

## JAVER REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER 2010

Monterrey, Nuevo Leon, Mexico - July 29, 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 second quarter and first half periods ended June 30, 2010.

### EXECUTIVE SUMMARY

		2Q10	2Q09	Variance	6M10	6M09	Variance
Homes Titled		3,062	3,891	-21.3%	4,411	7,561	-41.7%
Home Starts		4,922	1,846	166.6%	10,504	4,402	138.6%
Home Completions		3,030	2,746	10.3%	4,370	5,573	-21.6%
<b>Net Revenues (Ps.mm)</b>	<b>Ps.</b>	<b>\$ 972,689</b>	<b>Ps. \$ 1,185,520</b>	<b>-18.0%</b>	<b>Ps. \$ 1,440,530</b>	<b>Ps. \$ 2,302,966</b>	<b>-37.4%</b>
<b>Gross Profit (Ps.mm)</b>	<b>Ps.</b>	<b>\$ 354,158</b>	<b>Ps. \$ 346,408</b>	<b>2.2%</b>	<b>Ps. \$ 497,243</b>	<b>Ps. \$ 686,609</b>	<b>-27.6%</b>
<b>Gross Margin</b>		<b>36.4%</b>	<b>29.2%</b>	<b>7.2%</b>	<b>34.5%</b>	<b>29.8%</b>	<b>4.7%</b>
<b>Operating Profit (Ps.mm)</b>	<b>Ps.</b>	<b>\$ 218,220</b>	<b>Ps. \$ 217,700</b>	<b>0.2%</b>	<b>Ps. \$ 237,066</b>	<b>Ps. \$ 428,606</b>	<b>-44.7%</b>
<b>Operating Margin</b>		<b>22.4%</b>	<b>18.4%</b>	<b>4.1%</b>	<b>16.5%</b>	<b>18.6%</b>	<b>-2.2%</b>
<b>EBITDA (Ps.mm)</b>	<b>Ps.</b>	<b>\$ 232,040</b>	<b>Ps. \$ 227,309</b>	<b>2.1%</b>	<b>Ps. \$ 261,955</b>	<b>Ps. \$ 447,002</b>	<b>-41.4%</b>
<b>EBITDA Margin</b>		<b>23.9%</b>	<b>19.2%</b>	<b>4.7%</b>	<b>18.2%</b>	<b>19.4%</b>	<b>-1.2%</b>
<b>Net Income (Ps.mm)</b>	<b>Ps.</b>	<b>\$ 91,283</b>	<b>Ps. \$ 82,556</b>	<b>10.6%</b>	<b>Ps. \$ 38,226</b>	<b>Ps. \$ 182,976</b>	<b>-79.1%</b>
<b>Net Margin</b>		<b>9.4%</b>	<b>7.0%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>7.9%</b>	<b>-5.3%</b>

- Development Pipeline.** As stated in the 1Q10 earnings release, Javer’s main focus for the first half of 2010 was the launch of several macrodevelopments that will provide the bulk of the Company’s home titling for the next couple of years. During the second quarter, Javer’s Development Pipeline progressed according to schedule and three macrodevelopments started to produce their first titled units during May and June. Home starts for the second quarter rose 166.6% to 4,922 when compared to 1,846 registered in 2Q09, reflecting the ramp-up in construction activity expected for the new developments. For the first half of 2010, home starts totaled 10,504, an increase of 138.6% from the same period in 2009. Home completions for 2Q10 increased by 10.3% to 3,030 from 2,746 in the second quarter of 2009, as the high level of home starts experienced during the first quarter of 2010 began to flow into Javer’s available finished home inventory.
- Finished Home Inventory** decreased by 1.0% to 1,401 units from 1,415 units at the end of the first quarter of 2010 despite the conclusion of work on the initial sections of new macrodevelopments, as the level of presales at these developments caused a higher level of inventory turnover than experienced in the past.

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- **Net Revenues** for the second quarter of 2010 declined 18.0% to Ps 972.7 million, from Ps. 1.2 billion in 2Q09, due mainly to a 21.3% drop in the volume of homes titled from 3,891 in 2Q09 to 3,062 in 2Q10. The lower volumes resulted from the previously anticipated shortage of finished home inventory as Javer's new developments began to produce their first titelable units towards the end of the quarter. The bulk of new developments have reached the final preparation stages, and steady titling will begin by late 3Q10. The volume of homes titled during the quarter was in line with the Company's quarterly estimates and full year guidance. For the first half of the year, revenues contracted by 37.4% to Ps 1.4 billion from Ps 2.3 billion in the first half of 2009, driven primarily by the 41.7% decrease in units titled to 4,411 from 7,561 in the same period last year.
- **Gross Profit** increased 2.2% to Ps. 354.2 million in 2Q10 from Ps. 346.4 million in 2Q09 despite the drop in home titling volume mentioned above. The increase is partially explained by a significant increase in commercial lot sales during 2Q10, and a higher gross margin from home sales when compared to the 2009 period. For the first half of the year gross profit came in at Ps. 497.2 million, down from Ps. 686.6 million in the first half of 2009, as the increase in margin for the second quarter was not enough to offset the effects of decreased volume experienced in the first quarter.
- **Operating Profit** increased 0.2%, to Ps. 218.2 million in 2Q10 from Ps. 217.7 million in 2Q09 due to the aforementioned rise in gross profit, which was partly offset by a slight increase in SG&A expenses. For the first half of the year, operating profit decreased 44.7% to Ps 237.0 million from Ps 428.6 million as the increase in operating profit in the second quarter was not enough to offset the effects of decreased volume experienced in the first quarter.
- **EBITDA** for the second quarter of 2010 increased 2.1% to Ps. 232.0 million from Ps. 227.3 million in 2Q09. EBITDA margin increased 4.7 percentage points in the quarter to 23.9% from 19.2% given the increased participation of commercial lots in revenues in 2Q10 and an increase in margins from home sales. For the first half of the year, EBITDA dropped by 41.4% to Ps 261.9 million from Ps 447.0 million in the first half of 2009 as the increase in EBITDA in the second quarter was not enough to offset the effects of decreased volume experienced in the first quarter. EBITDA margin for the first half of 2010 was 18.2% down from 19.4% reported for 1H09 as decreased volumes in the first quarter of 2010 affected Javer's ability to absorb the fixed costs involved in an operation that processed a much larger volume in the following quarter.
- **Net Income** increased 10.6% to Ps. 91.3 million in 2Q10 from Ps. 82.6 million in 2Q09 due mainly to the effects described above. For the first half of 2010, net income fell 79.1% to Ps 38.2 million from Ps 183.0 million in 1H09.

### CEO STATEMENT

Mr. Roberto Russildi, Javer's Chief Executive Officer, commented, "We are very pleased with Javer's performance for the second quarter as the Company returned to more normal levels of quarterly profitability, despite very weak titling between January and April. Javer's development pipeline is in line with management's expectations for the period. To date, the Company has not experienced any major setbacks in permitting, construction, or sales as Javer begins the initial titling within its new macrodevelopments. Moreover the Company's liquidity position is stronger than management's expectations for the first half of the year due to vigilant rationalizing of infrastructure spend and the leveraging of partnerships with suppliers to get the developments started. Moreover, Javer's profitability has increased in both gross and EBITDA margins reflecting the versatility of its business model in terms of commercial lot sales and cost controls within the core housing business. Given the success experienced so far in 2010, we feel confident that Javer can achieve its goals for the year and have a much steadier and stronger operation in 2011."

Mr. Russildi continued, "Infonavit continues its record pace in terms of funding and collections which have resulted in strong origination levels. Moreover, as of the date of this report, Infonavit has not reported funding delays in 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 the Company's products will surpass expectations. Furthermore, Javer's product offering within its new macrodevelopments is fully aligned with Infonavit's mortgage origination goals, favoring the affordable entry level segment and making us feel very comfortable about our ability to achieve our targeted volumes."

Mr. Russildi added, “We are also very encouraged by a new commercial initiative that we began during the quarter focused on the informal sector of the economy. Given Javer’s focus on Infonavit, this is a sector that has been underrepresented in our sales mix. We believe the informal sector represents a larger customer base than our current Infonavit customer base. Javer has launched a few specific products for this segment in connection with mortgage providers, one of which is savings-based, with great success in the initial months of promotional efforts. Javer expects this sector will provide more flexibility in terms of placing our pipeline of homes under development with the most qualified customers, at the best prices, as we continue to execute our 2010 plan.”

“Lastly, I would like to share how fortunate Javer was to have escaped the path of Hurricane Alex earlier this month with no human or physical casualties amongst our team and/or asset base. Other than a few instances of re-works in certain developments in progress, and delays in construction caused by machinery and colleagues being unable to reach worksites, there was no major impact on margins, sales, or the development pipeline. Moreover, during the days that followed the tragedy, the Javer team showed tremendous unity and creativity as the Company was able to seamlessly operate on the Friday (the busiest day of the week) after the storm despite limited physical access and lack of power at the corporate office in Monterrey. By working remotely and in-sync with suppliers, banks, and partners, Javer was able to help keep business as usual despite being in the midst of one of the most difficult days Monterrey has ever seen. Javer and its team continue to support the local Monterrey community in the cleanup and salvage efforts,” he concluded.

### UNITS SOLD AND NET REVENUES\*

	2Q10	% of revenues	2Q09	% of revenues	Variance	6M10	% of revenues	6M09	% of revenues	Variance
<b>Equivalent Units Sold</b>										
Low Income	1,813		1,896		-4.4%	2,493		3,282		-24.0%
Middle Income	1,060		1,761		-39.8%	1,609		3,957		-59.3%
Residential	189		234		-19.2%	309		322		-4.0%
<b>TOTAL</b>	<b>3,062</b>		<b>3,891</b>		<b>-21.3%</b>	<b>4,411</b>		<b>7,561</b>		<b>-41.7%</b>
<b>Revenues (Ps.mm)</b>										
Low Income	392,384	40.3%	416,145	35.1%	-5.7%	542,615	37.7%	712,381	30.9%	-23.8%
Middle Income	339,918	34.9%	574,903	48.5%	-40.9%	511,456	35.5%	1,297,001	56.3%	-60.6%
Residential	191,217	19.7%	178,581	15.1%	7.1%	299,259	20.8%	266,803	11.6%	12.2%
<b>Total Home Sales</b>	<b>Ps. \$ 923,519</b>	<b>94.9%</b>	<b>Ps. \$ 1,169,629</b>	<b>98.7%</b>	<b>-21.0%</b>	<b>Ps. \$ 1,353,330</b>	<b>93.9%</b>	<b>Ps. \$ 2,276,185</b>	<b>98.8%</b>	<b>-40.5%</b>
Commercial Lot Sales	\$ 49,170	5.1%	\$ 15,891	1.3%	209.4%	\$ 87,200	6.1%	\$ 26,781	1.2%	225.6%
<b>TOTAL</b>	<b>Ps. \$ 972,689</b>	<b>100%</b>	<b>Ps. \$ 1,185,520</b>	<b>100%</b>	<b>-18.0%</b>	<b>Ps. \$ 1,440,530</b>	<b>100%</b>	<b>Ps. \$ 2,302,966</b>	<b>100%</b>	<b>-37.4%</b>

\* 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.

		2Q10		2Q09		6M10		6M09
<b>Average Sales Price per Unit</b>								
Low Income	Ps.	216.4	Ps.	219.5	Ps.	217.7	Ps.	217.1
Middle Income	Ps.	320.7	Ps.	326.5	Ps.	317.9	Ps.	327.8
Residential	Ps.	1,011.7	Ps.	763.2	Ps.	968.5	Ps.	828.6
<b>TOTAL</b>	<b>Ps.</b>	<b>301.6</b>	<b>Ps.</b>	<b>300.6</b>	<b>Ps.</b>	<b>306.8</b>	<b>Ps.</b>	<b>301.0</b>

**Units Sold:** Javer sold 3,062 units in the second quarter of 2010 compared to 3,891 units in the same quarter of 2009, a decrease of 21.3%. The middle income segment presented the largest percentage drop at 39.8% followed by the residential segment at 19.2%. Low income unit sales declined by only 4.4% for the quarter as Javer’s new macrodevelopments are focused primarily on this market segment. Low-income sales represented 59.2% of total units titled and 42.5% of housing revenues, compared to 48.7% and 35.6%, respectively, in the second quarter of 2009. For the first half of the year, units titled dropped 41.7% to 4,411 from 7,561 in the similar period last year. Low income sales for

the first half of 2010 represented 56.5% of total units sold and 40.1% of housing revenues when compared to 43.4% and 31.3%, respectively, for the first half of 2009.

**Prices:** Despite the increase of low income units in the 2Q10 sales mix compared to 2Q09, Javer was able to increase its average price per home to Ps. 301.6 thousand from Ps. 300.6 thousand by raising the average price of the residential segment from Ps. 763.2 thousand to Ps. 1,011.7 thousand, as residential sales within Javer's higher priced developments displaced other lower level residential developments. For the first half of 2010, the same effect persisted and allowed the Company to increase its average price from Ps 301.0 thousand to Ps 306.8 thousand when compared to the first half of 2009.

**Commercial lot sales** increased 209.4% to Ps 49.2 million in 2Q10 from Ps 15.9 million in 2Q09 as bulk sales to private investors continued at a record pace. For the first half of 2010, commercial lot sales rose 225.6% to Ps 87.2 million from Ps 26.8 million in the first half of 2009.

**Mortgage Provider Mix:** For the second quarter of 2010, Infonavit continued to be Javer's main mortgage provider representing 85.0% of total units titled as compared to 88.8% in the second quarter of 2009. For the first half of the year, a similar pattern took place with 85.5% of sales coming from Infonavit compared to 87.9% in the same period of last year. Javer expects the informal sector to increase in importance during the second half of 2010 due to the initiatives discussed above, thus raising the percentage of mortgages coming from SHF / Sofoles.

Mortgage Provider	2Q10	% of total	2Q09	% of total	6M10	% of total	6M09	% of total
Infonavit	2,604	85.0%	3,457	88.8%	3,772	85.5%	6,649	87.9%
Fovissste	82	2.7%	144	3.7%	117	2.7%	275	3.6%
Cofinavit	87	2.8%	127	3.3%	141	3.2%	265	3.5%
Banks / Sofoles	177	5.8%	93	2.4%	225	5.1%	210	2.8%
Cash	110	3.6%	69	1.8%	152	3.4%	159	2.1%
Institutional	2	0.1%	1	0.03%	4	0.1%	3	0.04%
<b>TOTAL</b>	<b>3,062</b>	<b>100%</b>	<b>3,891</b>	<b>100%</b>	<b>4,411</b>	<b>100%</b>	<b>7,561</b>	<b>100%</b>

## GROSS PROFIT / MARGIN

	2Q10		2Q09	Variance		6M10		6M09	Variance
<b>Gross Margin (PS.mm)</b>									
Home Sales	Ps. 313,240	Ps.	336,464	-6.9%	Ps.	427,680	Ps.	666,815	-35.9%
Commercial Lot Sales	Ps. 40,918	Ps.	9,944	311.5%	Ps.	69,563	Ps.	19,794	251.4%
<b>TOTAL</b>	<b>Ps. 354,158</b>	<b>Ps.</b>	<b>346,408</b>	<b>2.2%</b>	<b>Ps.</b>	<b>497,243</b>	<b>Ps.</b>	<b>686,609</b>	<b>-27.6%</b>
<b>Gross Margin (%)</b>									
Home Sales	33.9%		28.8%	5.2 pp		31.6%		29.3%	2.3 pp
Commercial Lot Sales	83.2%		62.6%	20.6 pp		79.8%		73.9%	5.9 pp
<b>TOTAL</b>	<b>36.4%</b>		<b>29.2%</b>	<b>7.2 pp</b>		<b>34.5%</b>		<b>29.8%</b>	<b>4.7 pp</b>

**Gross Profit** increased 2.2%, to Ps. 354.2 million in 2Q10 from Ps. 346.4 million in 2Q09, despite the decline in home titling volume. The increase was partially explained by significant growth in commercial lot sales during 2Q10 and a higher gross profit from home sales when compared to 2Q09. For the first half of the year gross profit was Ps. 497.2 million, down from Ps. 686.6 million for the first half of 2009, as the increase in gross profit for the second quarter was not enough to offset the effects of lower volumes experienced in the first quarter of 2010.

**Gross Margin** increased 7.2 percentage points in the first quarter of 2010 as higher margin commercial lots sales had a higher participation in the Company's overall sales mix. Gross margin on home sales also increased by 5.2 percentage points to 33.9% given a higher participation of the higher-margin Verona prototype within Javer's sales mix and a one-time Ps. 30 million in cost savings recognized from cost centers associated with developments completed in 2Q10. For the first half of the year, gross margin increased 4.7 percentage points to 34.5% from 29.8% in the first half of 2009 driven mainly by the increased participation of commercial lots within Javer's sales mix.

### EBITDA / MARGIN

		2Q10		2Q09	Variance		6M10		6M09	Variance
<b>SG&amp;A</b>										
<b>Ps.mm</b>	Ps.	135,938	Ps.	128,708	5.6%	Ps.	260,177	Ps.	258,003	0.8%
<b>as a % of Sales</b>		13.98%		10.86%	3.1 pp		18.06%		11.20%	6.9 pp
<b>EBITDA</b>										
<b>Ps.mm</b>	Ps.	232,040	Ps.	227,309	2.1%	Ps.	261,955	Ps.	447,002	-41.4%
<b>EBITDA Margin</b>		23.9%		19.2%	4.7 pp		18.2%		19.4%	-1.2 pp

**Selling, General and Administrative Expenses** increased 5.6% in the second quarter of 2010 as a result of the larger corporate infrastructure and staff needed to support this year's production and sales programs. As a percentage of sales, SG&A increased 3.1 percentage points driven by increased spending and reduced volumes. EBITDA increased 2.1% to Ps. 232.0 million compared to Ps. 227.3 million as a result of the previously-mentioned factors. EBITDA margin increased 4.7 percentage points for the quarter, driven by the higher gross margin. For the first half of the year, EBITDA declined 41.4% to Ps 261.9 million from Ps 447.0 million in the first half of 2009 as the increase in EBITDA for the second quarter could not offset the effects of decreased volumes experienced in the first quarter.

**Operating Profit** increased 0.2%, to Ps. 218.2 million in 2Q10 from Ps. 217.7 million in 2Q09, due to the aforementioned rise in gross profit, partly offset by a slight increase in SG&A expenses. For the first half of the year, operating profit decreased 44.7% to Ps 237.0 million from Ps 428.6 million as the increase in operating profit for the second quarter could not offset the effects of decreased volumes experienced in the first quarter.

**Net comprehensive financing result** increased 95.2% to Ps. 123.2 million in 2Q10, from Ps. 63.1 million in 2Q09, driven mainly by the depreciation of the Mexican peso during the period. For the first half of the year net comprehensive financing result increased 53.0% to Ps 201.1 million from Ps 131.4 million mainly due to higher overall debt levels and the higher level of depreciation of the peso during the year.

		2Q10		2Q09	Variance		6M10		6M09	Variance
<b>Interest expense</b>	Ps.	96,465	Ps.	64,623	49.3%	Ps.	197,833	Ps.	133,573	48.1%
<b>Interest income</b>	Ps.	-7,990	Ps.	-1,551	415.2%	Ps.	-16,212	Ps.	-2,928	453.7%
<b>FX gains / losses</b>	Ps.	34,777	Ps.	58	59860.3%	Ps.	19,464	Ps.	764	2447.6%
<b>NCFR</b>	Ps.	<b>123,252</b>	Ps.	<b>63,130</b>	<b>95.2%</b>	Ps.	<b>201,085</b>	Ps.	<b>131,409</b>	<b>53.0%</b>

**Net Income** increased 10.6% to Ps. 91.3 million in 2Q10, from Ps. 82.6 million in 2Q09. For the first half of the year, net income fell 79.1% to Ps 38.2 million from Ps 183.0 million.

**ASSETS / LIABILITIES**

**Cash and cash equivalents** increased to Ps. 524.5 million at the end of the second quarter of 2010 from Ps. 466.2 million at the end of the second quarter of 2009.

**WORKING CAPITAL**

	June 2010		June 2009	
	Ps.mm	Days	Ps.mm	Days
Trade Accounts Receivable	Ps. 770,510	69	Ps. 594,759	44
Inventory (Work in Progress)	Ps. 2,410,870	325	Ps. 2,355,152	264
Inventory (Land Reserves)	Ps. 948,583	128	Ps. 574,810	64
Suppliers (not including Land Payable)	Ps. 447,400	60	Ps. 168,862	19
Customer Advances	Ps. 22,130	3	Ps. 101,448	11
Working Capital	Ps. 3,660,433	459	Ps. 3,254,411	343
LTM Sales	Ps. 4,069,241		Ps. 4,883,438	
LTM Cost of Goods Sold	Ps. 2,696,587		Ps. 3,244,041	

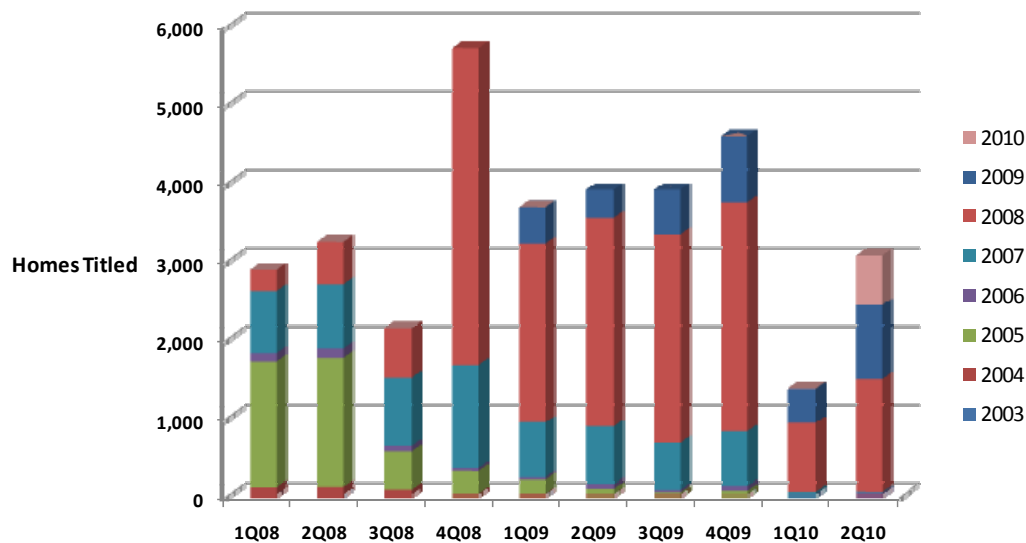
Javer experienced a deterioration of its working capital cycle for the period ended June 30, 2010 when compared to 2009 primarily due to the increase in the number of developments currently under construction. It is important to note that the Company has been successful in leveraging partnerships with suppliers to maintain comfortable liquidity levels.

**DEVELOPMENT PIPELINE**

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Home Starts	1,123	5,756	6,701	1,411	2,556	1,846	3,305	1,775	5,582	4,922
Home Completions	3,078	1,248	3,384	6,802	2,827	2,746	3,021	3,179	1,340	3,030
Homes Titled	2,865	3,223	2,124	5,698	3,670	3,891	3,894	4,571	1,354	3,057
Available Finished Home Inventory	5,328	3,166	4,130	6,324	4,941	4,398	3,672	1,333	1,415	1,401
Homes under active development (incl. AFHI)	7,726	10,754	15,670	12,525	10,344	8,289	7,267	3,042	5,294	7,319
Total Land Reserves	89,415	86,192	84,068	90,259	87,199	83,348	103,789	128,495	127,141	127,238

**Home Starts** grew 166.6% to 4,922 in 2Q10 when compared to 1,846 in 2Q09 reflecting the ramp-up in construction activity for the Company’s new developments. For the first half of the year, Home Starts totaled 10,504 in 2010 a 138.6% increase when compared to the first half of 2009. Home Completions increased by 10.3% to 3,030 from 2,746 in the second quarter of 2009 as the high level of home starts during the first quarter of 2010 began to flow into Javer’s Available Finished Home Inventory.

**Development Start Year**



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

## **LAND RESERVES**

As of June 30, 2010, the Company's total land bank reached approximately 127,238 units, of which approximately 55,877 were owned land reserves and 71,361 were held through land trust agreements.

## **DEBT AND DERIVATIVES EXPOSURE**

<b>Short Term Debt (Ps.mm)</b>		<b>Derivatives</b>			
Pre-Bridge Loans	1,682				
Current Portion of Long Term Debt	16,542				
<b>TOTAL</b>	<b>18,224</b>				
<b>Long Term Debt (Ps.mm)</b>					
High Yield Bond	2,694,427				
Capital Leases	46,442				
Less Current Portion	16,542				
<b>TOTAL</b>	<b>2,724,327</b>				
<b>TOTAL DEBT</b>	<b>2,742,551</b>				
<b>CASH AND CASH EQUIVALENTS</b>	<b>524,462</b>				
<b>NET DEBT</b>	<b>2,218,089</b>				
<b>TOTAL DEBT / LTM EBITDA</b>					
					3.03
<b>NET DEBT / LTM EBITDA</b>					
					2.45
<b>LTM EBITDA / LTM INTEREST EXPENSE</b>					
					2.26

	<b>Notional (US\$)</b>	<b>FMV (Ps\$)</b>		<b>FMV (US\$)</b>
Coupon Swaps (TIE)	90	181,571 Ps.		14,142
Coupon Swaps (Fix)	120	35,978 Ps.		2,802
Principal Hedges (Forwards)	90 -	70,958 Ps. -		5,527
<b>TOTAL</b>		<b>146,590 Ps.</b>		<b>11,417</b>

Given the concentration of Javer's capital structure in the 2014 Notes, the Company has no material short-term maturities for the next four years. As of June 30, 2010, Javer continued to have available credit facility lines in excess of Ps. 1,557 million.

As of June 30, 2010, Javer maintained derivative positions to hedge 100% of the Company's currency exposure related to the High Yield Bond coupons, while 42.9% of the exposure related to the bond's principal.

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 second quarter of 2010 was Ps. 2,742.6 million, not including any effect from derivative contracts. The US\$ 11.4 million gain on the Company's cross currency derivative positions was reported as "Derivative Financial Instruments" within the liabilities on the balance sheet.

As of June 30, 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 June 30, 2010, Total Debt / LTM EBITDA reached 3.03x; EBITDA interest coverage reached 2.26x.

## **OTHER DEVELOPMENTS**

On April 20, 2010, Javer executed the sale of its wholly-owned subsidiary Desarrollos Inmobiliarios el Camileño XXI, S.A. de C.V. (formerly, Viviendas Javer, S.A. de C.V.) for an amount of Ps.10 million. We are in the process of finalizing certain remaining legal formalities related to this transaction. The transaction was cash neutral for Javer and had no material impact on Javer's consolidated financial statements.

***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 six months period ended June 30, 2010 and as of December 31, 2009  
(In thousands of Mexican pesos (Ps.))

	June 30, 2010	December 31, 2009
<b>Assets</b>		
Current assets:		
Cash	Ps. 524,462	Ps. 805,927
Trade receivables – net (Note 1)	770,510	766,934
Other accounts receivable – net	105,055	65,776
Inventories (Note 2)	2,410,870	2,066,696
Prepaid expenses	55,539	28,920
Total current assets	<u>3,866,436</u>	<u>3,734,253</u>
Land held for future development	948,583	836,359
Improvements, machinery and equipment – net	274,110	225,316
Other assets – net	271,767	228,173
Derivative financial instruments	118,018	181,360
Total	<u>Ps. 5,478,914</u>	<u>Ps. 5,205,461</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Notes payable to financial institutions (Note 3)	Ps. 1,682	Ps. 78,659
Current portion of long-term debt (Note 4)	16,542	18,786
Trade accounts payable	519,163	396,445
Due to related parties	4,720	15,392
Advances from customers	22,130	40,519
Income tax payable		30,317
Other liabilities	230,635	274,907
Total current liabilities	<u>794,872</u>	<u>855,025</u>
Long-term debt (Note 4)	2,724,327	2,357,190
Real estate liabilities	128,390	114,890
Employee retirement obligations	32,601	31,404
Deferred income taxes	624,081	682,759
Total liabilities	<u>4,304,271</u>	<u>4,041,268</u>
Commitments and contingencies		
Stockholders' equity:		
Capital stock	734,806	734,806
Unpaid capital stock		(1,165)
	<u>734,806</u>	<u>733,641</u>
Retained earnings (accumulated deficit)	492,390	454,164
Valuation of derivative financial instruments (Note 5)	(52,553)	(23,612)
Total stockholders' equity	<u>1,174,643</u>	<u>1,164,193</u>
Total	<u>Ps. 5,478,914</u>	<u>Ps. 5,205,461</u>

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

**Servicios Corporativos Javer, S.A.P.I de C.V. and Subsidiaries**  
**Consolidated Statements of Income**

For the three months and six months periods ended June 30, 2010 and 2009  
(In thousands of Mexican pesos (Ps.))

	<b>2Q10</b>	<b>2Q09</b>	<b>6M10</b>	<b>6M09</b>
Revenues	Ps. 972,689	Ps. 1,185,520	Ps. 1,440,530	Ps. 2,302,966
Costs	<u>618,531</u>	<u>839,112</u>	<u>943,287</u>	<u>1,616,357</u>
Gross profit	354,158	346,408	497,243	686,609
Selling and administrative expenses	<u>135,938</u>	<u>128,708</u>	<u>260,177</u>	<u>258,003</u>
Operating income	<u>218,220</u>	<u>217,700</u>	<u>237,066</u>	<u>428,606</u>
Other expenses (income) – net	<u>(8,105)</u>	<u>9,845</u>	<u>(7,485)</u>	<u>9,073</u>
Net comprehensive financing result	<u>123,252</u>	<u>63,130</u>	<u>201,085</u>	<u>131,409</u>
(Loss) income before income taxes	103,073	144,725	43,466	288,124
Income taxes	<u>11,790</u>	<u>62,169</u>	<u>5,240</u>	<u>105,148</u>
Net (loss) income	<u><u>Ps. 91,283</u></u>	<u><u>Ps. 82,556</u></u>	<u><u>Ps. 38,226</u></u>	<u><u>Ps. 182,976</u></u>

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

**Servicios Corporativos Javer, S.A.P.I de C.V. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the six month period ended June 30, 2010 and 2009.**  
**(In thousands of Mexican pesos (Ps.))**

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Operating activities:		
Income before income taxes	Ps.43,466	Ps.288,124
Items related to investing activities:		
Depreciation and amortization	24,875	18,395
Unrealized exchange loss	(34,440)	
Items related to financing activities:		
Effects of valuation of derivative financial instruments	53,682	
Interest expense	181,621	130,647
	<u>269,204</u>	<u>437,166</u>
(Increase) decrease in:		
Trade receivables – net	(15,161)	(122,447)
Due from related parties		(25,706)
Other accounts receivable – net	(13,070)	3,653
Inventories	(565,754)	513,153
Prepaid expenses	(29,704)	(5,824)
Increase (decrease) in:		
Trade accounts payable	136,230	(93,119)
Due to related parties	(10,672)	(80,310)
Advances from customers	(13,669)	16,309
Income tax payable	(78,978)	(79,750)
Other liabilities	(69,391)	(28,484)
Net cash provided by operating activities	<u>(390,965)</u>	<u>534,641</u>
Investing activities:		
Purchase of machinery and equipment	(52,725)	(33,006)
Effects on sale of subsidiary	(14,207)	
Net cash used in investing activities	<u>(66,932)</u>	<u>(33,006)</u>
Excess cash to apply to financing activities	457,897	501,635
Financing activities:		
Proceeds from notes payable from financial institutions		96,599
Repayment of notes payable to financial institutions	(76,961)	(120,578)
Proceeds from long-term debt	412,306	
Repayment of long-term debt	(1,113)	(105,936)
Debt issuance costs	(9,006)	(1,192)
Increase of capital stock	1,165	
Interest paid	(149,959)	(124,378)
Dividends paid		(130,000)
Net cash used in financing activities	<u>176,432</u>	<u>(385,485)</u>
Cash:		
Net decrease in cash	(281,490)	116,150
Cash at beginning of year	805,927	350,041
Cash at end of year	<u>Ps. 524,462</u>	<u>Ps.466,191</u>

**Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the six months period ended June 30, 2010**  
**(In thousands of Mexican pesos (Ps.))**

**Trade receivables – net**

	<b>As of June 30, 2010</b>
INFONAVIT	Ps. 378,147
Fovi credit	74,377
Other	342,791
	<u>795,315</u>
Allowance for doubtful accounts	<u>(24,805)</u>
	<u>Ps. 770,510</u>

**Inventories**

	<b>As of June 30, 2010</b>
Land under development	Ps. 650,441
Housing units under construction	596,886
Urbanization and development amenities	992,735
Advances to suppliers	170,808
	<u>Ps. 2,410,870</u>

**Notes payable to financial institutions**

	<b>As of June 30, 2010</b>
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 2010.	<u>Ps. 1,682</u>

The TIIE rate is established by the Bank of Mexico. On June 30, 2010, it was 4.955%

As of June 30, 2010, the total amount of collateralized inventories disclosed in this Note was Ps.1,107.

**Long-term debt**

	<b>As of June 30, 2010</b>
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. 2,694,426
Capital lease agreements to acquire molds, bearing annual fixed interest rates of 13.75%, with various maturities through 2010.	34,317
Capital lease agreements to acquire trucks bearing annual fixed interest rate of 14.22%, with various maturities through 2013.	9,999
Capital lease agreements to acquire vehicles, bearing annual fixed interest rate of 16.5 %, with various maturities through 2011.	<u>2,127</u>
	2,740,869
Less – Current portion	<u>(16,542)</u>
Long-term debt	<u><u>Ps. 2,724,327</u></u>

As of June 30, 2010, long-term debt maturities were as follows:

July 1, 2011 to June 30, 2012	Ps. 14,196
July 1, 2012 to June 30, 2013	15,525
July 1, 2012 to June 30, 2014	180
On August 4, 2014	<u>2,694,426</u>
	<u><u>Ps. 2,724,327</u></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 June 30, 2010 was Ps.118,018, as further detailed below:

Description	Type of Instrument	Notional Amount	Fair Value at June 30, 2010
Cross currency swaps	Cash flow hedge	US\$ 120 million	Ps. 33,716
Cross currency swaps	Fair value hedge	US\$ 90 million	181,632
Forwards	Cash flow hedge	US\$ 90 million	<u>(72,862)</u>
Net asset			<u>142,486</u>
Fair value debt			<u>(24,468)</u>
Total			<u><u>Ps. 118,018</u></u>

\* \* \* \* \*