

## Second Quarter of 2003 Results.

Mexico City (July 21st, 2003) – Consortio ARA S.A. de C.V. (BMV: ARA\*) today announced results for the Second Quarter of 2003 and trailing twelve months ended June 30, 2003.

**(All figures in Mexican Pesos)**

### *PERFORMANCE HIGHLIGHTS*

#### Second Quarter 2003 compared to the Second Quarter 2002

- 16.3% increase in revenues, reaching \$ 1,068.2 million pesos. This revenues are equivalent to 3,777 units and represent approximately 5,288 homes considering the national average housing price of \$ 202,000 pesos
- 18.0% gross profit increase resulting in a gross margin of 28.8%, reaching \$ 307.1 million pesos
- 18.6 % increase in operating profit with a margin of 20.9%, reaching \$ 223.7 million pesos
- EBITDA increase of 18.6 % with a margin of 22.2 % of revenues, reaching \$ 237.7 million pesos
- Net profit increase of 51.0% with a net margin of 13.2%, reaching \$ 141.2 million pesos

#### LTM June 2003 vs. LTM June 2002

- Increase in revenues of 7.8 %, reaching \$ 4,529.7 million pesos. This revenues are equivalent to 16,462 units and represent approximately 22,424 homes considering the national average housing price of \$ 202,000 pesos
- 9.2 % increase in gross profit with a gross margin of 28.7 %, reaching \$ 1,298.6 million pesos
- Increase in operating profit of 9.5 % with an operating margin of 20.9%, reaching \$ 948.7 million pesos
- EBITDA growth of 10.0 % with a margin of 22.2 %, reaching \$ 1,006.0 million pesos
- Net Profit increase of 26.9% with a net margin of 14.2 %, reaching \$ 644.9 million of pesos
- The Earnings Per Share was \$1.96

#### June 30, 2003 Balance Sheet Highlights.

- The cost bearing liabilities represent a fifth of our cash
- Leverage was maintained at a healthy level of 12.0% total liabilities to total assets, this is without the non-cash impact of deferred taxes. If included, leverage was 34.7%
- Consortio ARA's fully owned Land Bank was enough to build and sell 104,810 units, equivalent to 114,068 affordable entry level units
- Backlog of 20,977 units, which guarantees more than a year of future sales



## SECOND QUARTER 2003

### UNIT SALES:

During the second quarter of 2003, Consorcio ARA's had total sales of 3,777 units reaching 12.7% growth in real terms. The breakdown is as follows:

	2° Quarter 2003		2° Quarter 2002		Var.			
	Units	Millions of Pesos	Units	Millions of Pesos	Units	%	Millions of Pesos	%
Prosavi-Progresiva	349	55.6	530	91.3	-181	-34.2	-35.7	-39.2
Infonavit	1,539	376.3	1,985	494.7	-446	-22.5	-118.4	-23.9
Fovi	562	167.6	653	180.5	-91	-13.9	-12.9	-7.2
Fovissste	938	234.1	-155	-37.0	1,093	-705.2	271.1	-732.3
Affordable Entry Level	3,039	777.9	2,483	638.2	556	22.4	139.7	21.9
Middle Income	362	172.6	314	134.7	48	15.3	37.9	28.1
Residential	27	53.4	23	50.1	4	17.4	3.3	6.6
Comercial Land		0.9		--			0.9	100.0
Total as Developer	3,777	1,060.4	3,350	914.4	427	12.7	146.0	16.0
Contractor	--	1.7	--	--	--	--	1.7	100.0
Comercial Space	--	6.1		3.7	--		2.4	65.4
Middle Income	--		--		--			
Total Joint Ventures	--		--		--			
<b>TOTAL</b>	<b>3,777</b>	<b>1,068.2</b>	<b>3,350</b>	<b>918.2</b>	<b>427</b>	<b>12.7</b>	<b>150.0</b>	<b>16.3</b>

	2° Quarter 2003		2° Quarter 2002		Variation	
	Units	Mix	Units	Mix	Units	%
Prosavi-Progresiva	349	9.2%	530	15.8%	-181	-34.2
Infonavit	1,539	40.7%	1,985	59.3%	-446	-22.5
Fovi-Fovissste	1,500	39.7%	498	14.9%	1,002	201.2
Affordable Entry	3,039	80.5%	2,483	74.1%	556	22.4
Middle Income	362	9.6%	314	9.4%	48	15.3
Residential	27	0.7%	23	0.7%	4	17.4
<b>TOTAL</b>	<b>3,777</b>	<b>100.0%</b>	<b>3,350</b>	<b>100.0%</b>	<b>427</b>	<b>12.7</b>

Sales in Prosavi-Progresiva reflected a decrease in units of 34.2 % and 39.9 % in revenues compared to the same quarter of the previous year. This was due to the completion of some developments.

Our operations in the Affordable Entry Level segment increased 22.4% from 2,483 units during the second quarter of 2002 to 3,039 units during the second quarter of 2003 reflecting an increase of 21.9 % in revenues. The volume of FOVI-FOVISSSTE sales increased 201.2% when compared to the same quarter a year ago by posting 1,500 units which generated a 179.9% increase in revenues which posted \$ 401.7 million pesos.

INFONAVIT revenues reached \$ 376.3 million pesos, with a volume of 1,539 units.



It is worth mentioning that during the quarter revenues were recognized from sales and construction of 362 middle income units sold out of which 316 units sold were financed through Sociedad Hipotecaria Federal (previously known as FOVI). The opening of new developments has strengthened this segment. The middle income segment has increased its participation in the sales mix, thus enriching it.

The Residential housing segment increased of 17.4 % in volume and 6.6 % in revenues during the quarter, caused by the completion of some developments. The residential market is oversupplied due to increased competition.

#### AVERAGE PRICES

During the second quarter the average selling prices performed well and according to our expectations. The breakdown is as follows:

Average Selling Price	Second quarter	Second quarter	Variation %
	2003 (Thousands \$)	2002 (Thousands \$)	
Prosavi-Progresiva	159.2	172.3	-7.6
Infonavit	244.5	249.2	-1.9
Fovi	298.1	276.4	7.9
Fovissste	249.6	238.9	4.5
Affordable Entry Level	256.0	257.0	-0.4
Middle Income	476.9	429.1	11.1
Residential	1,979.4	2,180.0	-9.2

The average selling price of the residential segment reached \$1,979.4 thousand pesos, that is, a 9.2% decrease compared with the second quarter of 2002. This was caused by a change in the sales mix due to the completion of Torre Playa Diamante and the adjustment we are encouraging in order to access available mortgages from Sociedad Hipotecaria Federal .

The FOVI & FOVISSSTE segments experienced a 7.9% and 4.5% increase respectively. While Prosavi-Progresiva experienced a decrease of 7.6% in its price, Infonavit experienced a decrease in price of 1.9%, it is worth mentioning that the middle income segment increased its price by 11.1% due to the new mortgages of SHF in which the client can purchase homes worth up to \$ 1,500,000 pesos.



*EARNINGS STATEMENT, 2° Quarter 2003 VS 2° Quarter 2002.*

	2° Quarter 2003		2° Quarter 2002		Variation
	Millions of Pesos	%	Millions of Pesos	%	%
Revenues	1,068.2	100.0	918.2	100.0	16.3
Cost of Goods Sold	761.1	71.2	657.8	71.6	15.7
Gross Profit	307.1	28.8	260.4	28.4	18.0
G&A Costs	83.4	7.8	71.9	7.8	16.2
Operating Profit	223.7	20.9	188.5	20.5	18.6
ICF	4.8	0.4	13.7	1.5	-65.0
Other Income	11.8	1.1	0.5	0.1	2,260.0
PreTax Profit	230.7	21.6	175.3	19.1	31.6
Income and other taxes	64.3	6.0	62.6	6.8	2.8
Deferred Tax	25.2	2.4	19.2	2.1	31.0
Total Tax	89.5	8.4	81.8	8.9	9.4
Net Profit	141.2	13.2	93.5	10.2	51.0
Depreciation	14.0	1.3	11.9	1.3	17.6
EBITDA	237.7	22.2	200.4	21.8	18.6

**REVENUES**

Revenues increased 16.3% in real terms from \$ 918.2 million of pesos in the second quarter of 2002 to \$1,068.2 million of pesos in the second quarter of 2003.

**COST OF GOODS SOLD**

Cost of goods decreased as a percentage of revenues by 0.4%. They contracted from 71.6% to 71.2%. This improvement is explained by higher efficiencies in the construction processes.

**GROSS PROFIT**

Gross profit for the second quarter of 2003 increased 18.0% compared to the same period last year, posting \$ 307.1 million pesos. This increase generated a pooled gross margin of 28.8%. Gross margin in each segment is as follows:

	Gross Margin	Gross Margin	Variation
	2° Quarter 2003	2° Quarter 2002	Points
Prosavi-Progresiva	24.1%	23.9%	0.2
Affordable	28.4%	28.4%	0.0
Middle Income	30.3%	31.0%	-0.7
Residential	30.6%	30.2%	0.4
Developer	28.6%	28.4%	0.2
Contractor	25.0%	--	25.0
Comercial Land	49.1%	--%	49.1
TOTAL	28.8%	28.4%	0.4



#### GENERAL AND ADMINISTRATIVE COSTS.

G&A as a percentage of revenues posted 7.8 %, that is, \$ 83.4 million pesos. These are at an acceptable level for the company, and a leadership level in the industry.

#### OPERATING PROFIT

Operating profit totaled \$ 223.7 million pesos, a 20.9% increase in real terms compared to the second quarter of 2002. The corresponding margin was 20.9%. It is worth mentioning that the increase experienced was stronger than the experienced by the revenues.

#### EBITDA

During the second quarter of 2003, Consorcio ARA posted EBITDA of \$ 237.7 million of which \$14.0 million came from depreciation. The resulting margin was 22.2%.

#### INTEGRAL COST OF FINANCING

Integral cost of financing decreased 65.1% from \$ 13.7 million during the second quarter of 2002 to \$4.8 million during the second quarter of 2003. The breakdown is as follows:

	2° Quarter 2003	2° Quarter 2002	Variation
	Million Pesos	Million Pesos	%
Interest Paid	16.7	15.8	6.0
Interest Earned	10.9	8.4	29.8
Foreign Exchange (Gain) Loss	-0.7	2.6	-126.9
Monetary Position (Gain) Loss	-0.3	3.7	-108.1
<b>INTEGRAL COST OF FINANCING</b>	<b>4.8</b>	<b>13.7</b>	<b>-65.0</b>

Cash has remained high thus interest earned posted \$10.9 million, that is 29.8% stronger than the previous year. Higher interest rates also contributed to this.

Our EBITDA is 49.5 times higher than the ICF, and that it can cover Interest Paid more than 14.2 times.

#### TAXES

The total amount of taxes paid during the quarter was \$ 89.5 million pesos, representing an increase of 9.4%. Tax provisions for deferred tax during the quarter were \$ 64.3 million pesos representing an increase of 2.8%.

#### NET PROFIT

Net profit for the second quarter increase in a 51.0% reaching \$ 141.2 million with a net margin of 13.2%.



## LTM ended on June 2003 Vs. 2002

### UNIT SALES (LTM):

	LTM June 2003		LTM June 2002		Variation			
	Units	Millions of Pesos	Units	Millions of Pesos	Units	%	Millions of Pesos	%
Prosavi-Progresiva	1,933	312.7	2,342	380.5	-409	-17.5	-67.8	-17.8
Infonavit	6,717	1,649.0	6,609	1,590.9	108	1.6	58.1	3.7
Fovi	3,383	935.0	3,384	919.7	-1	0.0	15.3	1.7
Fovissste	2,378	578.5	2,182	543.2	196	9.0	35.3	6.5
Affordable Entry Level	12,478	3,162.5	12,175	3,053.8	303	2.5	108.7	3.6
Middle Income	1,962	846.6	1,232	480.2	730	59.3	366.4	76.3
Residential	89	166.0	125	283.6	-36	-28.8	-117.6	-41.5
Comercial Land		7.1		-20.3			27.4	-135.0
Total as Developer	16,462	4,494.9	15,874	4,177.8	588	3.7	317.1	7.6
Contractor		9.8		17.2			-7.4	-43.0
Comercial Space		24.9		6.6			18.3	275.7
Middle Income			23		-23	-100.0		
Total Joint Ventures			23		-23	-100.0		
<b>TOTAL</b>	<b>16,462</b>	<b>4,529.7</b>	<b>15,897</b>	<b>4,201.6</b>	<b>565</b>	<b>3.6</b>	<b>328.1</b>	<b>7.8</b>

SUMMARY	LTM June 2003		LTM June 2002		Variation	
	Units	Mix	Units	Mix	Units	%
Prosavi-Progresiva	1,933	11.7%	2,342	14.7%	-409	-17.5
Infonavit	6,717	40.8%	6,609	41.6%	108	1.6
Fovi-Fovissste	5,761	35.0%	5,566	35.0%	195	3.5
Affordable Entry	12,478	75.8%	12,175	76.6%	303	2.5
Middle Income	1,962	11.9%	1,255	7.9%	707	56.3
Residential	89	0.5%	125	0.8%	-36	-28.8
<b>TOTAL</b>	<b>16,462</b>	<b>100.0%</b>	<b>15,897</b>	<b>100.0%</b>	<b>565</b>	<b>3.6</b>

### AVERAGE PRICES (LTM)

Average Selling Price	LTM June 2003 (Thousands of Pesos)	LTM June 2002 (Thousands of Pesos)	Variation %
Prosavi-Progresiva	161.8	162.5	-0.4
Infonavit	245.5	240.7	2.0
Fovi	276.4	271.8	1.7
Fovissste	243.3	249.0	-2.3
Affordable Entry Level	253.4	250.8	1.0
Middle Income	431.5	389.8	10.7
Residential	1,865.6	2,268.8	-17.8



### EARNINGS STATEMENT, LTM.

	LTM June 2003		LTM June 2002		Variation
	Millions of	%	Millions of	%	%
	Pesos		Pesos		
Revenues	4,529.7	100.0	4,201.7	100.0	7.8
Cost of Goods Sold	3,231.2	71.3	3,013.1	71.7	7.2
Gross Profit	1,298.5	28.7	1,188.6	28.3	9.2
G&A Costs	349.9	7.7	322.2	7.7	8.6
Operating Profit	948.6	20.9	866.4	20.6	9.5
ICF	25.5	0.6	39.1	0.9	-34.9
Other Income	46.6	1.0	7.2	0.2	547.2
Joint Ventures	(3.7)	-0.1	(3.7)	0.0	0.0
PreTax Profit	966.0	21.3	830.8	19.8	16.3
Income and other taxes	216.6	4.8	236.9	5.6	-8.6
Deferred Tax	104.5	2.3	85.7	2.0	22.0
Total Tax	321.1	7.1	322.6	7.7	-0.5
Net Profit	644.9	14.2	508.2	12.1	26.9
Depreciation	57.3	1.3	47.9	1.1	19.7
EBITDA	1,006.0	22.2	914.3	21.8	10.0

### GROSS PROFIT (LTM)

	Gross Margin LTM June 2003	Gross Margin LTM June 2002	Variation Points
Prosavi-Progresiva	23.6%	23.8%	-0.2
Affordable	28.6%	28.3%	0.3
Middle Income	30.1%	30.0%	0.1
Residential	30.5%	31.0%	-0.5
Contractor	-8.0%	15.4%	-23.4
Comercial Land	50.1%	31.1%	19.0
Comercial Store Rents	46.6%	65.6%	-19.0
TOTAL	28.7%	28.3%	0.4

### INTEGRAL COST OF FINANCING (LTM)

	LTM June 2003 (Millions of Pesos)	LTM June 2002 (Millions of Pesos)	Variation %
Interest Paid	62.5	70.4	-11.3
Interest Earned	51.8	43.6	18.8
Foreign Exchange (Gain) Loss	0.5	0.3	66.7
Monetary Position (Gain) Loss	14.3	12.0	19.2
INTEGRAL COST OF FINANCING	25.5	39.1	-34.8

### TAXES LTM

The total amount of taxes paid during the year 2003 was \$ 321.1 million pesos, representing a decrease of 0.5% and a deferred income tax of \$216.6 million pesos.



### NET PROFIT (LTM)

Net profit for the trailing twelve months ending in June 2003 increased in 26.9% and posted \$ 644.9 million pesos with a 14.2% margin and an EPS of \$1.96. The breakdown is as follows:

	LTM June 2003
Net Profit (pesos)	642,297,181
Average Shares	327,955,466
EPS (pesos)	1.96

### BALANCE SHEET as of JUNE 30, 2003

	June 2003	June 2002	
	Millions of	Millions of	Variation
	Pesos	Pesos	%
Total Assets	6,417.5	5,546.6	15.7
Short Term Assets	5,908.0	5,093.1	16.0
Cash	978.8	721.6	35.6
Accounts Receivable	1,374.5	1,247.2	10.2
Inventories	3,433.1	2,966.4	15.7
Other Short Term Assets	121.6	157.9	-23.0
Long Term Assets	509.5	435.5	12.3
Buildings and Equipment	509.5	447.8	13.8
Equity in Joint Ventures	0.0	5.7	-100.0
Total Liabilities	2,224.0	2,104.7	5.7
Short Term Liabilities	721.1	862.5	-16.4
Accounts Payable	124.3	265.5	-53.2
Bank Loans	100.0	157.3	-36.4
Leasing	22.4	5.3	322.6
Taxes Payable	5.0	12.7	-60.6
Other Short Term Liabilities	469.4	421.7	11.3
Long Term Liabilities	51.3	4.2	1,121.4
Leasing	51.3	4.2	1,121.4
Differed Liabilities	1,451.6	1,238.0	17.3
Differed Taxes	1,451.6	1,238.0	17.3
Stockholder's Equity	4,193.5	3,441.9	21.8

### ASSETS

Total assets increased 15.7 % compared to June 2002. Inventories including land and work in progress are the most important assets and reflected increased by 15.7 %. By the end of the year cash reached \$ 978.8 million pesos representing a 35.6 % real term increase from the previous second quarter.



#### ACCOUNTS RECEIVABLE

Accounts receivable decreased 10.2 % in pesos and posted 4.0 months of sales. The optimum level is in the range between 3.5 and 4.5 months. It is worth mentioning that the company continues to have accounts receivable at leadership levels.

#### BUILDINGS AND EQUIPMENT:

Increased 13.8%. This figure includes all assets required for our traditional operations as well as commercial areas built for the benefit of our clients. These were performed by Promotora y Desarrolladora de Centros Comerciales S.A. de C.V. (PDCC), subsidiary of Consorcio ARA. In the near future these operations will cease to consolidate due to the entrance of a strategic partner. Subsequently commercial areas in Consorcio ARA's land bank will developed thus.

#### LIABILITIES

Deferred Liabilities amount to \$ 1,451.6 million pesos and reflect the historical impact of deferred taxes. Due to this effect leverage understood as total liabilities to total assets reached 34.7 %. Without taking them into account, leverage would be 12.0 %. Outstanding cost bearing liabilities represent only 9.0 % of total liabilities and 20.5 % of cash. Our short-term liabilities decreased 16.4 %. The accounts payable to land suppliers went from \$ 146.7 million to \$ 47.0 million pesos in the year, representing a 68.0% decrease.

#### STOCKHOLDER'S EQUITY

Consorcio ARA's stock holder's equity increased 21.8 % posting \$ 4,193.5 million pesos ending June 2003.

#### LAND BANK

Consorcio ARA's continues to hold the optimal land bank for its operations from a strategic, operational and financial point of view. This land bank is 22.2 million square meters strong, which provides the company with the capacity to sell more than 104,810 homes, the equivalent of 114,068 affordable entry level homes. The breakdown is as follows:

	June 2003	Affordable Units	Revenues Million Pesos
	Units	Equivalent	Equivalent
Prosavi-Progresiva	20,604	12,983	3,331.2
Affordable Entry	76,505	76,505	19,629.3
Middle Income	5,539	10,053	2,579.4
Residential	2,162	14,526	3,727.1
<b>TOTAL</b>	<b>104,810</b>	<b>114,068</b>	<b>29,267.0</b>



The land bank breakdown by state is as follows:

	Units	%
Valle de México	57,180	54.6
Quintana Roo	22,928	21.9
Baja California	8,218	7.8
Toluca, Edo. Mex	5,002	4.8
Sonora	2,822	2.7
Nuevo León	2,766	2.6
Guanajuato	1,453	1.4
Puebla	1,232	1.2
Jalisco	845	0.8
Chihuahua	772	0.7
Veracruz	465	0.4
Distrito Federal	419	0.4
Morelos	329	0.3
Querétaro	172	0.2
Guerrero	119	0.1
Sinaloa	48	0.1
Tabasco	40	0.0
<b>TOTAL</b>	<b>104,810</b>	<b>100.0</b>

A clear preference for regions with strong economic development and demographics continues to be evident.

#### MORTGAGE COMMITMENT BACKLOG

As of June, 2003 Consorcio Ara's mortgage commitment backlog stood as follows:

	June 2003	%	June 2002	%	% Change
	Units		Units		
Prosavi-Progresiva	517	2.5	1,021	5.4	-49.4
Affordable	15,302	72.9	13,824	73.1	10.7
Infonavit	5,355	25.5	6,699	35.4	-20.1
Fovi-Fovissste	9,947	47.4	7,125	37.7	39.6
Middle Income	4,799	22.9	3,629	19.2	32.2
Residential	359	1.7	447	2.4	-19.7
<b>TOTAL</b>	<b>20,977</b>	<b>100.0</b>	<b>18,921</b>	<b>100.0</b>	<b>10.9</b>

Current backlog levels are sufficient for more than one year of sales. The company believes that optimal levels are within the 1 to 1.5 year range since it is not a construction backlog but rather a mortgage commitment pool. We will make an emphasis to increase it in the next few quarters.

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