

JAVER REPORTS FINANCIAL RESULTS FOR THE FIRST QUARTER 2010

Monterrey, Nuevo Leon, Mexico - April 28, 2010 - **Servicios Corporativos Javer S.A.P.I. de C.V.**, (“Javer” or “the Company”), one of the largest privately-owned housing development companies in Mexico, today announced financial results for the first quarter period ended March 31, 2010.

EXECUTIVE SUMMARY

	1Q10	1Q09	Variance	12M09	12M08	Variance
Homes Titled	1,349	3,670	-63.2%	16,026	13,910	15.2%
Home Starts	5,582	2,556	118.4%	9,482	14,991	-36.7%
Home Completions	1,340	2,827	-52.6%	11,773	14,513	-18.9%
Finished Home Inventory	1,415	4,941	-71.4%	14,344	18,948	-24.3%
Net Revenues (Ps.mm)	Ps. \$ 467,841	Ps. \$ 1,117,446	-58.1%	Ps. \$ 4,931,677	Ps. \$ 4,472,945	10.3%
Gross Profit (Ps.mm)	Ps. \$ 143,085	Ps. \$ 340,201	-57.9%	Ps. \$ 1,562,020	Ps. \$ 1,623,724	-3.8%
Gross Margin	30.6%	30.4%	0.1%	31.7%	36.3%	-4.6%
Operating Profit (Ps.mm)	Ps. \$ 18,846	Ps. \$ 210,906	-91.1%	Ps. \$ 1,050,215	Ps. \$ 1,059,916	-0.9%
Operating Margin	4.0%	18.9%	-14.8%	21.3%	21.5%	-0.2%
EBITDA (Ps.mm)	Ps. \$ 29,915	Ps. \$ 219,693	-86.4%	Ps. \$ 1,090,472	Ps. \$ 1,100,650	-0.9%
EBITDA Margin	6.4%	19.7%	-13.3%	22.1%	24.6%	-2.5%
Net Income (Ps.mm)	Ps. -\$ 53,057	Ps. \$ 100,420	-152.8%	Ps. \$ 501,072	Ps. \$ 510,425	-1.8%
Net Margin	-11.3%	9.0%	-20.3%	10.2%	11.4%	-1.3%

- Development Pipeline.** As stated in its 4Q09 earnings release, Javer’s main focus for the first half of 2010 was the launch of several macro developments that will provide the bulk of the Company’s home titling for the next couple of years. During the first quarter, Javer’s Development Pipeline progressed according to schedule and work was begun on all but one planned macro development. Aside from a few minor delays, the bulk of Javer’s developments are advancing according to original estimates on all fronts including permitting, infrastructure, urbanization, and initial construction. Home starts for the first quarter grew 118.4% to 5,582 when compared to 1Q09 at 2,556, reflecting the ramp-up in construction activity expected for these new developments during the first half of the year. Home completions dropped by 52.6% to 1,340 from 2,827 in the first quarter of 2009 as we consumed the final lots from developments that provided healthy titling volumes in the last two years at a faster pace than lots from new developments coming on stream.
- Finished Home Inventory** dropped by 71.4% to 1,415 units from 4,941 units at the end of the first quarter of 2009 given the drop in home completions mentioned above coupled with the Company’s focus on improving its working capital cycle. The reduced available inventory throughout the quarter explains the reduction in titling volumes and revenues experienced during the quarter, which was anticipated and in line with Javer’s targets for the year.

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- **Net Revenues** for the first quarter of 2010 declined 58.1% to Ps 467.8 million, from Ps. 1.1 billion in 1Q09 due mainly to a 63.2% drop in the volume of homes titled from 3,670 in the 1Q09 to 1,349 in the current quarter. The lower volumes resulted from the previously anticipated shortage of finished home inventory as Javer's new developments are still not producing finished homes at a pace that is fast enough to compensate for the loss in volume of developments that were significant contributors in the past. The bulk of new developments will reach their final preparation stages during the first half of the year and steady titling of these will begin by late 3Q10. The volume of homes titled during the quarter was in line with the Company's original estimates for the year and consistent with its full year guidance.
- **Gross Profit** decreased 57.9%, to Ps. 143.1 million in 1Q10 from Ps. 340.2 million in 1Q09, given the drop in home titling volume mentioned above, which was slightly offset by an increase in higher margin commercial lot sales.
- **Operating Profit** decreased 91.1%, to Ps. 18.8 million in 1Q10 from Ps. 210.9 million in 1Q09, due to the aforementioned decline in gross profit, which was partly offset by a reduction in SG&A expenses.
- **EBITDA** for the first quarter of 2010 decreased 86.4% to Ps. 29.9 million, from Ps. 219.7 million in 1Q09. EBITDA margin decreased 13.3 percentage points for the quarter to 6.4%, from 19.7% as the decreased volumes we had expected in the quarter affected our ability to absorb the fixed costs involved in an operation that will process a much larger volume in the following quarters.
- **Net Income** decreased 152.8% to Ps. (53.1) million in 1Q10, from Ps. 100.4 million in 1Q09, due mainly to the effect of lower volumes described above.

CEO STATEMENT

Mr. Roberto Russildi, Javer's Chief Executive Officer, commented, "Despite what appeared to be a very soft quarter in terms of revenues and earnings, we were extremely pleased with Javer's performance and progress in the paramount task of simultaneously opening up a record number of developments. With very few exceptions, all of Javer's new developments are progressing according to plan with permits, infrastructure and construction flowing in a timely fashion. Although our financial performance for the quarter seems weak, the reported figures are in line with what we had been expecting and are consistent with our guidance for the year. Our balance sheet and liquidity remain as strong as ever and should allow us to continue to navigate through this investment phase without any significant needs for additional funding. This puts Javer in a very comfortable position to not only achieve its 2010 goals, but to facilitate its plans for 2011, as more than 70% of expected unit sales will come from already existing developments. Furthermore, we are very encouraged by the quality of customers that are visiting Javer's existing developments and the initial pre-sales events in the Company's new developments. This is a clear indication that the employment environment in most of our markets is improving, thereby causing our sales hit ratios, which is the percentage of visits that result in a sale, to return to or exceed pre-crisis levels."

Mr. Russildi continued, "Infonavit continues to outperform our expectations as record funding and collection levels have allowed it to have its strongest first quarter in history in terms of origination. Moreover, as of the date of this report, Infonavit has no reported funding delays across any of its products in any geographic area. This, coupled with the continued trend of very low inventory levels nationwide, the significant reduction of output by smaller, less well capitalized players, and the expectation for liquidity and immediate funding trends for Infonavit to continue well into 2011, makes Javer anticipate that the number of qualified customers with Infonavit mortgages for our products will surpass our expectations. Moreover our product offering within our new macrodevelopments is fully aligned with Infonavit's mortgage origination goals, which favor the affordable entry level segment, making us feel very comfortable about our ability to achieve our targeted volumes."

Mr. Russildi concluded, "We initiated what we expected to be a very tough year operationally, on the right track, as measured by the variables that were important to executing our strategy at this point in time: permits, infrastructures, and launches. These variables are the most difficult to control, as often their timing is dependent on third parties, such as government authorities. Although there is still a lot of work to be done to turn these initial successes into variables that will be reflected in the Company's financial statements such as home titlings, revenues, and profits, Javer remains confident that these variables are more under the Company's control and that it has the right resources - physical, financial, and most importantly the right team - to deliver on what we expect to be Javer's best year to date."

UNITS SOLD AND NET REVENUES*

	1Q10	% of revenues	1Q09	% of revenues	Variance	12M09	% of revenues
Equivalent Units Sold							
Low Income	680		1,386		-50.9%	7,863	
Middle Income	549		2,196		-75.0%	7,418	
Residential	120		88		36.4%	745	
TOTAL	1,349		3,670		-63.2%	16,026	
Revenues (Ps.mm)							
Low Income	150,230	32.1%	296,236	26.5%	-49.3%	1,742,739	35.3%
Middle Income	171,537	36.7%	722,098	64.6%	-76.2%	2,458,560	49.9%
Residential	108,043	23.1%	88,222	7.9%	22.5%	584,823	11.9%
Total Home Sales	Ps. \$ 429,811	91.9%	Ps. \$1,106,556	99.0%	-61.2%	Ps. \$4,786,122	97.0%
Commercial Lot Sales	\$ 38,030	8.1%	10,890	1.0%	249.2%	\$ 145,555	3.0%
TOTAL	Ps. \$ 467,841	100%	Ps. \$1,117,446	100%	-58.1%	Ps. \$4,931,677	100%

* Low Income units have selling prices below Ps. 260,000. Middle Income units have selling prices between Ps. 260,000 and Ps. 560,000. Residential units have selling price exceeding Ps. 560,000.

	1Q10	1Q09	12M09
Average Sales Price per Unit			
Low Income	Ps. 220.9	Ps. 213.7	Ps. 221.6
Middle Income	Ps. 312.5	Ps. 328.8	Ps. 331.4
Residential	Ps. 900.4	Ps. 1,002.5	Ps. 785.0
TOTAL	Ps. 318.6	Ps. 301.5	Ps. 298.6

Units Sold: Javer sold 1,349 units in the first quarter of 2010 compared to 3,670 units in the same quarter of 2009, a decrease of 63.2%. The middle income segment presented the largest percentage drop at 75.0% followed by the low income segment at 50.9%. Residential unit sales rose 36.4% for the quarter. Low-income sales represented 50.0% of total units titled and 35.0% of housing revenues, compared to 37.8% and 26.8%, respectively, in the first quarter of 2009.

Prices: Despite the significant increase of low income units in the 1Q10 sales mix compared to 1Q09, Javer was able to increase its average price per home to Ps. 318.6 thousand from Ps. 301.5 thousand through the increase in average price within the low income segment from Ps. 213.7 thousand to Ps. 220.9 thousand given the Company's continued strategy to maintain prices firm amidst a low-supply environment, and an increase in the significance of the residential business segment within our lower total volume.

Commercial lot sales reached Ps. 38.0 million for the first quarter of 2010 derived mainly from the closing of a bulk sale to a private investor in addition to regular sales. The Company expects additional bulk sales of commercial lots during the second quarter of 2010.

GROSS PROFIT / MARGIN

		1Q10		1Q09	Variance		12M09
Gross Margin (PS.mm)							
Home Sales	Ps.	114,440	Ps.	330,351	-65.4%	Ps.	1,463,112
Commercial Lot Sales	Ps.	28,645	Ps.	9,850	190.8%	Ps.	98,908
TOTAL	Ps.	143,085	Ps.	340,201	-57.9%	Ps.	1,562,020

Gross Margin (%)							
Home Sales		26.6%		29.9%	-3.2 pp		30.6%
Commercial Lot Sales		75.3%		90.5%	-15.1 pp		68.0%
TOTAL		30.6%		30.4%	0.1 pp		31.7%

Gross Profit declined 57.9% to Ps. 143.1 million in 1Q10, from Ps. 340.2 million in 1Q09 due to a 63.2% decrease in volume of home units sold which was partially offset by an increase in commercial lot sales.

Gross Margin increased 0.1 percentage points in the first quarter of 2010 as the 3.2 pp decrease in home margins and the 15.1 pp decline in commercial lot sales were offset by the higher percentage participation of higher margin commercial lots in the Company's overall business mix during the anticipated decline in home volumes.

EBITDA / MARGIN

		1Q10		1Q09	Variance		12M09
SG&A							
Ps.mm	Ps.	124,239	Ps.	129,295	-3.9%	Ps.	511,805
as a % of Sales		26.56%		11.57%	14.9 pp		10.38%
EBITDA							
Ps.mm	Ps.	29,915	Ps.	219,693	-86.4%	Ps.	1,090,472
EBITDA Margin		6.4%		19.7%	-13.3 pp		22.1%

Selling, General and Administrative Expenses decreased 3.9% in the first quarter of 2010 as a result of cost reduction measures started last year which continue to reap benefits. As a percentage of sales, SG&A increased 14.9 pp given the reduced volumes. EBITDA decreased 86.4% to Ps. 29.9 million compared to Ps. 219.7 million as a result of the previously-mentioned factors. EBITDA margin decreased 13.3 percentage points for the quarter, driven by the effects of lower volume.

Operating Profit decreased 91.1% to Ps. 18.8 million from Ps. 210.9 million due the reduction in gross margin mentioned above which was partly offset by a reduction of SG&A expenses.

Net comprehensive financing result increased 14.0% to Ps. 77.8 million in 1Q10, from Ps. 68.3 million in 1Q09, driven mainly by Javer's higher overall debt levels when compared 1Q09.

	1Q10	1Q09	Variance	12M09
Interest expense	Ps. 101,368	Ps. 68,950	47.0%	Ps. 342,116
Interest income	Ps. - 8,222	Ps. - 1,377	497.1%	Ps. - 14,445
FX gains / losses	Ps. - 15,313	Ps. 706	-2269.0%	Ps. 3,194
CIF	Ps. 77,833	Ps. 68,279	14.0%	Ps. 330,865

Net Income decreased 152.8% to Ps. 53.1 million in 1Q10, from Ps. 100.4 million in 1Q09, due mainly to the reductions in volume mentioned above.

ASSETS / LIABILITIES

Cash and cash equivalents increased to Ps. 856.9 million at the end of the first quarter of 2010 from Ps. 156.8 million at the end of the first quarter of 2009.

WORKING CAPITAL

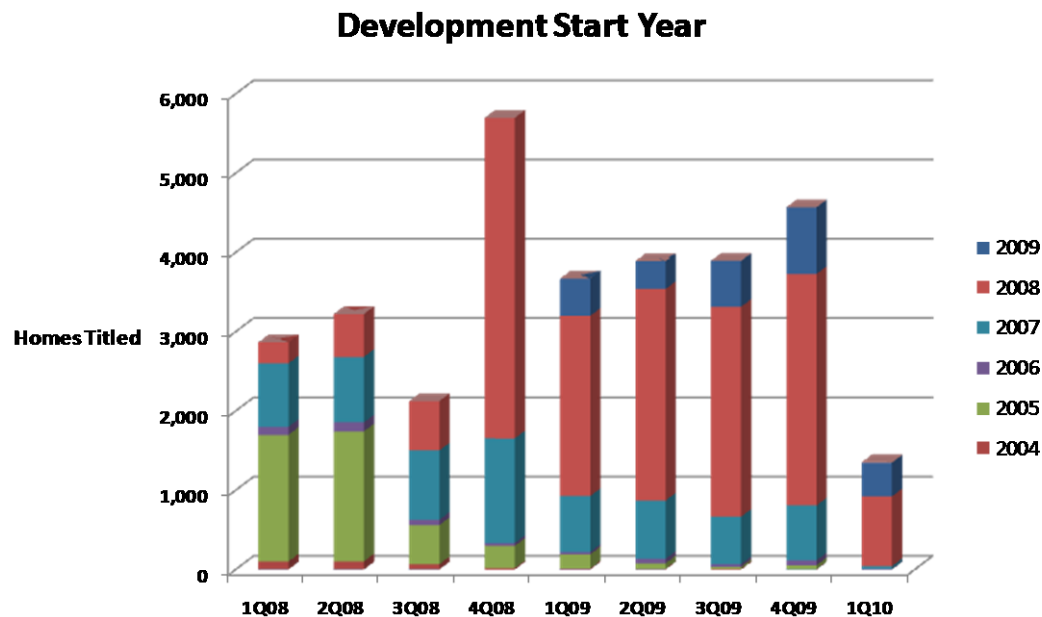
	March 2010		March 2009	
	Ps.mm	Days	Ps.mm	Days
Trade Accounts Receivable	Ps. 450,271	38	Ps. 484,821	38
Inventory (Work in Progress)	Ps. 2,251,387	281	Ps. 2,665,385	319
Inventory (Land Reserves)	Ps. 918,126	115	Ps. 569,289	68
Suppliers (not including Land Payable)	Ps. 170,101	21	Ps. 169,852	20
Customer Advances	Ps. 35,970	4	Ps. 114,910	14
Working Capital	Ps. 3,413,713	408	Ps. 3,434,733	391
LTM Sales	Ps. 4,282,072		Ps. 4,651,269	
LTM Cost of Goods Sold	Ps. 2,917,168		Ps. 3,038,079	

Javer experienced a slight deterioration in its working capital cycle for the period ended March 31, 2010 when compared to 2009 and a sharp reduction in the work in progress inventory which was offset with an increase in owned land reserves made up primarily by the developments which are under construction in the current year.

DEVELOPMENT PIPELINE

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10
Home Starts	1,123	5,756	6,701	1,411	2,556	1,846	3,305	1,775	5,582
Home Completions	3,078	1,248	3,384	6,802	2,827	2,746	3,021	3,179	1,340
Homes Titled	2,865	3,223	2,124	5,698	3,670	3,891	3,894	4,571	1,354
Available Finished Home Inventory	5,328	3,166	4,130	6,324	4,941	4,398	3,672	1,333	1,415
Homes under active development (incl. AFHI)	7,726	10,754	15,670	12,525	10,344	8,289	7,267	3,042	5,294
Total Land Reserves	89,415	86,192	84,068	90,259	87,199	83,348	103,789	128,495	127,141

Home Starts for the quarter grew 118.4% to 5,582 when compared to the year ago quarter at 2,556 reflecting the ramp-up in construction activity needed to meet the Company’s annual targets. Home Starts occur once Javer has obtained the necessary permits and has a high degree of certainty that the necessary infrastructures, and more importantly, qualified customers will be in place upon the conclusion of the construction process to minimize working capital usage. Home Starts are a leading indicator of titling for the months ahead. Home Completions dropped by 52.6% to 1,340 from 2,827 in the first quarter of 2009 as Javer consumed the final lots from developments that provided healthy titling volumes in the last two years (see graph below) at a faster pace than lots from new developments are coming on stream. Finished Home Inventory dropped by 71.4% to 1,415 units from 4,941 units at the end of the first quarter of 2009 given the drop in Home Completions mentioned above coupled with the Company’s focus on improving the working capital cycle. The reduced available inventory throughout the quarter explains the reduction in titling volumes and revenues experienced during the quarter, which we had anticipated and is in line with our targets for the year. Home Completions and Available Home Inventories provide a good leading indicator of short term titling volumes.



Overall, Javer expects 2010 to present a very similar phenomenon to what was observed in 2008 (see graph above) where three new developments which were started in that same year contributed very little to the beginning of the year’s titling volumes, but very heavily in 4Q08 and subsequent four quarters. The Company’s 2010 developments should contribute heavily to 4Q10 and for at least 2 or 3 subsequent years.

LAND RESERVES

As of March 31, 2010, the Company’s total land bank reached approximately 127,153 units, of which approximately 52,265 were owned land reserves and 74,888 were held through land trust schemes.

DEBT AND DERIVATIVES EXPOSURE

<u>Short Term Debt (Ps.mm)</u>			2010	2009	<u>Derivatives</u>			
Pre-Bridge Loans			3,222	20,292				
Construction Loans			-	37,412				
Supplier Factoring			68,185	51,599				
Current Portion of Long Term Debt			12,902	428,934				
TOTAL			84,309	538,237				
<u>Long Term Debt (Ps.mm)</u>					Notional (US\$)	FMV (Ps\$)		FMV (US\$)
High Yield Bond			2,607,045	1,888,983 *	Coupon Swaps (TIE)	90	97,806 Ps.	7,878
Capital Leases			21,499	47,458	Coupon Swaps (Fix)	120 -	49,141 Ps. -	3,958
Less Current Portion			12,902	428,934	Principal Hedges (Forwards)	90 -	108,303 Ps. -	8,724
TOTAL			2,615,642	1,507,507	TOTAL	-	59,638 Ps. -	4,804
TOTAL DEBT			2,699,951	2,045,744				
CASH AND CASH EQUIVALENTS			856,860	156,776				
NET DEBT			1,843,091	1,888,968				
TOTAL DEBT / LTM EBITDA			3.00	1.86				
NET DEBT / LTM EBITDA			2.05	1.72				
LTM EBITDA / LTM INTEREST EXPENSE			2.65	3.91				

* 2009 : Syndicated Bank Loan

During the quarter, Javer successfully closed a \$30 million reissuance of its 13% notes due 2014. The notes were priced at 109.5%. Net proceeds were used to pay down short-term debt and for general corporate purposes. Through this offering, Javer has no material short-term maturities for the next four years. As of March 31, 2010, Javer continued to have available credit facility lines in excess of Ps. 1,746 million.

As of March 31, 2010, Javer maintained derivative positions to hedge 100% of the Company's currency exposure related to the High Yield Bond coupons and 42.9% of the exposure related to the bond's principal amount.

Beginning January 1, 2009, Javer ceased to report the net effect of US dollar-denominated debt with cross currency derivatives. The total debt balance reported for the first quarter of 2010 was Ps. 2,700 million pesos, not including any effect from derivative contracts. The US\$ 4.8 million loss on the Company's cross currency derivative positions was reported as "Derivative Financial Instruments" within the liabilities on the balance sheet.

As of March 31, 2010, Javer had US\$ 33.5 million in available credit lines from derivative counterparties to finance any potential negative carrying values of the Company's derivative contracts.

As of March 31, 2010, Total Debt / LTM EBITDA reached 3.00x; EBITDA interest coverage reached 2.65x.

About Javer:

Servicios Corporativos Javer S.A.P.I. de C.V. is one of the largest privately-owned housing development companies in Mexico, specializing in the construction of low-income, middle income and residential housing in the Northern region of Mexico. The Company, which is headquartered in the city of Monterrey, in the state of Nuevo Leon, began operations in 1973 and is the region's leading housing developer in terms of units sold, the third-largest supplier of Infonavit homes in the country, and has a 19% market share in the state of Nuevo Leon. The Company operates in the states of Nuevo Leon, Aguascalientes, Tamaulipas and Jalisco.

During 2009, the Company reported revenues of Ps. 4,931.7 million (US\$ 378.6 million) and sold a total of 16,026 units.

Disclaimer:

This press release may include forward-looking statements. These forward-looking statements include, without limitation, those regarding Javer's future financial position and results of operations, the Company's strategy, plans, objectives, goals and targets, future developments in the markets in which Javer participates or are seeking to participate or anticipated regulatory changes in the markets in which Javer operates or intends to operate.

Javer cautions potential investors that forward looking statements are not guarantees of future performance and are based on numerous assumptions and that Javer's actual results of operations, including the Company's financial condition and liquidity and the development of the Mexican mortgage finance industry, may differ materially from the forward-looking statements contained in this press release. In addition, even if Javer's results of operations are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause these differences include, but are not limited to: risks related to Javer's competitive position; risks related to Javer's business and Company's strategy, Javer's expectations about growth in demand for its products and services and to the Company's business operations, financial condition and results of operations; access to funding sources, and the cost of the funding; changes in regulatory, administrative, political, fiscal or economic conditions, including fluctuations in interest rates and growth or diminution of the Mexican real estate and/or home mortgage market; increases in customer default rates; risks associated with market demand for and liquidity of the notes; foreign currency exchange fluctuations relative to the U.S. Dollar against the Mexican Peso; and risks related to Mexico's social, political or economic environment.

Servicios Corporativos Javer, S.A.P.I de C.V. and Subsidiaries

Consolidated Balance Sheets

For the three month period ended March 31, 2010 and as of December 31, 2009
(in thousands of Mexican pesos (Ps.))

	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash	Ps. 856,860	Ps. 805,927
Trade receivables – net (Note 1)	450,271	766,934
Other accounts receivable – net	81,506	65,776
Inventories (Note 2)	2,251,387	2,066,696
Prepaid expenses	32,298	28,920
Total current assets	3,672,322	3,734,253
Land held for future development	918,126	836,359
Improvements, machinery and equipment – net	265,828	225,316
Other assets – net	235,026	228,173
Derivative financial instruments		181,360
Total	Ps. 5,091,302	Ps. 5,205,461
Liabilities and stockholders' equity		
Current liabilities:		
Notes payable to financial institutions (Note 3)	Ps. 71,407	Ps. 233,740
Current portion of long-term debt (Note 4)	12,902	18,786
Trade accounts payable	238,245	241,364
Due to related parties	3,002	15,392
Advances from customers	35,970	40,519
Income tax payable		30,317
Other liabilities	191,941	274,907
Total current liabilities	553,467	855,025
Long-term debt (Note 4)	2,615,642	2,357,190
Real estate liabilities	109,260	114,890
Employee retirement obligations	32,904	31,404
Deferred income taxes	670,222	682,759
Derivative financial instruments (Note 5)	38,990	
Total liabilities	4,020,485	4,041,268
Commitments and contingencies		
Stockholders' equity:		
Capital stock	734,806	734,806
Unpaid capital stock		(1,165)
	734,806	733,641
Retained earnings (accumulated deficit)	401,107	454,164
Valuation of derivative financial instruments (Note 5)	(65,096)	(23,612)
Total stockholders' equity	1,070,817	1,164,193
Total	Ps. 5,091,302	Ps. 5,205,461

The accompanying notes are part of the consolidated and combined financial statements.

Consolidated Statements of Income

For the three month and twelve-month periods ended March 31, 2010 and 2009
(in thousands of Mexican pesos (Ps.))

	1Q10	1Q09	2010	2009
Revenues	Ps. 467,841	Ps. 1,117,446	Ps.4,282,072	Ps. 4,651,269
Costs	<u>324,756</u>	<u>777,245</u>	<u>2,917,168</u>	<u>3,038,079</u>
Gross profit	143,085	340,201	1,364,904	1,613,190
Selling and administrative expenses	<u>124,239</u>	<u>129,295</u>	<u>506,749</u>	<u>596,574</u>
Operating income	<u>18,846</u>	<u>210,906</u>	<u>858,155</u>	<u>1,016,616</u>
Other expenses (income) – net	<u>620</u>	<u>(772)</u>	<u>153,360</u>	<u>27,909</u>
Net comprehensive financing result	<u>77,833</u>	<u>68,279</u>	<u>340,419</u>	<u>335,776</u>
Income before income taxes	<u>(59,607)</u>	<u>143,399</u>	<u>364,376</u>	<u>652,931</u>
Income taxes	<u>(6,550)</u>	<u>42,979</u>	<u>19,219</u>	<u>173,630</u>
Net income	<u>Ps. (53,057)</u>	<u>Ps. 100,420</u>	<u>Ps. 345,157</u>	<u>Ps. 479,301</u>

The accompanying notes are part of the consolidated and combined financial statements.

Consolidated Statements of Cash Flows

For the three month periods ended March 31, 2010 and 2009.
(in thousands of Mexican pesos (Ps.))

	March 31, 2010	March 31, 2009
Operating activities:		
Income before income taxes	Ps. (59,607)	Ps. 143,399
Items related to investing activities:		
Depreciation and amortization	11,069	8,787
Unrealized exchange loss	(121,821)	
Items related to financing activities:		
Effects of valuation of derivative financial instruments	105,976	
Interest expense	93,146	67,575
	<u>28,763</u>	<u>219,761</u>
(Increase) decrease in:		
Trade receivables – net	316,663	(12,509)
Due from related parties		(11,435)
Other accounts receivable – net	(3,219)	10,734
Inventories	(286,147)	217,979
Prepaid expenses	(18,181)	94
Increase (decrease) in:		
Trade accounts payable	(8,749)	(109,407)
Due to related parties	(12,390)	(77,533)
Advances from customers	(4,549)	29,771
Income tax payable	(48,816)	(51,884)
Other liabilities	(18,518)	(17,814)
	<u>(55,143)</u>	<u>197,757</u>
Net cash provided by operating activities		
Investing activities:		
Purchase of machinery and equipment	(56,963)	(5,449)
	<u>(56,963)</u>	<u>(5,449)</u>
Net cash used in investing activities		
Excess cash to apply to financing activities	(112,106)	192,308
Financing activities:		
Proceeds from notes payable from financial institutions	14,135	59,178
Repayment of notes payable to financial institutions	(176,468)	(232,635)
Proceeds from long-term debt	412,306	
Repayment of long-term debt	(561)	(17,054)
Debt issuance costs	(8,250)	
Increase of capital stock	1,165	
Interest paid	(79,288)	(65,062)
Dividends paid		(130,000)
	<u>163,039</u>	<u>(385,573)</u>
Net cash used in financing activities		
Cash:		
Net decrease in cash	50,933	(193,265)
Cash at beginning of year	805,927	350,041
	<u>856,860</u>	<u>156,776</u>
Cash at end of year	Ps. 856,860	Ps. 156,776

Notes to Consolidated Financial Statements

For the three month period ended March 31, 2010 and as of December 31, 2009
 (in thousands of Mexican pesos (Ps.))

1. Trade receivables – net

	As of March 31, 2010	As of December 31, 2009
INFONAVIT	Ps. 126,522	Ps. 368,657
Fovi credit	64,916	100,802
Other	286,114	321,506
	<u>477,552</u>	<u>790,965</u>
Allowance for doubtful accounts	(27,281)	(24,031)
	<u>Ps. 450,271</u>	<u>Ps. 766,934</u>

2. Inventories

	As of March 31, 2010	As of December 31, 2009
Land under development	Ps. 755,692	Ps. 815,275
Housing units under construction	450,683	315,816
Urbanization and related equipment	894,907	769,177
Advances to suppliers	150,105	166,428
	<u>Ps. 2,251,387</u>	<u>Ps. 2,066,696</u>

3. Notes payable to financial institutions

	As of March 31, 2010	As of December 31, 2009
Mortgage bridge loans collateralized by inventories (at a rate of 2 to 1 with respect to outstanding balances), bearing a variable interest rate based on the TIIE plus an average spread of 3.75% in 2009.		Ps. 78,659
Loans to pay suppliers bearing variable interest rates based on the TIIE plus an average spread of 4.25% and 2.75% in 2010 and 2009, respectively.	Ps. 71,407	155,081
	<u>Ps. 71,407</u>	<u>Ps. 233,740</u>

The TIIE rate is established by the Bank of Mexico. On March 31, 2010 and December 31, 2009, it was 4.9150% and 4.92%, respectively.

As of March 31, 2010, the total amount of collateralized inventories and land held for future development disclosed in this Note was Ps. 328,929.

4. Long-term debt

	As of March 31, 2010	As of December 31, 2009
Senior Notes (proceeds utilized to prepay existing indebtedness), 50% of the principal amount bearing a fixed interest rate of 14.23% and the remaining 50% bearing a variable interest rate based on the THIE plus a spread of 4.36%, maturing in 2014.	Ps.2,607,045	Ps. 2,347,866
Capital lease agreements to acquire molds, bearing annual fixed interest rates of 13.75%, with various maturities through 2010.	8,161	14,194
Capital lease agreements to acquire trucks bearing annual fixed interest rate of 14.22%, with various maturities through 2013.	10,068	10,675
Capital lease agreements to acquire vehicles, bearing annual fixed interest rate of 16.5 %, with various maturities through 2011.	2,680	3,241
Capital lease agreements to acquire sidewalk equipment, bearing annual fixed interest rate of 12.5456%, with various maturities through 2014.	590	
	<u>2,628,544</u>	<u>2,375,976</u>
Less – Current portion	(12,902)	(18,786)
Long-term debt	<u>Ps. 2,615,642</u>	<u>Ps. 2,357,190</u>

As of March 31, 2010, long-term debt maturities were as follows:

April 1, 2011 to March 31, 2012	Ps. 3,895
April 1, 2012 to March 31, 2013	3,654
April 1, 2012 to March 31, 2014	1,048
On August 4, 2014	<u>2,607,045</u>
	<u>Ps.2,615,642</u>

5. Derivative financial instruments

The Company designated the forwards and the cross currency swaps with fixed interest rates as cash flow hedges, and the cross currency swaps with variable interest rates as fair value hedges. The fair value of the Company's derivative financial instruments as of March 31, 2010 was Ps. (38,990), as further detailed below:

Description	Type of Instrument	Notional Amount	Fair Value at March 31, 2009
Cross currency swaps	Cash flow hedge	US\$ 120 million	Ps. (49,141)
Cross currency swaps	Fair value hedge	US\$ 90 million	Ps. 97,806
Forwards	Cash flow hedge	US\$ 90 million	<u>Ps. (108,303)</u>
Net asset			<u>Ps. (59,638)</u>
Fair value debt			<u>Ps. 20,648</u>
Total			<u>Ps. (38,990)</u>
