

 MEXICHEM	Information on the Stock Mexican Stock Exchange Ticker: MEXICHEM*
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Consolidated Results

Consolidated Million Pesos	Second Quarter			January- June		
	2010	2009	%Var.	2010	2009	% Var.
Net Sales	8,919	7,093	25.7%	16,919	14,774	14.5%
Gross Profit	3,189	2,495	27.8%	6,087	5,132	18.6%
Net Majority Income	804	1,249	-35.6%	1,710	1,616	5.8%
Operating cash flow (EBITDA)	2,107	1,516	39.0%	3,890	3,079	26.3%
Free cash flow	1,737	1,111	56.3%	3,154	2,106	49.8%

On growth

Once again, Mexichem reported positive figures at the close of the first half of 2010 in its main indicators. Consolidated sales rose 14.5% vs. the same period of last year, to \$16.919 billion pesos, boosted by a 2.3% improvement in sales prices, a 12% hike in volumes sold, and the incorporation of INEOS Fluor’s results as of the second quarter of the year. This positive effect is apparent throughout all our business units: The Vinyl-Chlorine chain grew 11.1%, Transformed Products 6.8%, and Fluorine 148.9%.

With regard to second quarter results, sales amounted to \$8.919 billion pesos—25.7% higher than for the same period of 2009.

Efficiency and productivity

Accrued EBITDA totaled \$3.89 billion pesos—26.3% higher than in 2009. This increase was due to a better sales performance, as well as the incorporation of INEOS Fluor’s results since April. By sectors, the Vinyl-Chlorine chain rose 5.4%, Transformed Products decrease 10.2%, and the Fluorine Chain grew 115.6% vs. 2009.

EBITDA for the second quarter amounted to \$2.107 billion pesos—39% better than in 2009.

Net financial cost

At the end of June 2009, net financial cost totaled \$652 million pesos—\$480 million pesos more than in the same period of 2009—mainly due to an F/X effect, as an F/X gain of \$303 million pesos was reported in 2009, vs. a loss of \$114 million pesos in 2010.

Income tax

Income tax for the first half of 2010 totaled \$595 million pesos, 10% higher than in 2009, due to better results.

Gross cash flow generation (Net profit without non-cash-generating items)

Gross cash flow generation for 2010 amounted to \$2.881 billion pesos—43% higher than in 2009—due to better operating results.

Operating and Free Cash Flow

	Second Quarter			January- June		
	2010	2009	% Var.	2010	2009	% Var.
Operating cash flow and Free cash flow						
Operating profit	1,594	1,127	41%	2,955	2,312	28%
+ Depreciation and amortization	513	390	32%	935	767	22%
EBITDA	2,107	1,516	39%	3,890	3,079	26%
-Investment in fixed assets	371	405	-9%	736	973	-24%
Free cash flow	1,737	1,111	56%	3,154	2,106	50%

In the first six months of 2010, the company generated \$3.154 billion pesos in Free Cash Flow—50% higher than in 2009, due to better operating results. Maintenance CAPEX investment in 2010 matches the program, which considers a total of US\$150 to US\$160 million dollars in the year, to be invested in expanding capacity, efficiency, and care of the environment.

Balance Sheet

Working capital

Working capital at the end of June 2010 is \$5.026 billion pesos, matching our policies. It shows 60 days of receivables, 70 days of inventory, and 95 days for suppliers, as a result of strict controls in these line items.

Plant and equipment

At the end of June 2010, the balance in this item is \$16.359 billion pesos, \$1.834 billion pesos more (net of depreciation) than at the end of 2009, as a result of investments in machinery and equipment at all our plants to care for the environment, expand capacity, efficiency, and modernization, as well as of the incorporation of INEOS Fluor's figures.

Net debt

Net debt at the end of June 2010 was at US\$820 million in dollar terms which, compared to the same period of 2009, increased by only US\$39.7 million, net of financing for acquisitions and amortization payments.

The pro forma net debt to EBITDA ratio stands at 1.33x, below the 2.0x limit established as our internal goal.

Other important events

As mentioned above, INEOS Fluor's results were incorporated in April. This company was purchased at the end of March last year. Regarding Polycyd and Plasticos REX acquisitions, we are confident that will receive the approval from the antitrust authorities at the end of August 2010, thus will improve the industry's performance in Mexico.

Outlook

Based on the recovery of the automotive industry, the important synergies generated through the acquisition of INEOS Fluor, the spike in demand, and the increases in our own sales prices, we are quite optimistic that we will see a very positive second half of the year for Mexichem, outdoing the expectations of our 20/20/20 vision.

Balance Sheet

In thousands of pesos (2010 and 2009 at historical values)	To June 30		
	2010	2009	%
Total assets	42,506,541	31,891,359	33%
Cash and temporary investments	6,463,939	2,804,477	130%
Receivables	6,638,172	5,378,845	23%
Inventories	4,284,949	3,077,303	39%
Others current assets	1,383,307	1,435,276	-4%
Long term assets	23,736,174	19,195,458	24%
Total liabilities	27,338,574	21,820,199	25%
Current liabilities	10,360,217	11,117,925	-7%
Long-term liabilities	16,978,357	10,702,274	59%
Consolidated shareholders'equity	15,167,967	10,071,160	51%
Minority shareholders'equity	49,781	103,149	-52%
Majority shareholders'equity	15,118,186	9,968,011	52%

Income Statement

In thousands of pesos (2010 and 2009 at historical values)

Income Statement	January- June			Second Quarter		
	2010	2009	%	2010	2009	%
Net Sales	16,918,722	14,773,628	14.5%	8,918,874	7,093,256	25.7%
Cost of Sales	10,832,136	9,641,812	12.3%	5,729,829	4,598,720	24.6%
Gross Profit	6,086,586	5,131,816	18.6%	3,189,045	2,494,536	27.8%
Operating Expenses	3,131,526	2,819,704	11.1%	1,594,586	1,367,662	16.6%
Operating Income	2,955,060	2,312,112	27.8%	1,594,459	1,126,874	41.5%
Financial Cost	651,641	171,030	281.0%	597,754	(414,928)	-244.1%
Other Expenses	(5,124)	(18,967)	-73.0%	(6,848)	(12,418)	-44.9%
Income from continuing operations before income tax	2,308,543	2,160,049	6.9%	1,003,553	1,554,220	-35.4%
Income Tax	595,494	541,192	10.0%	199,354	314,841	-36.7%
Income from continuing operations after income tax	1,713,049	1,618,857	5.8%	804,200	1,239,379	-35.1%
Discontinued operations	-	10,043	0.0%	0	12,206	-100.0%
Consolidated net income	1,713,049	1,628,900	5.2%	804,200	1,251,585	-35.7%
Minority Stock holders	3,413	12,646	-73.0%	193	2,917	-93.4%
Majority stock holders	1,709,636	1,616,254	5.8%	804,007	1,248,668	-35.6%
EBITDA	3,889,943	3,078,931	26.3%	2,107,240	1,516,452	39.0%