140	-1,591	56%	12%
Income after taxes on income	33,883	19,282	-10,852	76%	-412%
Minority Shareholders	-1,743	0	-1,701	na	2%
Net income	32,140	19,282	-12,553	67%	-356%
Adjusted net income per thousand shares outstanding	0.25	0.21	0.18	0.04	0.07

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R\$ 000	1H07	1H06	1H07 x 1H06
Gross Operating Revenue	526,174	296,193	78%
Real State development and sales	507,046	262,584	93%
Construction and services rendered	19,128	33,609	-43%
Deductions	-35,310	-12,216	189%
Net Operating Revenue	490,864	283,977	73%
Operating Costs	-342,823	-209,927	63%
Gross profit	148,041	74,050	100%
Operating Expenses	-73,414	-33,453	119%
Selling expenses	-29,336	-18,551	58%
General and administrative expenses	-46,280	-16,622	178%
Equity Income	-296	2,354	-113%
Other Operating Revenues	2,498	-634	-494%
EBITDA	74,627	40,597	84%
Depreciation and Amortization	-10,578	-1,734	510%
Extraordinary expenses	-30,174	-29,176	3%
EBIT	33,875	9,687	250%
Financial Income	23,475	27,323	-14%
Financial Expenses	-35,105	-30,246	16%
Income before taxes on income	22,245	6,764	229%
Deffered Taxes	4,152	-289	-1537%
Income tax and social contribution	-3,365	-1,970	71%
Income after taxes on income	23,032	4,505	411%
Minority Shareholders	-3,444	0	na
Net income	19,588	4,505	335%
Adjusted net income per thousand shares outstanding	0.39	0.34	0.05

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R\$ 000	2Q07	2Q06	1Q07	2Q07 x 2Q06	2Q07 x 1Q07
ASSETS					
Current assets					
Cash and banks	21,328	13,090	34,049	63%	-37%
Financial investments	474,688	409,689	587,203	16%	-19%
Receivables from clients	435,887	311,648	392,634	40%	11%
Properties for sale	594,013	326,174	559,459	82%	6%
Other accounts receivable	119,417	103,680	117,856	15%	1%
Deferred selling expenses	25,259	48,054	18,972	-47%	33%
Prepaid expenses	13,238	43,367	7,691	-69%	72%
	1,683,830	1,255,702	1,717,864	34%	-2%
Long-term assets					
Receivables from clients	316,057	72,763	236,576	334%	34%
Deferred taxes	73,913	41,446	59,921	78%	23%
Other	38,704	29,133	44,287	33%	-13%
	428,674	143,342	340,784	199%	26%
Permanent assets					
Investments	167,709	554	171,602	30172%	-2%
Properties and equipment	15,169	7,014	11,507	116%	32%
	182,878	7,568	183,109	2316%	0%
Total assets	2,295,382	1,406,612	2,241,757	63%	2%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Loans and financings	51,710	56,213	53,716	-8%	-4%
Debentures	10,481	28,691	2,663	-63%	294%
Real estate development obligations	5,710	27,757	5,088	-79%	12%
Obligations for purchase of land	108,913	61,282	127,846	78%	-15%
Materials and service suppliers	75,638	25,209	62,144	200%	22%
Taxes and contributions	60,349	42,912	49,045	41%	23%
Taxes, payroll charges and profit sharing	21,141	6,830	19,587	210%	8%
Advances from clients - real state and services	50,181	45,828	62,833	9%	-20%
Dividends	2,823	114	11,163	2376%	-75%
Other	15,359	14,499	22,558	6%	-32%

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	402,305	309,335	416,643	30%	-3%
Long-term liabilities					
Loans and financings	68,566	37,950	59,469	81%	15%
Debentures	240,000	152,880	240,000	57%	0%
Obligations for purchase of land	13,501	14,711	14,055	-8%	-4%
Deferred taxes	52,260	29,387	43,848	78%	19%
Unearned income from property sales	1,053	4,032	95	-74%	1008%
Other	51,365	36,457	51,535	41%	0%
	426,745	275,417	409,002	55%	4%
Deferred income					
Deferred income on acquisition of subsidiary	345	14,227	1,281	-98%	-73%
Minority Shareholders	3,616	0	-9,489	na	-138%
Shareholders' equity					
Capital	1,220,490	585,930	1,214,580	108%	0%
Treasury shares	-18,050	-47,026	-18,050	-62%	0%
Capital reserves	167,276	167,276	167,276	0%	0%
Revenue reserves	92,655	101,453	60,516	-9%	53%
	1,462,371	807,633	1,424,322	81%	3%
Total liabilities and shareholders' equity	2,295,382	1,406,612	2,241,757	63%	2%

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16.01 – OTHER RELEVANT INFORMATION**1.SHAREHOLDERS HOLDING MORE THAN 5% OF THE VOTING CAPITAL AND TOTAL NUMBER OF OUTSTANDING SHARES**

Shareholder	Country	6/30/2007		Total Shares	
		Common Shares Shares	%	Shares	%
EIP BRAZIL HOLDINGS LLC	EUA	18.229.605	13,77%	18.229.605	13,77%
Treasury Shares		3.124.972	2,36%	3.124.972	2,36%
Outstanding shares in the market (*)		111.027.821	83,87%	111.027.821	83,87%
Total shares		132.382.398	100,00%	132.382.398	100,00%

Shareholder	Country	6/30/2006		Total Shares	
		Common Shares Shares	%	Shares	%
EIP BRAZIL HOLDINGS LLC	EUA	26.999.998	24,42%	26.999.998	24,42%
BRAZIL DEVEL EQUITY INV LLC	EUA	16.747.881	15,15%	16.747.881	15,15%
EMERGING MARK CAPIT INV LLC	EUA	5.720.846	5,17%	5.720.846	5,17%
Treasury Shares		8.141.646	7,36%	8.141.646	7,36%
Outstanding shares in the market (*)		52.962.196	47,90%	52.962.196	47,90%
Total shares		110.572.567	100,00%	110.572.567	100,00%

(*) Excludes shares of effective control, management and board.

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16.01 - OTHER RELEVANT INFORMATION**2. SHARES HELD BY PARENT COMPANIES, MANAGEMENT AND BOARD**

	6/30/2007			
	Common Shares		Total Shares	
	Shares	%	Shares	%
Shareholders holding effective control of the Company	18.229.605	13,77%	18.229.605	13,77%
Board of Directors	1.050.553	0,79%	1.050.553	0,79%
Executive Directors	965.651	0,73%	965.651	0,73%
Effective control, shares, board members and officers	20.245.809	15,29%	20.245.809	15,29%
Others	112.136.589	84,71%	112.136.589	84,71%
Total shares	132.382.398	100,00%	132.382.398	100,00%

	6/30/2006			
	Common Shares		Total Shares	
	Shares	%	Shares	%
Shareholders holding effective control of the Company	49.468.725	44,74%	49.468.725	44,74%
Board of Directors	32.449	0,03%	32.449	0,03%
Executive Directors	596.777	0,54%	596.777	0,54%
Effective control, shares, board members and officers	50.097.951	45,31%	50.097.951	45,31%
Others	60.474.616	54,69%	60.474.616	54,69%
Total shares	110.572.567	100,00%	110.572.567	100,00%

a. As of June 30, 2007, the Fiscal Council had not been initiated.

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16.01 - OTHER RELEVANT INFORMATION

3. COMMITMENT CLAUSE

The Company, its shareholders, directors and board members undertake to settle, through arbitration, any and all disputes or controversies that may arise between them, related to or originating from, particularly, the application, validity, effectiveness, interpretation, breach and the effects thereof, of the provisions of Law # 6404/76, the Company's By-Laws, rules determined by the Brazilian Monetary Council (CMN), by the Central Bank of Brazil and by the Brazilian Securities Commission (CVM), as well as the other rules that apply to the operation of the capital market in general, in addition to those established in the New Market Listing Regulation, Participation in the New Market Contract and in the Arbitration Regulation of the Chamber of Market Arbitration.

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17.01 - SPECIAL REVIEW REPORT - WITHOUT EXCEPTIONS

**Report of Independent Accountants
on the Limited Review**

To the Management and Shareholders
Gafisa S.A.

1 We have carried out a limited review of the accounting information included in the Quarterly Information (“ITR”) of Gafisa S.A. and Gafisa S.A. and its subsidiaries (the “Company”) for the quarter ended June 30, 2007. This information is the responsibility of the Company’s management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the Company’s financial position and operations.

3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that such information be stated in accordance with the accounting practices adopted in Brazil applicable to the preparation of quarterly information, consistent with the Brazilian Securities Commission (CVM) regulations.

4 The Quarterly Information (ITR) also includes accounting information relating to the operations of the quarter and six-month period ended March 31, 2007 and June 30, 2006. The limited reviews of the Quarterly Information (ITR) for this quarter and six-month period were conducted by other independent accountants, who issued, respectively, reports dated April 27, 2007 and August 4, 2006, without exceptions.

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17.01 - SPECIAL REVIEW REPORT - WITHOUT EXCEPTIONS

5 Our review was conducted for the purpose of issuing a report on the quarterly information mentioned in the first paragraph. The statements of cash flows (parent company and consolidated) are presented for purposes of additional analysis and are not a required part of the quarterly information (ITR). This information for the quarter ended June 30, 2007 has been subjected to the review procedures described in the second paragraph and, based on our review, is fairly presented in all material respects in relation to the Quarterly Information (ITR). The statement of cash flows aforementioned also includes comparative information for the quarter ended March 31, 2007. The limited review of such information was conducted by other independent accountants, who issued a report without exceptions thereon dated April 27, 2007.

São Paulo, August 1, 2007.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Eduardo Rogatto Luque
Accountant CRC 1SP166259/O-4