



## Stock Listing Information

Mexican Stock Exchange  
Ticker: KOFL

NYSE (ADR)  
Ticker: KOF

Ratio of KOF L to KOF = 10:1

## For Further Information:

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## 2004 SECOND QUARTER RESULTS





|                                    | Second quarter |                     | Second quarter |       |
|------------------------------------|----------------|---------------------|----------------|-------|
|                                    | 2004           | 2003 <sup>(1)</sup> | 2004           | 2003  |
| Total Revenues                     | 11,074         | 9,462               | % of Tot. Rev. |       |
| Gross Profit                       | 5,425          | 4,691               | 49.0%          | 49.6% |
| Operating Income                   | 1,749          | 1,837               | 15.8%          | 19.4% |
| Majority net income <sup>(2)</sup> | 1,724          | 397                 | 15.6%          | 4.2%  |
| Non-cash items                     | 582            | 490                 | 5.3%           | 5.2%  |
| <hr/>                              |                |                     |                |       |
| Total Debt <sup>(3)</sup>          | 26,692         | 29,566              |                |       |
| Quarterly Earnings per Share       | 0.93           | 0.31                |                |       |
| Average Shares Outstanding         | 1,846.0        | 1,292.9             |                |       |

Expressed in million of Mexican pesos with purchasing power as of June 30, 2004, except for per share amount.

(1) Includes three months of KOF's original territories and two months from our new territories acquired from Panamco.

(2) Including extraordinary income in the amount of Ps.1,175 million.

(3) 2003 figures as of December 31, 2003.

-  Total revenues reached Ps.11,074.0 million.
-  Operating income totaled Ps.1,748.5 million, an operating margin of 15.8%.
-  Consolidated net income before extraordinary items was Ps.549.0 million, resulting in earnings per share of Ps.0.297.
-  Total debt at the end of the quarter was U.S.\$2,318.6 million.

Mexico City (July 28, 2004), Coca-Cola FEMSA, S.A. de C.V. ("Coca-Cola FEMSA" or the "Company"), the largest *Coca-Cola* bottler in Latin America and the second-largest *Coca-Cola* bottler in the world, announces results for the second quarter and first half of 2004.

"We have been operating in our new market territories for just over a year. During this period, we have focused on strengthening our execution in the marketplace and across the value chain. We have successfully identified and implemented better operating practices which have helped us to achieve higher levels of efficiency in both manufacturing and distribution. Despite the more challenging competitive environment in Mexico, our revenue management and packaging strategies are strengthening our brand portfolio. We are on the right track to create continuing shareholder value," said Carlos Salazar, Chief Executive Officer of the Company.

## CONSOLIDATED RESULTS

Our consolidated revenues reached Ps.11,074.0 million for the second quarter of 2004. Our average price per unit case was Ps.24.26 (U.S.\$2.11)<sup>1</sup> and our consolidated operating income reached Ps.1,748.5 million, resulting in an operating margin of 15.8%.

During the second quarter of 2004, our integral cost of financing totaled Ps.813.6 million. This mainly reflected greater accrued interest expenses related to the additional indebtedness incurred and assumed in connection with the Panamco acquisition and to the devaluation of the Mexican peso year over year against the U.S. dollar, applied to our U.S. dollar denominated debt.

During the second quarter of 2004, income tax, tax on assets, and employee profit sharing, as a percentage of income before taxes, was 36.3%. The effective tax rate includes non-recurring deductions of tax loss carryforwards from our Latincentro division.

Our consolidated majority net income, before extraordinary items was Ps.549.0 million for the second quarter of 2004, resulting in earnings per share ("EPS") of Ps.0.297 (U.S.\$0.258 per ADS) computed on the basis of 1,846 million shares outstanding (each ADS represents 10 local shares). Including net extraordinary items of Ps.1,175.0 million, mainly as a result of a tax reimbursement net of interests and adjustments generated by a different tax deduction criteria on coolers in Mexico in the amount of Ps.83.5 million<sup>2</sup>, our majority net income was Ps.1,714.8 million, resulting in EPS of Ps.0.929 (U.S.\$0.807 per ADS).

## BALANCE SHEET

As of June 30, 2004, Coca-Cola FEMSA had a cash balance of Ps.2,389 million (U.S.\$207.5 million), total short-term debt of Ps.1,794 million (U.S.\$155.8 million), and long-term debt of Ps.24,898 million (U.S.\$2,162.7 million).

During the second quarter of 2004, we reduced the Company's total debt by U.S.\$148.7 million. We achieved this reduction mainly by using cash balances and cash flow generation in the amount of U.S.\$111 million and the balance was driven by a favorable impact of the devaluation of the Mexican peso against the U.S. dollar applied to our Mexican peso denominated debt. During the second quarter of 2004, we refinanced U.S.\$458.1 million of the Company's debt maturing from 2005 to 2008. To achieve this, we took bank loans in the amount of U.S.\$115 million and Ps.3,000 million with five to seven-year maturities.

The following charts set forth the Company's debt profile by currency and interest-rate type and the debt amortization schedule as of June 30, 2004:

| <i>Currency</i> | <i>% Total Debt</i> | <i>% Interest Rate Floating</i> | <i>Average Rate<sup>(3)</sup></i> |
|-----------------|---------------------|---------------------------------|-----------------------------------|
| U.S. dollars    | 37 %                | 26 %                            | 6.66 %                            |
| Mexican pesos   | 61 %                | 32 %                            | 8.61 %                            |
| Colombian pesos | 2 %                 | 100 %                           | 10.30 %                           |

(3) Annualized average interest rate per currency for the second quarter of 2004.

<sup>1</sup> Assumes a foreign exchange rate of Ps.11.5123 per U.S. dollar

<sup>2</sup> In April 2004, the *Suprema Corte de Justicia* (the Mexican Supreme Court) published specific rules related to the tax treatment of certain assets in the beverage industry in Mexico. According to these rules, all equipment that goes to market, including beverage coolers, should be accounted for as fixed assets with a useful life. In the past we have accounted for this equipment as an expense during the year it was acquired. We decided to make a provision for the estimated impact of these new tax rules.

**Debt Amortization Schedule**  
**amounts in millions (local currency)<sup>(1)</sup>**

|                     | <i>U.S. dollars</i> | <i>Mexican pesos</i> | <i>Colombian pesos</i> |
|---------------------|---------------------|----------------------|------------------------|
| 2004                | \$ 153.4            |                      |                        |
| 2005                | 7.3                 | Ps. 2,750.0          | Col. 65,750            |
| 2006                | 214.0               | 1,298.8              | 45,000                 |
| 2007                | 14.0                | 2,000.0              | 34,250                 |
| 2008                | 6.8                 | 3,750.0              |                        |
| 2009 and thereafter | 455.0               | 6,150.0              |                        |

(1)Debt amortization valued at face value as of June 30, 2004.

**Consolidated Statement of Changes in Financial Position**

Expressed in million of Mexican pesos or U.S. dollars as of June 30, 2004

|   | Jan - June 2004 |                    |
|---|-----------------|--------------------|
|   | Ps.             | USD <sup>(1)</sup> |
| Net Income  | 1,426           | 124                |
| Non cash charges to net income                        | 908             | 79                 |
|   | <b>2,334</b>    | <b>203</b>         |
| Change in Working capital                             | (496)           | (43)               |
| <b>NRGOA<sup>(2)</sup> before extraordinary items</b> | 1,838           | 160                |
| Extraordinary items                                   | 1,175           | 102                |
| <b>NRGOA<sup>(2)</sup></b>                            | <b>3,013</b>    | <b>262</b>         |
| Capital expenditures                                  | (696)           | (60)               |
| Dividend payments                                     | (521)           | (45)               |
| Financial Transactions                                | (2,817)         | (245)              |
| Others  | 536             | 47                 |
| <b>Decrease in cash and cash equivalents</b>          | <b>(485)</b>    | <b>(42)</b>        |
| Cash and cash equivalents at beginning of period      | 2,874           | 250                |
| Cash and cash equivalents at end of period            | 2,389           | 207                |

<sup>(1)</sup> Expressed in US\$ millions assuming a foreign exchange rate of Ps.11.5123 per US Dollar

<sup>(2)</sup> Net Resources Generated by Operating Activities

**OPERATING RESULTS BY TERRITORY**

During the second quarter of 2003, we began consolidating the results of our new territories in accordance with Mexican GAAP. Corporación Interamericana de Bebidas S.A. de C.V., formerly known as Panamerican Beverages, Inc. ("Panamco"), had historically prepared its financial statements in accordance with U.S. GAAP and presented financial information in U.S. dollars. We have historically prepared and will continue to prepare our financial statements in accordance with Mexican GAAP and present financial information in Mexican pesos. The results of our new territories in Mexican GAAP and Mexican pesos are different from and may not be comparable to those reported by Panamco for prior periods. In addition, Panamco's results have not been included in our financial statements for periods prior to May 2003.

Financial information for the second quarter of 2004 includes three-month results for all of our territories. Coca-Cola FEMSA's quarterly financial information will not be comparable with previous quarters until the third quarter of 2004 and, on an annual basis, until the end of 2005.

As we mentioned in our 4Q 2003 press release, several accounting adjustments were booked during that quarter impacting full year results of 2003. These adjustments were related to (i) an excise tax reimbursement in Mexico, (ii) an increase in the useful life of the coolers in our original territories in Mexico from 3 to 5 years, and (iii) the change in accounting policies related to the treatment of bottles and cases in the countries comprising our Latincentro division.

For volume comparison purposes, we have included the sales volume figures recorded by Panamco for 2003 through the end of April 2003.

**SECOND QUARTER 2004 SUMMARY:**

|                 | Volume<br>(MUC) | % Total       | Operating Income<br>(million) | % Total       | % Operating Margin |
|-----------------|-----------------|---------------|-------------------------------|---------------|--------------------|
| Mexico          | 257.0           | 56.6%         | Ps. 1,368.2                   | 78.2%         | 20.4%              |
| Central America | 26.8            | 5.9%          | 84.5                          | 4.8%          | 9.8%               |
| Colombia        | 40.0            | 8.8%          | 87.1                          | 5.0%          | 9.9%               |
| Venezuela       | 40.6            | 8.9%          | 78.7                          | 4.5%          | 7.1%               |
| Brazil          | 58.7            | 12.9%         | 58.9                          | 3.4%          | 6.0%               |
| Argentina       | 31.4            | 6.9%          | 71.3                          | 4.1%          | 13.2%              |
| <b>Total</b>    | <b>454.5</b>    | <b>100.0%</b> | <b>Ps.1,748.5</b>             | <b>100.0%</b> | <b>15.8%</b>       |

**FIRST HALF 2004 SUMMARY:**

|                 | Volume<br>(MUC) | % Total       | Operating Income<br>(million) | % Total       | % Operating Margin |
|-----------------|-----------------|---------------|-------------------------------|---------------|--------------------|
| Mexico          | 485.2           | 54.1%         | Ps.2,550.8                    | 76.6%         | 19.9%              |
| Central America | 53.3            | 6.0%          | 192.4                         | 5.8%          | 11.1%              |
| Colombia        | 81.5            | 9.1%          | 124.4                         | 3.7%          | 7.1%               |
| Venezuela       | 81.5            | 9.1%          | 149.2                         | 4.5%          | 6.9%               |
| Brazil          | 125.2           | 14.0%         | 136.3                         | 4.1%          | 6.7%               |
| Argentina       | 68.5            | 7.7%          | 178.0                         | 5.3%          | 15.1%              |
| <b>Total</b>    | <b>895.2</b>    | <b>100.0%</b> | <b>Ps.3,331.1</b>             | <b>100.0%</b> | <b>15.4%</b>       |



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## MEXICAN OPERATING RESULTS

### *Revenues*

Revenues in our Mexican territories reached Ps.6,709.8 million for the second quarter of 2004. Our average price per unit case was Ps.25.98 (U.S.\$2.26). Excluding *Ciel* water volumes in 5.0, 19.0, and 20.0-liter packaging presentations, our average price per unit case was Ps.29.85 (U.S.\$2.59). A shift in our packaging mix from single to multi-serving presentations was the main driver of the pricing decline during the quarter.

During the quarter, we experienced the combined effect of lower temperatures and higher precipitation levels in the valley of Mexico, mainly during the month of May. As a result, our carbonated soft drink (“CSD”) volumes decreased 1.7% compared with the same period of 2003. Our total sales volume was 257.0 million unit cases (“MUC”), a 6.0% decline compared with the second quarter of 2003, mainly driven by lower jug bottled water volumes.

We launched *Lift Golden Apple*, *Nestea Light* and *Fanta Naranja with Chamoy*, both line extensions of our existing portfolio, as part of our strategy to continually provide new tastes and choices to our customers.

### *Income from Operations*

Our gross profit totaled Ps.3,554.4 million, a margin of 53.0% of total revenues for the second quarter of 2004. During the quarter, we experienced higher sweetener and polyethylene terephthalate (“PET”) prices compared with the first quarter of 2004, combined with the impact of the depreciation of the Mexican peso against the U.S. dollar on our U.S. dollar-denominated packaging materials.

Our operating profit totaled Ps.1,368.2 million, resulting in a 20.4% of operating income margin. Higher fixed-cost absorption driven by volume growth due to the seasonality of the business, more than offset higher seasonal marketing expenses in the quarter.

## CENTRAL AMERICAN OPERATING RESULTS (Guatemala, Nicaragua, Costa Rica and Panama)

### *Revenues*

Our Central American territories’ total revenues reached Ps.866.3 million for the second quarter of 2004. Our average price per unit case was Ps.32.26 (U.S.\$2.80), driven by price increases implemented during the first quarter of 2004 in Costa Rica and Guatemala. In the second quarter of 2004, total sales volume in our Central American territories increased 1.1% to 26.8 MUC compared with the same period of 2003, mainly driven by volume growth in Guatemala. Sales volume of *Coca-Cola* and *Coca-Cola Light* represented 60% of our growth in the region.

In the second quarter of 2004, we launched *Tai*, a multi-flavor value protection brand, in a 2.0-liter PET non-returnable presentation in Costa Rica to provide a more affordable alternative to our consumers.

### *Income from Operations*

During the second quarter of 2004, our gross profit totaled Ps.431.5 million, resulting in a 49.8% gross margin. During this period, the Company experienced increased raw material prices compared with the first quarter of 2004. Our operating income totaled Ps.84.5 million, resulting in a 9.8% operating income margin. During the quarter, the Company experienced higher administrative expenses due to salary adjustments that were partially offset by lower marketing expenses.

## COLOMBIAN OPERATING RESULTS

### *Revenues*

In Colombia, our total revenues reached Ps.881.8 million for the second quarter of 2004. Our average price per unit case was Ps.22.54 (U.S.\$1.92) and was higher than the first quarter of 2004, as a result of a 14% weighted average price increase implemented in May 2004. CSD sales volume remained almost flat compared with the second quarter of 2003; 4.4% volume growth in the cola category more than offset a decline in flavored CSDs. Our implementation of revenue-management strategies aimed at increasing the profitability of the water business caused our bottled water sales volume to decline by 17%.

### *Income from Operations*

During the second quarter of 2004, our gross profit totaled Ps.405.6 million, resulting in a 46.0% gross margin. Our operating income was Ps.87.1 million, resulting in a 9.9% operating income margin. During the quarter, the Company experienced lower marketing expenses driven by a coordinated strategy with The Coca-Cola Company.

## VENEZUELAN OPERATING RESULTS

### *Revenues*

In Venezuela, our total revenues reached Ps.1,105.3 million for the second quarter of 2004, and our average price per unit case in Venezuela reached Ps.27.22 (U.S.\$2.36) as a result of an approximate 14.0% weighted-average price increase implemented at the end of March of this year. Despite this price increase, our volume increased 7.4% compared with the second quarter of 2003, mainly driven by an 18% increase in flavored CSD sales, which represented more than 70% of our volume growth. In the second quarter of 2004, we launched a 3.1-liter packaging presentation for brand *Grapette*, our Venezuelan multi-flavor value protection brand, to provide a more affordable alternative to our consumers.

### *Income from Operations*

During the second quarter of 2004, our gross profit totaled Ps.466.5 million, resulting in a 42.2% gross margin. During the quarter, we continued to experience raw material price increases due to the devaluation of the Venezuelan Bolivar versus the U.S. dollar. Additionally, selling and administrative expenses were impacted by a salary increase in line with inflation that was implemented during the quarter. These cost pressures were offset by higher revenues resulting from the higher average price per unit case. Our operating income was Ps.78.7 million, resulting in a 7.1% operating income margin.

## BRAZILIAN OPERATING RESULTS

### *Revenues*

In Brazil, our total revenues reached Ps.980.2 million for the second quarter of 2004. Our average price per unit case was Ps.16.62 (U.S.\$1.44) as a result of the price increases implemented during the quarter and a favorable product mix.

During the second quarter of 2004, CSD sales volume in our Brazilian territories increased 4.6% compared with the same period of 2003, driven by 9.6% growth in the cola segment. This is the first quarter that CSD volumes increased year over year since the Company took over the Brazilian operations. Higher sales volume as percentage of total sales, through the traditional channel, which is more profitable, combined with better revenue and packaging management per channel and a strong focus on brand *Coca-Cola*, contributed to this result.

### *Income from Operations*

During the second quarter of 2004, our gross profit totaled Ps.370.1 million; the resulting 37.8% margin reflected savings achieved from the closure of a manufacturing facility and lower sweetener costs. Our operating expenses in absolute terms decreased from the first quarter of this year as a result of better practices, including taking over previously outsourced services and implementing several cost-cutting strategies. Our second-quarter operating income was Ps.58.9 million, resulting in a 6.0% operating income margin.

## ARGENTINE OPERATING RESULTS

*Financial information and sales volume figures from our Argentine operations were not affected by the Panamco acquisition and, therefore, are fully comparable with previous periods.*

### *Revenues*

In Argentina, our total revenues reached Ps.541.8 million, an 18.7% increase over the second quarter of 2003, and our average price per unit case grew 2.3% to Ps.16.59 (U.S.\$1.44) as a result of price increases implemented during the quarter.

In the second quarter of 2004, total sales volume in our Argentine territory reached 31.4 MUC, a 15.9% increase over the same period of 2003, mainly driven by brand *Coca-Cola* and *Coca-Cola Light*, which represented more than 45% of our total growth, and our increased sales volume of returnable presentations, which accounted for 27.4% of our total volume compared with 24.6% for same period of 2003.

### *Income from Operations*

Our gross profit as a percentage of total revenues increased 450 basis points, from 34.6% in the second quarter of 2003 to 39.1% in the second quarter of 2004. This improvement was mainly the result of a favorable shift in our packaging mix to returnable presentations and lower sweetener costs as compared with the second quarter of 2003.

In Argentina, our operating expenses as a percentage of total revenues decreased 510 basis points, from 31.0% in the second quarter of 2003 to 25.9% in the second quarter of 2004. This improvement resulted from higher fixed-cost absorption due to a 15.9% increase in sales volume. During the second quarter of 2004, operating income in our Argentine territories was Ps.71.3 million, and our operating income margin grew to 13.2%, an increase of 960 basis points compared with the second quarter of 2003.



## SUMMARY OF SIX-MONTH RESULTS

For the six months ended June 30, 2004, our consolidated sales volume reached 895.2 MUC. The volume decline in our Mexican, Colombian and Brazilian operations was offset by volume growth in the rest of our territories during the first six months of the year.

During the first six months of 2004, our total revenues reached Ps.21,642.5 million, which resulted in a consolidated average unit price per case of Ps.24.04 (U.S.\$2.09). Our gross margin as a percentage of total revenues was 48.7% for the first six months of 2004. And our consolidated operating income was Ps.3,331.1 million, 15.4% of our total revenues during the first six months of 2004.

Our consolidated net income before extraordinary items totaled Ps.1,426.2 million for the first six months of 2004, resulting in an EPS of Ps.0.773 (U.S.\$0.671 per ADS) computed on the basis of 1,846 million shares outstanding. Majority net income was Ps.2,601.2 million, resulting in an EPS of Ps.1.41 (U.S.\$1.22 per ADS).

## RECENT DEVELOPMENTS

- In May 2004, we obtained a favorable final ruling from a Mexican federal court allowing us to deduct losses in the amount of Ps.3,049.0 million arising from a sale of shares during 2002. As a result of the ruling, we expect to recover approximately Ps.1,330.3 million, which increased our consolidated net income by Ps.1,258.5 million. More than 85% of this increase will be in the form of a cash reimbursement and the balance will be in the form of a tax deduction.
- In June 2004, a group of Brazilian investors, among them Mr. José Luis Cutrale, a recently appointed member of our board of directors, made a capital contribution to our Brazilian operations in exchange for a 16.9% equity stake in these operations. Mr. Cutrale is a Brazilian entrepreneur with extensive experience in the Brazilian consumer products industry and an international producer of fruit juices, with customers around the world, including The Minute Maid Company, a division of The Coca-Cola Company.



## CONFERENCE CALL INFORMATION

Our second-quarter 2004 Conference Call will be held on: July 28, 2004, 11:00 A.M. Eastern Time (10:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 888-396-2383 and International: 617-847-8711. We invite investors to listen to the live audiocast of the conference call at the Company's website, [www.cocacola-femsa.com.mx](http://www.cocacola-femsa.com.mx)

If you are unable to participate live, an instant replay of the conference call will be available through August 6, 2004. To listen to the replay please dial: Domestic U.S.: 888- 286-8010 or International: 617-801-6888. Pass code: 98344233.



Coca-Cola FEMSA, S.A. de C.V. produces Coca-Cola, Sprite, Fanta, Lift and other trademark beverages of The Coca-Cola Company in Mexico (a substantial part of central Mexico, including Mexico City and Southeast of Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul and part of the state of Goias) and Argentina (federal capital of Buenos Aires and surrounding areas), along with bottled water, beer and other beverages in some of these territories.

The Company has 32 bottling facilities in Latin America and serves more than 1,500,000 retailers in the region. Coca-Cola FEMSA currently accounts for almost 10% of Coca-Cola global sales, approximately 40% of all Coca-Cola sales in Latin America. The Coca-Cola Company owns a 39.6% equity interest in Coca-Cola FEMSA.



Figures for the Company's operations in Mexico and its consolidated international operations were prepared in accordance with Mexican generally accepted accounting principles ("Mexican GAAP"). All figures are expressed in constant Mexican pesos with purchasing power at June 30, 2004. For comparison purposes, 2003 and 2004 figures from the Company's operations have been restated taking into account local inflation of each country with reference to the consumer price index and converted from local currency into Mexican pesos using the exchange rate as of the end of the period. In addition, all comparisons in this report for the second quarter of 2004, which ended on June 31, 2004, are made against the figures for the comparable period in 2003, unless otherwise noted.

This news release may contain forward-looking statements concerning Coca-Cola FEMSA's future performance and should be considered as good faith estimates by Coca-Cola FEMSA. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Coca-Cola FEMSA's control that could materially impact the Company's actual performance.

References herein to "U.S.\$" are to United States dollars. This news release contains translations of certain peso amounts into U.S. dollars for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.



(7 pages of tables to follow)

Consolidated Balance Sheet

**Consolidated Balance Sheet**

Expressed in million of Mexican pesos with purchasing power as of June 30, 2004 and December 31, 2003

| <b>Assets</b>                            |            | <b>Jun-04</b>     | <b>Dic-03</b> |
|--|------------|-------------------|---------------|
| <b>Current Assets</b>                    |            |                   |               |
| Cash and cash equivalents                | Ps.        | 2,389 Ps.         | 2,874         |
| Total accounts receivable                |            | 2,819             | 2,967         |
| Inventories                              |            | 2,427             | 2,257         |
| Prepaid expenses                         |            | 191               | 208           |
| Total current assets                     |            | 7,826             | 8,306         |
| <b>Property, plant and equipment</b>     |            |                   |               |
| Property, plant and equipment            |            | 28,617            | 28,337        |
| Accumulated depreciation                 |            | -11,491           | -10,935       |
| Bottles and cases                        |            | 946               | 992           |
| Total property, plant and equipment, net |            | 18,072            | 18,394        |
| <b>Investment in shares</b>              |            | 515               | 525           |
| <b>Deferred charges, net</b>             |            | 1,269             | 1,364         |
| <b>Intangibles</b>                       |            | 34,594            | 34,270        |
| <b>Total Assets</b>                      | <b>Ps.</b> | <b>62,276 Ps.</b> | <b>62,859</b> |

| <b>Liabilities and Stockholders' Equity</b>       |            | <b>Jun-04</b>     | <b>Dic-03</b> |
|---|------------|-------------------|---------------|
| <b>Current Liabilities</b>                        |            |                   |               |
| Short-term bank loans and notes                   | Ps.        | 1,794 Ps.         | 3,051         |
| Interest payable                                  |            | 381               | 381           |
| Suppliers   |            | 3,503             | 3,494         |
| Other current liabilities                         |            | 2,421             | 2,795         |
| Total Current Liabilities                         |            | 8,099             | 9,721         |
| Long-term bank loans                              |            | 24,898            | 26,515        |
| Pension plan and seniority premium                |            | 608               | 617           |
| Other liabilities                                 |            | 2,403             | 2,618         |
| Total Liabilities                                 |            | 36,008            | 39,471        |
| <b>Stockholders' Equity</b>                       |            |                   |               |
| Minority interest                                 |            | 649               | 167           |
| Majority interest:                                |            |                   |               |
| Capital stock                                     |            | 2,699             | 2,699         |
| Additional paid in capital                        |            | 11,546            | 11,546        |
| Retained earnings of prior years                  |            | 11,633            | 9,764         |
| Net income for the period                         |            | 2,601             | 2,391         |
| Cumulative results of holding non-monetary assets |            | -2,859            | -3,178        |
| Total majority interest                           |            | 25,620            | 23,222        |
| Total stockholders' equity                        |            | 26,269            | 23,389        |
| <b>Total Liabilities and Equity</b>               | <b>Ps.</b> | <b>62,277 Ps.</b> | <b>62,860</b> |

## Consolidated Income Statement

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|   | 2Q04     | 2Q03 <sup>(2)</sup> | YTD04    | YTD03 <sup>(2)</sup> |
|---|----------|---------------------|----------|----------------------|
| Sales Volume(millions unit cases)         | 454.5    | 365.7               | 895.2    | 515.9                |
| Average price per unit case               | 24.26    | 25.70               | 24.04    | 26.58                |
| Net revenues                              | 11,026.5 | 9,398.7             | 21,522.5 | 13,711.1             |
| Other operating revenues                  | 47.5     | 63.4                | 120.0    | 117.0                |
| Total revenues                            | 11,074.0 | 9,462.1             | 21,642.5 | 13,828.1             |
| Cost of sales                             | 5,648.9  | 4,770.8             | 11,110.7 | 6,877.0              |
| Gross profit                              | 5,425.1  | 4,691.3             | 10,531.8 | 6,951.1              |
| Administrative expenses                   | 662.6    | 584.2               | 1,271.2  | 928.6                |
| Selling expenses                          | 3,014.0  | 2,270.0             | 5,929.5  | 3,145.3              |
| Operating expenses                        | 3,676.6  | 2,854.2             | 7,200.7  | 4,073.9              |
| Operating income                          | 1,748.5  | 1,837.1             | 3,331.1  | 2,877.2              |
| Interest expense                          | 634.2    | 395.7               | 1,213.9  | 494.9                |
| Interest income                           | 41.3     | 65.4                | 74.5     | 132.7                |
| Interest expense, net                     | 592.9    | 330.3               | 1,139.4  | 362.2                |
| Foreign exchange loss (gain)              | 259.6    | 958.7               | 203.6    | 978.5                |
| Loss (gain) on monetary position          | (38.9)   | (24.2)              | (504.4)  | (6.9)                |
| Integral cost of financing                | 813.6    | 1,264.8             | 838.6    | 1,333.8              |
| Other (income) expenses, net              | 73.1     | 48.7                | 138.9    | 106.7                |
| Income before taxes                       | 861.8    | 523.6               | 2,353.6  | 1,436.7              |
| Taxes                                     | 312.8    | 126.5               | 927.4    | 548.5                |
| Consolidated net income before ext. items | 549.0    | 397.1               | 1,426.2  | 888.2                |
| Extraordinary items                       | 1,175.0  | -                   | 1,175.0  | -                    |
| Consolidated net income                   | 1,724.0  | 397.1               | 2,601.2  | 888.2                |
| Majority net income                       | 1,724.0  | 397.1               | 2,601.2  | 877.8                |
| Minority net income                       | -        | -                   | -        | 10.4                 |
| Non-cash items (2)                        | 581.9    | 490.00              | 1,160.8  | 707.1                |

(1) Except volume and average price per unit case figures.

(2) Includes two months from our new territories acquired from Panamco.

(3) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

## Mexican and Central American operations

### Mexican operations

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|                                   | 2Q 04 % Rev |        | YTD 04 % Rev |        |
|-----------------------------------|-------------|--------|--------------|--------|
| Sales Volume(millions unit cases) | 257.0       |        | 485.2        |        |
| Average price per unit case       | 25.98       |        | 26.24        |        |
| Net revenues                      | 6,676.1     |        | 12,731.9     |        |
| Other operating revenues          | 33.7        |        | 79.4         |        |
| Total revenues                    | 6,709.8     | 100.0% | 12,811.3     | 100.0% |
| Cost of sales                     | 3,155.4     | 47.0%  | 6,022.5      | 47.0%  |
| Gross profit                      | 3,554.4     | 53.0%  | 6,788.8      | 53.0%  |
| Administrative expenses           | 401.5       | 6.0%   | 755.8        | 5.9%   |
| Selling expenses                  | 1,784.7     | 26.6%  | 3,482.2      | 27.2%  |
| Operating expenses                | 2,186.2     | 32.6%  | 4,238.0      | 33.1%  |
| Operating income                  | 1,368.2     | 20.4%  | 2,550.8      | 19.9%  |
| Non-cash items (2)                | 325.3       | 4.8%   | 664.5        | 5.2%   |

(1) Except volume and average price per unit case figures.

(2) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

### Central American operations

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|                                   | 2Q 04 % Rev |        | YTD 04 % Rev |        |
|-----------------------------------|-------------|--------|--------------|--------|
| Sales Volume(millions unit cases) | 26.8        |        | 53.3         |        |
| Average price per unit case       | 32.26       |        | 32.42        |        |
| Net revenues                      | 864.7       |        | 1,728.2      |        |
| Other operating revenues          | 1.6         |        | 5.3          |        |
| Total revenues                    | 866.3       | 100.0% | 1,733.5      | 100.0% |
| Cost of sales                     | 434.8       | 50.2%  | 887.5        | 51.2%  |
| Gross profit                      | 431.5       | 49.8%  | 846.0        | 48.8%  |
| Administrative expenses           | 68.9        | 8.0%   | 131.8        | 7.6%   |
| Selling expenses                  | 278.1       | 32.1%  | 521.8        | 30.1%  |
| Operating expenses                | 347.0       | 40.1%  | 653.6        | 37.7%  |
| Operating income                  | 84.5        | 9.8%   | 192.4        | 11.1%  |
| Non-cash items (2)                | 78.9        | 9.1%   | 137.9        | 8.0%   |

(1) Except volume and average price per unit case figures.

(2) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

### Colombian operations

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|                                   | 2Q 04 % Rev |        | YTD 04 % Rev |        |
|-----------------------------------|-------------|--------|--------------|--------|
| Sales Volume(millions unit cases) | 40.0        |        | 81.5         |        |
| Average price per unit case       | 22.05       |        | 21.60        |        |
| Net revenues                      | 881.8       |        | 1,760.6      |        |
| Other operating revenues          | -           |        | -            |        |
| Total revenues                    | 881.8       | 100.0% | 1,760.6      | 100.0% |
| Cost of sales                     | 476.2       | 54.0%  | 957.3        | 54.4%  |
| Gross profit                      | 405.6       | 46.0%  | 803.3        | 45.6%  |
| Administrative expenses           | 46.6        | 5.3%   | 96.4         | 5.5%   |
| Selling expenses                  | 271.9       | 30.8%  | 582.4        | 33.1%  |
| Operating expenses                | 318.5       | 36.1%  | 678.8        | 38.6%  |
| Operating income                  | 87.1        | 9.9%   | 124.5        | 7.1%   |
| Non-cash items (2)                | 73.1        | 8.3%   | 142.5        | 8.1%   |

(1) Except volume and average price per unit case figures.

(2) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

### Venezuelan operations

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|                                   | 2Q 04 % Rev |        | YTD 04 % Rev |        |
|-----------------------------------|-------------|--------|--------------|--------|
| Sales Volume(millions unit cases) | 40.6        |        | 81.5         |        |
| Average price per unit case       | 27.22       |        | 26.49        |        |
| Net revenues                      | 1,105.3     |        | 2,159.2      |        |
| Other operating revenues          | 0.5         |        | 1.0          |        |
| Total revenues                    | 1,105.8     | 100.0% | 2,160.2      | 100.0% |
| Cost of sales                     | 639.3       | 57.8%  | 1,272.7      | 58.9%  |
| Gross profit                      | 466.5       | 42.2%  | 887.5        | 41.1%  |
| Administrative expenses           | 65.4        | 5.9%   | 122.8        | 5.7%   |
| Selling expenses                  | 322.4       | 29.2%  | 615.5        | 28.5%  |
| Operating expenses                | 387.8       | 35.1%  | 738.3        | 34.2%  |
| Operating income                  | 78.7        | 7.1%   | 149.2        | 6.9%   |
| Non-cash items (2)                | 53.4        | 4.8%   | 113.6        | 5.3%   |

(1) Except volume and average price per unit case figures.

(2) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

## Brazilian and Argentine operations

### Brazilian operations

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|                                   | 2Q 04 % Rev |        | YTD 04 % Rev |        |
|-----------------------------------|-------------|--------|--------------|--------|
| Sales Volume(millions unit cases) | 58.7        |        | 125.2        |        |
| Average price per unit case       | 16.62       |        | 16.15        |        |
| Net revenues                      | 975.4       |        | 2,021.9      |        |
| Other operating revenues          | 4.8         |        | 7.3          |        |
| Total revenues                    | 980.2       | 100.0% | 2,029.2      | 100.0% |
| Cost of sales                     | 610.1       | 62.2%  | 1,255.0      | 61.8%  |
| Gross profit                      | 370.1       | 37.8%  | 774.2        | 38.2%  |
| Administrative expenses           | 71.6        | 7.3%   | 154.9        | 7.6%   |
| Selling expenses                  | 239.6       | 24.4%  | 483.0        | 23.8%  |
| Operating expenses                | 311.2       | 31.7%  | 637.9        | 31.4%  |
| Operating income                  | 58.9        | 6.0%   | 136.3        | 6.7%   |
| Non-cash items (2)                | 20.2        | 2.1%   | 40.1         | 2.0%   |

(1) Except volume and average price per unit case figures.

(2) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

### Argentine operations

Expressed in million of Mexican pesos<sup>(1)</sup> with purchasing power as of June 30, 2004

|                                   | 2Q 04 % Rev |        | 2 Q03 % Rev |        | YTD 04 % Rev |        | YTD 03 % Rev |        |
|-----------------------------------|-------------|--------|-------------|--------|--------------|--------|--------------|--------|
| Sales Volume(millions unit cases) | 31.4        |        | 27.1        |        | 68.5         |        | 58.7         |        |
| Average price per unit case       | 16.59       |        | 16.24       |        | 16.36        |        | 16.05        |        |
| Net revenues                      | 520.9       |        | 440.1       |        | 1,120.7      |        | 942.0        |        |
| Other operating revenues          | 20.9        |        | 16.4        |        | 54.8         |        | 52.7         |        |
| Total revenues                    | 541.8       | 100.0% | 456.5       | 100.0% | 1,175.5      | 100.0% | 994.7        | 100.0% |
| Cost of sales                     | 330.2       | 60.9%  | 298.4       | 65.4%  | 715.8        | 60.9%  | 649.3        | 65.3%  |
| Gross profit                      | 211.6       | 39.1%  | 158.1       | 34.6%  | 459.7        | 39.1%  | 345.4        | 34.7%  |
| Administrative expenses           | 23.1        | 4.3%   | 28.8        | 6.3%   | 37.2         | 3.2%   | 59.2         | 6.0%   |
| Selling expenses                  | 117.2       | 21.6%  | 112.9       | 24.7%  | 244.5        | 20.8%  | 227.7        | 22.9%  |
| Operating expenses                | 140.3       | 25.9%  | 141.7       | 31.0%  | 281.7        | 24.0%  | 286.9        | 28.8%  |
| Operating income                  | 71.3        | 13.2%  | 16.4        | 3.6%   | 178.0        | 15.1%  | 58.5         | 5.9%   |
| Non-cash items (2)                | 31.0        | 5.7%   | 45.6        | 10.0%  | 62.1         | 5.3%   | 92.4         | 9.3%   |

(1) Except volume and average price per unit case figures.

(2) Depreciation, amortization and other non-cash items (including returnable bottle breakage expense).

Selected Information

**SELECTED INFORMATION**

For the three months ended June 30, 2004

Expressed in million Mexican pesos as of June 30, 2004

| 2Q 2003               |       |
|-----------------------|-------|
| Capex                 | 528.4 |
| Depreciation          | 259.8 |
| Amortization & Others | 230.2 |

| 2Q 2004               |       |
|-----------------------|-------|
| Capex                 | 296.3 |
| Depreciation          | 297.7 |
| Amortization & Others | 284.2 |

**VOLUME (MUC)**

Expressed in million unit cases

|                 | 2Q 2003      |             |             |             |            |              |
|-----------------|--------------|-------------|-------------|-------------|------------|--------------|
|                 | Colas        | Flavors     | Water       | Beer        | Others     | Total        |
| Mexico (1)      | 159.0        | 49.4        | 63.2        | 0.0         | 1.8        | 273.4        |
| Central America | 18.3         | 6.6         | 1.1         | 0.0         | 0.5        | 26.5         |
| Colombia        | 25.2         | 9.1         | 6.4         | 0.0         | 0.1        | 40.8         |
| Venezuela       | 21.6         | 11.1        | 3.0         | 0.0         | 2.1        | 37.8         |
| Brazil          | 30.3         | 13.6        | 2.2         | 10.5        | 0.3        | 56.9         |
| Argentina       | 19.7         | 7.0         | 0.3         | 0.0         | 0.1        | 27.1         |
| <b>Total</b>    | <b>274.1</b> | <b>96.8</b> | <b>76.2</b> | <b>10.5</b> | <b>4.9</b> | <b>462.5</b> |

|                 | 2Q 2004      |              |             |            |            |              |
|-----------------|--------------|--------------|-------------|------------|------------|--------------|
|                 | Colas        | Flavors      | Water       | Beer       | Others     | Total        |
| Mexico (1)      | 153.4        | 51.4         | 50.8        | 0.0        | 1.4        | 257.0        |
| Central America | 18.5         | 6.8          | 1.1         | 0.0        | 0.4        | 26.8         |
| Colombia        | 26.3         | 8.3          | 5.3         | 0.0        | 0.1        | 40.0         |
| Venezuela       | 21.5         | 13.1         | 3.6         | 0.0        | 2.4        | 40.6         |
| Brazil          | 33.2         | 12.7         | 2.5         | 9.9        | 0.4        | 58.7         |
| Argentina       | 21.6         | 9.3          | 0.3         | 0.0        | 0.2        | 31.4         |
| <b>Total</b>    | <b>274.5</b> | <b>101.6</b> | <b>63.6</b> | <b>9.9</b> | <b>4.9</b> | <b>454.5</b> |

(1) Water volume includes 3.2 MUC and 2.7 MUC of Ciel 5.0 Lt presentation in 2Q2003 and 2Q2004, respectively.

**PACKAGE MIX BY PRESENTATION**

Expressed as a Percentage of Total Volume

|                 | 2Q 2003 |         |          |      |
|-----------------|---------|---------|----------|------|
|                 | Ret     | Non-Ret | Fountain | Jug  |
| Mexico          | 27.5    | 54.0    | 1.2      | 17.3 |
| Central America | 50.2    | 44.5    | 5.3      | -    |
| Colombia        | 54.2    | 35.8    | 3.1      | 6.9  |
| Venezuela       | 37.3    | 56.8    | 2.7      | 3.2  |
| Brazil          | 12.9    | 82.5    | 4.6      | -    |
| Argentina       | 24.6    | 71.2    | 4.2      | -    |

|                 | 2Q 2004 |         |          |      |
|-----------------|---------|---------|----------|------|
|                 | Ret     | Non-Ret | Fountain | Jug  |
| Mexico          | 28.3    | 55.7    | 1.3      | 14.7 |
| Central America | 49.5    | 46.1    | 4.4      | -    |
| Colombia        | 51.3    | 38.8    | 3.5      | 6.4  |
| Venezuela       | 31.1    | 61.9    | 2.8      | 4.2  |
| Brazil          | 11.5    | 85.1    | 3.4      | -    |
| Argentina       | 27.4    | 68.8    | 3.8      | -    |

For the six months ended June 30, 2004

Expressed in million Mexican pesos as of June 30, 2004

| 1H 2003               |       |
|-----------------------|-------|
| Capex                 | 892.7 |
| Depreciation          | 385.9 |
| Amortization & Others | 321.2 |

| 1H 2004               |       |
|-----------------------|-------|
| Capex                 | 704.4 |
| Depreciation          | 610.5 |
| Amortization & Others | 550.3 |

**VOLUME (MUC)**

Expressed in million unit cases

|                 | 1H 2003      |              |              |             |            |              |
|-----------------|--------------|--------------|--------------|-------------|------------|--------------|
|                 | Colas        | Flavors      | Water        | Beer        | Others     | Total        |
| Mexico (1)      | 292.4        | 92.5         | 113.4        | 0.0         | 3.3        | 501.6        |
| Central America | 34.9         | 13.0         | 2.2          | 0.0         | 1.0        | 51.1         |
| Colombia        | 52.3         | 18.7         | 13.9         | 0.0         | 0.1        | 85.0         |
| Venezuela       | 38.1         | 19.0         | 5.4          | 0.0         | 3.5        | 66.0         |
| Brazil          | 67.5         | 32.1         | 5.1          | 22.2        | 0.9        | 127.8        |
| Argentina       | 41.8         | 16.0         | 0.7          | 0.0         | 0.2        | 58.7         |
| <b>Total</b>    | <b>527.0</b> | <b>191.3</b> | <b>140.7</b> | <b>22.2</b> | <b>9.0</b> | <b>890.2</b> |

|                 | 1H 2004      |              |              |             |            |              |
|-----------------|--------------|--------------|--------------|-------------|------------|--------------|
|                 | Colas        | Flavors      | Water        | Beer        | Others     | Total        |
| Mexico (1)      | 292.4        | 95.3         | 95.2         | 0.0         | 2.3        | 485.2        |
| Central America | 36.5         | 13.7         | 2.3          | 0.0         | 0.8        | 53.3         |
| Colombia        | 52.8         | 17.2         | 11.2         | 0.0         | 0.3        | 81.5         |
| Venezuela       | 44.3         | 25.1         | 7.2          | 0.0         | 4.9        | 81.5         |
| Brazil          | 70.3         | 27.6         | 5.7          | 20.8        | 0.8        | 125.2        |
| Argentina       | 46.9         | 20.8         | 0.6          | 0.0         | 0.2        | 68.5         |
| <b>Total</b>    | <b>543.2</b> | <b>199.7</b> | <b>122.2</b> | <b>20.8</b> | <b>9.3</b> | <b>895.2</b> |

(1) Water volume includes 6.3 MUC and 4.8 MUC of Ciel 5.0 Lt presentation in 2Q2003 and 2Q2004, respectively.

**PACKAGE MIX BY PRESENTATION**

Expressed as a Percentage of Total Volume

|                 | 1H 2003 |         |          |      |
|-----------------|---------|---------|----------|------|
|                 | Ret     | Non-Ret | Fountain | Jug  |
| Mexico          | 27.3    | 54.4    | 1.3      | 17.0 |
| Central America | 50.0    | 44.4    | 5.6      | -    |
| Colombia        | 53.2    | 36.6    | 2.9      | 7.3  |
| Venezuela       | 35.7    | 58.5    | 2.6      | 3.2  |
| Brazil          | 11.7    | 84.2    | 4.1      | -    |
| Argentina       | 23.7    | 72.3    | 4.0      | -    |

|                 | 1H 2004 |         |          |      |
|-----------------|---------|---------|----------|------|
|                 | Ret     | Non-Ret | Fountain | Jug  |
| Mexico          | 28.5    | 55.5    | 1.3      | 14.7 |
| Central America | 50.1    | 45.5    | 4.4      | -    |
| Colombia        | 52.3    | 37.8    | 3.3      | 6.6  |
| Venezuela       | 31.6    | 61.5    | 2.7      | 4.2  |
| Brazil          | 10.8    | 86.1    | 3.1      | -    |
| Argentina       | 27.5    | 68.9    | 3.6      | -    |



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June 2004  
Macroeconomic Information

|           | Inflation |        |       | Foreign Exchange Rate<br>(Per US Dollar) * |
|-----------|-----------|--------|-------|--|
|           | LTM       | YTD    | 2Q    |  |
| Mexico    | 4.37%     | 1.63%  | 0.06% | 11.51                                      |
| Colombia  | 6.70%     | 5.22%  | 2.28% | 2,699.58                                   |
| Venezuela | 22.34%    | 11.04% | 4.41% | 1,920.00                                   |
| Brazil    | 5.51%     | 3.12%  | 1.37% | 3.11                                       |
| Argentina | 4.89%     | 2.63%  | 1.81% | 2.96                                       |

\* Figures as of June 30, 2004

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