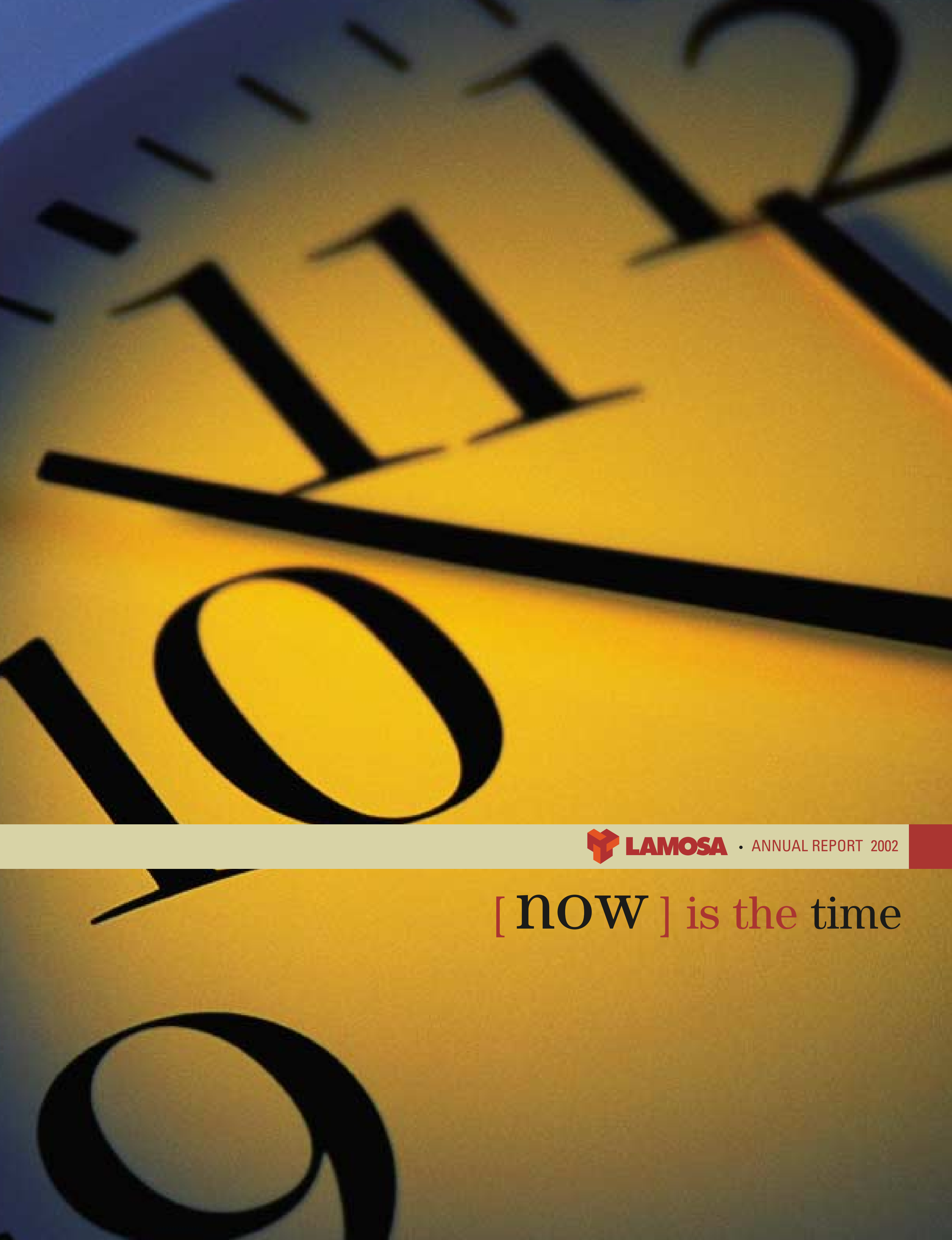
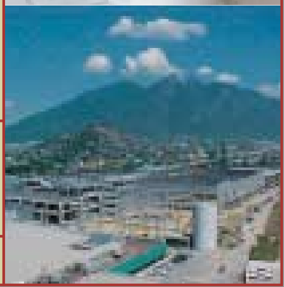


LAMOSA • ANNUAL REPORT 2002

[now] is the time

[company profile]

BUSINESSES	PLANTS	PRODUCTS
Wall and Floor Tiles		
LAMOSA Revestimientos, S.A. de C.V.	Monterrey Tlaxcala San Luis Potosí	• Wall, floor and skirting tiles, special pieces and bricks
General de Minerales, S.A. de C.V. LAMOSA USA Corp.		
Adhesives		
Crest, S.A. de C.V.	Santa Catarina Guadalajara Morelia Chihuahua Tizayuca	• Adhesives for installing wall and floor tiles • Grouts • Stuccos • Plaster for the ceramic industry • Plaster for the construction industry
Adhesivos de Jalisco, S.A. de C.V.	Guadalajara León México	
Industrias Niasa, S.A. de C.V.	Distrito Federal México Guadalajara Chihuahua Navojoa Torreón	
Proyeso, S.A. de C.V.	Cuatro Ciénegas	
Sanitaryware		
Sanitarios Azteca, S.A. de C.V.	Monterrey Juárez	• Toilets • Wall, pedestal, over-mounting and under-mounting washbasins and drop-ins • Luxury bidets • Flushometer bowls • Urinals • Drinking fountains
Real Estate		
Grupo Inmobiliario Viber, S.A. de C.V. Ladrillera Monterrey, S.A. de C.V.	In the metropolitan area of Monterrey	• Housing developments • Commercial developments • Office parks
Administrative and Financial Services		
Servicios Administrativos Lamosa S.A. de C.V.		



[contents]

Grupo Lamosa is one of the few organizations with over a century of experience in the construction industry, experience that supports its market leadership position.

The Company's success reflects the track record of continuous efforts since it was founded in 1890 as a small brick-making enterprise in the city of Monterrey, Nuevo León, Mexico.

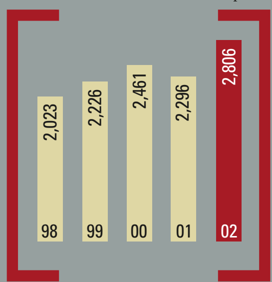
Today, Grupo Lamosa comprises ten operating companies, one administrative and financial services company, and a total of 21 production facilities strategically located throughout Mexico.

Grupo Lamosa's businesses have led the Mexican market for many years. Today, the Company is a key player in the NAFTA market, with more than 30 years of experience exporting ceramic tiles and sanitaryware products across the region. Grupo Lamosa also serves other markets, such as Central America and the Caribbean.

MARKETS

[financial highlights]

Net Sales
millions of Mexican pesos



GRUPO LAMOSA, S.A. DE C.V. AND SUBSIDIARIES

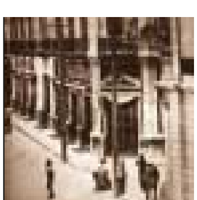
(Millions of constant Mexican pesos as of December 31, 2002)

	2002	2001	%VAR
RESULTS			
Net sales	2,806	2,296	22
Export sales[1]	45	37	22
Export sales / net sales	16%	16%	
Operating income	441	303	46
Operating income / net sales	16%	13%	
Comprehensive financing cost	132	68	94
Consolidated net income	182	135	34
FINANCIAL POSITION			
Total assets	3,955	3,244	22
Total liabilities	2,296	1,864	23
Stockholders' equity	1,659	1,380	20
Book value per share[2]	13.82	11.50	20
CASH FLOW			
Net operating cash flow[3]	540	420	29
Capital expenditures	778	364	114
NUMBER OF EMPLOYEES			
Total personnel	3,371	3,234	4

[1] Millones de dólares
[2] Sobre un total de 120 millones de acciones
[3] Corresponde a la suma de la utilidad de operación más la depreciación y amortización

[over a century]

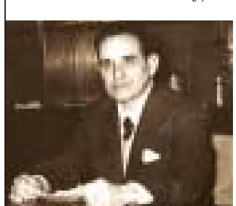
[1890]



Grupo Lamosa dates back to 1890, when a small brick factory – called Compañía Manufacturera de Ladrillos de Monterrey – was founded in Monterrey, Nuevo León. This enterprise, created by a group of investors from the United States, began operations with 75 workers producing 20 million bricks a year.

[1929]

On December 24, 1929, the company is acquired by Bernardo Elosúa and Viviano L. Valdes, who rename it «Ladrillera Monterrey, S.A.»



[1933]

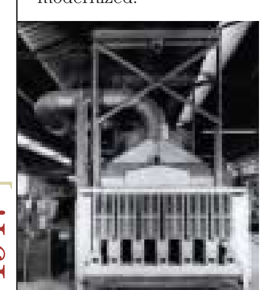
In 1933, Ladrillera Monterrey, S.A. adds wall and floor tiles, and hollow, resistant clay blocks known as "Barroblocks" to its original production, pioneering the manufacture of these products in the domestic market. During this same year, firewood is substituted by natural gas as kiln fuel.

[1941]

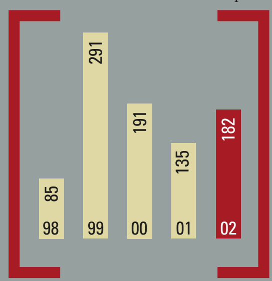
In 1941, the company installs the first semi-continuous kiln operating with fourteen 392-ton chambers. A total of 200 employees and workers are employed at this time.

[1947]

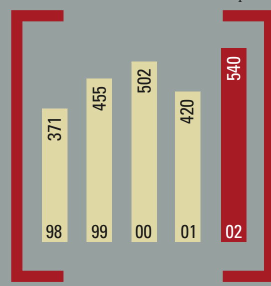
It is during the '40s and '50s that the company modernizes and expands its businesses; in 1947, production capacity is increased 100% and the tile glaze and raw material milling systems are modernized.



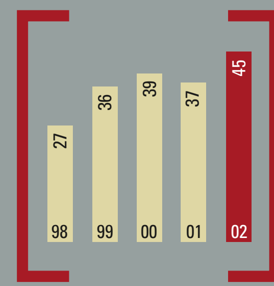
Consolidated Net Income
millions of Mexican pesos



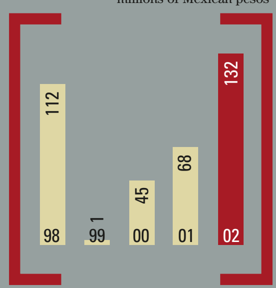
Cash Flow
millions of Mexican pesos



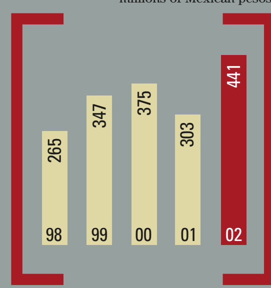
Export Sales
millions of U.S. dollars



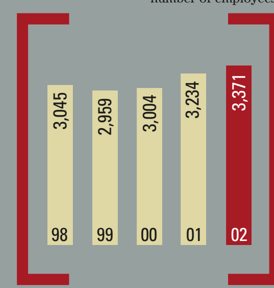
Comprehensive Financing Cost
millions of Mexican pesos



Operating Income
millions of Mexican pesos



Total Personnel
number of employees



Grupo Lamosa posted strong operating and financial results in 2002, with the high level of growth positively impacting the Company's profitability and financial structure.

[1965]

This is the year in which Ladrillera Monterrey, S.A. shares are first quoted on the Mexican Stock Exchange and tile production capacity is increased 70 percent. During the '60s, Grupo Lamosa expands its production once more, with the introduction of sanitaryware and adhesives.

[1973]

Bernardo Elosúa and Viviano L. Valdes retire from the direct management team and Bernardo Elosúa Jr. takes the reins as Chief Executive Officer.

[1984]

Ladrillera Monterrey enters a new phase in the '80s, consolidating operations, expanding businesses, and automating processes through a program of technological modernization. As part of this program, in 1984 the company begins converting its traditional kilns into rapid-burning roller kilns. Additionally, during this time, the real estate business begins to gain importance with its urban development projects.

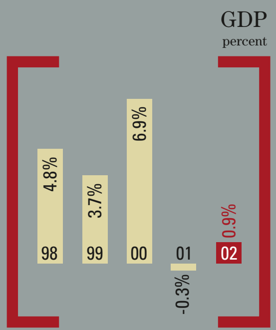
[1995]

The decade of the '90s is characterized by a series of operational changes that give the company international quality standards, positioning it to capitalize on the opportunities resulting from Mexico's trade liberalization. Operations are consolidated and unproductive plants closed, and in 1995 Ladrillera Monterrey, S.A. changes its official name to Grupo Lamosa, S.A. de C.V.

[2002]

All Grupo Lamosa businesses continue their structured growth and diversification strategy. The Company incorporates new companies and production facilities into its operations, such as Industrias Niasa, S.A. de C.V., and plants to produce sanitaryware in the city of Benito Juárez, Nuevo León and tile in San Luis Potosí. Grupo Lamosa ends the year with 11 companies, 21 production centers and a total of 3,371 employees.

[to our stockholders]

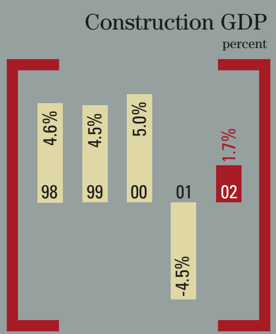


For Grupo Lamosa, 2002 was a year in which we made important investments, diversified our product mix, adding new models with greater value added, and penetrated new market segments. As a result, total annual sales grew substantially, by 22% year-over-year, while operating income increased 46%.

These figures show that, despite an economic environment characterized by ongoing uncertainty, volatility and low growth, Grupo Lamosa's business strategy is producing the expected results. Even though the Mexican economy only expanded 0.9% in 2002, the construction GDP rose 1.7%, largely reflecting strength in the housing segment we serve. Growth prospects for this segment continue to be very positive.

Looking to the future, Grupo Lamosa has implemented a strategy in which characteristics such as operating efficiency, top-quality products, aggressive market positioning and excellent service will serve as the basis for sustained sales growth and continuously increasing profitability for the Company.

"Even though the Mexican economy only expanded 0.9% in 2002, the construction GDP rose 1.7%, largely reflecting strength in the housing segment we serve."



Each of Grupo Lamosa's businesses contributed to 2002's positive results. They all grew and improved their operations throughout the year, allowing them to strengthen their competitive position by increasing market share and leadership.

It is clear that our results have been positively affected by the investments we have made in all Grupo Lamosa businesses. Operating income for 2002 exceeded the expectations that we had at the beginning of the year and totaled 441 million pesos, while net income reached 182 million pesos, 34% above the previous year.

Grupo Lamosa has become a world-class player, competing successfully in foreign markets such as the United States, Canada, and Central and South America. Consequently, the Company's foreign sales rose a significant 22% year-over-year, reflecting growing market shares and an increase in sales of high value added products.

Grupo Lamosa's financial structure showed strength throughout the year and the Company's financial indicators fall within the limits established to maintain healthy growth.

“It is clear that our results have been positively affected by the investments we have made in all Grupo Lamosa businesses. Operating income for 2002 totaled 441 million pesos.”

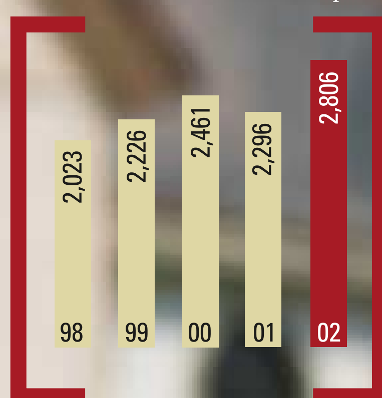
The investments we have made, and intend to make, will give us increased efficiency and competitiveness, while our markets continue to grow and consolidate. This will allow us to continue strengthening our competitive position, giving us a more attractive panorama for the near future.

Without doubt, Grupo Lamosa's achievements are a result of our stockholders' continued trust, the ongoing efforts of our people, and the great support from our suppliers, distributors and customers. I would like to thank you all.

Federico Toussaint Elosúa
PRESIDENTE DEL CONSEJO DE ADMINISTRACIÓN

[the time to

[+22%]

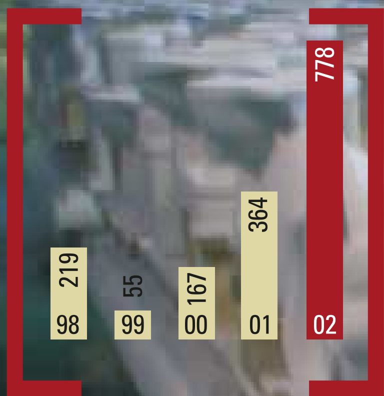


Grupo Lamosa understands the opportunities and great potential of the domestic housing sector, where the National Housing Plan foresees the building of 425,000 units in 2003 alone, an increase of 18% over the previous year. For this reason, all Lamosa businesses have been proactively positioning themselves to capitalize on the dynamism of the sector and translate it into Growth.

grow]

Capital Expenditures

millions of Mexican pesos



Grupo Lamosa's capital expenditures –mainly in technology, production facilities and real estate– have positioned it to capitalize on the dynamism of its businesses' markets.

[the time

[+114%

to invest]

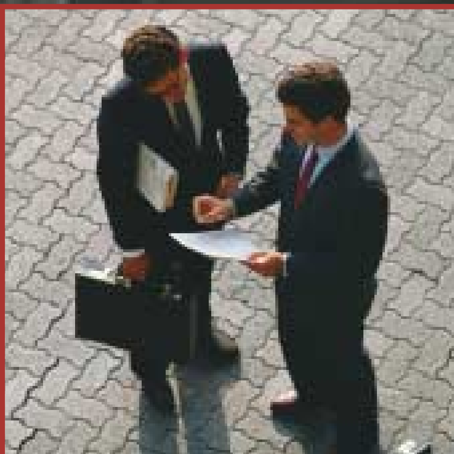

Export Sales
millions of U.S. dollars
98
27
99
36
00
39
01
37
02
45

[the time to

[+22%]

diversify]

All Grupo Lamosa businesses have implemented market diversification strategies to take advantage of their leadership positions and minimize risk, entering new economic segments and geographical regions, and offering an extensive range of new products.



Grupo Lamosa's 2002 results placed it as one of the best-performing companies quoting on the Mexican Stock Exchange. This achievement confirms that our strategies and decisions are promoting a solid, sustained growth that generates high profitability and increasing stockholder value.

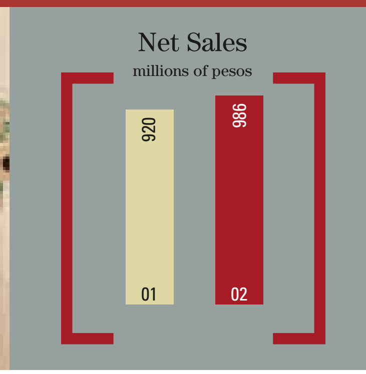
[+60%]

CRECIMIENTO DE 1998 AL 2002

to create value]

[company performance]

[+7.2%]



[wall and floor tiles business]

Grupo Lamosa's Wall and Floor Tiles Business posted positive results in 2002. Sales volume grew 14% year-over-year, outperforming the industry as a whole, increasing the business's market share and strengthening its competitive position.

The business continued its presence in foreign markets, mainly the United States, with export volume growing 7% despite foreign sales being limited by domestic market dynamism and the saturation of production capacity.

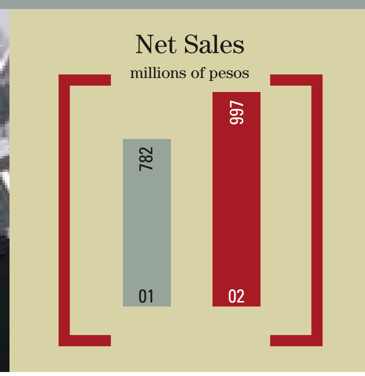
Operating results improved because of the enhancement of plant operations and the rationalization of fixed costs.

The implementation of a technological growth and reconversion strategy during the year began with the initiation of the construction in San Luis Potosí of a new floor tile plant with a production capacity of 15 thousand square meters per day. The plant will require an estimated investment of 21 million dollars and will allow the business to cover high value added market niches with superior quality products, thereby increasing profitability.

At the end of 2002, the business began the negotiations and formal processes required to construct a new wall tile plant in the city of Benito Juárez in the state of Nuevo León. This facility is projected to begin operations at the end of 2003.

Another achievement of the Wall and Floor Tiles Business in 2002 was the strengthening of its commercial area, with the launch of new products with original and attractive designs, such as **Tucson, Portal, Valenciano** and **Mallorca.** These new tiles were well received in exhibitions, such as Expo CIHAC in Mexico.

[+27.5%]



[adhesives business]

The Adhesives Business, which mainly operates in the domestic market, posted good results in 2002 despite aggressive competition and a threat of new entrants into the market.

The business's sales volume grew 31%, reflecting the ongoing efforts of all its companies and the consolidation of the results of Industrias Niasa, S.A. de C.V. during the entire year.

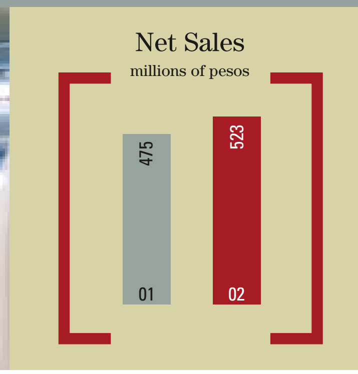
Consequently, the Adhesives Business is now the undisputed leader in the industry, offering a wide variety of high-quality products for the different market segments and satisfying the most demanding needs of its customers.

During 2002, the business took part in the Expo CIHAC and Expo Ferretera trade fairs with new and better products, such as **Crest Porcelánico** specialty adhesive; a line of grouts with fungicide; **Crest Water Block** wall sealant; and **Crestuco Proyectable**, a projectable stucco.

Crest, S.A. de C.V. received the 2002 Hidalgo Quality Award from the government of the state of Hidalgo for its Tizayuca plant. Additionally, four Crest, S.A. de C.V. plants were given **ISO 9000-2000** certification.

The Adhesives Business made important investments during 2002, including the construction of a new Crest plant in Santa Catarina, Nuevo León, with a capital expenditure of almost 4 million dollars. This facility increases production capacity by 200%, which will be reflected in the year 2003.

[+10.2%]



[sanitaryware business]

The Sanitaryware Business also outperformed the market in 2002, strengthening its competitive position and increasing its market share. Total sales volume grew 18%, while export sales volume rose a noteworthy 25%.

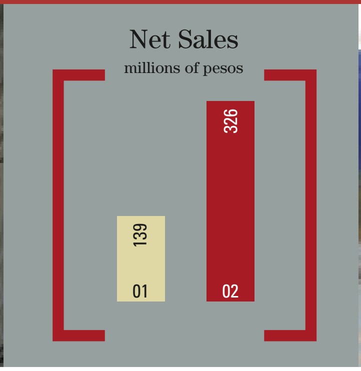
During the second half of the year, a new sanitaryware plant –Latin America's most modern– was inaugurated in Benito Juárez, Nuevo León. The business's main customers, and federal and state government officials attended its inauguration, seeing for themselves the advantages of this world-class facility.

In the final quarter of the year, the Sanitaryware Business successfully launched a new line of luxury products at the Expo Ferretera trade fair in Guadalajara. This line complements the current product range and makes a significant contribution to the repositioning of Lamosa as a quality supplier offering a complete line of sophisticated, high value added products.

The business continued its product development program during the year, enabling it to satisfy the needs and preferences of different consumers and to considerably reduce time to market.

An intensive advertising campaign was carried out in the NAFTA region in 2002, with the business inviting potential customers to see its products and facilities, and winning a new portfolio of high-end customers.

The Sanitaryware Business is a major player across the NAFTA market. Moreover, it is fully prepared to capitalize on the opportunities resulting from Mexico's National Housing Plan and has made valuable strategic and commercial alliances with Mexico's most important construction companies, such as GEO and Pulte.



[real estate business]

At yearend 2002, the Real Estate Business posted an outstanding 135% year-over-year growth in sales, reflecting the performance of the Valle Oriente development, especially its housing area and office park.

Additionally, during the year significant progress was made with the construction of the **Galerías Valle Oriente** mall in the same subdivision, generating a total of **4,300 direct** and **indirect jobs.** This shopping center will be one of northern Mexico's most important and will open its doors to the public in spring 2003, offering such advantages as excellent location, state-of-the-art design, extensive parking facilities, and an attractive mix of prestigious stores and entertainment options.

During the third quarter of 2002, the Torre 8 office building was sold, enhancing cash flow at a time when this business was making investments, as well as increasing the value and attractiveness of the office park, one of the region's most original and innovative developments.

Throughout 2002, the Real Estate Business continued its growth and diversification strategy in the metropolitan area of Monterrey. In the Cumbres sector, the building of a shopping center was initiated with the construction of an **HEB supermarket** as its first stage. The center will serve a clientele with attractive purchasing power in one of the region's fastest growing sectors.

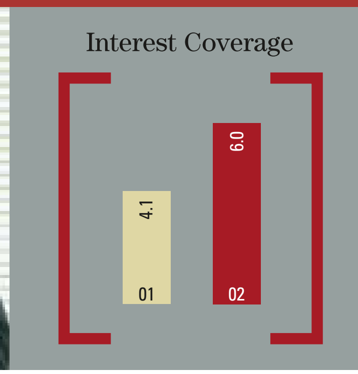
During the year, this business completed the formal processes required to carry out a number of new projects, such as an apartment area that will be located in the fourth sector of the **Privanzas** development in **Valle Oriente,** and housing developments in the **Cumbres** and **Contry Sur** sectors. The impact of these efforts will be felt at the end of 2003.

[financial performance]

[24.5%]

RENDIMIENTO DE LA ACCIÓN

Increase in value of Lamosa Series B shares in 2002



Even in 2002's economic and financial environment of uncertainty and volatility, Grupo Lamosa's financial performance was very satisfactory.

The interest rate decline observed throughout the year allowed the Company to further optimize financial expense and debt profile.

During 2002, despite the consolidation of the Mexican banking system, Grupo Lamosa continued to receive offers of credit, enabling it to extend its sources of financing and access financing schemes in line with the nature of the different investment projects being carried out.

At yearend, Grupo Lamosa exhibits a solid financial structure and throughout 2002 was able to comply with its financial obligations. Moreover, the Company's healthy cash flow will allow it to continue the structured growth strategy being followed by all its businesses.

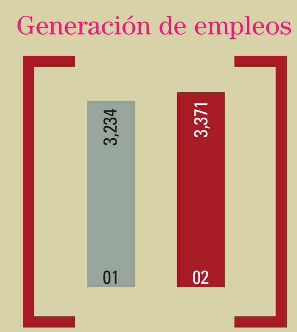
Financial indicators that demonstrated the strongest performance this year include interest coverage, which rose to 6.0 times; the ratio of debt to **EBITDA**, which was **2.5 times**; and the liquidity ratio, which reached **1.7 times.**

Lamosa Series B shares significantly outperformed the Mexican Stock Market in 2002, rising 24% year-over-year while the market index decreased 5%. Additionally, the number of operations and trading volume increased.

Throughout 2002, Grupo Lamosa continued its Investor Relations Program, resulting in the Company's performance being covered by a larger number of financial analysts and intermediaries, and an increase in trading volumes.

[social responsibility]

[+4.2%]



The implementation of Grupo Lamosa's growth and diversification strategy has created employment in Mexico, even in adverse economic and market conditions. In fact, in 2002 the Company's investment in industrial and commercial projects created 6,850 jobs, of which 1,295 are permanent in nature, and the rest indirect jobs resulting from construction activities.

Throughout 2002, we made great efforts to integrate the personnel of the new plants acquired and constructed by the different businesses into the Grupo Lamosa scheme of policies, standards and values. Because we are fully aware that the most important asset of any organization is its people, we provide training and development programs for all employees in the Company's different areas and departments.

One such initiative is the Executive Development Program, through which we offer seminars on such topics as leadership, problem analysis and solution, and decision making. The program enables our executives to develop skills and capabilities that have a positive impact on the organization's results.

The implementation in 2002 of Quality Models at the Company's plants and corporate service area for ISO 9000-2000 compliance is allowing Grupo Lamosa to introduce systematic, continuous improvement in all its processes and to continue operating with organization-wide certification.

“Grupo Lamosa's growth has strengthened its businesses' competitive position and created a platform that consolidates long-term leadership.”

[corporate governance]

Grupo Lamosa's transparency and good corporate governance are a result of a philosophy based on ethical behavior in all our business activities and a commitment to the principles that have directed the Company for more than a century.

Grupo Lamosa complies with the principles established by the Mexican Stock Exchange and adheres to the Code of Best Corporate Practices.

BOARD OF DIRECTORS

Federico Toussaint Elosúa	Chairman	
Max Michel Suberville	Director Auditing Committee	P
Eduardo Elizondo Barragán	Director Human Resources Committee	P
José Alfonso Rubio Elosúa	Director	P
Bernardo Elosúa Robles	Director Human Resources Committee	P
Antonio Elosúa González	Director	P
Juan Miguel Rubio Elosúa	Director	P
Guillermo Barragán Elosúa	Director	P
José Manuel Valverde Valdes	Director Auditing Committee	P
Javier Saavedra Valdes	Director	P
Eugenio Garza Herrera	Director Human Resources Committee	I
Armando Garza Sada	Director Auditing Committee	I
Francisco Javier Fernández Carbajal	Director	I
Luis Francisco González Parás	Secretary	
Carlos Zambrano Plant	Examiner Auditing Committee	

COMPANY OFFICERS

Federico Toussaint Elosúa	Chief Executive Officer
Sergio Narváez Garza	Wall and Floor Tiles Vice-President
Jorge Aldape Luengas	Adhesives Vice-President
Arturo Martínez Martínez	Sanitaryware Vice-President
Enrique Alvarez-Tostado Ascorve	Chief Financial Officer
Alejandro Novoa Camino	Human Resources Vice-President

P(Shareholding)
I (Independent)

[financial statements]

[examiner's report]

To the General Stockholders' Assembly of Grupo Lamosa, S.A. de C.V.

In fulfilling my obligations as Company Examiner, a position bestowed upon me by the Grupo Lamosa, S.A. de C.V. Stockholders' Assembly of April 8, 2002, and in compliance with the statutes of the aforementioned Company and Mexican Corporate Law, I am obliged to inform you about the Company's operations and Management's report on fiscal 2002:

1. Through attending the majority of the Board Meetings and using the accounting information supplied by the Company, I have kept informed about the Company's performance and activities.

2. During the course of the year ended December 31, 2002, I examined and analyzed Grupo Lamosa, S.A. de C.V.'s monthly financial statements as prepared by the Company.

3. In addition, I have examined and analyzed the Company's financial statements as of December 31, 2002 audited by the external auditors Galaz, Yamazaki, Ruiz Urquiza, S.C. and consolidating the financial statements of subsidiaries audited by other external auditors. I have also reviewed and analyzed Company Management's report on activities for the period of January 1 to December 31, 2002.

In my opinion, Grupo Lamosa, S.A. de C.V.'s Consolidated Financial Statements, audited by the aforementioned firm of public accountants, present fairly the financial position of the Company as of December 31, 2002, through the balance sheet, and statements of income, changes in financial position and changes in stockholders' equity for the year then ended.

The accounting criteria and policies followed by the Company to present its operations are in accordance with the bulletins published by the Mexican Institute of Public Accountants, i.e. Bulletin B-10 and, as of Janaury 1, 2002, the provisions of Bulletin D-4, which I believe are adequate and sufficient with regard to the operations. In addition, I should like to affirm that the behavior of the Board of Directors is totally in accordance with the Company's statutes and the provisions of the Law.

Because of the above, I recommend that this Stockholders' Assembly approve the said Financial Statements.

Carlos Zambrano Plant
COMISARIO

[independent auditors' report]

Board of Directors and Stockholders of Grupo Lamosa, S.A. de C.V.
Monterrey, N.L.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Lázaro Cárdenas 2321, piso 6-B
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We have audited the accompanying consolidated balance sheets of Grupo Lamosa, S.A. de C.V. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for the years then ended, all expressed in thousands of Mexican pesos. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Company's consolidated subsidiaries mentioned in Note 1-c, which statements reflect total assets constituting 1.5% of consolidated total assets as of December 31, 2001 and net sales constituting 0.9% and 0.5% of consolidated net sales for the years ended December 31, 2002 and 2001, respectively, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with accounting principles generally accepted in Mexico. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Lamosa, S.A. de C.V. and subsidiaries as of December 31, 2002 and 2001, and the results of their operations, changes in their stockholders' equity and changes in their financial position for the years then ended, in conformity with accounting principles generally accepted in México.

The accompanying consolidated financial statements have been translated into English language for the convenience of users.

Fernando Cerda Martínez
March 11, 2003

[consolidated balance sheets]

GRUPO LAMOSA, S.A. DE C.V. and SUBSIDIARIES

As of December 31, 2002 and 2001

(Amounts expressed in thousands of Mexican pesos of purchasing power as of December 31, 2002)

ASSETS	2002	2001
CURRENT ASSETS:		
Cash and temporary investments	$ 126,649	$ 125,501
Accounts receivable - net (NOTE 3)	627,227	505,938
Inventories - net (NOTE 4)	310,316	334,561
Total current assets	1,064,192	966,000
REAL STATE INVENTORIES (NOTE 5)	799,096	456,838
PROPERTY, PLANT AND EQUIPMENT - NET (NOTES 6 AND 8)	1,887,880	1,550,960
EXCESS OF COST OVER BOOK VALUE OF SHARES OF SUBSIDIARIES	64,740	69,291
OTHER ASSETS (NOTE 7)	138,916	200,998
TOTAL	$ 3,954,824	$ 3,244,087

LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2001
CURRENT LIABILITIES:		
Notes payable to financial institutions	$ 10	$ 69,822
Current portion of long - term debt (NOTE 8)	146,977	95,722
Trade accounts payable	305,751	270,877
Other payables and accrued expenses	155,289	120,322
Income tax and employee statutory profit–sharing payable	34,796	41,278
Total current liabilities	642,823	598,021
LONG–TERM DEBT AND OTHER (NOTE 8)	1,258,426	935,841
DEFERRED INCOME TAX (NOTE 14)	394,588	330,585
Total liabilities	2,295,837	1,864,447
STOCKHOLDERS' EQUITY (NOTE 10):		
Capital stock	274,096	274,096
Retained earnings	2,084,181	1,930,720
Insufficiency in restated stockholders' equity	(524,587)	(581,291)
Cumulative effect of deferred income tax	(307,962)	(307,962)
Majority stockholders' equity	1,525,728	1,315,563
Trustee rights of third parties (NOTE 11)	133,259	64,077
Total stockholders' equity	1,658,987	1,379,640
TOTAL	$ 3,954,824	$ 3,244,087

See accompanying notes to the consolidated financial statements.

Federico Toussaint Elosúa
Chief Executive Officer

[consolidated statements of income]

GRUPO LAMOSA, S.A. DE C.V. and SUBSIDIARIES

For the years ended December 31, 2002 and 2001

(Amounts expressed in thousands of Mexican pesos of purchasing power as of December 31, 2002, except per share amounts)

	2002	2001
NET SALES	$2,806,279	$2,296,386
COSTS AND EXPENSES:		
Cost of sales	1,776,963	1,633,307
Operating expenses	588,127	360,338
Total costs and expenses	2,365,090	1,993,645
OPERATING INCOME	441,189	302,741
NET COMPREHENSIVE FINANCING COST:		
Interest expense	97,930	113,525
Interest income	(8,155)	(11,524)
Monetary position gain	(40,533)	(30,442)
Exchange fluctuations – net	82,865	(3,291)
Total net comprehensive financing cost	132,107	68,268
INCOME AFTER NET COMPREHENSIVE FINANCING COST	309,082	234,473
OTHER (EXPENSE) INCOME – NET	(20,039)	3,006
INCOME BEFORE PROVISIONS	289,043	237,479
PROVISIONS (NOTE 14)		
Income tax	85,357	86,205
Employee statutory profit–sharing - current	21,604	15,789
CONSOLIDATED NET INCOME	$ 182,082	$ 135,485
Net income per share (Based on weighted average 120,000,000 shares outstanding during 2002 and 2001)	1.52	1.13

See accompanying notes to the consolidated financial statements.

[consolidated statements of changes in stockholders' equity]

GRUPO LAMOSA, S.A. DE C.V. and SUBSIDIARIES
For the years ended December 31, 2002 and 2001
(Amounts expressed in thousands of Mexican pesos of purchasing power as of December 31, 2002)

	Capital stock	Retained earnings	Insufficiency in restated stockholders' equity	Minimum pension liability adjustment	Cumulative effect of deferred income tax	Majority stockholders' equity
BALANCE AS OF JANUARY 1, 2001	$ 274,096	$ 1,825,203	$ (524,001)	$ (8,285)	$ (307,962)	$ 1,259,051
Net comprehensive income		135,485	(57,290)	8,285		86,480
Dividends paid		(29,968)				(29,968)
BALANCE AS OF DECEMBER 31, 2001	274,096	1,930,720	(581,291)	-	(307,962)	1,315,563
Net comprehensive income		182,082	56,704			238,786
Dividends paid		(28,621)				(28,621)
BALANCE AS OF DECEMBER 31, 2002	$ 274,096	$ 2,084,181	$ (524,587)	-	$ (307,962)	$ 1,525,728

See accompanying notes to the consolidated financial statements.

[consolidated statements of changes in financial position]

GRUPO LAMOSA, S.A. DE C.V. and SUBSIDIARIES
For the years ended December 31, 2002 and 2001
(Amounts expressed in thousands of Mexican pesos of purchasing power as of December 31, 2002)

	2002	2001
OPERATING ACTIVITIES:		
Consolidated net income	$ 182,082	$ 135,485
Items that did not require (generate) resources:		
Depreciation and amortization	98,786	116,780
Employee retirement obligations – net	4,015	10,506
Allowance for doubtful accounts	1,410	6,880
Deferred income tax	41,782	55,305
Amortization of excess of cost over book value of shares of subsidiaries	4,551	4,618
	332,626	329,574
Changes in operating assets and liabilities:		
Accounts receivable	(92,406)	25,366
Inventories	(325,538)	(102,794)
Trade accounts payable	34,874	8,871
Other	(1,808)	(43,723)
Resources (used in) generated by operating activities	(52,252)	217,294
FINANCING ACTIVITIES:		
Proceeds from notes payable to financial institutions long – term debt and other	850,218	541,570
Repayment of notes payable to financial institutions and long – term debt	(485,284)	(369,731)
Effect of inflation on notes payable to financial institutions and long – term debt	(62,924)	(39,953)
Trustee rights of third parties	69,182	64,077
Dividends paid	(28,621)	(29,968)
Resources generated by financing activities	342,571	165,995
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(349,256)	(265,221)
Investment in trust	79,556	(41,479)
Acquisition of companies		(19,914)
Cash from acquired companies		8,364
Investment in other assets	(19,471)	(78,305)
Resources used in investment activities	(289,171)	(396,555)
CASH AND TEMPORARY INVESTMENTS:		
Increase (decrease)	1,148	(13,266)
Balance at beginning of year	125,501	138,767
Balance at end of year	$ 126,649	$ 125,501

See accompanying notes to the consolidated financial statements.

[notes to consolidated financial statements]

GRUPO LAMOSA, S.A. DE C.V. and SUBSIDIARIES
As of December 31, 2002 and 2001
(Amounts expressed in thousands of Mexican pesos of purchasing power as of December 31, 2002)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

a) Operations - Grupo Lamosa, S. A. de C. V. ("Glasa") and its subsidiaries (the "Company") are engaged in the manufacture of ceramic products for wall and floor coverings, bathroom fixtures, adhesives for ceramic tiles and development of real state projects.

b) Basis of consolidation - The consolidated financial statements include those of Glasa and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Currently, Glasa owns approximately 99.99% of the capital stock of its subsidiaries.

The consolidated subsidiaries, classified according to their activities, are shown below:

CERAMIC SEGMENT
Wall and floor tile business:
Lamosa Revestimientos, S. A. de C. V.
Lamosa USA, Inc.
Sanitary ware business:
Sanitarios Azteca, S.A. de C.V.

NON–CERAMIC SEGMENT
Adhesives business:
Crest, S.A. de C.V.
Proyeso, S.A. de C.V.
Adhesivos de Jalisco, S.A. de C.V.
Industrias Niasa, S.A. de C.V. (*)
Margreen de México, S.A. de C.V. (*)
Construmaquilas, S.A. de C.V. (*)

Real estate business:
Grupo Inmobiliario Viber, S. A. de C. V.
Trusts for the urbanization, development and marketing of real estate

Corporate and other:
Servicios Administrativos Lamosa, S.A. de C.V.
General de Minerales, S.A. de C.V.

c) (*)Acquisition of subsidiary - In December 7, 2001, the Company acquired 100% of stock of companies engaged in the manufacturing of adhesives for ceramic tiles. The acquisition cost was $19,914, generating an excess of book value over cost of the shares acquired of $7,578, such difference is netted in the line-item excess of cost over book value of shares of subsidiaries, because it is not material. Such companies were audited by other auditors.

d) Comprehensive income - Comprehensive income (loss) presented in the accompanying statement of changes in stockholders' equity represents the Company's total activity during each year, and is comprised of the net income (loss) of the year, plus other comprehensive income (loss) items of the same period which, in accordance with accounting principles generally accepted in Mexico (MEX GAAP), are presented directly in stockholders' equity without affecting the consolidated statements of income. In 2002 and 2001, the other comprehensive income (loss) items consist of the insufficiency in restated stockholders' equity.

e) Reclassifications - Certain reclassifications have been made to the 2001 financial statements to conform them to the 2002 presentation.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are in conformity with MEX GAAP, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Although these estimates are based on management's best knowledge of current events, actual results may differ. The significant accounting policies of the Company are as follows:

a) Recognition of the effects of inflation - The Company restates its consolidated financial statements to Mexican pesos purchasing power of the most recent balance sheet date presented. Accordingly, the consolidated financial statements of the prior year have been restated to Mexican pesos of purchasing power of December 31, 2002 and, therefore, differ from those originally reported in the prior year. Therefore the amounts in the financial statements are comparable, because they are expressed in constant pesos.

b) Temporary investments - Temporary investments are stated at the lower of acquisition cost plus accrued interest or estimated net realizable value.

c) Inventories and cost of sales - Inventories are valued at the latest purchase price or production cost, without exceeding the net realizable value. Cost of sales is restated using replacement cost at the time of sale.

d) Real estate inventories - Real state inventories consist of the cost of land, licenses, taxes, direct and indirect materials and costs incurred in the real state business of the Company. These costs are restated for inflation using the National Consumer Price Index (NCPI) without exceeding their market value.

Comprehensive financing cost incurred from loans related to real estate construction is capitalized. Comprehensive financing cost, expressively agreed to or implicit, in the debt, for the acquisition of land, is capitalized only during the development stage.

e) Property, plant and equipment - Property, plant and equipment of domestic origin is restated by applying factors derived form NCPI. For fixed assets of foreign origin, restated acquisition cost expressed in the currency of the country of origin is converted into Mexican pesos at the market exchange rate in effect at the balance sheet date.

Depreciation is computed using the straight–line method, based on the estimated useful lives of the related assets as follows:

	Years
Buildings	24
Machinery and equipment	12
Transportation equipment	1
Computer equipment	1
Furniture and fixtures	7

Net comprehensive financing cost incurred during the period of construction and installation of property, plant and equipment is capitalized and restated using the NCPI.

f) Financial instruments - Financial assets and liabilities resulting from any type of financial instrument, except for investments in financial instruments held to maturity, are presented in the balance sheet at fair value. The effects of the valuation of a financial asset or financial liability are recognized in results of operations of the respective period. Investments in financial instruments held to maturity are valued at acquisition cost. The costs and returns from investments in financial instruments are recognized in results of the year in which they occur. Expenses, premiums and discounts on the issue of debt financial instruments are amortized based on the effective interest method.

Derivative financial instruments identified as hedges are valued using the same valuation criteria for the assets or liabilities hedged, and the effects of their valuation are recognized in results of operations, net of costs, expenses or revenues from the assets or liabilities whose risks are being hedged.

g) Other assets - Other assets are restated using the NCPI and are amortized based on the corresponding expected life.

h) Excess of cost over book value of shares of subsidiaries - Excess of cost over book value of shares of subsidiaries is restated using the NCPI and is amortized using the straight–line method over 20 years.

i) Excess of book value over cost of subsidiaries - Excess of book value over cost of subsidiaries is restated using the NCPI and is amortized using the straight-line method during the period the acquired companies are integrated into the Company's operations not exceeding five years.

j) Maintenance expenses - Maintenance and repair expenses are recorded as expense in the period in which they are incurred.

k) Employee retirement obligations - Seniority premiums and pension plans are recognized as costs over employee years of service and are calculated by independent actuaries using the projected unit credit method at net discount rates. Severance payments are charged to operations when they become payable.

l) Income tax, tax on assets and employee statutory profit-sharing - The provisions for income tax (ISR) and employee statutory profit-sharing (PTU) are recorded in results of the year in which they are incurred. Deferred income tax assets and liabilities are recognized for temporary differences resulting from comparing the book and tax values of assets and liabilities plus any future benefits from tax loss carryforwards. Deferred income tax assets are reduced by any benefits that, in the opinion of management, are not probable of being realized. Deferred PTU is derived from temporary differences between the accounting result and income for PTU purposes and is recognized only when it can be reasonably assumed that they will generate a liability or benefit, and there is no indication that this situation will change in such a way that the liabilities will not be paid or benefits will not be realized.

Tax on assets paid that is expected to be recoverable is recorded as an advance payment of income tax and is presented on the balance sheet with deferred income taxes.

m) Foreign currency transactions - Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate at the date of the financial statements. Exchange fluctuations are recorded in results of operations, except those amounts capitalized as a component of construction cost (see note 6).

n) Excess (insufficiency) in restated stockholders' equity - Excess (insufficiency) in restated stockholders' equity represents the accumulated monetary position result through the initial restatement of the financial statements and the increase in the restated value of non monetary assets above (below) inflation.

o) Revenue recognition - Revenues are recognized in the period in which the risks and rewards of ownership are transferred to customers, which generally coincides with the shipment of products to customers in satisfaction of orders and the transfer of possesion rights of real estate inventories.

p) Monetary position (gain) loss - Monetary position result, which represents the (increase) erosion of purchasing power of monetary items caused by inflation, is calculated by applying NCPI factors to monthly net monetary position. (Gains) losses result from maintaining a net monetary (liability) asset position

q) Earnings per share - Earnings per share are computed by dividing consolidated net income by the weighted average number of shares outstanding during each period.

3. ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	2002	2001
Trade accounts receivable	$ 503,493	$ 411,087
Recoverable taxes	96,240	81,753
Other	41,020	25,214
Allowance for doubtful accounts	(13,526)	(12,116)
	$ 627,227	$ 505,938

4. INVENTORIES

Inventories are summarized as follows:

	2002	2001
Finished products	$ 184,883	$ 207,706
Work in process	25,082	25,444
Raw materials	40,615	47,012
Supplies and spare parts	59,730	61,061
Merchandise in transit	1,853	1,345
Advances to suppliers	1,253	1,492
Reserve for obsolescence	(3,100)	(9,499)
	$ 310,316	$ 334,561

5. REAL ESTATE INVENTORIES

Real estate inventories are summarized as follows:

	2002	2001
Land in development for sale	$ 252,709	$ 113,842
Undeveloped land	82,156	243,807
Urbanization in progress	122,540	33,364
Construction in progress	341,691	65,825
	$ 799,096	$ 456,838

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows:

	2002	2001
Land	$ 492,501	$ 487,060
Buildings	563,236	425,472
Machinery and equipment	1,452,536	1,141,134
Transportation equipment	41,740	34,821
Furniture and fixtures	42,086	36,209
Computer equipment	30,492	23,922
Construction in progress	223,500	226,197
Advances to suppliers	2,821	
	2,848,912	2,374,815
Accumulated depreciation	(961,032)	(823,855)
	$ 1,887,880	$ 1,550,960

Unamortized capitalized net comprehensive financing cost was $24,332 and $4,332, at December 31, 2002 and 2001, respectively.

7. OTHER ASSETS

Other assets is summarized as follows:

	2002	2001
Trademarks acquired	$ 86,109	$ 96,007
Preoperating expenses	37,664	5,700
Intangible pension asset (NOTE 9)	8,297	10,294
Investment in trust		79,556
License for use of computer equipment	1,591	3,342
Other	5,255	6,099
	$ 138,916	$ 200,998

Preoperative expenses come from construction of two new facilities in the ceramic business segment. One of them started its operationes in October, 2002 and the estimated date for starting operations for the other facility, is at the end of the 2003 first quarter.

8. LONG–TERM DEBT AND OTHER

a) Long–term debt and other is summarized as follows:

	2002	2001
Bank loans, denominated in Mexican pesos, bearing interest at variable rates (at December 31, 2002 and 2001, the weighted average interest rates were 12.39% and 12.90%, respectively).	$ 296,103	$ 69,638
Bank loans, denominated in U.S. dollars, bearing interest at variable rates (at December 31, 2002 and 2001, the weighted average interest rates were 5.30% and 7.46%, respectively).	596,164	464,350
Bank loans, denominated in U.S. dollars amounting to USD 11,573,000 in 2002 and USD 16,491,000 in 2001 bearing interest at LIBOR plus 6.02% and LIBOR plus 4.4%, respectively. [1]	291,580	272,160
Medium–term promissory notes denominated in investment units (UDIS) (at December 31, 2002 and 2001, the fixed interest rate was 9.25%).	129,031	129,138
Capital leases payable in U.S. dollars, at a fixed interest rate of 13%	11,341	5,737
Real estate tax for specific improvement, bears interest at the Inter-bank Interest Rate for 90 days loans, plus 1% (14.09% at December 31, 2001)		9,132
Other payables in U.S. dollars.	3,465	5,706
TOTAL LONG–TERM DEBT	1,327,683	955,861
Current portion of long–term debt	(146,977)	(95,722)
LONG–TERM DEBT	1,180,706	860,139
Employee retirement obligations (NOTE 9)	77,720	75,702
	$ 1,258,426	$ 935,841

[1] Glasa had Mexican peso denominated Medium Term Notes for $116,270 and $158,550, bearing an interest rate of six months CETES plus 4% and 3.75%, respectively, which through a currency swap operation, the proceeds of the notes were converted into U.S. dollar loans with the description and conditions disclosed in this note.

b) Long–term debt at December 31, 2002, excluding employee retirement obligations matures as follows:

Year ending December, 31	Total
2004	$ 204,842
2005	304,404
2006	332,345
2007 and thereafter	339,115
	$ 1,180,706

c) Certain of the Company's long-term debt agreements contain restrictions and covenants that require the maintenance of various financial ratios. The Company has complied with the restrictions and covenants during 2002, except those related to one bank loan of a subsidiary; however the Company obtained the corresponding bank waiver, for such convenant vilolation.

d) At December 31, 2002 the Company had assigned fixed assets with a book value of $887,276, as collateral of outstanding loans totaling $514,404.

9. EMPLOYEE RETIREMENT OBLIGATIONS

In accordance with the policy described in note 2 k), the summary of the actuarial valuation of the seniority premium obligations, of the unfunded plan, of the Company at December 31, is as follows:

	2002	2001
Accumulated benefit obligations	$ 71,332	$ 71,133
Projected benefit obligations	$ 79,581	$ 80,895
Unrecognized transition obligations	(13,535)	(14,282)
Variations in assumptions and adjustments for experience	3,377	(1,205)
Net projected liability	69,423	65,408
Additional liability	8,297	10,294
	$ 77,720	$ 75,702
Net periodic cost	$ 8,396	$ 8,193
Rates used (net of inflation)		
Discount rate	4.50%	4.50%
Wage increases	1.50%	1.50%

10. STOCKHOLDERS' EQUITY

a) Minimum fixed capital stock is represented by 120 million Series "B" nominative common shares, with no par value and no ownership limitations.

b) At the general stockholders' meetings held on April 28, 2002 and April 3, 2001, dividends were declared for $ 28,621 and $ 29,968 ($27,600 at nominal value), respectively.

c) Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to 35% dividend tax. Beginning January 1, 2003, such rate will be reduced by one percentage point each year until reaching 32% in 2005. Any income tax paid on such distribution, on or after January 1, 2002 may be credited against future income tax payable by the Company in the three fiscal years following such payment.

As a result of the tax changes for 2003, the income tax paid on the distribution of stockholders' equity as described in the preceding paragraph, could only be credited against the income tax payable in the year that the distribution is made or in the two subsequent years, against the annual tax payment or any advance income tax payments.

d) Stockholders' equity as of December 31, 2002 is analyzed as follows:

	Nominal value	Restatement	Restated value
Capital stock	$ 2,400	$ 271,696	$ 274,096
Retained earnings	861,800	1,222,381	2,084,181
Insufficiency in restated stockholders' equity	31,185	(555,772)	(524,587)
Cumulative effect of deferred income tax	(241,340)	(66,622)	(307,962)
	$ 654,045	$ 871,683	$ 1,525,728

11. TRUSTEE RIGHTS OF THIRD PARTIES

Trustee Rights of Third Parties correspond to contributions made by third parties as trustees in an enterprise trust fund for the construction of a building. It is estimated that the trustees rights will be executed in 2003.

12. CONTINGENCIES

The Company is not party to, and none of its assets is subject to, any pending legal proceedings nor is the Company subject to any contingent liabilities, and legal proceeding and contingent liabilities arising in the normal course of business and against which the Company is adequately insured or indemnified or which the Company believes are not material in the aggregate.

13. FOREIGN CURRENCY BALANCES AND TRANSACTIONS

a) The monetary position in foreign currency, expressed in thousands of U.S. dollars as of December 31, 2002, is as follows:

	Foreign currency balances	Mexican peso equivalent
Monetary assets	11,501	$ 119,475
Monetary liabilities	(109,939)	(1,141,746)
Short position	(98,438)	$ (1,022,271)

b) Non–monetary assets of foreign origin, valued in thousands of U.S. dollars as of December 31, 2002 are as follows:

	Foreign currency balances	Mexican peso equivalent
Inventories	3,083	$ 32,015
Machinery and equipment	53,866	559,595

c) Transactions in foreign currency, expressed in thousands of U.S. dollars, were as follows:

	2002	2001
Exports sales	45,357	37,062
Imports	15,926	4,250
Interest expense-net	2,445	24,226

d) The exchange rate used to translate U.S. dollars to Mexican pesos as of December 31, 2002 was $10.39 (nominal pesos) per one U.S. dollar, compared with $9.17 (nominal pesos) per one U.S. dollar as of December 31, 2001. At March 11, 2003, the date of the issuance of these financial statements, the exchange rate was $11.10 (nominal pesos) per one U.S. dollar.

14. INCOME TAX, TAX ON ASSETS AND EMPLOYEE STATUTORY PROFIT–SHARING

a) Glasa and its subsidiaries file consolidated income tax and tax on assets returns in the proportion in which Glasa owns the voting stock of the subsidiaries. The tax results of the subsidiaries are consolidated at 60% of such proportion. Provisional payments of income tax and tax on assets of both the Company and its subsidiaries are made as if the Company did not file a consolidated tax return.

b) The Mexican income tax rate is 35%. According to the income tax law enacted on January 1, 2002, such rate will be reduced by one percentage point each year until reaching 32% in 2005. The effects of the reduction of the income tax rate was recorded in the results of the year 2002, and represented a decrease in the income tax liability and an increase in the net income in the amount of $ 17,347.

c) The provision for income tax and is analyzed as follows:

	2002	2001
Income tax:		
Current	$ 26,881	$ 40,105
Deferred	58,476	46,100
Total	$ 85,357	$ 86,205

d) At December 31, the main items that originated the balance of deferred income tax are as follows:

	2002	2001
Deferred income tax liabilities:		
Property, plant and equipment	$ 188,815	$ 164,816
Inventories	101,662	108,139
Real estate inventories	172,868	98,913
Trademarks acquired	28,010	33,603
Total	491,355	405,471
Deferred income tax assets:		
Tax inventory	6,084	5,402
Allowance for doubtful accounts	4,773	4,241
Effect of tax loss carryforwards	52,555	24,751
Employee retirement obligations	22,215	22,893
Other	11,140	17,599
Total	96,767	74,886
Net liability	$ 394,588	$ 330,585

e) The income tax efective rate differs form statutory rate, due primarily to the benefit derived from the gradual reduction of the income tax rate explained in 14 b) in 2002, and other non-deductible items, inflation effects and other permanent differences, for 2002 and 2001.

f) Tax loss carryforwards amounting to $162,025 for which a deferred income tax asset, has been recognized, can be recovered subject to certain conditions; the term for the recovery matures is as follows:

Year	Total
2004	$ 70,717
2012	91,308
	$ 162,025

g) The gain (loss) from holding non-monetary assets as shown in the statement of changes in stockholders' equity, is presented net of the related deferred income tax effect of $22,221 in 2002 and $26,479 in 2001.

15. INDUSTRY SEGMENT INFORMATION

Glasa's reportable segments are strategic business units that offer a variety of products. The segments are managed separately; each requires different manufacturing operations, technology and marketing strategies; and each segment primarily serves a distinct customer base.

Information by industry segment follows:

December 31, 2002:	Ceramic	Non Ceramic	Real estate	Corporate and other	Total
Net sales	$ 1,530,728	$ 996,879	$ 326,215	$ 202,051	$ 3,055,873
Intersegment sales	(29,968)	(17,575)		(202,051)	(249,594)
	1,500,760	979,304	326,215		2,806,279
Operating income	179,434	251,893	143,228	(133,366)	441,189
Assets	2,005,921	386,873	925,599	636,431	3,954,824
Liabilities	848,626	167,102	134,862	1,145,247	2,295,837
Acquisition of fixed assets	293,785	47,895	2,966	4,610	349,256
Depreciation and amortization	79,497	15,096	281	3,912	98,786

December 31, 2001:	Ceramic	Non Ceramic	Real estate	Corporate and other	Total
Net sales	$ 1,405,473	$ 782,033	$ 138,748	$ 120,268	$ 2,446,522
Intersegment sales	(19,964)	(10,067)		(120,105)	(150,136)
	1,385,509	771,966	138,748	163	2,296,386
Operating income	41,239	189,610	78,771	(6,879)	302,741
Assets	1,666,962	340,629	589,900	646,596	3,244,087
Liabilities	676,303	153,164	83,227	951,753	1,864,447
Acquisition of fixed assets	244,966	18,488		1,767	265,221
Depreciation and amortization	94,819	11,537	95	10,329	116,780

Export sales represent 16.0% and 16.3% of total sales in 2002 and 2001, respectively, and they are made mainly to the United States of America.

16. NEW ACCOUNTING PRINCIPLES

In December 2001, the Mexican Institute of Public Accountants (IMCP) issued new Bulletin C-9, "Liabilities, Provisions, Contingent Assets and Liabilities and Commitments" (C-9), whose provisions are mandatory for fiscal years beginning January 1, 2003, although early application is encouraged. C-9 supersedes the former Bulletins C-9, "Liabilities" and C-12, "Contingencies and Commitments" and establishes additional guidelines clarifying the accounting for liabilities, provisions and contingent assets and liabilities, and establishes new standards for the use of present value techniques to measure liabilities and accounting for the early settlement of obligations.

In January 2002, the IMCP issued new Bulletin C-8, "Intangible Assets" (C-8), whose provisions are mandatory for fiscal years beginning January 1, 2003, although early application is encouraged. C-8 supersedes the former Bulletin C-8, "Intangibles" and establishes that project development costs should be capitalized if they fulfill the criteria established for recognition as assets. Any preoperating costs incurred after the effective date of this Bulletin should be recorded as an expense. The unamortized balance of capitalized preoperating costs under the former Bulletin C-8 will continue to be amortized. C-8 requires identifying all intangible assets to reduce as much as possible the goodwill relative to business combinations.

The Company has not fully assessed the effects of adopting these two new accounting principles on its financial position and results of operations.

[información a inversionistas]

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