



GRUPOMEXICO

NEWS RELEASE

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Mexico City, D.F.  
July 27, 2001

GRUPO MEXICO 2<sup>nd</sup> QUARTER 2001 RESULTS

**Highlights** (Expressed in Thousands of US Dollars – US GAAP)

FINANCIAL US GAAP	Three Months Ended:			Six Months Ended:		
	June 30 <sup>th</sup> 2001	June 30 <sup>th</sup> 2000	Var. %	June 30 <sup>th</sup> 2001	June 30 <sup>th</sup> 2000	Var. %
Net Sales	771,995	856,432	(9.9)	1,545,210	1,680,802	(8.1)
Operating Profit	99,037	92,011	7.6	135,620	139,597	(2.8)
Operating Cash Flow EBITDA	170,127	156,757	8.5	279,013	272,133	2.5
Net Profit (Majority)	6,100	45,042	(86.5)	(42,706)	6,011	(810)
Earnings per Share (Majority)	0.01	0.07	(85.7)	(0.07)	0.01	(800)

Grupo Mexico (G.Mexico) consolidated financial results for the second quarter and for the six months ended June 30<sup>th</sup> 2001 include those of Americas Mining Corporation (AMC) and Grupo Ferroviario Mexicano (GFM) that consolidate the results of Minera Mexico (MM), ASARCO, Southern Peru Copper Corporation (SPCC) and Ferromex. In addition, because of the nature of our mining business, whose sales are 100% denominated in US dollars, we presented figures in accordance with Generally Accepted Accounting Principles (GAAP) in the United States under the heading “*Applies to US GAAP*” and subsequently in accordance with Mexican GAAP under the heading “*Applies to Mexican GAAP*”.

**Applies to US GAAP:**

G.Mexico consolidated results for the second quarter and for the first six months of 2001 stand out for the higher efficiencies that allowed us to realize significant operating and administrative cost savings at all of our mining and railroad subsidiaries, complemented by receding energy costs, personnel reductions and the closure of some operations. The combined effect of these factors propelled cost savings to \$97.8 million dollars in the second quarter which represent a 14.0% reduction in total costs when compared to the second quarter last year in terms of Generally Accepted Accounting Principles in the United States. For the first half of 2001, costs savings ascended to \$142.5 million dollars and represent a 10.1% reduction over last year. It is important to highlight that these cost savings, together with the excellent results achieved at our railroad operations, entirely mitigated the effect of lower prices of the metals that we produce and sell.

G.Mexico consolidated sales for the second quarter of 2001 amounted to \$772.0 million dollars and represented a 9.9% decline when compared to those reported last year and, for the first six months ended June 30<sup>th</sup>, total sales amounted to \$1,545.2 million dollars which represented an 8.1% decline. The decrease can be mainly attributed to the lower metal market prices which: in terms of zinc, decreased by 14%, by 12% in terms of

silver, by 7% for gold and, an 11.5% decrease for molybdenum, when compared to the same period last year.

With respect to copper, our principal metal, prices decreased by 3.3% due to the slow down in the US economy during the period. However, during the second quarter, copper sales volume increased by 4.7% which, together with the cost savings mentioned above, helped mitigate the effect of the lower copper price.

Zinc mine production and sales volume at both Minera Mexico and Asarco were lower due to the closure of two high cost underground facilities in the case of Mexico – Velardeña and Rosario – and the closure of a low grade shoot in our underground mines located in the state of Tennessee, United States.

Lead and silver sales also registered a decrease in volume sold due to the East Helena, Montana, lead smelter temporary shutdown. The smelter will remain closed until lead concentrate market conditions improve. In addition, gold and silver sales decreased significantly during the period in question due to a decrease in the purchases from third parties as well as an increase in inventories of refined gold and silver.

### CONSOLIDATED METAL'S VOLUME SOLD

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
<b>Copper</b>	(MT)	<b>289,873</b>	276,776	4.7	<b>554,136</b>	552,894	0.2
<b>Zinc</b>	(MT)	<b>45,896</b>	50,761	(9.6)	<b>94,172</b>	100,041	(5.9)
<b>Silver</b>	(Kg)	<b>376,843</b>	511,954	(26.4)	<b>710,319</b>	949,197	(25.2)
<b>Gold</b>	(Kg)	<b>2,234</b>	3,155	(29.2)	<b>4,786</b>	6,716	(28.7)
<b>Molybdenum</b>	(MT)	<b>3,023</b>	3,932	(23.1)	<b>6,829</b>	7,396	(7.7)
<b>Lead</b>	(MT)	<b>17,739</b>	22,452	(21.0)	<b>33,751</b>	45,620	(26.0)

As is demonstrated bellow, consolidated sales suffered considerably from the lower market prices of our principal metals with the only exception of lead. The mining division (AMC) accounted for 84.0% of sales and was denominated in dollars and the remaining 16.0% corresponded to the railroad division and was denominated in pesos.

### METAL'S MARKET PRICES

		<i>Three Months Ended:</i>			<i>Six Months Ended:</i>		
		<i>June 30<sup>th</sup> 2001</i>	<i>June 30<sup>th</sup> 2000</i>	<i>Var. %</i>	<i>June 30<sup>th</sup> 2001</i>	<i>June 30<sup>th</sup> 2000</i>	<i>Var. %</i>
<b>Copper</b>	US Cts./Lb.	<b>75.2</b>	80.3	(6.4)	<b>78.6</b>	81.3	(3.3)
<b>Zinc</b>	US Cts./Lb.	<b>42.4</b>	51.4	(17.5)	<b>44.3</b>	51.4	(13.8)
<b>Silver</b>	Dllrs./Oz	<b>4.4</b>	5.0	(12.0)	<b>4.5</b>	5.1	(11.8)
<b>Gold</b>	Dllrs./Oz	<b>267.7</b>	280.2	(4.5)	<b>265.6</b>	285.2	(6.9)
<b>Molybdenum</b>	US Dllrs./Lb	<b>2.4</b>	2.7	(11.1)	<b>2.3</b>	2.6	(11.5)
<b>Lead</b>	US Cts./Lb	<b>21.0</b>	18.9	11.1	<b>21.7</b>	19.8	9.6

Operating profit for the three months ended June 30<sup>th</sup> of 2001 amounted to \$99.0 million dollars and compares to \$92.0 million dollars generated during the same period last year. The increase can be mainly attributed to the aforementioned measures and cost savings. In addition, for the six months ended June 30<sup>th</sup> of 2001, operating profit ascended to \$135.6 million dollars and compares to 139.6 million generated last year, a small decrease once the low metal prices are taken into account.

Operating cash flow (EBITDA) for the second quarter of 2001 amounted to \$170.1 million dollars or 22.0% of sales and represented a 8.5% increase when compared to last year's figure, thus reflecting the significant cost savings. For the six months ended June 30<sup>th</sup> of 2001, consolidated EBITDA amounted to \$279.0 million dollars and compares with \$272.1 million generated during the first six months of 2000.

## OTHER RELEVANT INFORMATION

### Investments

Total capital investment for the second quarter of 2001 ascended to \$143.4 million dollars and for the six months ended on June 30<sup>th</sup> of the present year, said investments amounted to \$229.0 million dollars. These capital expenditures were funded primarily through the company's own cash flow and that of third parties. With respect to capital investments, we are about to initiate operations at Cananea, during the next few weeks of 2001, of the new electrolytic plant with an annual capacity of 22,000 metric tones of copper cathodes and a total investment of approximately \$50 million dollars.

### Highlights (Expressed in Thousands of Mexican Pesos – Mexican GAAP)

FINANCIAL MEXICAN GAAP	Three Months Ended on:			Six Months Ended on:		
	June 30 <sup>th</sup> 2001	June 30 <sup>th</sup> 2000	Var. %	June 30 <sup>th</sup> 2001	June 30 <sup>th</sup> 2000	Var. %
Net Sales	7,361,527	8,166,593	(9.9)	15,135,674	16,057,067	(5.7)
Operating Profit *	667,551	601,796	10.9	963,037	1,106,015	(12.9)
Operating Cash Flow (EBITDA)	1,580,082	1,462,854	8.0	2,838,405	2,848,094	(0.3)
Majority Net Income *	796,735	(12,052)	N.A.	560,892	1,041,113	(46.1)

\* For comparison purpose, these items do not include the amortization of the excess book value over the cost of shares generated by the Asarco acquisition.

### Applies to Mexican GAAP:

G.Mexico consolidated results for the second quarter and for the first six months of 2001 stand out for the higher efficiencies that allowed us to realize significant operating and administrative cost savings at all of our mining and railroad subsidiaries, complemented by receding energy costs, personnel reductions and the closure of some operations. The combined effect of these factors propelled cost savings to \$922.3 million pesos in the second quarter which represent a 13.7% reduction in total costs when compared to the second quarter last year in terms of Generally Accepted Accounting Principles in Mexico. For the first half of 2001, costs savings ascended to \$911.7 million pesos that represents a 6.9% reduction. It is important to highlight that these cost savings, together with the excellent results achieved at our railroad operations, entirely mitigated the effect of lower prices of the metals that we produce and sell.

G.Mexico consolidated sales for the second quarter of 2001 amounted to \$7,361.5 million pesos and represented a 9.9% decline when compared to those reported last year and, for the first six months ended June 30<sup>th</sup>, total sales amounted to \$15,135.7 million pesos which represented an 5.7% decline. The decrease can be mainly attributed to the lower metal market prices which: in terms of zinc, decreased by 14%, by 12% in terms of silver, by 7% for gold and, an 11.5% decrease for molybdenum, when compared to the same period last year.

With respect to copper, our principal metal, prices decreased by 3.3% due to the slow down in the US economy during the period. However, during the second quarter, copper sales volume increased by 4.7% which, together with the cost savings mentioned above, helped mitigate the effect of the lower copper price.

Zinc mine production and sales volume at both Minera Mexico and Asarco were lower due to the closure of two high cost underground facilities in the case of Mexico – Velardeña and Rosario – and the closure of a low grade shoot in our underground mines located in the state of Tennessee, United States.

Lead and silver sales also registered a decrease in volume sold due to the East Helena, Montana, lead smelter temporary shutdown. The smelter will remain closed until lead concentrate market conditions improve. In addition, gold and silver sales decreased significantly during the period in question due to a decrease in the purchases from third parties as well as an increase in inventories of refined gold and silver

As is demonstrated in the sales table, consolidated sales suffered considerably from the lower market prices of our principle metals with the only exception of lead. The mining division (AMC) accounted for 84.0% of sales and was denominated in dollars and the remaining 16.0% corresponded to the railroad division and was denominated in pesos.

Operating profit for the three months ended June 30<sup>th</sup> of 2001 amounted to \$667.6 million pesos and compares to \$601.8 million pesos generated during the same period last year. The increase can be mainly attributed to the aforementioned measures and cost savings. In addition, for the six months ended June 30<sup>th</sup> of 2001, operating profit ascended to \$963.0 million pesos and compares to \$1,106.0 million generated last year, a small decrease once the low metal prices are taken into account.

Operating cash flow (EBITDA) for the second quarter of 2001 amounted to \$1,580.1 million pesos or 21.5% of sales and represented a 8.0% increase when compared to last year's figure, thus reflecting the significant cost savings. For the six months ended June 30<sup>th</sup> of 2001, consolidated EBITDA amounted to \$2,838.4 million pesos and compares with \$2,848.1 million generated during the first six months of 2000.

The consolidated integrated cost of financing in accordance with Mexican GAAP represented a \$287.8 million peso gain during the first six months of 2001 due principally to the Mexican peso appreciation against the dollar by \$765.5 million pesos, a \$696.7 million peso gain on monetary position and, a net debt financing cost of \$1,174.4 million pesos.

## **OTHER RELEVANT INFORMATION**

### **Investments**

Total capital investment for the second quarter of 2001 ascended to \$143.4 million dollars and for the six months ended on June 30<sup>th</sup> of the present year, said investments amounted to \$229.0 million dollars. These capital expenditures were funded primarily through the company's own cash flow and that of third parties. With respect to capital investments, we are about to initiate operations at Cananea, during the next few weeks of 2001, of the new electrolytic plant with an annual capacity of 22,000 metric tones of copper cathodes and a total investment of approximately \$50 million dollars.

## Bulletin C-2

Beginning on January 1<sup>st</sup> of 2001, in accordance with Generally Accepted Accounting Principles in Mexico (Mexican GAAP), the new accounting bulletin C-2 denominated "Financial Instruments" took effect. The bulletin establishes the criteria for the measurement, recognition and presentation in financial statements of financial instruments and/or derivatives. The impact of said instruments must be market to market and the result reflected in the integral cost of financing as an asset or liability. The company is presently evaluating the impact of the regulation on G.Mexico financial statements.

## STATISTICS

### GRUPO MEXICO CONSOLIDATED

Highlights (Expressed in Thousands of US Dollars – U.S. Gaap)

FINANCIAL US GAAP	Three Months Ended,			Six Months Ended,,		
	June 30 <sup>th</sup> 2001	June 30 <sup>th</sup> 2000	Var. %	June 30 <sup>th</sup> 2001	June 30 <sup>th</sup> 2000	Var. %
Net Sales	771,995	856,432	(9.9)	1,545,210	1,680,802	(8.1)
Operating Profit	99,037	92,011	7.6	135,620	139,597	(2.8)
EBITDA	170,127	156,757	8.5	279,013	272,133	2.5
EBITDA Margin	22.0%	18.3%		18.1%	16.2%	

### Consolidated Production Sales:

		3 Months Ended Jun/30/ 2001	3 Months Ended Jun/30/ 2000	Var %	6 Months Ended Jun/30/ 2001	6 Months Ended Jun/30/ 2000	Var %
Copper	(MT)	289,873	276,776	4.7	554,136	552,894	0.2
Zinc	(MT)	45,896	50,761	(9.6)	94,172	100,041	(5.9)
Silver	(Kg)	376,843	511,954	(26.4)	710,319	949,197	(25.2)
Gold	(Kg)	2,234	3,155	(29.2)	4,786	6,716	(28.7)
Molybdenum	(MT)	3,023	3,932	(23.1)	6,829	7,396	(7.7)
Lead	(MT)	17,739	22,452	(21.0)	33,751	45,620	(26.0)

### MINING DIVISION– AMERICAS MINING CORPORATION

Statistics - Minera Mexico (MM)

#### MM – MINE PRODUCTION

		3 Months Ended Jun/30/ 2001	3 Months Ended Jun/30/ 2000	Var %	6 Months Ended Jun/30/ 2001	6 Months Ended Jun/30/ 2000	Var %
Copper	(MT)	72,905	79,875	(8.7)	149,007	161,197	(7.6)
Zinc	(MT)	39,159	41,372	(5.3)	74,794	85,273	(12.3)
Silver	(Kg)	132,434	121,535	9.0	257,892	251,320	2.6

### MM – PRODUCTION SOLD

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Copper	(MT)	94,932	97,664	(2.8)	183,526	186,751	(1.7)
Zinc	(MT)	32,105	35,967	(10.7)	67,670	73,544	(8.0)
Silver	(Kg)	175,676	191,785	(8.4)	316,624	329,378	(3.9)

### MM – FINANCAL (In Thousands of USD)

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Net Sales		239,159	272,308	(12.2)	482,232	525,906	(8.3)
Operating Profit		23,725	32,285	(26.5)	48,213	66,853	(27.9)
EBITDA		45,175	51,673	(12.6)	90,472	106,683	(15.2)
EBITDA Margin		18.9%	19.0%		18.8%	20.3%	

### Statistics – ASARCO

#### ASARCO – MINE PRODUCTION

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Copper	(MT)	60,191	70,236	(14.3)	114,251	140,973	(19.0)
Zinc	(MT)	14,105	15,429	(8.6)	25,136	29,248	(14.1)
Silver	(Kg)	18,313	24,531	(25.3)	28,653	48,724	(41.2)

#### ASARCO – PRODUCTION SOLD

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Copper	(MT)	110,161	117,855	(6.5)	212,830	235,402	(9.6)
Zinc	(MT)	13,791	14,794	(6.8)	26,502	26,497	0.0
Silver	(Kg)	182,964	317,659	(42.4)	348,520	605,717	(42.5)

#### ASARCO – FINANCIAL (In thousands of USD)

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Net Sales		236,677	325,416	(27.3)	502,366	638,091	(21.3)
Operating Profit		33,776	1,877	1,699.5	3,536	(24,343)	(114.5)
EBITDA USD		42,494	11,491	269.8	23,697	(3,748)	(732.3)
Margin EBITDA		18.0%	3.5%		4.7%	N.A.	

**Statistics – Southern Peru Copper Corporation (SPCC)**

**SPCC – MINE PRODUCTION**

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Copper	(MT)	77,484	83,580	(7.3)	156,355	163,558	(4.4)
Silver	(Kg)	25,624	31,768	(19.3)	48,537	58,824	(17.5)

**SPCC – PRODUCTION SOLD**

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Copper	(MT)	87,995	80,635	9.1	168,703	163,890	2.9
Silver	(Kg)	27,680	27,397	1.0	56,300	54,622	3.1

**SPCC –FINANCIAL (Thousands of USD)**

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Net Sales		162,835	157,021	3.7	325,254	320,143	1.6
Operating Profit		19,848	29,268	(32.2)	48,366	56,015	(13.7)
EBITDA		38,608	47,855	(19.3)	87,951	93,240	(5.7)
EBITDA Margin		23.7%	30.5%		27.0%	29.1%	

**RAILROAD DIVISION – GRUPO FERROVIARIO MEXICANO**

**Statistics – (GFM)**

**GFM – SALES FOR SERVICES (Thousands of USD)**

		<i>3 Months Ended Jun/30/ 2001</i>	<i>3 Months Ended Jun/30/ 2000</i>	<i>Var %</i>	<i>6 Months Ended Jun/30/ 2001</i>	<i>6 Months Ended Jun/30/ 2000</i>	<i>Var %</i>
Net Sales		145,318	142,205	2.2	266,377	281,368	(5.3)
Operating Profit		24,285	20,771	16.9	39,425	38,943	1.2
EBITDA		45,536	37,853	20.3	79,844	73,682	8.4
EBITDA Margin		31.3%	26.6%		30.0%	26.2%	

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**Grupo Mexico S.A. de C.V. and Subsidiary Companies**  
**Second Quarter and First Half, 2001**  
**Consolidated Comparison of Results (US GAAP)**

*Thousands of U.S. Dollars at June 30, 2001 and 2000.*

	Second Quarter		Six Months	
	2001	2000	2001	2000
<b>Sales and Services</b>	771,995	805,299	1,545,210	1,592,110
Cost of Sales	575,153	612,616	1,204,843	1,244,258
Administrative Costs	26,715	36,636	61,355	77,139
Depreciation and Amortization	71,090	64,745	143,393	132,535
<b>Operating Profit</b>	<b>99,037</b>	<b>91,302</b>	<b>135,620</b>	<b>138,178</b>
Net Cost of Financing:				
Interest Earned	(8,485)	(6,087)	(13,138)	(11,454)
Interest Paid	69,369	69,457	135,810	140,418
Conversion Effect	2,821	(30,332)	3,898	(18,959)
Net Total Cost of Financing	63,705	33,038	126,570	110,005
Other Receipts	(4,184)	1,621	(5,976)	(7,323)
<b>Profits Before Taxes</b>	<b>39,516</b>	<b>56,643</b>	<b>15,025</b>	<b>35,496</b>
Total Provision/Taxes	21,542	58	33,829	2,503
<b>Profits Before Minority Interests</b>	<b>17,974</b>	<b>56,585</b>	<b>(18,804)</b>	<b>32,993</b>
Participation In Subsidiary Companies				
Minority Interests	11,874	11,543	23,902	26,982
<b>Net Profit</b>	<b>6,100</b>	<b>45,042</b>	<b>(42,706)</b>	<b>6,011</b>
<b>Operating Cash Flow (EBITDA)</b>	<b>170,127</b>	<b>156,047</b>	<b>279,013</b>	<b>270,713</b>
<b>Earnings Per Share</b>	<b>.01</b>	<b>0.07</b>	<b>.07</b>	<b>0.01</b>
Number of Shares	651,647	630,225	651,647	630,225



**Grupo Mexico S.A. de C.V and Subsidiary Companies**  
**Consolidated Balance Sheet in U.S. GAAP at June 30<sup>th</sup>, 2000 and**  
**2001**  
**(Thousands of U.S. Dollars).**

	2 <sup>nd</sup> Quarter 2001	2 <sup>nd</sup> Quarter 2000
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and Marketable Securities	582,044	176,896
Notes and Accounts Payable:		
Clients	391,029	355,025
Refundable Taxes	103,187	91,036
Other	183,635	45,976
<b>Total</b>	<b>677,851</b>	<b>492,037</b>
Inventories of principal and secondary metals and by-products	334,461	405,869
Materiales, supplies and accessories	254,843	272,316
Prepaid expenses and others	8,349	58,154
<b>Total current assets</b>	<b>1,857,549</b>	<b>1,405,272</b>
<b>OTHER ASSETS:</b>	259,155	189,961
<b>NET F.F.C.C. CONVERSION</b>	169,311	161,190
<b>NET PROPERTY AND EQUIPMENT</b>	4,907,838	4,633,443
<b>COMMERCIAL CREDIT</b>	51,845	57,159
<b>INVESTMENTS</b>	92,060	101,207
<b>TOTAL ASSETS</b>	<b>7,337,759</b>	<b>6,548,232</b>
<b><u>LIABILITIES AND SHAREHOLDERS EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts and interest payable	585,660	112,538
Notes Payable	751,978	592,370
Taxes Payable and Worker's Participation	113,478	87,834
Deferred Taxes	107,291	131,184
<b>Total Current Liabilities</b>	<b>1,558,407</b>	<b>923,926</b>
<b>LONG-TERM NOTES PAYABLE</b>	2,630,061	2,539,293
<b>ACCUMULATED NOTES AND LIABILITIES</b>	167,718	200,664
<b>DEFERRED TAXES</b>	300,696	197,574
<b>VOLUNTARY RETIREMENT AND SENIORITY PREMIUMS RESERVES</b>	125,260	120,204
<b>TOTAL LIABILITIES</b>	<b>4,782,143</b>	<b>3,981,661</b>
Minority Interest	877,189	813,830
<b>STOCKHOLDER'S EQUITY:</b>		
Capital Stocks	1,692,698	864,488
Tresury Shares	(58,495)	(57,346)
Other Capital Accounts	74,870	(335,925)
Retained earnings	12,060	733,230
<b>CUMULATIVE EFFECT OF RESTATEMENT</b>	<b>(42,706)</b>	<b>6,011</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,678,427</b>	<b>1,752,741</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>7,337,759</b>	<b>6,548,232</b>

## GRUPO MEXICO – CASH FLOW STATEMENT

Thousands of Dollars at June 30, 2001 and 2000 (U.S. Dollars)

	<i>2<sup>nd</sup> Quarter 2001</i>	<i>2<sup>nd</sup> Quarter 2000</i>
<b>OPERATIONS:</b>		
Results		
<b>Net Profit for the Period</b>	<b>(42,706)</b>	<b>6,011</b>
Voluntary Retirement and Seniority Premium Reserves	2,944	6,912
Minority Interest	23,331	27,155
Commercial Credit	2,658	2,658
Conversion Adjustment	3,898	(18,959)
Depreciation and Amortization	143,393	132,536
Reserve for Plant Closings and Environmental Work	(5,852)	(23,316)
Deferred Taxes	(8,049)	(36,103)
Other	<u>1,648</u>	<u>1,159</u>
<b>Resources obtained from results</b>	<b>121,265</b>	<b>98,053</b>
(Increase)Decrease in Copper Accounts	(17,411)	52,566
(Increase) Decrease in Inventories	141,104	28,011
(Increase) Decrease In Accounts other than for Copper	(65,028)	49,210
Increase (Decrease) in other Liabilities	76,998	(144,621)
Increase (Decrease) in Taxes Payable	<u>23,069</u>	<u>6,493</u>
<b>Resources (Applied To) obtained from working capital</b>	<b>158,732</b>	<b>(8,341)</b>
<b>Resources (Used In)Generated by Operations</b>	<b>279,997</b>	<b>89,712</b>
<b>FUNDING ACTIVITIES:</b>		
Funding	681,413	442,818
Amortization of Financings	(268,827)	(1,063,941)
Dividends Paid	(27,300)	(29,993)
Changes in Stockholders Equity	<u>0</u>	<u>66,778</u>
<b>Resources(Applied) Obtained in Financing Activities</b>	<b>385,286</b>	<b>(584,338)</b>
<b>INVESTMENTS:</b>		
Additions to Property and Equipment, Less Net Value of that Retired	(229,054)	(179,151)
Other Activities	(72,282)	17,046
Discontinued Operation	0	717,352
<b>Resources Obtained (Used) In Equity Activities</b>	<b>(301,336)</b>	<b>555,247</b>
<b>Effects Of Conversion In Cash Flow</b>	<b>1,300</b>	<b>1,841</b>
<b>Increase (Decrease) Of Real and Realizable Values</b>	<b>365,247</b>	<b>62,462</b>
Balance of Effective and Realizable Values at the start of this period	216,797	114,434
<b>Balance of Effective and Realizable Values</b>	<b><u>582,044</u></b>	<b><u>176,896</u></b>