

CONSORCIO ARA S.A.B DE C.V. RESULTS AS OF THE SECOND QUARTER 2008 (2Q08)

Figures in millions of pesos

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I. Executive summary

Second quarter 2008 (2Q08)

- Sales came to P\$2.45 billion, an increase of 10.2% compared to 2Q07. This revenue performance was based on sales of 5,208 homes.
- Gross income totaled P\$686.3 million with a 28.0% gross margin.
- Operating income reached P\$498.4 million as the operating margin widened to 20.3%.
- Net income closed the quarter at P\$330.9 million along with a 13.5% net margin.
- EBITDA during the quarter totaled P\$530.8 million or 21.7% of sales. The EBITDA-to-interest coverage ratio ended the quarter at 12.8x.
- Average price per home: P\$385,600.

Results from July 1, 2007 through June 30, 2008

- Sales totaled P\$9.71 billion, an increase of 5.4% compared to 2Q07. This revenue performance was based on sales of 24,799 homes.
- Gross income totaled P\$2.78 billion with a gross margin of 28.6%.
- Operating income totaled P\$2.08 billion while the operating margin came in at 21.4%.
- Net income de P\$1.38 billion and a 14.2% net margin.
- EBITDA of P\$2.20 billion translated into a 22.7% margin.
- Average price per home: P\$365.700.

Liquidity and capital resources at June 30, 2008

- The company's cash position reached P\$ 1.36.
- Cost bearing liabilities of P\$2.15 billion (bank credit plus financial leasing) were equivalent to 23.6% of shareholder equity.
- Net debt totaled P\$784.2 million at the end of 2Q08.
- Credit ratings. ARA continues to boast the strongest credit ratings of any Mexican home builder issued with Moody's Investor Services issuing a Ba2 (Global Scale, Local Currency) and A2.mx (Mexico National Scale) rating, and Standard and Poor's a mxA+ (CaVal national scale) rating.
- A land bank of 37.7 million m2 is sufficient to build 150,760 master-plan homes, and for at least five years of operations. The land bank has a value of P\$ 4.4 billion.



II. Second Quarter 2008 (2Q08)

Revenues

During 2Q08 sales increased 10.2% compared to 2Q07 to total P\$2.45 billion based on volume of 6,208 homes, whose breakdown is depicted in the following table.

	2Q 2008			2Q 2007			Var. 2Q 08/07	
	Units	Mill. \$	Sales%	Units	Mill. \$	Sales%	Mill. \$	%
Progresiva	2,164	518.6	21.2	1,828	445.8	20.1	72.8	16.3
Affordable Entry Level	1,430	499.1	20.4	2,111	765.3	34.4	-266.2	-34.8
Middle Income	1,502	814.3	33.2	1,603	884.2	39.8	-69.9	-7.9
Residential	112	176.3	7.2	51	100.1	4.5	76.2	76.1
Total as home builder	5,208	2008.3	82.0	5,593	2,195.4	98.8	-187.1	-8.5
Other Real Estate Projects		440.8	18.0		27.1	1.2	413.7	1526.6
TOTAL	5,208	2,449.1	100.0	5,593	2,222.5	100.0	226.6	10.2

During 2Q08 revenues from the sale of Progresiva housing grew 16.3%, those of Affordable Entry Level units decreased 34.8%, the Middle Income Range segment decreased 7.9% and Residential sales increased 76.1%. For 2Q08 the Residential segment contributed P\$176.3 million based on P\$104.6 million in sales of 57 homes and P\$71.7 million from sales of 55 Residential lots. Land sales during 2Q08 brought in P\$435.2 million

Average Selling Prices

Excluding "other real estate projects", average selling prices of housing products during 2Q08 grew 1.9% compared to the same period a year earlier to P\$385,600. The following table lists the average selling price for 2Q08 in each of the four housing segments.

Housing product	Average Price (K)
Progresiva	239.7
Affordable Entry Level	349.0
Middle Income	542.2
Residential	1,835.2
Real Estate Projects	1,303.8
Average	385.6



Cost of Goods Sold

During 2Q08 COGS totaled P\$1.76 billion, accounting for 72.0% of sales and marking an 11.6% increase compared to 2Q07. We largely attribute this increase to the rise in input prices that has affected the entire homebuilding industry.

So far during 2008 and particularly during 2Q08 significant price increases were recorded on a number of key inputs used in home construction including steel, copper, metal moldings, PVC and cement. Year to date Consorcio ARA has experienced an increase of between 11% and 12% in its production costs.

Gross Income

For 2Q08 gross income totaled P\$686.3 million with a 28.0% gross margin that was 6.7% wider than the margin reported for the year-earlier quarter. Margin by product type was as follows:

Housing product	Margin
Progresiva	24.9
Affordable Entry Level	28.5
Middle Income	29.4
Residential	29.1
Real Estate Projects	27.2

General & Administrative Expenses

SG&A expenses, which include salaries and wages of corporate personnel, totaled P\$187.9 million (7.7% of sales) during 2Q08, an 11.9% increase compared to 2Q07. The rise in SG&A resulted from the hiring of personnel at the regional headquarters that has yet to be offset by personnel reductions at the national headquarters.

Operating Income

Operating income totaled P\$498.4 million, a 4.9% increase compared to 2Q07.

Net Comprehensive Financing Cost

Net comprehensive financing costs (NCFC) increased by P\$13.1 million compared to 2Q07, Net Interest paid totaled P\$41.4 million, which was largely related to the P\$1.00 billion loan that the Company assumed in May 2006, another P\$800 million loan acquired in June 2007 and P\$500 million in June 2008.

The following table offers a breakdown of net comprehensive financing costs for 2Q08.



	2T08 Mill P\$	2T07 Mill P\$	08/07 %
Net Interest Paid	41.4	50.7	-18.3
Interest Expense	-21.5	-30.5	29.5
FX Loss (Gain)	5.6	2.9	93.1
Monetary Loss (Gain)	0	-10.6	-100
NCFC	25.5	12.5	104.5

Taxes

The company's P\$143.4 million tax bill for the quarter was 9.1% more than in 2Q07. Starting 2007 tax rate is 28% and during 2006 was 29%.

Net income

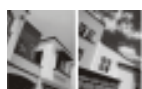
Net earnings for 2Q08 totaled P\$330.9 million, which marked a 2.6% increase from 2Q07 and a 13.5% net margin. This is due to: i) the increase of material cost for construction, ii) decrease in interest gains from NCFC and iii) the new accounting rule established by the Rule of Financial Information (Norma de Información Financiera) NIF B-10 which does not recognize monetary gains.

EBITDA

During 2Q08 Consorcio ARA generated P\$530.8 million in EBITDA (the equivalent of 21.7% of revenues), which is 6.4% more than in the year-earlier quarter. EBITDA interest coverage ended the quarter at 12.8 times.

Reconciliation of Net Income to EBITDA

	2Q08	2Q07
Net Income	330.9	322.7
Depreciation	25.8	23.7
Other expenses	3.9	13.2
NCFC	25.5	12.4
Expenses for ISR	143.4	131.5
NCFC capitalized	6.6	0.0
(Profit) from Affiliates	-5.4	-4.7
EBITDA	530.8	498.8



III. Trailing Twelve Month (TTM) Operating Results July 2007-June 2008

Revenues

During the past 12 months sales increased 5.4% compared to TTM July-June 2007 to total P\$9.71 billion based on volume of 24,799 units that breakdown as the following chart shows.

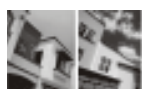
	Jul/07-Jun/08			Jul/06-Jun/07			Var.	
	Units	Mill. \$	Sales%	Units	Mill. \$	Sales%	Mill. \$	%
Progresiva	10,511	2,500.7	25.7	8,156	1,925.1	20.9	575.6	29.9
Affordable Entry Level	7,841	2,629.3	27.1	8,717	3,047.4	33.1	-418.1	-13.7
Middle Income	6,000	3,266.7	33.6	6,456	3,448.6	37.4	-181.9	-5.3
Residential	447	673.2	6.9	146	277.1	3.0	396.1	142.9
Total as home builder	24,799	9,069.9	93.4	23,475	8,698.2	94.4	371.7	4.3
Other Real Estate Projects	0	643.3	6.6	0	516.7	5.6	126.6	24.5
TOTAL	24,799	9,713.2	100	23,475	9,214.9	100	498.3	5.4

Figures in millions of pesos

Average Selling Prices

For TTM, housing product prices were 1.3% below year-earlier levels to average P\$365,700. The following table lists the average selling price in each of the four housing segments during that same period.

Housing Product	Average Price (k)
Progresiva	237.9
Affordable Entry Level	335.3
Middle Income	544.4
Residential	1,796.3
Real Estate Projects	1,302.8
Average	365.7



IV. Financial position, liquidity and capital resources

Cash and Temporary Investments

At June 30, 2008 cash and temporary investments totaled P\$1.36 billion.

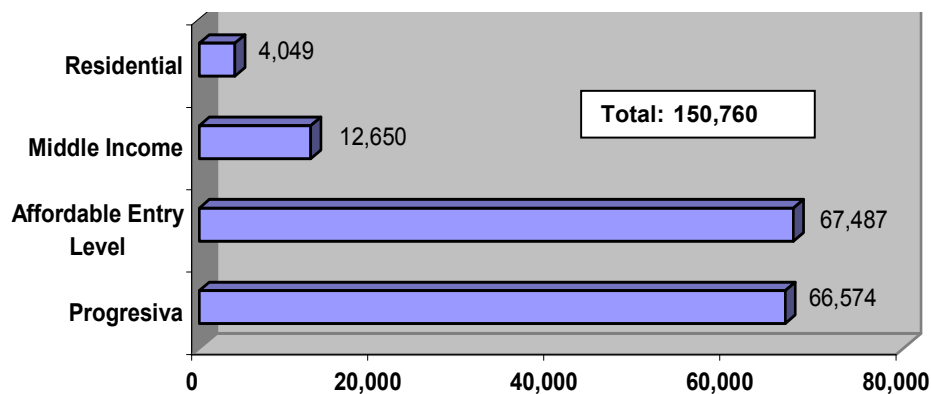
Accounts Receivable

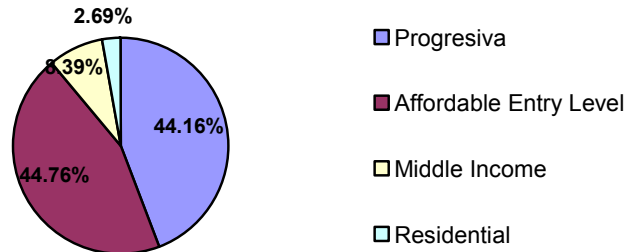
Accounts receivable totaled P\$5.49 billion with a 6.7 month turnover that is slightly higher than our projected average for 2008.

Inventories

The P\$6.17 billion in inventories registered at the end of June 2008 includes P\$4.43 billion in land reserves as well as both work in progress and stocks of building materials with an assessed value of P\$1.75 billion. ARA has a strategic land reserve sufficient to build 150,760 master plan homes on 37.7 million m² including 3.4 million m² that are set aside for non housing projects such as commercial and touristic properties and industrial parks.

The land bank is located in some of the areas with the country's fastest pace of economic and demographic growth on which the Company plans to develop the following types of master-plan housing products on this land:





The scope of this land bank is sufficient to assure five years of operations. Our land bank is distributed throughout much of the country as indicated by the following table.

	Units	%		Units	%
Edo. De México	65,422	43.39%	Guerrero	1,762	1.17%
Quintana Roo	45,071	29.90%	Morelos	1,729	1.15%
Nuevo León	13,410	8.89%	Querétaro	1,201	0.80%
Jalisco	5,417	3.59%	Puebla	898	0.60%
Baja California	5,258	3.49%	Michoacán	662	0.44%
Sonora	2,822	1.87%	Chihuahua	165	0.11%
Nayarit	2,582	1.71%	Distrito Federal	160	0.11%
Guanajuato	2,295	1.52%	Sinaloa	48	0.03%
Veracruz	1,818	1.21%	Tabasco	40	0.03%
TOTAL			TOTAL		
					150,760 100.00%

The company currently plans to set aside approximately 3.4 million square meters of improved land with urban services for direct sale.

Installed Capacity and CAPEX

Our vertical integration allows us to generate and take fuller advantage of significant economies of scale. We have the infrastructure needed to produce all of the concrete (ready mix) and construction moldings we need.

At June 30, 2008 the value of building, rental properties, falsework, machinery and transportation equipment totaled a net P\$677.0 million, which was 1.0% greater than a year earlier.

Year to date at June 30, 2008, the Company has invested P\$56.4 million in real-estate, plant and equipment.

Debt

Consorcio ARA maintains its strategy of obtaining equipment and machinery under financial leasing contracts that totaled P\$200.6 million, P\$110.9 million of which corresponded to short-term agreements and P\$89.7 to long-term contracts.



In order to support the opening of new developments and sustain the acquisition of land, Consorcio ARA took out a five-year P\$500 million loan in June 2008 at TIIE + 50 basis points with the rate capped at 9%.

At the end of 2Q08 cost bearing liabilities totaled P\$2.15 billion. Debt was the equivalent 0.24 times shareholder equity and 0.15 times total assets and 0.98 times EBITDA. Consorcio ARA boasts the highest credit rating of any home builder in Mexico awarded by Moody's Investor Services: Ba2 (Global Scale, local currency) and A2.mx (Mexico National Scale) as well as by Standard & Poor's mxA+ (Mexico National Scale -CaVal-). At the end of 2Q08 total bank credit totaled P\$1.95 billion of which 22.4% consists of short term (less than one year) debt and 77.6% of long term debt.

Deferred Taxes

Under D-4 financial information rules, the company's deferred income taxes at June 30, 2008 totaled P\$2.37 billion. Financial leverage calculated as total liabilities to equity ended the quarter at 37.6% or 21.3% without net deferred taxes.

Shareholder Equity

Consorcio ARA shareholder equity grew 15.2% compared to 2Q07 to end the quarter at P\$9.09 billion.

Financial Ratios

Total Liabilities/ Total Assets	0.38 times
Total Liabilities/ Stockholders equity	0.60 times
Cost Bearing Liabilities/ Total Assets	0.15 times
Cost Bearing Liabilities/ Stockholders equity	0.24 times
Cost Bearing Liabilities/ EBITDA	0.98 times
Sales to Total Liabilities (12m)	1.8 times
Current Assets /Current Liabilities	9.03 times
Current Assets (-) Inventories/ Current Liabilities	4.8 times
ROE (12 M)	15.18%
ROA	9.46%



Earnings per Share (EPS)

Trailing twelve month (TTM) EPS narrowed 2.8% from P\$1.07 in June 2007 to P\$1.04 in June 2008

V. Final Observations

2007 Dividend

During the regular shareholders' meeting held April 23, 2008, the company decided to pay out P\$204.5 million in shareholder dividends. Based on the 1,312,847,496 shares currently in circulation the P\$0.1558 per share dividend implies a yield of 1.30%. The dividend was paid out May 29, 2008. The company has maintained a policy of annual dividends since 2005 and remains the only Mexican homebuilder paying dividends.

Banks and Sofoles Adopt More Rigorous Criteria for Issuing Mortgages

Demand for housing in Mexico continued to experience sustained growth but during 2Q08 we noted that banks and Sofoles were adopting stricter criteria for issuing mortgages that translates into more extended response times. The tightening of lending rules reflects continuing fallout in the Mexican market from the U.S. subprime crisis.

Sales Force Certified by Infonavit

Consorcio ARA has managed to certify practically all its sales representatives with Infonavit. By the end of 2Q08 the Company had certified virtually all of its 446 sales agents with only the ones who most recently joined the company pending certification. In this way the company can better assure the quality of our customer service especially in relation to those clients who acquire homes using one of the many loan products offered by Infonavit.

Obtaining Permits for New Housing Developments

We have intensified and improved our efforts to obtain permits and licenses from authorities so as to better assure the systematic opening and ongoing development of our housing projects, especially in the State of Mexico. Consorcio ARA has constantly improved its plans and programs for fulfilling growth expectations and for becoming less vulnerable to the risk inherent in obtaining permits.



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Company Profile

Consorcio ARA is the most profitable among Mexico's home developers and builders thanks to the extraordinary ability it has displayed in taking advantage of economies of scale and maintaining both quality standards and low production costs. It has accumulated three decades of building and marketing Progresiva, Affordable Entry Level, Mid Range and Residential housing. To date Consorcio ARA has sold more than 201,000 homes and better than 1,000,000 Mexicans live in ARA homes. Consorcio ARA enjoys enviable financial strength, its stock trades on the Mexico Stock Exchange since 1996 and it has the strongest credit ratings of any Mexican home builder from Moody's Investor Services (Ba2 Global Scale, Local Currency and A2.mx Mexico National Scale), and Standard and Poor's a mxA+ (CaVal national scale)

Disclaimer

The information provided herein by Consorcio Ara may contain statements about projections of future events and financial results. The reader must understand that the results obtained may defer from the projections contained in this document owing to the fact that past results in no way offer any assurances regarding future performance. For this reason the company does not assume responsibility for any exogenous or indirect factors that might occur inside Mexico or abroad.



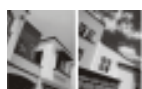
VI. Financial Results

Income Statement 2Q08

Figures in million pesos

	2Q08		2Q07(*)		Variation	
		%		%	\$	%
Revenues	2,449.1	100	2,222.4	100	226.7	10.2
COGS	1,762.7	72.0	1,579.2	71.1	183.5	11.6
Gross Income	686.3	28.0	643.2	28.9	43.2	6.7
SG&A	187.9	7.7	168.0	7.6	19.9	11.9
Operating Income	498.4	20.3	475.2	21.4	23.2	4.9
NCFC (Gain) Cost	25.5	1.0	12.5	0.6	13.1	104.5
Interest expense	41.3	1.7	50.7	2.3	(9.3)	(18.4)
Interest income	(21.4)	-0.9	(30.4)	-1.4	9.1	(29.8)
Exchange gain	5.6	0.2	2.9	0.1	2.7	95.1
Monetary position loss	-	0.0	(10.6)	-0.5	10.6	(100.0)
Other (Income) Expense	3.9	0.2	13.2	0.6	(9.3)	(70.3)
Equity on (earnings) Losses from Unconsolidated Affiliates	(5.4)	-0.2	(4.7)	-0.2	(0.7)	15.3
Earning before taxes	474.3	19.4	454.2	20.4	20.1	4.4
Deferred income Tax	63.5	2.6	47.6	2.1	15.9	33.3
Income and Asset Tax Paid	79.9	3.3	83.9	3.8	(4.0)	(4.7)
Total Tax	143.4	5.9	131.5	5.9	11.9	9.1
Net Income	330.9	13.5	322.7	14.5	8.2	2.6
UTILIDAD NETA SIN RIF	25.8	1.1	23.7	1.1	2.2	9.1
RIF Capitalizable	6.6	0.3	-	0.0	6.6	100.0
EBITDA	530.8	21.7	498.8	22.4	31.9	6.4

(*) 2Q07 figures are expressed in pesos as of December 31, 2007 and 2Q08 results are expressed in nominal pesos in accordance to the Rule of Financial Information (Norma de Información Financiera) NIF B-10.



Income Statement July 2007 – June 2008

Figures in million pesos	jul07-jun08		jul06-jun07		Variation	
		%		%	\$	%
Revenues	9,713.2	100	9,214.9	100	498.3	5.4
COGS	6,933.8	71.4	6,488.3	70.4	445.5	6.9
Gross Income	2,779.4	28.6	2,726.6	29.6	52.8	1.9
SG&A	703.8	7.2	644.0	7.0	59.8	9.3
Operating Income	2,075.5	21.4	2,082.6	22.6	(7.0)	(0.3)
NCFC (Gain) Cost	135.8	1.4	76.5	0.8	59.3	77.5
Interest expense	202.0	2.1	160.8	1.7	41.3	25.7
Interest income	(124.3)	-1.3	(141.6)	-1.5	17.2	(12.2)
Exchange gain	2.7	0.0	(0.2)	0.0	2.9	(1,192.0)
Monetary position loss	55.4	0.6	57.6	0.6	(2.1)	(3.7)
Other (Income) Expense	31.5	0.3	51.2	0.6	(19.7)	(38.5)
Equity on (earnings) Losses from Unconsolidated Affiliates	(27.7)	-0.3	(26.0)	-0.3	(1.7)	6.4
Earning before taxes	1,935.9	19.9	1,980.9	21.5	(45.0)	(2.3)
Deferred income Tax	328.3	3.4	152.0	1.6	176.3	116.0
Income and Asset Tax Paid	228.3	2.4	424.9	4.6	(196.6)	(46.3)
Total Tax	556.6	5.7	576.9	6.3	(20.3)	(3.5)
Net Income	1,379.3	14.2	1,404.0	15.2	(24.6)	(1.8)
Depreciation	103.5	1.1	95.3	1.0	8.2	8.6
NFC (Gain) Cost	22.0	0.2	-	0.0	22.0	100.0
EBITDA	2,201.1	22.7	2,177.8	23.6	23.2	1.1



General Balance Sheet at June 30, 2008

Figures in million pesos	2008	2007	\$	%
Total Assets	14,571.4	13,119.1	1,452.2	11.1
Current Assets	13,245.6	12,233.9	1,011.7	8.3
Cash and Temporary Investment	1,364.4	1,862.8	(498.4)	(26.8)
Accounts receivable	5,491.1	4,080.5	1,410.5	34.6
Land	4,428.0	4,458.9	(30.9)	(0.7)
Working Progress and Materials	1,745.3	1,624.3	121.0	7.4
Subtotal Inventories	6,173.3	6,083.2	90.1	1.5
Others current assets	213.3	202.8	10.5	5.2
Long Term Assets	1,325.8	885.2	440.6	49.8
Account Receivable Unconsolidated Affiliates	216.5	161.0	55.5	34.5
Stock Investments in Unconsolidated Affiliates	47.8	44.1	3.7	8.3
Other Investments	374.9		374.9	100.0
Machinery and Equipment	1,353.9	1,250.4	103.4	8.3
Accumulated depreciation	(676.9)	(580.5)	(96.4)	16.6
Machinery and Equipment-net	677.0	670.0	7.0	1.0
Non cash assets from labor liabilities	9.6	10.1	(0.5)	(5.2)
Total Liabilities	5,485.3	5,231.8	253.5	4.8
Short Term Liabilities	1,463.9	1,550.7	(86.8)	(5.6)
Suppliers	351.8	377.5	(25.6)	(6.8)
Bank Loans	436.4	347.1	89.4	25.8
Financial Leasing	110.9	103.4	7.5	7.2
Long Term Liabilities	4,021.4	3,681.1	340.4	9.2
Financial Leasing	89.7	120.0	(30.4)	(25.3)
Bank Loans	1,511.5	1,437.0	74.6	5.2
Deferred Income Tax	2,388.3	2,092.2	296.1	14.2
Share Holder Equity	9,086.0	7,887.3	1,198.7	15.2

