

Grupo Posadas, S.A. de C.V. & Subsidiaries
July 28th, 2006

- Operating profit grew 6%, EBITDA grew 2.5%
- Vacation Club revenues for the quarter increased by 51.9%
- 32 hotels in the pipeline
- Net debt US\$ 310 million

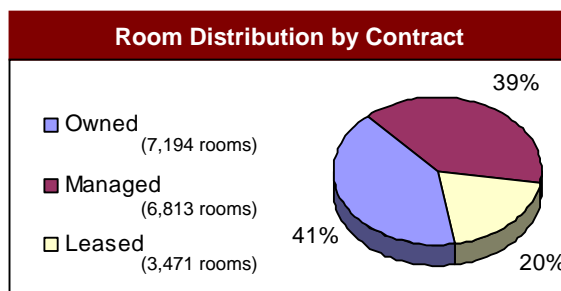
Relevant Figures

Million pesos as of June 30th 2006	2Q06	%	Real Var. %	2006	%	Real Var. %
Net Sales	1,319	100	2	2,662	100	2
Operating Profit	205	16	6	501	19	14
EBITDA	309	23	3	708	27	8
Majority Net Income	(13)	(1)	na	20	1	(89)

Grupo Posadas as of June 30th '06

Country	Fiesta Americana		Fiesta Inn		Caesar Park		Caesar Business		FA Vacation Club		Other		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Mexico	23	6,276	52	7,724					2	511	1	212	78	14,723
USA											3	683	3	683
Brazil					3	506	7	1,393					10	1,899
Argentina					1	173							1	173
Total	23	6,276	52	7,724	4	679	7	1,393	2	511	4	895	92	17,478
%		36%		44%		4%		8%		3%		5%		100%

País	Ciudad		Playa	
	Hoteles	Cuartos	Hoteles	Cuartos
México	62	10,458	16	4,265
USA	1	203	2	480
Brasil	10	1,899		
Argentina	1	173		
Total	74	12,733	18	4,745
%		73%		27%



For more information please contact: Oliver Iriarte
 Tel.: (5255) 5326-6919
 oiriarte@posadas.com

Gerardo de Prevoisin
 Tel.: (5255) 5326-6757
 gdeprevoisin@posadas.com

Javier Cataño
 Tel.: (5255) 5326-6805
 jcatano@posadas.com

Owned Hotels

Statistics

Owned Hotels	Total		Urban		Coastal	
		% Real Var.		% Real Var.		% Real Var.
2Q06						
Average No. of Rooms	9,651	(3)	8,217	3	1,433	(28)
Average Daily Rate	990	1	914	2	1,400	3
Occupancy (Var. In pp)	62	(1)	61	(3)	65	9
REVPAR	612	0	560	(2)	914	18
Accumulated						
Average No. of Rooms	9,627	(4)	8,143	2	1,484	(25)
Average Daily Rate	1012	(3)	925	2	1,502	(4)
Occupancy (Var. In pp)	61	(2)	61	(1)	59	(4)
REVPAR	618	(5)	568	0	892	(9)

Includes owned and leased hotels

During the 2Q06 coastal hotels experienced good results translated in to a 9 percentage points (pp) increase in occupancy and an 18% rise in REVPAR (revenue per available room) versus the same quarter of 2005. This was mainly due to strong results in the FA Grand Los Cabos property, which increased its REVPAR by 39% during the quarter. Regarding our owned hotels in Cancun and Cozumel, we have seen better than expected results even after the effects of hurricane Wilma on tourism. In average, REVPAR in our Cancun and Cozumel hotels rose by 8% in 2Q06, mainly derived from a 12% increase in average daily rates.

The number of available rooms in coastal destinations was 28% below 2Q05 due mainly to the closing of the FA Grand Aqua, which is the only hotel out of the five properties affected by hurricane Wilma that has not been reopened.

It is important to mention that the vacation period related to the Holy Week occurred in April in 2006 while in 2005 it occurred in the month of March. This seasonal effect benefited mostly all resorts during the month of April when compared to the same month of 2005.

In urban hotels we continue to see good results derived from our investments in rate-optimization systems and the fact of having a central inventory of rooms in real time. Average daily rates (ADR) during the quarter increased by 2%, however, occupancy rates in average decreased by 3 pp mainly as a result of the impact of the new openings for the last twelve months ending in June 2006 (FI Tijuana Otay, FI Ecatepec, FI Santa Fe and FA Santa Fe). Excluding the impact of these openings (same hotel analysis) in the urban hotels mix, occupancy decreased only by 0.6 pp.

Despite the improved operational statistics in owned hotels, total revenues decreased by 5.9% during the quarter due to a 28% decrease in the average number of rooms operated in coastal hotels mainly due to: (i) the temporary closing of the FA Grand Aqua (which had revenues of Ps. \$66 million in 2Q05); and (ii) the conversion into Vacation Club units of 51 rooms at the FA Condesa Acapulco formerly operated as hotel rooms.



Management

Statistics

Management	Total		Urban		Coastal	
		% Real Var.		% Real Var.		% Real Var.
2Q06						
Average No. of Rooms	16,160	(2)	13,068	2	3,092	(15)
Average Daily Rate	1,030	2	898	2	1,543	6
Occupancy (Var. In pp)	62	0	61	(1)	67	5
REVPAR	644	3	552	1	1,029	15
Accumulated						
Average No. of Rooms	16,122	(1)	12,976	2	3,146	(14)
Average Daily Rate	1,029	(4)	902	1	1,558	(5)
Occupancy (Var. In pp)	61	(1)	61	1	61	(5)
REVPAR	629	(4)	552	2	947	(12)

Includes owned, leased and managed hotels

Quarterly revenues from the management division decreased by 1.3% versus last year. This is a result of a 15% decrease in the average number of rooms operated in chainwide coastal hotels derived, in turn, from the temporary closing of the Fiesta Americana Grand Aqua mentioned above. However, this decrease was partially offset by the growth in number of rooms operated in urban destinations, with the addition of several properties, including the four leased hotels mentioned above and the FI Reynosa under a management contract.

Operating costs of this division increased slightly in real terms, as a result of adding more hotels. Despite the slight decrease in revenues, the management division still achieved a 47% margin of contribution during the quarter, which is very competitive when compared to lodging industry standards.

Vacation Club

Revenues during the quarter increased 51.9% representing 17% of total consolidated revenues of the Company. EBITDA was \$64.4 million for the quarter, 20.8% of consolidated EBITDA.

Also, the financial business of the Vacation Club has been growing at the same pace as the number of memberships sold. By the end of June, the accounts receivables are over a US\$115 million.

Membership sales from the third stage at Los Cabos reached US\$ 10.4 million during the 1H06, however, these revenues and its corresponding costs will appear in the P&L once the units (Villas) are finished and ready for use.



EBITDA

During the quarter the EBITDA was \$309 million pesos, a 2.5% increase in real terms compared to the same quarter of 2005. Owned and leased hotels continue to be the most important business as it contributed with 49.5% of total EBITDA for the quarter while representing 59.2% for the year to date figures. For the 1H06, EBITDA grew 7.9% in real terms versus 1H05.

Comprehensive Financing Cost

Item	2Q06	2Q05	2006	2005
Interest income	(4,573)	(4,625)	(8,550)	(10,873)
Interest expense	95,636	96,553	189,967	197,038
Currency exchange fluctuations	30,334	(77,255)	86,660	(68,376)
Monetary position gain	10,631	2,580	(28,303)	(24,884)
Total Financing Cost	132,028	17,253	239,774	92,905

(thousands of pesos)

The decrease in interest paid is due to lower interest rates in the domestic markets and an improvement in the (spreads) rates in certain loans at the holding level. TIIE 28 days was in average 7.4% during the quarter vs. a 10.1% during the same quarter of previous year. Libor was 5.2% in average for the 2Q06, 1.9 p.p. higher than in the same quarter of 2005. Nevertheless, the net interest coverage for the quarter was 3.6 times, similar level to 2Q05.

The foreign exchange loss was mainly due to a 3.5% depreciation of the Mexican peso over the US dollar during the quarter, compared to a 3.6% appreciation during 2Q05. During the quarter the Company maintained on average 78% of net debt in US dollars.

Financial Position

The net debt at the end of the second quarter of 2006 was US \$310 million. The net debt to EBITDA ratio was 2.6 times, vs. 3.1 times in the same quarter of last year.

At the end of the quarter, the short-term debt represented 5% of the total debt, 65% was fixed rate and the average life of our debt was 4.4 years. Only 14% of total debt was secured with hotels.

On July 7, 2006, the company made the last draw down of US\$ 22 million from the Dual Currency Credit Facility for US\$ 50 million with a five year maturity (with a two year grace period) structured last November, in order to refinance the maturity of *Certificados Bursatiles POSADAS 02-2* indebtedness for \$250 million pesos. In February 2006, the company refinanced \$300 million pesos of the *Certificados Bursatiles POSADAS 02* from the first tranche of this facility.



• Capital expenditures

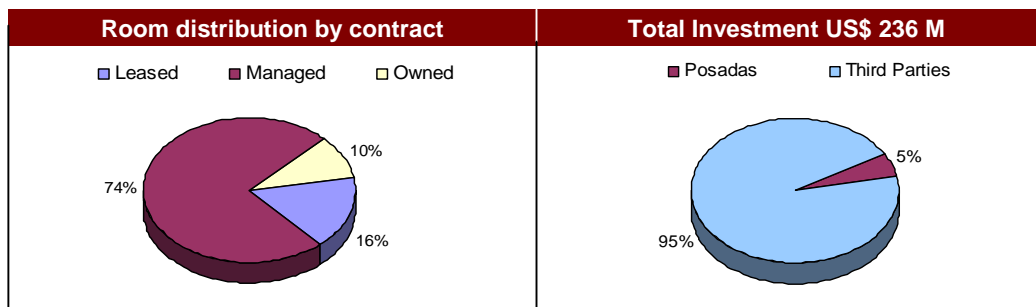
Capital expenditures for the second quarter were US \$7.0 million and US \$13 million for the 1H06; out of these, 54% were for hotel maintenance, 20% was used for corporate purposes and 26% was applied for projects (mostly a *One Hotel* in Mexico City and the FA and FI hotels in Santa Fé in Mexico City).

• Development

Currently, the Company has 32 hotels with 4,155 rooms under development, whether under construction or with management agreements already signed, to be opened within the next three years. These figures include the first hotel from the new brand *Lat 19°* that was launched in June 2006 (see description below), that will be opening in late 2007. We estimate that this development plan will imply a total investment of US \$236 million, of which the Company will contribute with 5%, as the majority of these openings will be under management and lease agreements.

During the second quarter of 2006, the company completed the sale of the FI San José Los Cabos hotel and during the 1H06 sold its ownership in the FI Oaxaca hotel. According to the strategy to focus its operations and development in Mexico and South America, in the 1H06, the company also sold the Residence Inn McAllen and the Holiday Inn McAllen Airport hotels.

Openings	Mexico		Southamerica		Total		%
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	
Fiesta Americana	2	306			2	306	7
Fiesta Inn	15	1,954			15	1,954	47
Caesar Park			1	187	1	187	5
Caesar Business			2	236	2	236	6
One hotels	11	1,372			11	1,372	33
Lat 19°	1	100			1	100	2
Total	29	3,732	3	423	32	4,155	100



• **Opening Last 12 Months (as of June 30th '06)**

Hotel	No. of Rooms	Type
FI Tijuana Otay	142	Leased
FI Ecatepec	143	Leased
FI Santa Fe	189	Leased
FA Santa Fe	172	Leased
FI Reynosa	127	Managed
Total	773	

• **Launch of a new hotel chain brand (text taken from the press released launched on June 14, 2006):**

Lat 19°

- Modern and sophisticated “business style” category hotels
- An innovative, exclusive and personalized concept with cutting-edge technology
- For dynamic, enterprising and visionary executives, whose life style is centered on doing business.

Grupo Posadas announced the launch of the LAT 19° hotel chain which innovates the businessman’s travel style in Mexico, under a concept that melds exclusiveness with privacy in contemporary, sophisticated, minimalist and natural surroundings.

LAT 19° is a new generation of hotels. It is a classic hotel concept evolving into a new professional and intimate positioning. It is on the vanguard of modernity under the traditional Grupo Posadas standard of quality and excellence, where guests can enjoy the brand’s special and unique style of personality and freedom. It is designed for people who appreciate an original setting with character.

LAT 19° shall be present in Mexico’s main cities. The plan is to open 20 hotels with between 100 and 125 rooms within 10 years, in places like Mexico City, Monterrey and Guadalajara. Investment per hotel will be approximately 9 million dollars, with average rates of 140 dollars. Grupo Posadas shall also operate this new brand in the leasing and joint venture mode.



Income Statement (constant million pesos as of June 30th 2006)	2Q06		2Q05		Var%	2006		2005		Var%
	\$	%	\$	%		\$	%	\$	%	
Total Revenues	1,319.2	100.0	1,287.2	100.0	2.5	2,661.6	100.0	2,622.3	100.0	1.5
Owned Hotels										
Revenues	832.2	100.0	883.9	100.0	(5.9)	1,760.6	100.0	1,822.9	100.0	(3.4)
Direct cost	679.3	81.6	721.0	81.6	(5.8)	1,341.4	76.2	1,442.2	79.1	(7.0)
Contribution	152.9	18.4	162.9	18.4	(6.2)	419.2	23.8	380.7	20.9	10.1
Management										
Revenues	241.4	100.0	244.5	100.0	(1.3)	457.7	100.0	467.8	100.0	(2.1)
Direct cost	127.3	52.7	115.3	47.2	10.4	240.6	52.6	225.7	48.3	6.6
Contribution	114.1	47.3	129.2	52.8	(11.7)	217.1	47.4	242.0	51.7	(10.3)
FA Vacation										
Revenues	227.0	100.0	149.5	100.0	51.9	407.6	100.0	312.8	100.0	30.3
Direct cost	162.6	71.6	113.7	76.0	43.1	294.6	72.3	230.8	73.8	27.6
Contribution	64.4	28.4	35.8	24.0	79.7	112.9	27.7	81.9	26.2	37.8
Other Businesses										
Revenues	18.6	100.0	9.3	100.0	100.2	35.7	100.0	18.8	100.0	89.5
Direct cost	21.8	117.2	12.1	130.4	80.0	35.7	100.1	23.5	124.9	51.9
Contribution	(3.2)	(17.2)	(2.8)	(30.4)	13.4	(0.0)	(0.1)	(4.7)	(24.9)	(99.4)
Corporate expenses	19.1	1.4	23.6	1.8	(19.3)	40.7	1.5	43.2	1.6	(5.6)
Depreciation/amortization	104.3	7.9	108.3	8.4	(3.7)	207.7	7.8	216.0	8.2	(3.8)
Goodwill amortization, net	0.0	0.0	0.0	0.0	na	0.0	0.0	(0.0)	(0.0)	na
Operating Profit	204.8	15.5	193.2	15.0	6.0	500.7	18.8	440.8	16.8	13.6
EBITDA	309.0	23.4	301.5	23.4	2.5	708.5	26.6	656.8	25.0	7.9
Comprehensive financing cost	132.0	10.0	17.3	1.3	665.2	239.8	9.0	92.9	3.5	158.1
Other expenses (revenue)	21.2	1.6	(3.7)	(0.3)	na	36.9	1.4	36.0	1.4	2.6
Profit Before Taxes	51.6	3.9	179.6	14.0	(71.3)	224.0	8.4	311.9	11.9	(28.2)
Income taxes	44.8	3.4	37.7	2.9	18.9	97.2	3.7	67.2	2.6	44.6
Deferred taxes	(33.4)	(2.5)	31.9	2.5	na	(26.3)	(1.0)	44.6	1.7	na
Part. in results of assoc. companies	(53.1)	(4.0)	0.1	0.0	na	(120.3)	(4.5)	0.0	0.0	na
Net Income before Minority	(12.9)	(1.0)	110.1	8.6	na	32.9	1.2	200.1	7.6	(83.6)
Minority Interest	0.5	0.0	(0.1)	(0.0)	na	12.5	0.5	14.1	0.5	(11.5)
Net Majority Income	(13.4)	(1.0)	110.2	8.6	na	20.4	0.8	186.0	7.1	(89.0)

Grupo Posadas has specialized for more than 30 years in providing high quality hotel services aiming at covering the more specific needs of hotel guests. Currently, the Company operates 92 hotels and approximately 17,500 rooms in the most important and visited urban and coastal destinations in Mexico, the United States and South America. Grupo Posadas operates under the Fiesta Americana, Fiesta Americana Grand, Fiesta Americana Vacation Club, Fiesta Inn, One Hotels, Caesar Park, Caesar Business and The Explorean brands.

Grupo Posadas shares are quoted and traded on the Mexican Stock Exchange since 1992 under the ticker names POSADASA & POSADASL; in addition, series A & L are quoted and traded in the U.S. in the PORTAL system under the ticker names GRPALP y GRPYP, respectively.



Consolidated Balance Sheets as of June 30th 2006 & 2005					
(Constant million pesos as of June 30th 2006)					
	Jun-06	%	Jun-05	%	Var. (%)
ASSETS					
<u>Current</u>					
Cash & marketable securities	620.9	5.2	379.5	3.3	63.6
Notes & accounts receivable	1,113.4	9.3	961.8	8.3	15.8
Inventories	148.3	1.2	297.1	2.6	(50.1)
Other assets	72.8	0.6	112.1	1.0	(35.0)
Total current assets	1,955.4	16.4	1,750.5	15.1	11.7
<u>Long-term</u>					
Long-term notes receivable	509.8	4.3	273.1	2.4	86.7
Long-term investments	454.4	3.8	146.6	1.3	210.0
Prop. & Equip., net	8,404.8	70.4	8,538.1	73.9	(1.6)
Deferred assets	611.8	5.1	758.6	6.6	(19.4)
Other long-term assets	4.5	0.0	89.8	0.8	(94.9)
Total Assets	11,940.6	100.0	11,556.6	100.0	3.3
LIABILITIES					
<u>Current</u>					
Suppliers	320.0	2.7	416.3	3.6	(23.1)
Short-term debt	191.5	1.6	258.6	2.2	(25.9)
Other current liabilities	733.4	6.1	763.9	6.6	(4.0)
Total current liabilities	1,244.8	10.4	1,438.8	12.5	(13.5)
<u>Long-term</u>					
Long-term debt	3,876.7	32.5	3,379.3	29.2	14.7
Other loans	42.3	0.4	52.0	0.4	(18.6)
Other long-term liabilities	1,554.2	13.0	1,546.4	13.4	0.5
Deferred credits	190.7	1.6	193.5	1.7	(1.4)
Total Liabilities	6,908.8	57.9	6,610.0	57.2	4.5
Majority stockholders' equity	3,912.6	32.8	3,800.6	32.9	2.9
Minority interest	1,119.2	9.4	1,146.0	9.9	(2.3)
Total stockholders' equity	5,031.8	42.1	4,946.6	42.8	1.7
Total Liabilities & Stockholders' Equity	11,940.6	100.0	11,556.6	100.0	3.3



Consolidated Statement of Changes in Financial Position (Constant million pesos as of June 30th 2006)		
	2Q06	2Q05
Consolidated Net Income	32.9	200.1
+ (-) Items added to income which do not require the use of cash	331.8	200.3
+ Deprecitation and amortization	207.7	216.0
+ (-) Other items	124.0	(15.7)
Cash flow form net income for the year	364.6	400.5
Cash generated (used) in operating activities	(24.9)	(249.0)
+ (-) Decrease (increase) in accounts receivable	106.4	19.0
+ (-) Decrease (increase) in inventory	7.4	1.3
+ (-) Decrease (increase) in other accounts receivable	(6.6)	(62.9)
+ (-) Increase (decrease) in supplier accounts	(69.9)	(2.6)
+ (-) Increase (decrease) in other liabilities	(62.2)	(204.0)
Cash generated by (used in) operating activities	339.7	151.4
Cash flow from external financing	(13.9)	99.0
+ Bank financing	302.4	954.6
+ Stock exchange financing		
+ Dividends received		
+ Other financing		
(-) Bank financing amortization	(316.3)	(855.6)
(-) Stock exchange amortization		
(-) Other financing amortization		
Cash flow from internal financing	(155.4)	(96.3)
+ (-) Increase (decrease) in capital stock		
(-) Dividends paid	(113.1)	(90.0)
+ Premium on sales of shares		(0.9)
+ Contribution for future capital increases	(5.4)	(5.4)
+ (-) Other items	(36.9)	
Cash flow generated (used) by financing	(169.3)	2.7
Cash flow generated (used) in investment activities	62.7	(48.8)
+ (-) Decrease (increase) in stock investments of a permanent nature		
(-) Acquisition of property, plant and equipment	(144.2)	(47.6)
(-) Increase in buildings in progress		(30.8)
+ Sale of other permanent investments	55.0	
+ Sale of tangible fixed assets	209.7	
+ (-) Other items	(57.8)	29.7
Net increase (decrease) in cash and short-term investments	233.1	105.4
Cash and short-term investments at the beginning of period	387.7	274.1
Cash and short-term investments at the end of period	620.9	379.5

