

JAVER REPORTS FINANCIAL RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2009

Monterrey, Nuevo Leon, Mexico - October 26, 2009 - **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 third quarter and first nine-month periods ended September 30, 2009.

On January 1, 2009, Javer adopted Mexican Accounting Standards Board rule “INIF 14: Construction Contracts, Sales and Services Related to Real Estate”. As a result, the method for revenue recognition was changed to recognizing revenues only upon the titling of homes. This report, under INIF 14 contains unaudited information for the quarter as well as an unaudited re-expression of our historical financials under the new rule. Therefore, figures in prior quarterly releases before the adoption of INIF 14 will not be comparable to figures presented herein.

EXECUTIVE SUMMARY

	3Q09	3Q08	Variance	9M09	9M08	Variance
Homes titled	3,894	2,172	79.3%	11,455	8,280	38.3%
Net Revenues (Ps.mm)	Ps. \$ 1,138,009	Ps. \$ 742,222	53.3%	Ps. \$ 3,440,975	Ps. \$ 2,634,696	30.6%
Gross Profit (Ps.mm)	Ps. \$ 317,201	Ps. \$ 266,652	19.0%	Ps. \$ 1,003,807	Ps. \$ 937,587	7.1%
Gross Margin	27.9%	35.9%	-8.1%	29.2%	35.6%	-6.4%
Operating Profit (Ps.mm)	Ps. \$ 190,730	Ps. \$ 105,926	80.1%	Ps. \$ 619,334	Ps. \$ 570,241	8.6%
Operating Margin	16.8%	14.3%	2.5%	18.0%	21.6%	-3.6%
EBITDA (Ps.mm)	Ps. \$ 201,073	Ps. \$ 118,645	69.5%	Ps. \$ 648,075	Ps. \$ 601,489	7.7%
EBITDA Margin	17.7%	16.0%	1.7%	18.8%	22.8%	-4.0%
Net Income	Ps. \$ 18,264	Ps. \$ 34,117	-46.5%	Ps. \$ 201,242	Ps. \$ 285,838	-29.6%
Net Margin	1.6%	4.6%	-3.0%	5.8%	10.8%	-5.0%

- **Net Revenues** for the quarter grew 53.3% to Ps 1.1 billion, from Ps. 742.2 million due to a 79.3% increase in the volume of homes titled, and coupled with a decrease in average prices of homes titled and a significant increase in commercial lot sales for the quarter. For the first nine months of the year, net revenues increased 30.6% to Ps. 3.4 billion, from Ps. 2.6 billion due to a higher volume of homes titled, partly offset by lower commercial lot sales for the period.
- **Gross Profit** increased 19.0%, to Ps. 317.2 million from Ps. 266.6 million, as the increase in home titling volume was not enough to offset the decline in higher margin developments concluded in 2008 and replaced during 2009 with developments with more normalized margins. For the first nine months of the year, gross profit increased 7.1% to Ps. 1.0 billion, from Ps. 937.6 million, given the aforementioned effects, coupled with a lower level of high-margin commercial lot sales.

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- **Operating Profit** increased 80.1% to Ps. 190.7 million from Ps. 105.9 million due a sharp reduction of SG&A expenses combined with the gross profit growth registered for the quarter. For the first nine months of the year, operating profit increased 8.6% to Ps. 619.3 million from Ps. 570.2 million due to the increased volume and lower SG&A expenses.
- **EBITDA** for the quarter increased 69.5% to Ps. 201.1 million, from Ps. 118.6 million, and for the first nine-months increased 7.7% to Ps. 648.1 million, from Ps. 601.5 million. EBITDA margin increased 1.7 percentage points for the quarter to 17.7%, from 16.0% mainly the result of the operating margin previously mentioned. For the first nine months of the year, EBITDA margin declined 4.0% to 18.8%, from 22.8% for 9M08.
- **Net Income** declined 46.5% to Ps. 18.3 million in 3Q09, from Ps. 34.1 million in 3Q08, and for the first nine months of the year, net income decreased 29.6% to Ps. 201.2 million in 2009, from Ps. 285.8 million in 2008.

CEO STATEMENT

Roberto Russildi, Javer's Chief Executive Officer, commented, "During the third quarter of 2009, Javer was able to deliver a record breaking performance in terms of growth and profitability. During the last twelve months, Javer has titled over 17,000 homes and registered over Ps 1.1 billion in EBITDA. We remain the third largest provider of homes for the Infonavit system, and have been able to increase the Company's national market share as smaller, less capitalized competitors are marginalized due to the tightening of the credit markets.

Javer is starting to reap the benefits of the cost reduction measures taken throughout the year, which helped offset a lower yielding sales mix during the quarter, which coupled with the Company's volume growth, helped Javer achieve these record results. As operating leverage increases, the benefits of these measures will help magnify Javer's profitability and returns."

Mr. Russildi continued, "During the quarter, Javer also achieved major advancements on the product development side. The Company was able to successfully title its first Verona prototype 'quadruplex' homes with what appears to be strong product acceptance within the Company's target markets. These prototypes allow Javer to better serve the lower segment of the market with a very compelling value proposition. Javer was also able to title its first homes with the Infonavit's '*Hipoteca Digital*', or 'Digital Mortgage' program, which allows for competitively priced telecommunications and Internet services to clients, a great commercial benefit.

Despite the continued weakness in the labor market, employment figures in Javer's target markets appear to have bottomed out, while the Company continues to experience strong interest in its developments. Infonavit loans have continued per original projections for the year, and the Company has not experienced any material delays in titling or payment timetables. Given the material reduction in home starts of competitors in the Infonavit system year-to-date, and the continued demand for Javer's products, the Company is still encouraged to raise production levels. Thus, given these factors and Javer's strengthened financial structure, the Company remains optimistic about its business outlook. Furthermore, the recently-announced entrance of two new strategic shareholders, Southern Cross and Evercore, is evidence of Javer's growth potential and coveted leadership position within a dynamic sector."

UNITS SOLD AND NET REVENUES*

	3Q09	% of revenues	3Q08	% of revenues	Variance	9M09	% of revenues	9M08	% of revenues	Variance
Equivalent Units Sold										
Low Income	2,158		928		132.5%	5,440		4,741		14.7%
Middle Income	1,595		1,011		57.8%	5,552		2,811		97.5%
Residential	141		233		-39.5%	463		728		-36.4%
TOTAL	3,894		2,172		79.3%	11,455		8,280		38.3%
Revenues (Ps.mm)										
Low Income	483,998	42.5%	198,061	26.7%	144.4%	1,196,379	34.8%	1,012,624	38.4%	18.1%
Middle Income	536,662	47.2%	356,191	48.0%	50.7%	1,833,663	53.3%	947,229	36.0%	93.6%
Residential	96,860	8.5%	178,815	24.1%	-45.8%	363,663	10.6%	587,069	22.3%	-38.1%
Total Home Sales	Ps. \$1,117,520	98.2%	Ps. \$ 733,067	98.8%	52.4%	Ps. \$3,393,705	98.6%	Ps. \$2,546,922	96.7%	33.2%
Commercial Lot Sales	20,489	1.8%	9,155	1.2%	123.8%	47,270	1.4%	87,773	3.3%	-46.1%
TOTAL	Ps. \$1,138,009	100%	Ps. \$ 742,222	100%	53.3%	Ps. \$3,440,975	100%	Ps. \$2,634,696	100%	30.6%

* 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.

	3Q09	3Q08	9M09	9M08
Average Sales Price per Unit				
Low Income	Ps. 224.3	Ps. 213.4	Ps. 219.9	Ps. 213.6
Middle Income	Ps. 336.5	Ps. 352.3	Ps. 330.3	Ps. 337.0
Residential	Ps. 687.0	Ps. 767.4	Ps. 785.4	Ps. 806.4
TOTAL	Ps. 287.0	Ps. 337.5	Ps. 296.3	Ps. 307.6

Javer sold 3,894 units in the third quarter of 2009 compared to 2,172 units in the same quarter of 2008, an increase of 79.3%. Low-income and middle-income sales provided the main engine for growth, increasing 132.5% and 57.8% for the quarter, respectively, while residential sales declined 39.5%. Low-income sales represented 55.4% of total units titled and 43.3% of housing revenues, compared to 42.7% and 27.0%, respectively, in the third quarter of 2008. For the first nine months of the year, middle income unit sales continue to lead within Javer's mix, representing 48.5% of total units titled and 54.1% of housing revenues.

It is important to note that the middle-income segment customer continues to be primarily financed through the traditional Infonavit program, as well as through the Infonavit Total program, where Infonavit and Banamex jointly provide the mortgage to the Infonavit worker. These programs are very well-suited for the skilled labor customer base, which is prevalent within Javer's coverage area.

Prices. Given the sharp change in the product mix during the quarter compared to the third quarter of 2008, the average price per unit decreased to Ps. 287 thousand in the third quarter of 2009 from Ps. 338 thousand in the third quarter of 2008.

Commercial lot sales reached Ps. 20.5 million. Javer expects commercial lot sales will continue to be sold in bulk, as has been the case in the past, and depend upon the construction progress at each development.

The Company is implementing a number of initiatives to make investing in the Company's commercial lot inventory more attractive for private and institutional investors.

GROSS PROFIT / MARGIN

		3Q09		3Q08	Variance		9M09		9M08	Variance
Gross Profit (PS.mm)										
Home Sales	Ps.	301,084	Ps.	275,241	9.4%	Ps.	967,899	Ps.	867,558	11.6%
Commercial Lot Sales	Ps.	16,117	Ps.	- 8,589	287.6%	Ps.	35,908	Ps.	70,030	-48.7%
TOTAL	Ps.	317,201	Ps.	266,652	19.0%	Ps.	1,003,807	Ps.	937,588	7.1%

Gross Margin

Home Sales	26.9%	37.5%	-10.6 pp	28.5%	34.1%	-5.5 pp
Commercial Lot Sales	78.7%	-93.8%	172.5 pp	76.0%	79.8%	-3.8 pp
TOTAL	27.9%	35.9%	-8.1%	29.2%	35.6%	-6.4 pp

Gross Profit rose 19.0% quarter-over-quarter to Ps. 317.2 million, from Ps. 266.7 million due to a 79.3% increase in volume of home units sold and higher commercial lot sales for the quarter. For the first nine months, gross profit from home sales increased 11.6% and gross profit from commercial lot sales declined 48.7%, representing an accumulated increase of 7.1%.

Gross Margin declined 8.1 percentage points for the quarter, mainly due to a 10.6 percentage point contraction in home margins, offset by an improvement in commercial lot margins. The margin contraction stems mostly from a lower yielding mix on a quarter-to-quarter basis.

EBITDA / MARGIN

		3Q09		3Q08	Variance		9M09		9M08	Variance
SG&A										
Ps.mm	Ps.	126,471	Ps.	160,726	-21.3%	Ps.	384,473	Ps.	367,346	4.7%
as a % of Sales		11.11%		21.65%	-10.5 pp		11.17%		13.94%	-2.8 pp
EBITDA										
Ps.mm	Ps.	201,073	Ps.	118,645	69.5%	Ps.	648,075	Ps.	601,489	7.7%
EBITDA Margin		17.7%		16.0%	1.7 pp		18.8%		22.8%	-4.0 pp

Selling, General and Administrative Expenses decreased 21.3% in the third quarter of 2009. The decrease was a result of cost reduction measures implemented throughout the year. As a percentage of sales, SG&A fell 10.5%. EBITDA increased 69.5% to Ps. 201.1 million compared to Ps. 118.6 million as a result of the previously-mentioned factors. EBITDA margins increased 1.7 percentage points for the quarter, partly driven by the reduction in SG&A, which more than offset lower gross margins resulting from a lower yielding product mix.

Operating Profit increased 80.1% to Ps. 190.7 million from Ps. 105.9 million due a sharp contraction in SG&A expenses and the gross profit growth reported for the quarter. For the first nine months of the year, operating profit increased 8.6% to Ps. 619.3 million in 2009, from Ps. 570.2 million in 2008 due to the increased volume and reduction in SG&A expenses.

Net comprehensive financing result increased 54.3% to Ps. 99.0 million in 3Q09, from Ps. 64.2 million in 3Q08 driven mainly by a higher level of debt in the period and an exchange loss of Ps. 25.9 million. For the first nine months of 2009, net comprehensive financing result increased 19.1%, as the higher level of debt and a non-recurring charge were partially offset by a lower TIIE rate in 2009 compared to 2008.

		3Q09		3Q08	Variance		9M09		9M08	Variance
Interest expense	Ps.	79,346	Ps.	69,863	13.6%	Ps.	212,920	Ps.	201,078	5.9%
Interest income	Ps.	- 6,279	Ps.	- 4,960	26.6%	Ps.	- 9,208	Ps.	- 5,524	66.7%
FX gains / losses	Ps.	25,911	Ps.	739	3606.2%	Ps.	26,675	Ps.	2,171	1328.7%
CIF	Ps.	98,978	Ps.	64,164	54.3%	Ps.	230,387	Ps.	193,383	19.1%

Net Income declined 46.5% to Ps. 18.3 million in 3Q09, from Ps. 34.1 million in 3Q08, while for the first nine months of the year, net income decreased 29.6% to Ps. 201.2 million, from Ps. 285.8 million.

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ASSETS / LIABILITIES

Cash and cash equivalents increased to Ps. 528.6 million at the end of the third quarter of 2009 from Ps. 466.2 million at the end of the second quarter of 2009, as Javer's continued efforts to improve the working capital cycle (as described below), generating greater free cash flow for the Company.

WORKING CAPITAL

	September 2009		September 2008	
	Ps.mm	Days	Ps.mm	Days
Trade Accounts Receivable	Ps. 753,345	52	Ps. 226,465	19
Inventory (Work in Progress)	Ps. 2,036,550	207	Ps. 3,282,093	432
Inventory (Land Reserves)	Ps. 689,250	70	Ps. 328,271	43
Suppliers (not including Land Payable)	Ps. 196,414	20	Ps. 347,360	46
Customer Advances	Ps. 116,672	12	Ps. 77,393	10
Working Capital	Ps. 3,166,059	297	Ps. 3,412,076	438
LTM Sales	Ps. 5,279,225		Ps. 4,383,550	
LTM Cost of Goods Sold	Ps. 3,589,281		Ps. 2,764,904	

The increase in home titling, vis-à-vis Javer's construction spending during the last twelve months, supported an overall working capital cycle improvement from 438 days in 2008 to 297 days in 2009.

LAND PURCHASES

As of September 30, 2009, the Company's total land bank reached approximately 106,100 units, of which approximately 48,600 were owned land reserves and 57,500 were held through land trust schemes.

DEBT AND DERIVATIVES EXPOSURE

Short Term Debt (Ps.mm)

Pre-Bridge Loans	Ps.	6,321
Construction Loans	Ps.	82,049
Supplier Factoring	Ps.	249,867
Current Portion of Long Term Debt	Ps.	24,192
TOTAL	Ps.	362,429

Long Term Debt (Ps.mm)

High Yield Bond	Ps.	2,439,235
Capital Leases	Ps.	34,007
Less Current Portion	Ps.	24,192
TOTAL	Ps.	2,449,050

TOTAL DEBT	Ps.	2,811,479
CASH AND CASH EQUIVALENTS	Ps.	528,598
NET DEBT	Ps.	2,282,881

TOTAL DEBT / LTM EBITDA	2.45
NET DEBT / LTM EBITDA	1.99
LTM EBITDA / LTM INTEREST EXPENSE	3.64

Derivatives

	Notional (US\$)	FMV (US\$)		FMV (Ps\$)
Coupon Swaps (TIIE)	90	2,216	Ps.	30,027
Coupon Swaps (Fix)	90	11,283	Ps.	152,885
Principal Hedges (Forwards)	90	2,118	Ps.	28,699
TOTAL		15,617	Ps.	211,611

During the quarter, Javer did not require any material incremental net financing as cash from operations was more than sufficient to cover the investment program. As of September 30, 2009, Javer continued to have available credit facility lines in excess of Ps. 978.1 million.

As of September 30, 2009, Javer maintained derivative positions to hedge 100% of the Company's currency exposure related to the High Yield Bond coupons and 50% of the exposure related to the bond's principal amount.

Beginning January 1, 2009, Javer ceased to report the net effect of the US\$ denominated debt with cross currency derivatives. The total debt balance reported for the second quarter was Ps. 2,812 million pesos, not including any offset from derivative contracts. The Ps. 211.6 million gain on the Company's cross currency derivative positions was reported as "Other Assets" on the balance sheet.

As of September 30, 2009, Javer had US\$ 32 million in credit lines available from derivative counterparties to finance any potential negative carrying values of the Company's derivative contracts.

As of September 30, 2009, Total Debt / LTM EBITDA reached 2.45x; EBITDA interest coverage reached 3.64x.

RECENT DEVELOPMENTS

On October 26, 2009, the Company announced that Southern Cross Latin America Private Equity Fund III (“Southern Cross”) and Evercore México Capital Partners II (“Evercore”) signed an agreement to acquire a controlling interest in Javer. This transaction does not involve any changes to the Company’s management, operating team or strategy. Roberto Russildi and the remainder of the senior management team, will continue heading the Company’s operations, and Salomon Marcuschamer, who will serve as Javer’s Honorary Chairman of the Board, will remain actively involved in the management of the Company, especially as it relates to the land acquisition and development processes.

Javer’s Board of Director’s will change and will now include Ricardo Rodriguez, Cesar Perez Barnes and Sebastian Villa from Southern Cross, Pedro Aspe and Alfredo Castellanos from Evercore, and Salomon Marcuschamer, Fernando Alvarez and Joe Ackerman representing Javer’s original shareholders. Ricardo Rodriguez will act as Chairman of the Board, which will include two independent board members to be appointed shortly after the transaction’s closing.

The transaction does not involve any modification of the cash balance or financial position at the Javer level. The new partners do not intend to implement any fundamental changes to Javer’s overall business or financial strategy, especially as it relates to leverage and dividend policies, as the intention is to re-invest free cash flow into growing and de-levering the Company.

The closing of this transaction, which is expected before the end of 2009, will require approval from the Mexican regulatory authorities.

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 2008, the Company reported revenues of Ps. 4,472.9 million (US\$ 323.4 million) and sold a total of 13,910 units.

Disclaimer:

This press 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 Sheet

For the nine-month periods ended September 30, 2009 and 2008
 (in thousands of Mexican pesos (Ps.))

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	Ps. 528,598	Ps. 101,407
Trade receivables – net (Note 1)	753,345	226,465
Other accounts receivable – net (Note 2)	228,686	158,550
Inventories (Note 3)	2,036,550	3,282,093
Prepaid expenses	44,089	55,637
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Total current assets	3,591,268	3,824,152
Land held for future development	689,250	328,271
Property, plant and equipment – Net	171,795	179,506
Other assets	585,023	293,485
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Total	Ps. 5,037,336	Ps. 4,625,414
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Liabilities and stockholders' equity		
Current liabilities:		
Notes payable to financial institutions (Note 4)	Ps. 338,237	Ps. 311,768
Current portion of long-term debt (Note 5)	24,192	251,240
Trade accounts payable	205,190	360,967
Due to related parties	18,042	66,385
Advances from customers	116,672	77,393
Income tax payable	88,942	122,962
Other liabilities	140,620	138,339
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Total current liabilities	931,895	1,329,054
Long-term debt (Note 5)	2,449,050	1,502,821
Employee retirement obligations	28,138	23,594
Deferred income taxes	668,655	635,362
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Total liabilities	4,077,738	3,490,831
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Stockholders' equity:		
Capital stock	783,641	1,273,641
Retained earnings	156,772	(139,058)
Valuation of derivative financial instruments	19,185	
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Total stockholders' equity	959,598	1,134,583
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Total	Ps. 5,037,336	Ps. 4,625,414
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The accompanying notes are part of the consolidated and combined financial statements.

Consolidated Statements of Income

For the three month and nine-month period ended September 30, 2009 and 2008
(in thousands of Mexican pesos (Ps.))

	3Q09	3Q08	9M09	9M08
	Ps.	Ps.	Ps.	Ps.
Revenues	1,138,009	742,222	3,440,975	2,634,695
Costs	<u>820,808</u>	<u>475,570</u>	<u>2,437,168</u>	<u>1,697,108</u>
Gross profit	317,201	266,652	1,003,807	937,587
Selling and administrative expenses	<u>126,471</u>	<u>160,726</u>	<u>384,473</u>	<u>367,346</u>
Income from operations	190,730	105,926	619,334	570,241
Other expense (income) – net	45,176	(3,848)	54,245	(5,276)
Net comprehensive financing result:	<u>98,978</u>	<u>64,164</u>	<u>230,387</u>	<u>193,383</u>
Income before income taxes	46,576	45,610	334,702	382,134
Income taxes	<u>28,312</u>	<u>11,494</u>	<u>133,460</u>	<u>96,298</u>
Net income	<u>Ps. 18,264</u>	<u>Ps. 34,116</u>	<u>Ps. 201,242</u>	<u>Ps. 285,836</u>

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

Consolidated Statement of Cash Flows
For the nine-month periods ended September 30, 2009 and 2008
(in thousands of Mexican pesos (Ps.))

	2009	2008
Cash flows from operating activities:		
Net Income	Ps. 201,242	Ps. 285,836
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	28,593	30,723
Not realized exchange loss	29,160	
Deferred income taxes	133,460	96,298
	<u>392,455</u>	<u>412,857</u>
Working capital	(29,723)	(768,329)
Net cash provided (used) by operating activities	<u>362,732</u>	<u>(355,472)</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment and other assets	(74,452)	(95,911)
Cash surplus to be used for financing activities	<u>288,280</u>	<u>(451,383)</u>
Cash flows from financing activities:		
Dividends	(129,999)	
Capital reduction	(536,000)	
Proceeds from long-term debt	500,799	1,355,725
Notes payable to financial institutions	55,477	(857,502)
Net cash (used) provided by financing activities	<u>(109,723)</u>	<u>498,223</u>
Cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	178,557	46,840
Balance at beginning of period	<u>350,041</u>	<u>54,567</u>
Balance at end of period	<u>Ps. 528,598</u>	<u>Ps. 101,407</u>

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

Consolidated Statement of Cash Flows
For the third quarters ended September 30, 2009 and 2008
(in thousands of Mexican pesos (Ps.))

	2009	2008
Cash flows from operating activities:		
Net Income	Ps. 18,264	Ps. 34,116
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	10,199	12,512
Not realized exchange loss	29,160	
Deferred income taxes	28,312	11,494
	<u>85,935</u>	<u>58,122</u>
Working capital	(150,568)	(665,612)
Net cash used by operating activities	<u>(64,633)</u>	<u>(607,490)</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment and other assets	(38,011)	(1,887)
Cash to be provided by financing activities	<u>(102,644)</u>	<u>(609,377)</u>
Cash flows from financing activities:		
Capital reduction	(536,000)	
Proceeds from long-term debt	500,799	(284,773)
Notes payable to financial institutions	200,252	728,962
Net cash provided by financing activities	<u>165,051</u>	<u>444,189</u>
Cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	62,407	(165,188)
Balance at beginning of period	<u>466,191</u>	<u>266,595</u>
Balance at end of period	<u>Ps. 528,598</u>	<u>Ps. 101,407</u>

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

Notes to Consolidated Financial Statements

As of September 30, 2009

(in thousands of Mexican pesos (Ps.))

1. Trade receivables – net

	2009
INFONAVIT	Ps. 507,247
Fovi credit	58,631
Other	205,696
Total	771,574
Allowance for doubtful accounts	(18,229)
	<u>Ps. 753,345</u>

2. Other accounts receivables

	2009
Related parties	Ps. 174,324
Tax advances	23,342
Other	31,020
	<u>Ps. 228,686</u>

3. Inventories

	2009
Land under development	Ps. 493,242
Housing units under construction	609,237
Urbanization and related equipment	788,768
Advances to suppliers	145,303
	<u>Ps. 2,036,550</u>

4. Notes payable to financial institutions

	2009
Unsecured loans for building real estate developments collateralized by land held for future development, bearing a variable interest rate based on the Mexican interbank equilibrium interest rate (“TIIE”) plus an average spread of 3.0%.	Ps. 82,049
Mortgage bridge loans collateralized by inventories, bearing a variable interest rate based on the TIIE plus an average of spread of 3.25%.	6,321
Loans to pay suppliers bearing variable interest rates based on the TIIE plus an average spread of 2.75%.	249,867
	<u>Ps. 338,237</u>

5. Long-term debt

	2009
Capital lease agreements to acquire trucks bearing an annual fixed interest rates of 14.22%, with various maturities through 2013.	Ps. 10,482
Capital lease agreements to acquire vehicles, bearing annual fixed interest rates of 16.5 %, with various maturities through 2011.	3,788
Capital lease agreements to acquire molds, bearing annual fixed interest rates of 13.5%, with various maturities through 2010.	19,737
Senior notes (proceeds utilized to refinance existing indebtedness), bearing annual interest rate of 13%, maturities trough 2014.	2,439,235
Long-term debt	2,473,242
Less – Current portion	(24,192)
	<u>Ps. 2,449,050</u>

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