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DESC S A DE C V  
Form 6-K  
February 19, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2004

Commission File Number: 001-13196

DESC, S.A. DE C.V.

(Translation of registrant's name into English)

PASEO DE LOS TAMARINDOS 400-B, BOSQUES DE LAS LOMAS, 05120 MEXICO, D.F., MEXICO

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this  
Form, the registrant is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.  
Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in  
connection with Rule 12g3-2(b): 82-\_\_\_\_\_

The following are included in this report on Form 6-K:

Item  
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- 1. Press Release, dated February 17, 2004, announcing Registrant's Shareholders Meeting

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2. Press Release, dated February 17, 2004, announcing Registrant's Fourth Quarter 2003 Results
3. Consolidated Financial Statements of Registrant as of December 31, 2003 and 2002, in the format required to be filed with the Mexican Stock Exchange

Item 1

[Desc Logo]

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### DESC CALLS SHAREHOLDERS TO RELEVANT MEETINGS REGARDING AN INCREASE IN CAPITAL AND CAPITAL RESTRUCTURING

Mexico City, February 17, 2004. DESC, S.A. de C.V. (NYSE: DES; BMV: DESC) announces that its Board of Directors has resolved to propose an Increase in Capital and one Capital Restructuring. For these purposes the board will call shareholders to a corresponding meeting, which is tentatively scheduled to be held sometime during the first two weeks of March 2004.

In its meeting today, the Board of Directors, among other matters, examined a refinancing strategy to recover the company's financial strength after successfully concluding the debt restructuring last December.

The purpose of this Meeting will be, among other subjects, to discuss financial strategy and authorize an increase in capital of approximately 2.738 billion pesos (approximately \$248 million dollars) by issuing approximately 912,719,584 shares of common stock. The company's shareholders, by exercising their right of preference, will be authorized in Mexico to subscribe to 2 new shares for every 3 common shares in circulation, at a price of \$3.00 pesos per share.

In order to assimilate the rights of current holders of Series "C" shares, simplify the company's capital structure and increase the marketability of its stock, a proposal will be made (prior to the capital increase) to restructure the company's capital, by which all Series "C" shares would be converted into Series "B" shares and, thus, the capital stock would be represented by only two series of shares ("A" and "B").

With respect to the proposed Increase in Capital, DESC has entered into a Stock Subscription Cooperation Agreement with Inversora Bursatil, S.A. de C.V., Casa de Bolsa, Grupo Financiero Inbursa. Subject to certain conditions, this Agreement establishes that, if shareholders do not exercise their entire right of preference to the shares resulting from the increase, DESC will be obligated to offer and Inbursa (on its own or through third parties) will be obligated to subscribe to the equivalent of up to \$2 billion pesos in available stock at the same price of \$3.00 per share. By virtue that Mr. Fernando Senderos Mestre and his family have declared that they will participate in the subscription, they

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will continue to maintain control of the company.

The funds resulting from the increase in capital, if approved, will be used to reduce the company's debt. This will be a further measure reflecting the commitment of its shareholders to strengthen the company's financial structure, translating into better financial ratios, reduced leveraging and financing expenses, and in the end the recovery of DESC's traditional financial strength and another step toward recovering profitability.

A further proposal will be made to the company's Meeting of Shareholders to amend the Bylaws to allow the different series of the company's stock to be more liquid.

That amendment, if approved, would include the possibility of voluntary conversion of Series "B" stock into Series "A", and Series "A" into Series "B", to assure that the total of Series "A" stock represents at least 51% of the capital stock as established in the company's Bylaws. It must be noted that for all conversion mentioned in this document, the exchange rate will be one for one. In addition, as a result of the capital restructuring, ADR's will now be based on the Series "B" shares. The details of these conversions will be determined in the corresponding Regular and Special Meeting of Shareholders.

It should be stressed that the preferred subscription rights are offered solely in Mexico. The exercise of these rights may be restricted by applicable law in jurisdictions outside Mexico. The company has made it clear that the subscription rights offered or sold have not been and will not be registered in the US under the Securities Act of 1933, as amended. For this reason, any ADR holders or holders in the US will not be offered an opportunity to participate in the rights offering, unless an exemption from registration exists under US securities laws.

DESC, S.A. de C.V. (NYSE: DES; BMV: DESC) is one of the largest industrial groups in Mexico, with 2003 sales of approximately US\$ 2 billion and nearly 14,000 employees, which through its subsidiaries is a leader in the Automobile Parts, Chemical, Food and Property sectors.

This announcement is not an offer for sale of securities or a tender offer in the United States, and securities may not be offered or sold in the United States absent registration under the Securities Act of 1933 or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that will contain detailed information about Desc and management, as well as financial statements.

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This press release contains forward-looking statements (pursuant to the Private Securities Litigation Reform Act of 1995) which reflect the current opinions of DESC's management regarding future events. The words "anticipate," "believe," "expect," "hope," "have the intention of," "might," "plan," "should" and similar expressions generally indicate comments on expectations. These comments are subject to risks, uncertainties and changing circumstances. The final results may be materially different from current expectations due to several factors, which include, but are not limited to, global and local changes in politics, the economy, business, competition, market and regulatory factors, cyclical trends in the automobile parts and chemical sectors; as well as other factors that are highlighted under the title "Risk Factors" on the annual Form 20F report submitted by DESC to the US Securities and Exchange Commission. DESC has no obligation whatsoever to update these comments on expectations. Any comment on expectations is valid only on the date on which it is made.  
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## DESC ANNOUNCES FOURTH QUARTER 2003 RESULTS

Mexico City, February 17, 2004 - DESC, S.A. de C.V. (NYSE: DES; BMV: DESC) announced today its results for the fourth quarter ended December 31, 2003 (4Q03). All figures were prepared according to generally accepted accounting principles in Mexico.

## HIGHLIGHTS

- o Sales, EBITDA and exports improved in 4Q03 when compared to 4Q02.
- o As part of the restructuring plan to regain financial stability and profitability, Desc did the following:
  - o Successfully concluded the financial restructure
  - o An administrative restructure was held at every level of the organization
  - o Applied Bulletin C-15 in advance
  - o Today the Board voted to call the Relevant Shareholders Meeting to propose a Capital Increase and Capital Restructuring.
- o During 4Q03 there was a nonrecurring charge in extraordinary expenses and a large foreign exchange loss that caused a net loss of US \$152 million and of US \$207 million for the full year of 2003.

## DESC, S.A. DE C.V. AND SUBSIDIARIES

TABLE 1. CONSOLIDATED FIGURES

Figures in millions of constant pesos (Ps.) and U.S. dollars (US\$)

	4Q03	4Q02	4Q03 vs. 4Q02	FY2003	FY2002	2003 vs. 2002	3Q03	4Q03 vs. 3Q03
Sales (Ps.) (3)	5,175	4,568	13.3%	21,687	20,362	6.5%	5,348	-3.2%
SALES (US\$) (1)	460	429	7.2%	1,969	1,978	-0.4%	488	-5.8%
EXPORTS (US\$) (2)	214	188	14.3%	859	902	-4.8%	217	-1.1%
Operating Income (Ps.) (3)	30	-173	N/A	856	1,081	-20.8%	148	-79.4%
OPERATING INCOME (US\$) (1)	3	-16	N/A	78	106	-26.5%	13	-79.7%
Operating Margin	0.6%	-3.8%		4.0%	5.4%		2.7%	
EBITDA (Ps.) (3)	366	202	81.3%	2,224	2,401	-7.4%	499	-26.5%

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EBITDA (US\$) (1)	33	19	71.6%	202	234	-13.6%	45	-28.2%
Net Majority Income (Ps.) (3)	-1,713	-764	N/A	-2,307	-1,085	N/A	-390	N/A
NET MAJORITY INCOME (US\$) (1)	-152	-72	N/A	-207	-103	N/A	-36	N/A

(1) Figures in U.S. dollars for sales, operating income, EBITDA and net income are calculated using monthly figures in current pesos divided by the average monthly exchange rate.

(2) All export figures are based on real sales invoiced in U.S. dollars.

(3) All figures in this report are expressed in constant pesos as of December 31, 2003.

(4) "EBITDA" as used in this press release is Operating Income (Loss) plus the sum of Depreciation and Amortization (in Mexican GAAP), and is presented since it provides useful information regarding Desc's ability to service debt. "EBITDA" should not be considered as a substitute for profitability or liquidity in the consolidated income statements or other financials prepared in Mexican GAAP.

NOTE: Please refer to the table Non-GAAP Financial Reconciliation Schedule at the end of this release.

FOURTH QUARTER 2003 RESULTS

SALES

During 4Q03, total sales in dollars increased 7.2% when compared to 4Q02, from US \$429 million to US \$460 million. This was primarily due to the revenue increases in the Automotive, Food and Real Estate Sectors.

[Graph 1. Net Sales 4Q03]

SECTOR	SALES
Automotive	39%
Chemical Sector	36%
Food Sector	21%
Real Estate	4%

The Automotive Sector experienced a 7.0% recovery in sales over 4Q02 due to increased demand from the Tractor Project. However, sales for the full year of 2003 decreased 16.5% when compared to full year 2002.

In the Food Sector, sales volume in the domestic market increased 7.9% over 4Q02. These results are attributed to the 4-point increase in market share of "Zuko" in the powdered beverage category. The Food Sector registered an annual

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growth of 1.1% over full-year 2002.

Conversely, 4Q03 sales in the Chemical Sector declined 7.6% when compared to 4Q02. This decrease was caused mainly by the divestiture of the adhesives and waterproofing business, by the decline in sales of the specialty and nitrile rubber businesses, as well as by pressure from greater competition in the market. However, sales for full year 2003 increased 1.5% when compared to the previous year.

Sales for the Real Estate Sector reached US \$16 million. This was mainly due to the sales increase in the North C Building of the Arcos Bosques Project and in the Bosques de Santa Fe Project. It should be noted that annual sales in the Real Estate Sector registered an increase of 132.1% when compared to the full year 2002.

### EXPORTS

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Total exports during 4Q03 reached US \$214 million, representing a 14.3% increase when compared to 4Q02. This was mainly due to an 18.8% increase in export sales for the Automotive Sector. Exports represented 46.6% and 43.7% of the total sales mix during 4Q03 and 4Q02, respectively.

### OPERATING INCOME AND MARGIN

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Consolidated operating income reached US \$3 million in 4Q03, representing a significant increase over the US \$16 million loss reported in 4Q02. This increase stemmed mainly from the strong performance of the Automotive and Food Sectors, and was only partially offset by the US \$8 million loss in the Real Estate Sector that resulted from a lower-margin sales mix.

### EXTRAORDINARY EXPENSES

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As part of the financial restructuring, during 4Q03, Desc accelerated the adoption of Bulletin C-15, which is effective as of January 1, 2004 and establishes the recognition and calculation of deterioration of long term asset, both tangible and intangible, including goodwill amortization. This application resulted in a one-time charge of US\$125.9 million net of deferred taxes.

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FOURTH QUARTER 2003 RESULTS

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Extraordinary expenses reached US\$152.9 million in 4Q03, which is US\$30.3 million higher when compared to 4Q02.

Additionally during 4Q03, Desc reported US\$27 million in other extraordinary expenses for the following:

- o Indemnities: US\$15.11 million
- o Phenol Business Shutdown: US\$3.5 million
- o Other: US\$8.4 million

### TAXES

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During the quarter, tax provisions reached US\$8.2 million which included income and asset taxes and employee profit sharing, and a benefit of US\$21.4 million in deferred taxes.

### NET MAJORITY INCOME (LOSS)

Net majority loss for 4Q03 was US\$152 million primarily due to the early adoption of Bulletin C-15 as part of the restructuring plan mentioned above.

### DEBT STRUCTURE

Desc registered a US\$23 million increase in net debt in 4Q03 when compared to 4Q02. This 4.7% increase to US\$990 million was due to the adoption of the administrative expenses savings plan and the increase of working capital of the Automotive Sector.

The debt profile improved due to the successful restructure of approximately US\$720 million and the prepayment of US\$40 million of debt. The details of the transaction are described below.

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### FOURTH QUARTER 2003 RESULTS

TABLE 2. DEBT BREAKDOWN

(Figures in millions of U.S. dollars)

	SEP 30 02	DEC 31 02	MAR 31 03	JUN 30 03
Cash	163	232	103	82
Total Debt	1,083	1,178	1,082	1,069
Net Debt	920	946	979	987
Interest Coverage	3.5x	2.8x	2.6x	2.45x
Leverage Ratio*	3.6x	4.8x	4.9x	4.8x

\*TOTAL DEBT - MINIMUM BETWEEN CASH AND US \$50 MILLION / EBITDA OF THE LAST 12 MONTHS.

SINCE 4Q03 THE CALCULATION FORMULA CHANGED FOR THE LEVERAGE RATIO SO TO MAKE COMPARABLE THE DATA WAS RECALCULATED FOR THE PAST QUARTERS.

At the end of 4Q03, the debt composition was 70% dollar-denominated, 11% peso-denominated and 19% in UDIS. Desc's debt profile was 97% in long-term debt and 3% in short-term debt. The average cost of debt was 5.19% for

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dollar-denominated debt and 8.24% for peso-denominated debt.

### RELEVANT NEWS

#### FINANCIAL RESTRUCTURE

As part of the 2003 restructuring plan, Desc reached an agreement with all of its creditors to refinance its syndicated loans and the majority of its short-term debt. Approximately US\$720 million of debt was refinanced (US\$479 million in dollar-denominated long-term debt, Ps.1,300 million in peso-denominated long-term debt and US\$112 million in revolving debt and letters of credit). This sum represents almost 70% of the Company's US \$1,052 million consolidated debt, and US \$990 million net debt in 4Q03.

The terms of the agreement are a five-year maturity with a 30-month grace period for principal payments beginning January 2004. The new interest rates assigned, beginning 1Q04, to dollar-denominated debt are LIBOR plus 350 basis points, TIIE plus 350 basis points for peso-denominated debt and LIBOR plus 300 basis points for all revolving credit.

Among the negotiated conditions, some of Desc's operating subsidiaries and sub-holdings became guarantors and a package of certain fixed assets, shares and accounts receivables of the Real Estate Sector was applied as collateral.

Also, under the terms of the agreement, Desc and its subsidiaries must adhere to a series of obligations and restrictions including the limitation of any fundamental change, asset sale, capital expenditures, sale of collateral, liens, and payment of dividends, among others.

[Graph 2. Debt Profile 2004-2009]

YEAR	PRE-RESTRUCTURE (IN US\$ MILLION)	POST-RESTRUCTURE (IN US\$ MILLION)
2004	396	37
2005	183	18
2006	209	399
2007	258	381
2008	17	201
2009	16	15

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FOURTH QUARTER 2003 RESULTS

#### ADMINISTRATIVE RESTRUCTURE



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Also as part of the restructuring plan, during 4Q03 Desc initiated an administrative restructure at every level of the organization. The restructure aims to improve the Company's efficiency, competitiveness and flexibility within the current business environment, by reducing operating expenses. The objective is to reach operating expenses of 15.5% of sales approximately.

The extraordinary charges from this restructuring are fully reflected in the 4Q03 results. These charges include the downsizing of 950 employees, of which 141 took early retirement and the cost is registered within the Pension Fund Trust.

TABLE 3. COMPARISON OF PERSONNEL INDICATORS

SECTOR	TOTAL 2002	TOTAL 2003
Food	4824	4386
Real Estate	121	42
Chemical	3698	2309
Automotive	7280	6728
Desc Corporate	401	389
Total Desc	16324	13854

Also, as part of these efforts, Juan Marco Gutierrez Wanless took place as CEO of the Corporate Area (Desc Corporativo), reporting directly to the Chairman of the Board. Mr. Gutierrez was CEO and CFO of Pegaso before joining Desc.

### SALE OF ALUMINUM WHEEL BUSINESS

Recently, Desc announced the sale of its aluminum wheel business to Hayes Lemmerz International, Inc. and the simultaneous purchase of their stake in Hayes Wheels Acero, S.A. de C.V. With this transaction, Desc concluded its association with Hayes Lemmerz International, Inc.

The proceeds from this transaction will mainly be used to decrease debt between the business and Desc and to reinvest in fix assets.

This transaction generated an extraordinary expense of close to US\$15 million in 2003 as part of the early adoption of Bulletin C-15. Desc's cash flow is expected to improve immediately as a result of this transaction considering Hayes Wheels Aluminio, S.A. de C.V. operated at a loss.

### CLOSING OF THE PHENOL BUSINESS

During 4Q03 Desc decided to close the Phenol Business, effective December 29, 2003. The business was running at a loss and given the global industry conditions, it was believed the division could not compete successfully in the international market. As part of the closing, the Company withdrew its bankruptcy petition "Concurso Mercantil," (similar to "Chapter 11" in the U.S.) which was submitted to the courts in 2002.

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FOURTH QUARTER 2003 RESULTS

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In addition, the phenol business reached an agreement with Sales Nacionales to end their dispute, thereby ending over nine years of litigation.

Desc reported the financial impact to be nearly US\$3.5 million in extraordinary expenses, all of which were recognized in the 4Q03 results.

## "PUT" OPTION FOR BRANDED PRODUCTS DIVISION

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Desc was notified on November 11, 2003 that the minority partner of the Branded Products division exercised a sell option ("PUT"), and on January 30, 2004 Desc made payments of US\$12.3 million and US\$2 million for the 18.6% of Corfuerte and ASF, respectively. As a result, Desc increased its stake to 96.1% of Corfuerte and 99.9% of ASF.

## CAPITAL INCREASE AND SHAREHOLDER RESTRUCTURE

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The Board of Directors has authorized an Increase in Capital and a Capital Restructuring. For these purposes the board will convene the Relevant Meeting of Shareholders, scheduled for the first two weeks of March 2004. Please make reference to the press release published earlier today.

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FOURTH QUARTER 2003 RESULTS

## RESULTS BY SECTOR

### AUTOMOTIVE SECTOR

The following table provides the figures obtained in the Automotive Sector.

TABLE 4. DESC AUTOMOTIVE FIGURES

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Figures in millions of constant pesos (Ps.) and U.S. dollars (US\$)

	4Q03	4Q02	4Q03 vs. 4Q02	FY2003	FY2002	2003 vs. 2002	3Q03	4Q03 vs. 3Q03
Sales (Ps.)	1,993	1,761	13.2%	7,825	8,732	-10.4%	1,941	2.7%

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SALES (US\$)	177	165	7.0%	710	850	-16.5%	177	0.0%
EXPORTS (US\$)	121	102	18.8%	479	555	-13.8%	121	0.6%
Operating Income (Ps.)	62	-97	N/A	227	644	-64.8%	2	2537.8%
OPERATING INCOME (US\$)	6	-9	N/A	20	64	-68.2%	0	N/A
Operating Margin	3.1%	-5.5%		2.9%	7.5%		0.1%	
EBITDA (Ps.) (1)	249	113	119.9%	977	1,377	-29.0%	191	30.8%
EBITDA (US\$) (1)	22	11	108.0%	88	135	-34.4%	17	27.7%

(1)EBITDA, as used in this press release, is Operating Income (Loss) plus the sum of Depreciation and Amortization (in Mexican GAAP), and is presented since it provides useful information regarding Desc's ability to service debt. "EBITDA" should not be considered as a substitute for profitability or liquidity in the consolidated income statements or other financials prepared in Mexican GAAP.

NOTE: Please refer to the table Non-GAAP Financial Reconciliation Schedule at the end of this release.

During 4Q03 dollar sales grew by 7.0% when compared to 4Q02 and operating income reached US\$6 million. This resulted from higher demands by the Tractor Project for forging, propeller shafts and axles, as well as improved part sales in the gear business to BMW North America for the production of the front traction axel for the X5 platform.

The increase in 4Q03 sales resulted in an operating income of US\$6 million, an operating margin of 3.1% and EBITDA of US \$22 million.

The Tractor Project, which consists of the manufacturing and sale of parts for axles, semi-axles and output-shafts to Dana, and has been launched gradually since 2002, increased its sales by US\$22.4 million from 4Q02 to 4Q03. In 2002, phase I of the project was implemented and included propeller shafts and forging. During 2003, phase II was implemented and included the platform and axle businesses. The total sales of this project during 2003 reached US\$65.8 million. As of today, the project is operating as planned.

Export sales reached US\$121 million during the quarter; an 18.8% increase over the same period in 2002, which is in-line with the increase in demand from the North American market. Export sales for full year 2003 declined by 13.8% when compared to 2002.

The administrative restructuring and increased productivity largely compensated for the 10.4% decline in annual sales in 2003. Sales per employee for the year decreased slightly to US\$104 thousand from US\$112 thousand reported in 2002.

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The above-mentioned factors helped offset the following:

- a) The 6% decline in Mexico's total vehicle production to 363,556 cars and light trucks

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- b) Lower sales of transmissions and cv joints due to the decline in demand from foreign markets
- c) Lower sales of pistons and joints due to the decline in demand from the domestic parts market, and
- d) The termination of contracts with General Motors for stamping and with Ford and Volkswagen for steel wheels.

For the full year of 2003 Desc reported a 16.5% decrease in sales and a 68.2% drop in operating income in dollars due to the following factors:

- a) The pressure caused by the OEMs on prices by means of constant discounts
- b) A 13% decline in annual production of cars and light trucks in Mexico to 1,518,628 units, and a 1.35% drop in the United States to 11,825,151 units
- c) Temporary technical and labor shutdowns of some assembly plants of GM, Ford, Renault Nissan, VW and DCX in order to reduce inventory levels
- d) Lower sales in the axle, transmission, piston, wheel and pick-up box businesses due to decreased demand from OEMs in the United States and Mexico, such as DCX, GM, Eaton and Renault Nissan
- e) The impact on operating income of preemptive expenses for installations in the Tractor Project for the propeller shaft, axle and forge businesses, and
- f) The non-recurring charges associated with the write-off of inventory, pension reserves and guarantees, asset value adjustments, and administrative restructuring costs.

The average capacity utilization of the Automotive Sector businesses reached 57% in the fourth quarter of 2003; meanwhile the investments in assets were US\$13.8 million.

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FOURTH QUARTER 2003 RESULTS

### CHEMICAL SECTOR

Table 5 shows the figures obtained in the Chemical Sector.

TABLE 5. CHEMICAL SECTOR RESULTS

Figures in millions of constant pesos (Ps.) and U.S. dollars (US\$)

		4Q03			2003			4Q03
		vs.	ACUM	ACUM	vs.			vs.
4Q03	4Q02	4Q02	2003	2002	2002	3Q03	3Q03	

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Sales (Ps.)	1,793	1,835	-2.3%	7,810	7,212	8.3%	2,003	-10.5%
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SALES (US\$)	159	172	-7.6%	709	699	1.5%	183	-13.0%
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EXPORTS (US\$)	68	64	6.6%	277	248	11.8%	69	-1.8%
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Operating Income (Ps.)	53	3	1922.9%	203	341	-40.7%	53	0.6%
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OPERATING INCOME (US\$)	5	0	N/A	18	33	-44.6%	5	-3.2%
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Operating Margin	3.0%	0.1%		2.6%	4.8%		2.7%	
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EBITDA (1) (Ps.)	130	113	15.1%	549	698	-21.4%	142	-7.9%
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EBITDA (1) (US\$)	12	11	8.8%	50	68	-26.3%	13	-10.8%
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(1) EBITDA, as used in this press release, is Operating Income (Loss) plus the sum of Depreciation and Amortization (in Mexican GAAP), and is presented since it provides useful information regarding Desc's ability to service debt. "EBITDA" should not be considered as a substitute for profitability or liquidity in the consolidated income statements or other financials prepared in Mexican GAAP.

NOTE: Please refer to the table Non-GAAP Financial Reconciliation Schedule at the end of this release. The 4Q02 numbers include the impact of the adhesive and waterproofing business that were sold during the 3Q03.

Taking into account that the adhesives and waterproofing businesses are no longer part of Desc and considering that its sales were US\$16.2 million, comparable annual sales in dollars increased slightly over the previous year. Notably, the carbon black and phosphate businesses posted excellent results, and to a lesser degree so did the acrylic business.

The chemical sector businesses posted improvements, reaching 90% of installed capacity in practically all our products, due to the slight recovery of our markets, mainly in Europe and the United States. Inventory repositioning by some clients and the seasonal increase in demand at year end were the primary reasons for the volume growth.

The businesses that experienced a decrease in sales were:

- o Nitrile Rubber which suffered the effects of a slow recovery in the automobile industry
- o Specialty Rubber which was negatively affected by the strength of the Euro and greater competition in the European market.

Prices during 2003 were negatively affected due to the difficult global economy and the continued presence of integrated competition with very low pricing. This situation resulted in oversupply conditions on a global level.

The rapid price increase of monomers during the first part of the year had a negative impact on the operating margin in most of the businesses. Although these prices stabilized by mid-year, our sales prices continue to lag considerably.

During 4Q03, capex reached US\$2.1 million, allocated to meeting future demand in the polystyrene sector.

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FOURTH QUARTER 2003 RESULTS

FOOD SECTOR

Table 6 presents the results obtained in the Food Sector.

TABLE 6. FOOD SECTOR RESULTS

Figures in millions of constant pesos (Ps.) and U.S. dollars (US\$)

	4Q03	4Q02	4Q03 vs. 4Q02	FY2003	FY2002	2003 vs. 2002	3Q03	4Q03 vs. 3Q03
Sales (Ps.)	1,059	929	14.1%	3,879	3,582	8.3%	973	8.9%
SALES (US\$)	94	87	7.9%	352	348	1.1%	89	5.8%
EXPORTS (US\$)	25	22	15.4%	104	100	3.8%	27	-6.6%
Operating Income (Ps.)	56	-3	N/A	132	102	28.7%	40	39.1%
OPERATING INCOME (US\$)	5	0	N/A	12	10	23.4%	4	35.7%
Operating Margin	5.3%	-0.3%		3.4%	2.8%		4.1%	
EBITDA1 (Ps.)	102	42	140.3%	300	274	9.8%	83	22.9%
EBITDA1 (US\$)	9	4	127.5%	27	26	3.3%	8	19.7%

(1) EBITDA, as used in this press release, is Operating Income (Loss) plus the sum of Depreciation and Amortization (in Mexican GAAP), and is presented since it provides useful information regarding Desc's ability to service debt. "EBITDA" should not be considered as a substitute for profitability or liquidity in the consolidated income statements or other financials prepared in Mexican GAAP.

NOTE: Please refer to the table Non-GAAP Financial Reconciliation Schedule at the end of this release.

TABLE 7. FOOD SECTOR - RELEVANT FIGURES

	4Q03
Branded Products	
Sales (US\$ millions)	55
Operating Margin	3.5%
Pork Business	

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---

Sales (US\$ millions)	39
Operating Margin	7.90%

---

The results by division are as follows:

### BRANDED PRODUCTS

During 4Q03 sales volume in the domestic market grew 7.9% over 4Q02 and 5.8% over 3Q03. However, with the exception of a 4-point increase in "Zuko", the market share of our main products remained flat in both Mexico and the United States. Sales in the U.S. were affected by a strike at Southern California's three main convenience store chains, but were offset by higher sales in Mexico.

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### FOURTH QUARTER 2003 RESULTS

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In addition, improved plant operations and strict cost controls resulted in an improved operating margin.

Capex increased to US\$2.8 million in 2003, which was mainly allocated to improving plants and relocating the coffee production plant.

### PORK BUSINESS

Even though during 4Q03, dollar based costs of raw materials used in the production of balanced feed continued to be negatively affected by the devaluation of the peso, a high operating margin of 7.9% was achieved.

4Q03 sales volume declined by 19.8% when compared to 4Q02, and discontinued operations in three Bajio locations deteriorated our margins.

Capacity utilization remained at 100% in the Southeast region due to strong demand.

Capex for the quarter reached US\$0.11 million, allocated to farm equipment and infrastructure.

Pork prices in Mexico increased by Ps. 0.49 per kilogram, from Ps. 14.11 to Ps. 14.60. This translated into a sales price increase of Ps. 0.53, from Ps. 15.56 to Ps. 16.09. The price increase was generally accepted due to the low supply of pork in the market and the high end-of-year seasonal demand.

Current pork prices have not been affected by the Mad Cow problem in the U.S., nor has it affected Mexican pork sales prices. The trend toward higher pork prices is due to the low supply of domestic pork and has continued through January and February 2004.

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### FOURTH QUARTER 2003 RESULTS

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### REAL ESTATE SECTOR

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Following are the results for the Real Estate Sector:

TABLE 8. REAL ESTATE SECTOR FIGURES

-----  
 Figures in millions of constant pesos (Ps.) and U.S. dollars (US\$)

	4Q03	4Q02	4Q03 vs. 4Q02	FY2003	FY2002	2003 vs. 2002	3Q03	4Q03 vs. 3Q03
Sales (Ps.)	177	38	362.1%	1,970	799	146.5%	399	-55.6%
SALES (US\$)	16	4	337.3%	180	78	132.1%	36	-56.2%
Operating Income (Ps.)	-91	-31	N/A	422	90	368.9%	101	N/A
OPERATING INCOME (US\$)	-8	-3	N/A	39	9	348.3%	9	N/A
Operating Margin	-51.4%	-80.9%		21.6%	11.2%		24.9%	
EBITDA (1) (Ps.)	-81	-30	N/A	452	113	298.3%	107	N/A
EBITDA (1) (US\$)	-7	-3	N/A	42	11	279.8%	10	N/A

(1) EBITDA, as used in this press release, is Operating Income (Loss) plus the sum of Depreciation and Amortization (in Mexican GAAP), and is presented since it provides useful information regarding Desc's ability to service debt. "EBITDA" should not be considered as a substitute for profitability or liquidity in the consolidated income statements or other financials prepared in Mexican GAAP.

NOTE: Please refer to the table Non-GAAP Financial Reconciliation Schedule at the end of this release.

Sales in 4Q03 reached US\$16 million, an increase of 300% in real terms when compared to 4Q02. This increase was driven by sales in the North C building projects of the Arcos Bosques and Bosques de Santa Fe developments. Annual sales in the Real Estate Sector increased 132% over 2002.

The sales distribution was 76% in Arcos Bosques, 15% Bosques de Santa Fe and 9% related to the Punta Mita project as well as completed inventory.

During 4Q03, an operating loss of US\$8 million was reported compared to a US\$3 million loss in 4Q02. This loss was mainly the result of higher costs in the Bosques de Santa Fe project, greater selling expenses and a lower-margin sales mix.

Among the projects under development, Bosques de Santa Fe, an exclusive residential development located west of Mexico City, sold 3 residential lots. This has brought our single-family residential lot sales to 88% and multi-family residential lot sales to 57%. The construction of the Club House is on-schedule and will be completed in mid-2004. Total 4Q03 investment in this project reached US\$7.3 million.



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In Punta Mita, a tourist development located in Bahia de Banderas, Nayarit, Desc sold 1 beachfront lot and continues the commercialization and urbanization of other beachfront and golf club residential lots. Total 4Q03 investment in this project reached US\$2.6 million.

In the North C building of Arcos Bosques, Desc completed the sale of 5,808 m2 in 4Q03. With this sale, 52% of the project has been sold. The construction remains within budget and is expected to be completed during 1Q04. Total 4Q03 investment in this project reached US \$1.7 million.

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                   -----

\*\* Financial tables follow \*\*

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### FOURTH QUARTER 2003 RESULTS

FINANCIAL INDICATORS						
	4Q03	3Q03	2Q03	1Q03	4Q02	3Q02
Interest Coverage	2.91x	2.7x	3.0x	3.0x	3.3x	3.8x
Short-term debt	3%	29%	27%	23%	28%	20%
Long-term debt	97%	71%	73%	77%	72%	80%
Peso-denominated debt	30%	30%	32%	31%	39%	32%
Dollar-denominated debt	70%	70%	68%	69%	61%	68%

SHARES OUTSTANDING		
"A" Shares	587,479,900	42.9%
"B" Shares	506,257,866	37.0%
"C" Shares	275,341,610	20.1%
TOTAL	1,369,079,376	100.0%

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To reconcile all non-GAAP items, the following tables which include Depreciation and Amortization figures are provided:

### NON-GAAP RECONCILIATION SCHEDULE TABLES

DESC, S.A. DE C.V. AND SUBSIDIARIAS  
(figures in millions of constant pesos and dollars)

	4Q03	4Q02	4Q03 vs. 4Q02	3Q03
Operating Income (Ps.)	30	-173	N/A	148
Operating Income (US\$)	3	-16	N/A	13
Depreciation and Amortization (Ps.)	336	375	-10.4%	351
Depreciation and Amortization (US\$)	30	35	-15.3%	32
EBITDA (Ps.)	366	202	81.3%	499
EBITDA (US\$)	33	19	71.6%	45

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### FOURTH QUARTER 2003 RESULTS

AUTOMOTIVE SECTOR  
(figures in millions of constant pesos and dollars)

	4Q03	4Q02	4Q03 vs. 4Q02	3Q03
Operating Income (Ps.)	62	-97	N/A	2
Operating Income (US\$)	6	-9	N/A	0
Depreciation and Amortization (Ps.)	187	210	-11.2%	189
Depreciation and Amortization (US\$)	16	20	-16.0%	17
EBITDA (Ps.)	249	113	119.9%	191

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EBITDA (US\$)	22	11	108.0%	17
---------------	----	----	--------	----

CHEMICAL SECTOR  
(figures in millions of constant pesos and dollars)

	4Q03	4Q02	4Q03 vs. 4Q02	3Q03
Operating Income (Ps.)	53	3	1922.9%	53
Operating Income (US\$)	5	0	N/A	5
Depreciation and Amortization (Ps.)	77	110	-3.4%	89
Depreciation and Amortization (US\$)	7	11	-34.2%	8
EBITDA (Ps.)	130	113	15.1%	142
EBITDA (US\$)	12	11	8.8%	13

FOOD SECTOR  
(figures in millions of constant pesos and dollars)

	4Q03	4Q02	4Q03 vs. 4Q02	3Q03
Operating Income (Ps.)	56	-3	N/A	40
Operating Income (US\$)	5	0	N/A	4
Depreciation and Amortization (Ps.)	46	45	0.7%	43
Depreciation and Amortization (US\$)	4	4	-4.8%	4
EBITDA (Ps.)	102	42	140.3%	83
EBITDA (US\$)	9	4	127.5%	8

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FOURTH QUARTER 2003 RESULTS

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REAL ESTATE SECTOR  
(figures in millions of constant pesos and dollars)

	4T03	4T02	4T03 vs. 4T02	3T03
Operating Income (Ps.)	-91	-31	N/A	101
Operating Income (US\$)	-8	-3	N/A	9
Depreciation and Amortization (Ps.)	10	1	831.8%	6
Depreciation and Amortization (US\$)	1	0	788.5%	1
EBITDA (Ps.)	-81	-30	N/A	107
EBITDA (US\$)	-7	-3	N/A	10

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FOURTH QUARTER 2003 RESULTS

DESC, S.A. DE C.V. AND SUBSIDIARIES  
Consolidated Balance Sheet  
(in millions of constant pesos as of December 31, 2003)

	2003
<b>ASSETS</b>	
Current Assets:	
Cash and Short-term Investments	690
Accounts and Documents Receivable	6,222
Inventory and Other Assets	3,148
<b>TOTAL CURRENT ASSETS</b>	<b>10,061</b>
Land Held for Development and Real Estate Projects	3,721
Fixed Assets	11,865
Investments in shares of Subsidiaries Non-consolidated	293
Other Assets	1,782
<b>TOTAL ASSETS</b>	<b>27,722</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Bank Loans	414

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Suppliers	2,021
Taxed to be paid	838
Other Liabilities	1,371
-----	
TOTAL CURRENT LIABILITIES	4,645
-----	
Long-term Debt	11,360
Deferred Taxes	1,077
Others	610
-----	
TOTAL LIABILITIES	17,692
-----	
STOCKHOLDERS' EQUITY	
Capital Stock	18
Paid-in Surplus	1,170
Retained Earnings and Capital Reserve	14,365
Others	-9,280
-----	
TOTAL MAJORITY INTEREST	6,273
-----	
Minority Interest	3,757
TOTAL STOCKHOLDERS' EQUITY	10,030
-----	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	27,722
-----	

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FOURTH QUARTER 2003 RESULTS

-----		
DESC, S.A. DE C.V. AND SUBSIDIARIES		
Consolidated Income Statement		
(in millions of constant pesos as of December 31, 2003)		
	4Q03	4Q02
Sales	5,175	4,568
Cost of Sales	4,236	3,772
-----		
GROSS PROFIT	939	796
-----		
Operating Expenses:		
Administrative and Selling	909	969
-----		
OPERATING INCOME	30	(173)
-----		
Interest Expense	320	309
Interest Income	(16)	21
Exchange Gain (Loss), Net	196	134
Gain on Monetary Position	(115)	(115)
-----		

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COMPREHENSIVE FINANCIAL RESULT	385	349
-----		
OTHER EXTRAORDINARY INCOME OR EXPENSES	1,708	329
-----		
INCOME BEFORE PROVISIONS	(2,063)	(851)
-----		
Provisions for:		
Income and Asset Tax	67	(288)
Employee Profit Sharing	26	(2)
Deferred Income Taxes	(240)	362
-----		
TOTAL TAXES	(147)	72
-----		
NET CONSOLIDATED INCOME	(1,916)	(923)
-----		
Minority Interest	(203)	(159)
-----		
MAJORITY NET INCOME	(1,714)	(764)
-----		
12-month Earnings Per Share	(1.68)	(0.79)
Number of Shares Outstanding: (Millions of Shares)	1,369	1,369
EBITDA	366	202
-----		

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FOURTH QUARTER 2003 RESULTS

-----				
	4Q03	3Q03	2Q03	1Q03
-----				
SALES (US \$)				
-----				
Consolidated	460	488	550	471
-----				
Automotive Sector	177	177	176	179
-----				
Chemical Sector	159	183	179	187
-----				

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Food Sector	94	89	85	83
Real Estate Sector	16	36	107	21
EXPORTS (US \$)				
Consolidated	214	217	212	216
Automotive Sector	121	121	120	117
Chemical Sector	68	69	66	73
Food Sector	25	27	26	26
OPERATING INCOME (US \$)				
Consolidated	3	13	42	20
Automotive Sector	6	0	4	11
Chemical Sector	5	5	5	4
Food Sector	5	4	2	1
Real Estate Sector	-8	9	33	5
OPERATING MARGIN				
Consolidated	0.6%	2.8%	7.7%	4.2%
Automotive Sector	3.1%	0.1%	2.3%	6.0%
Chemical Sector	3.0%	2.7%	2.9%	2.0%
Food Sector	5.3%	4.1%	2.8%	1.0%
Real Estate Sector	-51.4%	24.9%	30.5%	24.7%
EBITDA (US \$)				
Consolidated	33	45	74	51
Automotive Sector	22	17	21	28
Chemical Sector	12	13	13	12
Food Sector	9	8	6	5
Real Estate Sector	-7	10	33	6

This press release contains "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) that reflect the current views of Desc's management with respect to future events. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," and "should" and similar expressions generally are intended to identify forward-looking statements. These statements are subject to risks, uncertainties and changes in circumstances. Actual results may differ materially from present expectations as a result of many factors, including, but not

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limited to, changes in global and domestic political, economic, business, competitive, market and regulatory factors, the cyclicity of the autoparts and chemicals industries and other factors which are described under the heading "Risk Factors" in Desc's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. Desc does not assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.

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Item 3

### General Data of the Issuer:

-----

Corporate Name:	Desc, S.A. de C.V.
Address:	Paseo de los Tamarindos 400-B
City:	Bosques de las Lomas
Zip Code:	5120
State:	Mexico, D.F.
Telephone:	52-61-80-00
Fax:	52-61-80-98
E-Mail:	eloy.vega@desc.com.mx

-----

Internet Address	www.desc.com.mx
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### Fiscal Data of the Issuer:

-----

RFC of Company:	DES9405182F1
Domicile:	Paseo de los Tamarindos 400-B
City:	Bosques de las Lomas
Zip Code:	5120
State:	Mexico, D.F.

### Responsibility for Payments:

-----

Name:	Lic. Jorge Francisco Padilla Ezeta
Address:	Paseo de los Tamarindos 400-B
City:	Bosques de las Lomas
Zip Code:	5120
State:	Mexico, D.F.
Telephone:	52-61-80-00
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E-Mail:	jorge.padilla@desc.com.mx

### Data with respect to officers:

-----

Mexican Stock	
Exchange equivalent:	Chairman of the Board of Directors
Title at company:	Chairman and Chief Executive Officer
Name:	Mr. Fernando Senderos Mestre
Address:	Paseo de los Tamarindos 400-B
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Mexican Stock  
Exchange equivalent:  
Title at company:  
Name:  
Address:  
City:  
Zip Code:  
State:  
Telephone:  
Fax:  
E-Mail:

General Manager  
Chief Executive Corporate Area  
Ing. Juan Marco Gutierrez Wanless  
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Chief Financial Officer  
Director of Finance  
Lic. Arturo D'Acosta Ruiz  
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Officer in Charge of Sending Quarterly Financial I  
Corporate Manager of Financial Information  
Lic. Jorge Francisco Padilla Ezeta  
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Alternate Officer in Charge of Sending Quarterly F  
Corporate Comptroller  
Lic. Eduardo Philibert Garza  
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Officer Responsible for Legal Affairs  
General Counsel  
Lic. Ramon Estrada Rivera  
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Mexican Stock  
 Exchange equivalent: Secretary of the Board of Directors  
 Title at company: Secretary of the Board of Directors  
 Name: C.P. Ernesto Vega Velasco  
 Address: Bosque de Ciruelos No. 130 Room 1203  
 City: Bosques de las Lomas  
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 State: Mexico, D.F.  
 Telephone: 52-61-80-00  
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 E-Mail: ernesto.vega@desc.com.mx

Mexican Stock  
 Exchange equivalent: Officer in Charge of Providing Information to Investors  
 Title at company: Corporate Manager of Financial Information  
 Name: Lic. Jorge Francisco Padilla Ezeta  
 Address: Paseo de los Tamarindos 400-B  
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 Zip Code: 5120  
 State: Mexico, D.F.  
 Telephone: 52-61-80-00  
 Fax: 52-61-80-97  
 E-Mail: jorge.padilla@desc.com.mx

Mexican Stock  
 Exchange equivalent: Officer Authorized to Send Information via Emisnet  
 Title at company: Chief Financial Officer  
 Name: Lic. Arturo D'Acosta Ruiz  
 Address: Paseo de los Tamarindos 400-B  
 City: Bosques de las Lomas  
 Zip Code: 5120  
 State: Mexico, D.F.  
 Telephone: 52-61-80-00  
 Fax: 52-61-80-98  
 E-Mail: arturo.dacosta@desc.com.mx

Mexican Stock  
 Exchange equivalent: Officer Authorized to Send Relevant Events via Emisnet  
 Title at company: Secretary of the Board of Directors  
 Name: C.P. Ernesto Vega Velasco  
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 Zip Code: 11700  
 State: Mexico, D.F.  
 Telephone: 52-61-80-00  
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 E-Mail: ernesto.vega@desc.com.mx

CONSOLIDATED BALANCE SHEET  
 AT DECEMBER THE 31th OF 2003 AND 2002  
 (Thousands of Pesos)

REF S	CONCEPTS	FOURTH QUARTER OF 2003	%
		AMOUNT	

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1	TOTAL ASSETS	27,721,485	100%	30,4
2	CURRENT ASSETS	10,060,579	36%	9,6
3	CASH AND SHORT-TERM INVESTMENTS	690,215	2%	2,5
4	ACCOUNTS AND DOCUMENTS RECEIVABLE (NET)	4,783,644	17%	2,8
5	OTHER ACCOUNTS AND DOCUMENTS RECEIVABLE	1,438,269	5%	1,0
6	INVENTORIES	3,073,671	11%	3,1
7	OTHER CURRENT ASSETS	74,780	0%	1
8	LONG-TERM	4,013,857	14%	4,3
9	ACCOUNTS AND DOCUMENTS RECEIVABLE (NET)	0	0%	
10	INVESTMENT IN SHARES OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATED	292,906	1%	
11	OTHER INVESTMENTS	3,720,951	13%	4,2
12	PROPERTY, PLANT AND EQUIPMENT	11,865,149	43%	13,6
13	PROPERTY	6,753,574	24%	7,3
14	MACHINERY AND INDUSTRIAL EQUIPMENT (NET)	15,711,107	57%	17,1
15	OTHER EQUIPMENT	2,682,503	10%	1,2
16	ACCUMULATED DEPRECIATION	13,919,551	50%	12,9
17	CONSTRUCTION IN PROGRESS	637,516	2%	9
18	DEFERRED ASSETS (NET)	737,151	3%	1,3
19	OTHER ASSETS	1,044,749	4%	1,4
20	TOTAL LIABILITIES	17,691,784	100%	18,6
21	CURRENT LIABILITIES	4,644,564	26%	7,6
22	SUPPLIERS	2,021,262	11%	2,0
23	BANK LOANS	414,325	2%	3,6
24	STOCK MARKET LOANS	0	0%	
25	TAXES TO BE PAID	838,284	5%	1
26	OTHER CURRENT LIABILITIES	1,370,693	8%	1,8
27	LONG-TERM LIABILITIES	11,359,951	64%	9,0
28	BANK LOANS	9,078,684	51%	6,7
29	STOCK MARKET LOANS	2,281,267	13%	2,2
30	OTHER LOANS	0	0%	
31	DEFERRED LOANS	1,077,247	6%	1,3
32	OTHER LIABILITIES	610,022	3%	5
33	CONSOLIDATED STOCK HOLDERS' EQUITY	10,029,701	100%	11,8
34	MINORITY INTEREST	3,757,225	37%	3,9
35	MAJORITY INTEREST	6,272,476	63%	7,9
36	CONTRIBUTED CAPITAL	12,887,214	128%	13,5
37	PAID-IN CAPITAL STOCK (NOMINAL)	17,798	0%	
38	RESTATEMENT OF PAID-IN CAPITAL STOCK	11,699,026	117%	12,3
39	PREMIUM ON SALES OF SHARES	1,170,390	12%	1,1
40	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES			
41	CAPITAL INCREASE (DECREASE)	-6,614,738	-66%	-5,6
42	RETAINED EARNINGS AND CAPITAL RESERVE	15,763,774	157%	20,2
43	REPURCHASE FUND OF SHARES	907,079	9%	9
44	EXCESS (SHORTFALL) IN RESTATEMENT OF HOLDER'S EQUIT	-20,978,783	-209%	-25,7
45	NET INCOME FOR THE YEAR	-2,306,808	-23%	-1,0

CONSOLIDATED BALANCE SHEET  
BREAKDOWN OF MAIN CONCEPTS  
(Thousands of Pesos)

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REF S -----	CONCEPTS -----	FOURTH QUARTER OF 200	
		AMOUNT -----	% -
3	CASH AND SHORT-TERM INVESTMENTS	690,215	100%
46	CASH	227,584	33%
47	SHORT-TERM INVESTMENTS	462,631	67%
18	DEFERRED ASSETS (NET)	737,151	100%
48	AMORTIZED OR REDEEMED EXPENSES	0	0%
49	GOODWILL	737,151	100%
50	DEFERRED TAXES	0	0%
51	OTHERS	0	0%
21	CURRENT LIABILITIES	4,644,564	100%
52	FOREIGN CURRENCY LIABILITIES	1,711,030	37%
53	MEXICAN PESOS LIABILITIES	2,933,534	63%
24	STOCK MARKET LOANS	0	0%
54	COMMERCIAL PAPER	0	0%
55	CURRENT MATURITIES OF MEDIUM TERM NOTES	0	0%
56	CURRENT MATURITIES OF BONDS	0	0%
26	OTHER CURRENT LIABILITIES	1,370,693	100%
57	OTHER CURRENT LIABILITIES WITH COST	0	0%
58	OTHER CURRENT LIABILITIES WITHOUT COST	1,370,693	100%
27	LONG-TERM LIABILITIES	11,359,951	100%
59	FOREIGN CURRENCY LIABILITIES	7,837,784	69%
60	MEXICAN PESOS LIABILITIES	3,522,167	31%
29	STOCK MARKET LOANS	2,281,267	100%
61	BONDS	0	0%
62	MEDIUM TERM NOTES	2,281,267	100%
30	OTHER LOANS	0	0%
63	OTHER LOANS WITH COST	0	0%
64	OTHER LOANS WITHOUT COST	0	0%
31	DEFERRED LOANS	1,077,247	100%
65	NEGATIVE GOODWILL	0	0%
66	DEFERRED TAXES	1,077,247	100%
67	OTHERS	0	0%
32	OTHER LIABILITIES	610,022	100%
68	RESERVES	0	0%
69	OTHERS LIABILITIES	610,022	100%
44	EXCESS (SHORTFALL) IN RESTATEMENT OF STOCK HOLDERS' EQUITY	-20,978,783	100%
70	ACCUMULATED INCOME DUE TO MONETARY POSITION	0	0%
71	INCOME FROM NON-MONETARY POSITION ASSETS	-20,978,783	100%

CONSOLIDATED BALANCE SHEET  
OTHER CONCEPTS  
(Thousands of Pesos)

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REF S	CONCEPTS	FOURTH QUARTER OF 2003	FOURTH
-----	-----	-----	-----
		AMOUNT	
		-----	
72	WORKING CAPITAL	5,416,015	2
73	PENSIONS FUND AND SENIORITY PREMIUMS	450,323	
74	EXECUTIVES (*)	0	
75	EMPLOYERS (*)	4,692	
76	WORKERS (*)	9,162	
77	CIRCULATION SHARES (*)	1,369,079,376	1,3
78	REPURCHASED SHARES (*)	0	

(\*) THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS

CONSOLIDATED INCOME STATEMENT  
FROM JANUARY THE 1st TO DECEMBER THE 31th OF 2003 AND 2002  
(Thousands of Pesos)

REF R	CONCEPTS	FOURTH QUARTER OF 2003	
-----	-----	-----	-----
		AMOUNT	%
		-----	-----
1	NET SALES	21,687,196	100%
2	COST OF SALES	17,058,768	79%
3	GROSS INCOME	4,628,428	21%
4	OPERATING EXPENSES	3,772,270	17%
5	OPERATING INCOME	856,158	4%
6	TOTAL FINANCING COST	1,353,776	6%
7	INCOME AFTER FINANCING COST	-497,618	-2%
8	OTHER FINANCIAL OPERATIONS	346,723	2%
9	INCOME BEFORE TAXES AND WORKERS' PROFIT SHARING	-844,341	-4%
10	RESERVE FOR TAXES AND WORKERS' PROFIT SHARING	189,278	1%
11	NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING	-1,033,619	-5%
12	SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES	11,164	0%
13	CONSOLIDATED NET INCOME OF CONTINUOUS	-1,022,455	-5%
14	INCOME OF DISCONTINUOUS OPERATIONS	-23,855	0%
15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	-998,600	-5%
16	EXTRAORDINARY ITEMS NET EXPENSES (INCOME)	0	0%
17	NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES	1,415,828	7%
18	NET CONSOLIDATED INCOME	-2,414,428	-11%
19	NET INCOME OF MINORITY INTEREST	-107,620	0%
20	NET INCOME OF MAJORITY INTEREST	-2,306,808	-11%

CONSOLIDATED INCOME STATEMENT  
BREAKDOWN OF MAIN CONCEPTS  
(Thousands of Pesos)

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REF R -----	CONCEPTS -----	FOURTH QUARTER OF 2003 -----	
		AMOUNT -----	% -----
1	NET SALES	21,687,196	100%
21	DOMESTIC	12,214,955	56%
22	FOREIGN	9,472,241	44%
23	TRANSLATED INTO DOLLARS (***)	859,110	4%
6	TOTAL FINANCING COST	1,353,776	100%
24	INTEREST PAID	1,086,686	80%
25	EXCHANGE LOSSES	561,547	41%
26	INTEREST EARNED	43,548	3%
27	EXCHANGE PROFITS	0	0%
28	GAIN DUE TO MONETARY POSITION	-307,265	-23%
29	LOSS IN UDI'S ACTUALIZATION	56,356	4%
29	PROFIT IN UDI'S ACTUALIZATION	0	0%
8	OTHER FINANCIAL OPERATIONS	346,723	100%
29	OTHER NET EXPENSES (INCOME) NET	346,723	100%
30	(PROFIT) LOSS ON SALE OF OWN SHARES	0	0%
31	(PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS	0	0%
10	RESERVE FOR TAXES AND WORKERS' PROFIT SHARING	189,278	100%
32	INCOME TAX	286,643	151%
33	DEFERRED INCOME TAX	-181,693	-96%
34	WORKERS' PROFIT SHARING	84,328	45%
35	DEFERRED WORKERS' PROFIT SHARING	0	0%

CONSOLIDATED INCOME STATEMENT  
OTHER CONCEPTS  
(Thousands of Pesos)

REF R -----	CONCEPTS -----	FOURTH QUARTER OF 2003 -----	
		AMOUNT -----	AMOUNT -----
36	TOTAL SALES	22,743,130	21,013,8
37	NET INCOME OF THE YEAR	0	0
38	NET SALES (**)	21,687,196	20,361,6
39	OPERATION INCOME (**)	856,158	1,081,36
40	NET INCOME OF MAJORITY INTEREST (**)	-2,306,808	-1,084,6
41	NET CONSOLIDATED INCOME (**)	-2,414,428	-1,214,9

(\*\*) THE RESTATED INFORMATION ON THE LAST TWELVE MONTHS SHOULD BE USED

CONSOLIDATED INCOME STATEMENT  
FROM OCTOBER THE 1st TO DECEMBER THE 31th OF 2003 AND 2002

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(Thousands of Pesos)

REF R	CONCEPTS	FOURTH QUARTER OF 2003	
-----	-----	AMOUNT	%
		-----	-
1	NET SALES	5,175,373	100%
2	COST OF SALES	4,236,216	82%
3	GROSS INCOME	939,157	18%
4	OPERATING EXPENSES	908,731	18%
5	OPERATING INCOME	30,426	1%
6	TOTAL FINANCING COST	385,255	7%
7	INCOME AFTER FINANCING COST	-354,829	-7%
8	OTHER FINANCIAL OPERATIONS	285,407	6%
9	INCOME BEFORE TAXES AND WORKERS' PROFIT SHARING	-640,236	-12%
10	RESERVE FOR TAXES AND WORKERS' PROFIT SHARING	-147,509	-3%
11	NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING	-492,727	-10%
12	SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES	12,263	0%
13	CONSOLIDATED NET INCOME OF CONTINUOUS	-480,464	-9%
14	INCOME OF DISCONTINUOUS OPERATIONS	19,127	0%
15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	-499,591	-10%
16	EXTRAORDINARY ITEMS NET EXPENSES (INCOME)	0	0%
17	NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES	1,415,827	27%
18	NET CONSOLIDATED INCOME	-1,915,418	-37%
19	NET INCOME OF MINORITY INTEREST	-202,531	-4%
20	NET INCOME OF MAJORITY INTEREST	-1,712,887	-33%

## CONSOLIDATED INCOME STATEMENT BREAKDOWN OF MAIN CONCEPTS (Thousands of Pesos)

REF R	CONCEPTS	FOURTH QUARTER OF 2003	
-----	-----	AMOUNT	%
		-----	-
1	NET SALES	5,175,373	100%
21	DOMESTIC	2,761,392	53%
22	FOREIGN	2,413,981	47%
23	TRANSLATED INTO DOLLARS (***)	214,451	4%
6	TOTAL FINANCING COST	385,255	100%
24	INTEREST PAID	319,997	83%
25	EXCHANGE LOSSES	155,955	40%
26	INTEREST EARNED	15,989	4%
27	EXCHANGE PROFITS	0	0%
28	GAIN DUE TO MONETARY POSITION	-115,111	-30%
29	LOSS IN UDI'S ACTUALIZATION	40,403	10%
	PROFIT IN UDI'S ACTUALIZATION	0	0%
8	OTHER FINANCIAL OPERATIONS	285,407	100%

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29	OTHER NET EXPENSES (INCOME) NET	285,407	100%
30	(PROFIT) LOSS ON SALE OF OWN SHARES	0	0%
31	(PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS	0	0%
10	RESERVE FOR TAXES AND WORKERS' PROFIT SHARING	-147,509	100%
32	INCOME TAX	67,161	-46%
33	DEFERRED INCOME TAX	-241,007	163%
34	WORKERS' PROFIT SHARING	26,337	-18%
35	DEFERRED WORKERS' PROFIT SHARING	0	0%

**CONSOLIDATED CASH FLOW STATEMENT**  
 FROM OCTOBER THE 1st TO DECEMBER THE 31th OF 2003 AND 2002  
 (Thousands of Pesos)

REF C	CONCEPTS	FOURTH QUARTER
		AMOUNT
1	CONSOLIDATED NET INCOME	-2,414,42
2	+(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH	2,671,06
3	CASH FLOW FROM NET INCOME OF THE YEAR	256,63
4	CASH FLOW FROM CHANGE IN WORKING CAPITAL	-712,24
5	CASH GENERATED (USED) IN OPERATING ACTIVITIES	-455,60
6	CASH FLOW FROM EXTERNAL FINANCING	-919,99
7	CASH FLOW FROM INTERNAL FINANCING	
8	CASH FLOW GENERATED (USED) BY FINANCING	-919,99
9	CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES	-435,90
10	NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	-1,811,50
11	CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD	2,501,72
12	CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD	690,21

**CONSOLIDATED CASH FLOW STATEMENT**  
 BREAKDOWN OF MAIN CONCEPTS  
 (Thousands of Pesos)

REF C	CONCEPTS	FOURTH QUAR
		AM
2	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE	2,67
13	DEPRECIATION AND AMORTIZATION FOR THE YEAR	1,36
14	+ (-) NET INCREASE (DECREASE) IN PENSIONS FUND AND SENIORITY PREMIUMS	
15	+ (-) NET LOSS (PROFIT) IN MONEY EXCHANGE	
16	+ (-) NET LOSS (PROFIT) IN ASSETS AND LIABILITIES ACTUALIZATION	
17	+ (-) OTHER ITEMS	1,30



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4	CASH FLOW FROM CHANGE IN WORKING CAPITAL	-71
18	+ (-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE	-1,96
19	+ (-) DECREASE (INCREASE) IN INVENTORIES	29
20	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE	95
21	+ (-) INCREASE (DECREASE) IN SUPPLIER ACCOUNT	-15
22	+ (-) INCREASE (DECREASE) IN OTHER LIABILITIES	15
6	CASH FLOW FROM EXTERNAL FINANCING	-91
23	+ SHORT-TERM BANK AND STOCK MARKET FINANCING	-3,22
24	+ LONG-TERM BANK AND STOCK MARKET FINANCING	2,30
25	+ DIVIDEND RECEIVED	
26	+ OTHER FINANCING	
27	(-) BANK FINANCING AMORTIZATION	
28	(-) STOCK MARKET AMORTIZATION	
29	(-) OTHER FINANCING AMORTIZATION	
7	CASH FLOW FROM INTERNAL FINANCING	
30	+ (-) INCREASE (DECREASE) IN CAPITAL STOCKS	
31	(-) DIVIDENDS PAID	
32	+ PREMIUM ON SALE OF SHARES	
33	+ CONTRIBUTION FOR FUTURE CAPITAL INCREASES	
9	CASH FLOW GENERATED (UTILIZED) IN INVESTMENT ACTIVITIES	-43
34	+ (-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF A PERMANENT NATURE	
35	(-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	1
36	(-) INCREASE IN CONSTRUCTIONS IN PROGRESS	-45
37	+ SALE OF OTHER PERMANENT INVESTMENTS	
38	+ SALE OF TANGIBLE FIXED ASSETS	
39	+ (-) OTHER ITEMS	

RATIOS  
CONSOLIDATED

REF P	CONCEPTS	FOURTH QUARTER OF
-----	-----	-----
	YIELD	
	-----	
1	NET INCOME TO NET SALES	-11.13
2	NET INCOME TO STOCK HOLDERS' EQUITY (**)	-36.78
3	NET INCOME TO TOTAL ASSETS (**)	-8.71
4	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	0
5	INCOME DUE TO MONETARY POSITION TO NET INCOME	-12.73
	ACTIVITY	
6	NET SALES TO NET ASSETS (**)	0.78
7	NET SALES TO FIXED ASSETS (**)	1.83
8	INVENTORIES ROTATION (**)	5.55
9	ACCOUNTS RECEIVABLE IN DAYS OF SALES	69
10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	9.23
	LEVERAGE	
11	TOTAL LIABILITIES TO TOTAL ASSETS	63.82
12	TOTAL LIABILITIES TO STOCK HOLDERS' EQUITY	1.76
13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	53.97
14	LONG-TERM LIABILITIES TO FIXED ASSETS	95.74

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15	OPERATING INCOME TO INTEREST PAID	0.79
16	NET SALES TO TOTAL LIABILITIES (**)	1.23
	LIQUIDITY	
17	CURRENT ASSETS TO CURRENT LIABILITIES	2.17
18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	1.5
19	CURRENTS ASSETS TO TOTAL LIABILITIES	0.57
20	AVAILABLE ASSETS TO CURRENT LIABILITIES	14.86
	CASH FLOW	
21	CASH FLOW FROM NET INCOME TO NET SALES	1.18
22	CASH FLOW FROM CHANGES IN WORKING CAPITAL TO NET SALES	-3.28
23	CASH GENERATED (USED) IN OPERATING TO INTEREST PAID	-0.42
24	EXTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING	100
25	INTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING	0.00
26	ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES	-4.47

(\*\*) IN THESE RATIOS FOR THE DATA TAKE INTO CONSIDERATION THE LAST TWELVE MONTHS

### DATA PER SHARE

REF D	CONCEPTS	FOURTH QUARTER OF
-----	-----	-----
		AMOUNT
		-----
1	BASIC PROFIT PER ORDINARY SHARE (**)	-1.68
2	BASIC PROFIT PER PREFERENT SHARE (**)	0
3	DILUTED PROFIT PER ORDINARY SHARE (**)	0
4	CONTINUOUS OPERATING PROFIT PER COMMON SHARE (**)	-0.75
5	EFFECT OF DISCONTINUOUS OPERATING ON CONTINUOUS OPERATING PROFIT PER SHARE (**)	\$0.02
6	EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUOUS OPERATING PROFIT PER SHARE (**)	0
7	EFFECT BY CHANGES IN ACCOUNTING POLICIES ON CONTINUOUS OPERATING PROFIT PER SHARE (**)	-1.03
8	CARRYING VALUE PER SHARE	4.58
9	CASH DIVIDEND ACCUMULATED PER SHARE	0
10	DIVIDEND IN SHARES PER SHARE	0
11	MARKET PRICE TO CARRYING VALUE	1.17
12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE (**)	-3.18
13	MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (**)	0

(\*\*) TO CALCULATE THE DATA PER SHARE USE THE NET INCOME FOR THE LAST TWELVE MONTHS

AUDITORS' NOTES

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### SIGNIFICANT ACCOUNTING POLICIES

THE ACCOUNTING POLICIES FOLLOWED BY THE COMPANY ARE IN CONFORMITY WITH MEXICAN GAAP, WHICH REQUIRE MANAGEMENT TO MAKE CERTAIN ESTIMATES AND USE CERTAIN ASSUMPTIONS TO DETERMINE THE VALUATION OF SOME OF THE BALANCES INCLUDED IN THE FINANCIAL STATEMENTS AND TO MAKE THE DISCLOSURES REQUIRED FOR INCLUSION THEREIN. ALTHOUGH ACTUAL RESULTS MAY DIFFER FROM THOSE ESTIMATES, MANAGEMENT BELIEVES THAT THE ESTIMATES AND ASSUMPTIONS USED WERE APPROPRIATE UNDER THE CIRCUMSTANCES.

THE SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY ARE AS FOLLOWS:

NEW ACCOUNTING POLICIES - IN JANUARY 2003, THE NEW BULLETIN C-9 "LIABILITIES, PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS" WENT INTO EFFECT, WHICH 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 2003, THE NEW BULLETIN C-8 "INTANGIBLE ASSETS" WENT INTO EFFECT. THIS BULLETIN ESTABLISHES THAT PROJECT DEVELOPMENT COSTS SHOULD BE CAPITALIZED IF THEY FULFILL THE CRITERIA ESTABLISHED FOR RECOGNITION OF ASSETS. ANY PREOPERATING COSTS INCURRED AFTER THE EFFECTIVE DATE OF THIS BULLETIN SHOULD BE RECORDED AS AN EXPENSE, UNLESS THEY MEET CERTAIN CRITERIA. THE UNAMORTIZED BALANCE OF CAPITALIZED PREOPERATING COSTS UNDER THE FORMER BULLETIN C-8 WILL CONTINUE TO BE AMORTIZED.

IN MARCH 2003, BULLETIN C-15 "IMPAIRMENT OF LONG-LIVED ASSETS AND THEIR RELATED DISPOSAL" WAS ISSUED, WHOSE APPLICATION IS MANDATORY FOR FINANCIAL STATEMENTS OF PERIODS BEGINNING JANUARY 1, 2004, ALTHOUGH EARLY APPLICATION IS ENCOURAGED AND WAS ADOPTED BY THE COMPANY SINCE 2003. AMONG OTHER THINGS, THE NEW RULES PROVIDE FOR THE CALCULATION AND RECOGNITION OF LOSSES FROM IMPAIRMENT OF SUCH ASSETS AND THEIR REVERSAL, AND PRESENT EXAMPLES OF INDICATIONS OF POSSIBLE IMPAIRMENT IN THE VALUE OF LONG-LIVED INTANGIBLE OR TANGIBLE ASSETS IN USE, INCLUDING GOODWILL. COMPANIES MUST TEST FOR IMPAIRMENT UNLESS THERE IS CONCLUSIVE EVIDENCE THAT THE INDICATORS OF IMPAIRMENT ARE TEMPORARY.

IN DECEMBER 2002, THE NEW BULLETIN E-1 "AGRICULTURE" WENT INTO EFFECT. THE OBSERVANCE OF WHICH IS ALSO COMPULSORY FOR FISCAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2003. BULLETIN E-1 ESTABLISHES THE RULES FOR VALUING, PRESENTING AND DISCLOSING BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCTS, WHICH INCLUDES THE ADMINISTRATION CARRIED OUT BY A RELATED PARTY WITH THE RESPECT TO BIOLOGICAL TRANSFORMATION OF LIVE ANIMALS OR PLANTS (BIOLOGICAL ASSETS) THAT ARE DESTINED TO BE SOLD AS AN AGRICULTURAL PRODUCT OR AS A COMPREHENSIVE PART OF A BIOLOGICAL ASSET. BULLETIN E-1 REQUIRES BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCTS TO BE VALUED AT THEIR FAIR MARKET VALUE, LESS THE ESTIMATED COSTS AT THE POINT OF SALE. BULLETIN E-1 ALSO STATES THAT WHEN THE FAIR MARKET VALUE CANNOT BE DETERMINED IN A RELIABLE AND OBJECTIVE MANNER, THE AFOREMENTIONED ASSETS SHOULD BE VALUED AT PRODUCTION COST, LESS ACCUMULATED DEPRECIATION.

IN 2001, THE NEW BULLETIN C-2 "FINANCIAL INSTRUMENTS", WENT INTO EFFECT. THIS BULLETIN ESTABLISHES THE METHODOLOGY FOR VALUING AND RECORDING FINANCIAL INSTRUMENTS, AND REQUIRES RECOGNITION OF ALL EFFECTS OF THE FINANCIAL INSTRUMENTS CONTRACTED ON THE BALANCE SHEET AS EITHER ASSETS OR LIABILITIES, UNDER NET COMPREHENSIVE FINANCIAL RESULT. THE FINANCIAL INSTRUMENTS THAT HAVE BEEN DESIGNATED AND EFFECTIVELY FUNCTION AS HEDGING OF ASSETS AND LIABILITIES OR FUTURE TRANSACTIONS WILL AFFECT THE ASSETS, LIABILITIES OR THE RESPECTIVE TRANSACTIONS WHEN THEY ARE REALIZED, SETTLED OR TAKE PLACE, RESPECTIVELY.

AS OF 2001, INTERNATIONAL ACCOUNTING STANDARD 40, "INVESTMENT PROPERTIES," ENTERED INTO EFFECT ON A SUPPLEMENTAL BASIS, ESTABLISHING VALUATION CRITERIA FOR

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PROPERTIES WHOSE PURPOSE IS TO GENERATE PROFITS OR INCREASE VALUE OR BOTH. PURSUANT TO CIRCULAR 55 ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS, THE VALUATION MODEL APPLICABLE TO MEXICO IS THE COST MODEL, WHICH ESTABLISHES THAT SUCH PROPERTIES MUST BE VALUED AT ACQUISITION AND/OR CONSTRUCTION COST AND ARE RESTATED BY APPLYING THE NPCI, LESS THE RESPECTIVE ACCUMULATED DEPRECIATION.

BEGINNING JANUARY 2000, THE COMPANY ADOPTED THE PROVISIONS OF NEW BULLETIN D-4, "ACCOUNTING FOR INCOME AND ASSET TAXES AND EMPLOYEE PROFIT SHARING". THE EFFECT OF THE ADOPTION WAS TO RECOGNIZE, AN INITIAL LONG-TERM LIABILITY FOR DEFERRED INCOME TAXES AFFECTING STOCKHOLDERS' EQUITY UNDER "CUMULATIVE EFFECT OF INITIAL RECOGNITION OF DEFERRED INCOME TAXES"

AS A RESULT OF THE IMPLEMENTATION OF THE ADOPTION OF BULLETIN D-4 MENTIONED ABOVE, THE COMPANY CHANGED ITS METHOD FOR RECORDING THE EFFECT FROM TAX CONSOLIDATION. UNTIL 1999, IT WAS RECORDED IN THE YEAR IN WHICH THE RESPECTIVE ANNUAL CONSOLIDATED TAX RETURN WAS FILED. BEGINNING IN 2000, THIS BENEFIT IS RECORDED IN RESULTS OF THE YEAR IN WHICH THE BENEFIT IS GENERATED.

BASIS OF CONSOLIDATION - THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THOSE OF DESC AND THE SUBSIDIARIES IN WHICH THERE IS STOCKHOLDING AND ADMINISTRATIVE CONTROL. ALL SIGNIFICANT INTERCOMPANY TRANSACTIONS AND BALANCES HAVE BEEN ELIMINATED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS.

THE EQUITY IN NET INCOME (LOSS) AND CHANGES IN STOCKHOLDERS' EQUITY OF THOSE SUBSIDIARIES THAT WERE ACQUIRED OR SOLD, HAS BEEN INCLUDED IN THE FINANCIAL STATEMENTS AS OF OR UP TO THE DATE ON WHICH THE TRANSACTIONS TOOK PLACE AND WAS RESTATED IN TERMS OF THE PURCHASING POWER AS OF THE END OF THE LATEST PERIOD.

INVESTMENTS IN SHARES OF ASSOCIATED COMPANIES AND UNCONSOLIDATED SUBSIDIARIES ARE RECORDED USING THE EQUITY METHOD.

TRANSLATION OF FINANCIAL STATEMENTS OF SUBSIDIARIES - THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES, WHOSE OPERATIONS ARE NOT AN INTEGRAL PART OF THE MEXICAN COMPANIES ("FOREIGN ENTITIES"), ARE RESTATED FOR THE INFLATION RATE OF THE RESPECTIVE FOREIGN COUNTRY AND ARE TRANSLATED INTO MEXICAN PESOS AT THE EXCHANGE RATE IN EFFECT AT THE END OF THE YEAR. THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES, WHOSE OPERATIONS ARE AN INTEGRAL PART OF THE MEXICAN COMPANIES ("INTEGRATED FOREIGN OPERATIONS"), ARE TRANSLATED USING YEAR-END EXCHANGE RATES FOR MONETARY ITEMS AND HISTORICAL EXCHANGE RATES FOR NONMONETARY ITEMS, AND THE TRANSLATED FINANCIAL STATEMENTS ARE THEN RESTATED USING THE NATIONAL CONSUMER PRICE INDEX (NCPI) OF MEXICO. THE EFFECTS OF TRANSLATING FOREIGN ENTITIES ARE RECORDED DIRECTLY IN STOCKHOLDERS' EQUITY IN THE "CUMULATIVE EFFECT OF RESTATEMENT" ACCOUNT. THE EFFECTS OF TRANSLATING INTEGRATED FOREIGN OPERATIONS ARE INCLUDED IN THE "INTEGRAL FINANCING RESULT" OF THE YEAR IN THE "MONETARY POSITION GAIN" ACCOUNT. SUCH EFFECTS ARE NOT SIGNIFICANT.

RECOGNITION OF THE EFFECTS OF INFLATION - THE COMPANIES RESTATE ALL OF THEIR FINANCIAL STATEMENTS IN TERMS OF THE PURCHASING POWER OF THE MEXICAN PESO AS OF THE END OF THE LATEST PERIOD, THEREBY COMPREHENSIVELY RECOGNIZING THE EFFECTS OF INFLATION. THE PRIOR YEAR AMOUNTS PRESENTED HEREIN DIFFER FROM THOSE ORIGINALLY REPORTED IN TERMS OF MEXICAN PESOS OF THE RESPECTIVE YEAR. CONSEQUENTLY, ALL FINANCIAL STATEMENT AMOUNTS ARE COMPARABLE, BOTH FOR THE CURRENT AND THE PRIOR YEAR, BECAUSE ALL ARE STATED IN TERMS OF MEXICAN PESOS OF THE SAME PURCHASING POWER.

CASH EQUIVALENTS - INVESTMENTS IN MARKETABLE SECURITIES CONSIST MAINLY OF ACCEPTANCES, BANK PROMISSORY NOTES, AND PAPER ISSUED BY THE MEXICAN AND UNITED STATES OF AMERICA GOVERNMENTS, AT MARKET (COST PLUS ACCRUED INTEREST).

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INVENTORIES AND COST OF SALES - INVENTORIES ARE ORIGINALLY RECORDED AT THEIR ACQUISITION OR MANUFACTURING COST AND RESTATED TO THEIR SPECIFIC NET REPLACEMENT COST WITHOUT EXCEEDING NET REALIZABLE VALUE. SUBSTANTIALLY ALL SUBSIDIARIES COMPUTE COST OF SALES USING THE REPLACEMENT COST AT THE TIME OF SALE.

LAND HELD FOR DEVELOPMENT AND REAL ESTATE PROJECTS - UNDEVELOPED LAND REPRESENTS LAND RESERVES THAT, TOGETHER WITH DEVELOPED LAND AND ONGOING AND COMPLETED PROJECTS, ARE CONSIDERED NON-CURRENT INVENTORIES, SINCE THEY ARE HELD FOR SALE. THEY INCLUDE ACQUISITION, DEVELOPMENT AND CONSTRUCTION COSTS AND ARE RESTATED IN U.S. DOLLARS BASED ON THE SLIPPAGE OF THE MARKET EXCHANGE RATE FOR THE PURPOSE OF SHOWING VALUES IN ACCORDANCE WITH THE CURRENT SITUATION OF THE REAL ESTATE MARKET.

THE COMPANY CAPITALIZES THE NET COMPREHENSIVE FINANCING COST ON DEBT USED TO FINANCE REAL ESTATE PROJECTS IN PROGRESS, IN ADDITION TO THEIR CONSTRUCTION AND DEVELOPMENT COSTS.

INVESTMENT IN SHARES - INVESTMENT IN SHARES HAS BEEN RECORDED USING THE EQUITY METHOD, BASED ON THE FINANCIAL STATEMENTS PREPARED ON THE SAME BASIS AS THOSE OF THE COMPANY, AND IS PRESENTED UNDER OTHER ASSETS IN THE BALANCE SHEET.

PROPERTY, PLANT AND EQUIPMENT - THESE ITEMS ARE RECORDED AT ACQUISITION COST AND IS RESTATED BY USING NCPI FACTORS. FOR FOREIGN FIXED ASSETS, THEIR ACQUISITION COST IS RESTATED FOR INFLATION OF THE COUNTRY OF ORIGIN AND THE FLUCTUATION OF THE MEXICAN PESO AGAINST SUCH CURRENCY IS CONSIDERED.

DEPRECIATION IS CALCULATED BY THE STRAIGHT-LINE METHOD BASED ON THE REMAINING USEFUL LIVES OF THE ASSETS.

THE COMPANIES CAPITALIZE THE NET COMPREHENSIVE FINANCING COST ON DEBT USED TO FINANCE CONSTRUCTION IN PROGRESS AND THE INSTALLATION OF EQUIPMENT, UNTIL THEY ARE PLACED IN SERVICE.

IMPAIRMENT OF FIXED ASSETS - THE AMOUNTS SHOWN IN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF INCOME BASICALLY REFER TO THE REDUCTION IN VALUE OF PROPERTY AND EQUIPMENT OF SOME PRODUCTION FACILITIES, IN ORDER TO REFLECT THEIR REALIZABLE VALUE IN ACCORDANCE WITH THE CURRENT SITUATION OF SUCH BUSINESSES.

GOODWILL - THE GOODWILL RESULTING FROM ACQUISITIONS MADE IN EXCESS OF BOOK VALUE IS AMORTIZED OVER PERIODS RANGING FROM FIVE TO 20 YEARS, THE TERMS OVER WHICH THE BENEFITS FROM THE INVESTMENT WILL BE REALIZED.

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 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 YIELDS OF FINANCIAL INSTRUMENTS ARE RECOGNIZED IN RESULTS OF THE PERIOD IN WHICH THEY OCCUR.

DERIVATIVE FINANCIAL INSTRUMENTS - THE INTERNAL CONTROL SYSTEM ESTABLISHED BY THE COMPANY INCLUDES POLICIES AND PROCEDURES TO MANAGE ITS EXPOSURE TO FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES USING DERIVATIVE FINANCIAL INSTRUMENTS. THESE INSTRUMENTS ARE TRADED ONLY WITH AUTHORIZED INSTITUTIONS AND TRADING LIMITS HAVE BEEN ESTABLISHED FOR EACH INSTITUTION. THE COMPANY DOES NOT CARRY OUT TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS FOR THE PURPOSE OF SPECULATION.

THE DERIVATIVE FINANCIAL INSTRUMENTS CURRENTLY USED BY THE COMPANY ARE PRIMARILY HEDGE CONTRACTS TO REDUCE ITS EXPOSURE TO EXCHANGE RATE FLUCTUATIONS. PREMIUMS PAID ARE AMORTIZED OVER THE TERM OF THE DERIVATIVE FINANCIAL INSTRUMENT USING

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THE UNPAID BALANCE OF THE LIABILITY BEING HEDGED.

DERIVATIVE FINANCIAL INSTRUMENTS IDENTIFIED AS HEDGES ARE VALUED BY APPLYING THE SAME VALUATION CRITERIA USED FOR THE ASSETS OR LIABILITIES HEDGED, AND THE EFFECTS OF THEIR VALUATION ARE RECOGNIZED IN RESULTS OF OPERATIONS, NET OF COSTS, EXPENSES, OR REVENUE FROM THE ASSETS OR LIABILITIES WHOSE RISKS ARE BEING HEDGED. THE FINANCIAL ASSETS OR LIABILITIES GENERATED BY THESE INSTRUMENTS ARE PRESENTED IN THE BALANCE SHEET AS A REDUCTION OF THE LIABILITIES OR ASSETS WHOSE RISKS ARE BEING HEDGED.

INCOME TAX, ASSET TAX AND EMPLOYEE PROFIT SHARING - 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 REDUCES BY ANY BENEFITS THAT, IN THE OPINION OF MANAGEMENT, WILL PROBABLY NOT BE REALIZED. DEFERRED PTU IS DERIVED FROM TEMPORARY DIFFERENCES BETWEEN THE BOOK 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.

THE ASSET TAX 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 ISR.

EMPLOYEE RETIREMENT OBLIGATIONS - THE LIABILITY FROM SENIORITY PREMIUMS, PENSIONS AND RETIREMENT PAYMENTS, WHICH IS SIMILAR TO A PENSION, IS RECORDED AS ACCRUED, AND IS CALCULATED BY INDEPENDENT ACTUARIES BASED ON THE PROJECTED CREDIT UNIT METHOD, AT REAL INTEREST RATES. THEREFORE, THE LIABILITY IS BEING RECOGNIZED WHICH, AT PRESENT VALUE, IS EXPECTED TO COVER THE OBLIGATION FOR THESE BENEFITS AT THE ESTIMATED RETIREMENT DATE OF ALL THE COMPANIES' EMPLOYEES. SEVERANCE PAYMENTS ARE CHARGED TO RESULTS WHEN THEY ARE DETERMINED TO BE PAYABLE.

RESTATE STOCKHOLDERS' EQUITY - THIS ITEM CONSISTS OF MONETARY POSITION RESULT ACCUMULATED THROUGH THE FIRST RESTATEMENT OF THE FINANCIAL STATEMENTS AND THE GAIN (LOSS) FROM HOLDING MONETARY ASSETS, BECAUSE PRICE LEVELS INCREASED ABOVE (BELOW) INFLATION.

REVENUE RECOGNITION - REVENUES OF THE SUBSIDIARIES OF THE AUTOPARTS, CHEMICAL AND FOOD SECTORS ARE RECOGNIZED WHEN THE INVENTORIES ARE DELIVERED OR SHIPPED TO CUSTOMERS AND CUSTOMERS ASSUME RESPONSIBILITY FOR THEM.

THE REAL ESTATE SECTOR RECOGNIZES THE REVENUES AND COSTS FROM SALES OF URBANIZED PLOTS OF LAND IN RESULTS WHEN THE SALES ARE FORMALIZED AND THE DEPOSITS SECURING THE TRANSACTION ARE RECEIVED. THE INDIVIDUAL ASSIGNMENT OF THE COST OF THE LAND AND REAL ESTATE PROJECT TAKES INTO CONSIDERATION THE RELATIVE SELLING PRICE OF THE TOTAL PROJECT SO AS TO MAINTAIN THE SAME PROFIT MARGIN THROUGHOUT THE PROJECT.

REVENUES AND COSTS FROM REAL ESTATE PROJECTS ARE RECORDED ORIGINALLY AS A DEFERRED CREDIT FOR CONSTRUCTION COMMITMENTS AND AS REAL ESTATE PROJECTS IN PROCESS, AND ARE RECOGNIZED IN RESULTS BASED ON THE "PERCENTAGE OF COMPLETION" METHOD. THEREFORE, REVENUE IS MATCHED WITH COSTS INCURRED TO REACH THE STAGE OF COMPLETION TO TERMINATE THE PROJECT. IF THE LAST ESTIMATED COSTS DETERMINED EXCEED THE TOTAL REVENUES CONTRACTED, THE RESPECTIVE PROVISION IS CHARGED TO RESULTS OF THE YEAR.

INTEGRAL FINANCIAL RESULT - THIS REPRESENTS THE NET EFFECT OF INTEREST EARNED

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AND INCURRED, EXCHANGE GAINS AND LOSSES AND MONETARY POSITION GAIN OR LOSS ON, WHICH IS THE RESULT OF MAINTAINING MONETARY ASSETS AND LIABILITIES WHOSE REAL PURCHASING POWER IS MODIFIED BY THE EFFECTS OF INFLATION.

FOREIGN CURRENCY TRANSACTIONS ARE RECORDED AT THE EFFECTIVE EXCHANGE RATE AT THE DATE THE TRANSACTIONS ARE CARRIED OUT AND FOREIGN CURRENCY ASSETS AND LIABILITIES ARE ADJUSTED TO THE EXCHANGE RATE EFFECTIVE AT YEAR-END.

INCOME PER SHARE - BASIC INCOME (LOSS) PER ORDINARY SHARE IS CALCULATED BY DIVIDING CONSOLIDATED NET INCOME (LOSS) OF MAJORITY STOCKHOLDERS BY THE WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE YEAR.

COMPREHENSIVE INCOME (LOSS) - COMPREHENSIVE INCOME (LOSS) IS COMPRISED OF THE NET CONSOLIDATED INCOME FOR THE PERIOD PLUS (LESS) ANY GAINS OR LOSSES THAT UNDER SPECIFIC ACCOUNTING REGULATIONS ARE RECORDED DIRECTLY IN STOCKHOLDERS' EQUITY, SUCH AS THE GAIN OR LOSS FROM HOLDING NONMONETARY ASSETS.

### SHARE OWNERSHIP

COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	OWNE
SUBSIDIARIES			
BOSQUES DE LAS LOMAS, S.A. DE C.V.	REAL ESTATE SECTOR	43,189,000	100
OPERADORA NAYARIT, S.A. DE C.V.	REAL ESTATE SECTOR	49	78
PROMOCIONES BOSQUES, S.A. DE C.V.	REAL ESTATE SECTOR	100,402,106	100
CORPORATIVO DINE, S.A. DE C.V.	REAL ESTATE SECTOR	2,344,119,922	100
HOLDING DICOMEX, S.A. DE C.V.	REAL ESTATE SECTOR	70,870,000	50
TURISTICA AKKO, S.A. DE C.V.	REAL ESTATE SECTOR	9,998	100
BOSQUES DE SANTA FE, S.A. DE C.V.	REAL ESTATE SECTOR	1,361	98
CANA DE SANTA FE, S.A. DE C.V.	REAL ESTATE SECTOR	202,939,999	73
INMOBILIARIA DINE, S.A. DE C.V.	REAL ESTATE SECTOR	36,710,199	100
CANTILES DE MITA	REAL ESTATE SECTOR	115,003,237	95
CLUB DE GOLF PUNTA MITA, S.A. DE C.V.	REAL ESTATE SECTOR	12,410,869	87
DESC AUTOMOTRIZ, S.A. DE C.V.	AUTOPARTS SECTOR	700,968,215	100
CORFUERTE, S.A. DE C.V.	FOOD SECTOR	872,193,685	77
AGROKEN, S.A. DE C.V.	FOOD SECTOR	703,480,668	100
AUTHENTIC SPECIALITY FOODS	FOOD SECTOR	291,101	81
AGROBIOS CORPORATIVO	FOOD SECTOR	550,000	100
CID CENTRO DE INVESTIGACION Y DESARROLLO	CHEMICAL SECTOR	190,386,960	100
DIRECCION IRSA, S.A. DE C.V.	CHEMICAL SECTOR	4,201,800	100
FENOQUIMIA, S.A. DE C.V.	CHEMICAL SECTOR	4,998,994	100
FORESTACIONES OPERATIVAS DE MEXICO, S.A.	CHEMICAL SECTOR	31,658	100
GIRSA CORPORATIVO, S.A. DE C.V.	CHEMICAL SECTOR	41,509,998	100
GIRSA INMOBILIARIA, S.A. DE C.V.	CHEMICAL SECTOR	615,124,721	100
H2ORIZONTES, S.A. DE C.V.	CHEMICAL SECTOR	49,949	100
INMOBILIARIA THIERS, S.A. DE C.V.	CHEMICAL SECTOR	904,995	100
QUIMIR, S.A. DE C.V.	CHEMICAL SECTOR	1,930,987	100
RESIRENE, S.A. DE C.V.	CHEMICAL SECTOR	236,059,002	100
TECNO INDUSTRIA RF, S.A. DE C.V.	CHEMICAL SECTOR	10,673,496	100
REXCEL, S.A. DE C.V.	CHEMICAL SECTOR	1,000,997	100
DYNASOL ELASTOMEROS, S.A. (ESPANA)	CHEMICAL SECTOR	1	50
DYNASOL GESTION, S.A.	CHEMICAL SECTOR	1	50
DYNASOL, L.L.C.	CHEMICAL SECTOR	1	50
INDUSTRIAS NEGROMEX, S.A. DE C.V.	CHEMICAL SECTOR	585,833,830	99
PLASTIGLAS DE MEXICO, S.A. DE C.V.	CHEMICAL SECTOR	200,778,201	95

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PARATEC ELASTOMERS, L.L.C.	CHEMICAL SECTOR	1	100
BIOQUIMEX	CHEMICAL SECTOR	419,841,899	100
AEROPYCSA, S.A. DE C.V.	SERVICE COMPANY	458,329,279	100
CORPORATIVO ARCOS, S.A. DE C.V.	SERVICE COMPANY	260,524,996	100
DESC CORPORATIVO, S.A. DE C.V.	SERVICE COMPANY	266,253,830	100
BIG SOFT, S.A. DE C.V.	SERVICE COMPANY	8,612,508	100
PACIFIC INTERNATIONAL AIRWAYS, S.A. DE C.V.	SERVICE COMPANY	244,498	100
SERVICIOS CORPORATIVOS ARCOS, S.A. DE C.V.	SERVICE COMPANY	449	100
OTHER SUBSIDIARIES (4) (NO. OF SUBS.:)		1	0

Associates

1. Others  
SERVICE

Other Permanent Investments

Total

LOANBREAKDOWN  
(THOUSANDS OF PESOS)

CREDIT TYPE / INSTITUTION	AMORTIZATION DATE	RATE OF INTEREST	UNTIL
-----			
BANKS			
-----			
WITH WARRANTY			
-----			
DEUTSCHE BANK	15-Oct-07	8.75000	
IFC	15-Feb-04	3.31	
IFC	15-Feb-06	3.31	
IFC	15-Sep-09	4.93	
IFC	15-Sep-09	10.35	
DEG	28-Dec-06	4.13	
CITIBANK NA (SIND)	23-Jun-06	4.15	
CITIBANK NA (SIND)	23-Dec-08	4.65	
BBVA BANCOMER (SIND)	23-Dec-08	9.51	
VARIOUS SUPPLIERS	31-Dec-10	8.40	
BANCO SANTANDER MEXICANO	31-Jan-07	10.02	1
BANCO SANTANDER MEXICANO	31-Jan-07	10.02	2
BANCO SANTANDER MEXICANO	31-Jan-07	7.80	1
BANAMEX-CITIBANK	16-May-08	8.06	1
COMERICA BANK	20-Mar-04	2.18	
COMERICA BANK	27-Jan-04	2.63	
COMERICA BANK	21-Dec-08	3.22	
COMERICA BANK	6-Feb-04	3.22	
COMERICA BANK	28-Feb-04	7.75	
COMERICA BANK	16-Jan-04	3.22	



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COMERICA BANK

6-Feb-04

3.22

TOTAL BANKS

5

LISTED IN THE MEXICAN STOCK EXCHANGE

AMORTIZATION DATE

RATE OF INTEREST

UNTIL

UNSECURED DEBT

UDIBONOS

10/21/2006

9.00

UDIBONOS

7/13/2007

8.20

TOTAL STOCK EXCHANGE

SUPPLIERS

901,

OTHERS

0

TOTAL SUPPLIERS

901,

OTHERS

1,187

OTHER CURRENT LIABILITIES AND OTHER CREDITS

2,095

\*\* TABLE CONTINUED \*\*

AMORTIZATION OF LOANS IN FOREIGN CURRENCY WITH NATIONAL ENTITIES (THOUSANDS OF \$)

TIME INTERVAL

CURRENT YEAR

UNTIL 1 YEAR

UNTIL 2 YEARS

UNTIL 3 Y

WITH WARRANTY

ST

LP

DEUTSCHE BANK

IFC

IFC

IFC

IFC

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DEG				
CITIBANK NA (SIND)				
CITIBANK NA (SIND)				
BBVA BANCOMER (SIND)				
VARIOUS SUPPLIERS				
BANCO SANTANDER MEXICANO				
BANCO SANTANDER MEXICANO				
BANCO SANTANDER MEXICANO				
BANAMEX-CITIBANK				
COMERICA BANK				
COMERICA BANK				
COMERICA BANK				
COMERICA BANK				
COMERICA BANK				
COMERICA BANK				
COMERICA BANK				
COMERICA BANK				
	0			
TOTAL BANKS	0	0	0	0
AMORTIZATION OF LOANS IN FOREIGN CURRENCY WITH NATIONAL ENTITIES (THOUSANDS)				
TIME INTERVAL				
	CURRENT YEAR	UNTIL 1 YEAR	UNTIL 2 YEARS	UNTIL 3 YEARS
UNSECURED DEBT				
UDIBONOS				
UDIBONOS				
	0	0	0	0
TOTAL STOCK EXCHANGE				
SUPPLIERS				
OTHERS				
TOTAL SUPPLIERS				
OTHERS				
OTHER CURRENT LIABILITIES AND OTHER CREDITS	0	0	0	0

\*\* TABLE CONTINUED \*\*

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### AMORTIZATION OF LOANS IN FOREIGN CURRENCY WITH FOREIGN ENTITIES (THOUSANDS OF \$)

	TIME INTERVAL			
	CURRENT YEAR	UNTIL 1 YEAR	UNTIL 2 YEARS	UNTIL 3 YEARS
	ST	LP		
WITH WARRANTY				
DEUTSCHE BANK				
IFC		33,598		
IFC		16,000	16,000	8,001
IFC		71,999	71,999	71,999
IFC		96,145	95,998	95,998
DEG		4,645	2,344	2,344
CITIBANK NA (SIND)				
CITIBANK NA (SIND)				
BBVA BANCOMER (SIND)				
VARIOUS SUPPLIERS		12,909	6,481	7,142
BANCO SANTANDER MEXICANO				
BANCO SANTANDER MEXICANO				
BANCO SANTANDER MEXICANO				
BANAMEX-CITIBANK				
COMERICA BANK		5,600		
COMERICA BANK		55,999		
COMERICA BANK		89,598		
COMERICA BANK		9,568		
COMERICA BANK		74		
COMERICA BANK		8,688		
COMERICA BANK		3,658		
	0	0	0	0
TOTAL BANKS	0	408,481	192,822	185,484 3,77

### AMORTIZATION OF LOANS IN FOREIGN CURRENCY WITH FOREIGN ENTITIES (THOUSANDS OF \$)

	TIME INTERVAL			
	CURRENT YEAR	UNTIL 1 YEAR	UNTIL 2 YEARS	UNTIL 3 YEAR
UNSECURED DEBT				
UDIBONOS				
UDIBONOS				
	0	0	0	0
TOTAL STOCK EXCHANGE				
SUPPLIERS		1,119,378		

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OTHERS			
TOTAL SUPPLIERS	1,119,378		
OTHERS	183,171		
OTHER CURRENT LIABILITIES AND OTHER CREDITS	1,711,030	192,822	185,484

\*\* TABLE COMPLETE \*\*

MONETARY POSITION IN FOREIGN EXCHANGE  
(Thousands of Pesos)

TRADE BALANCE	DOLLARS (1)		OTHER CURRENCIES	
	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS
TOTAL ASSETS	336,577	3,769,595	0	0
LIABILITIES POSITION	877,215	9,824,633	0	0
SHORT TERM LIABILITIES POSITION	152,773	1,711,027	0	0
LONG TERM LIABILITIES POSITION	724,442	8,113,606	0	0
NET BALANCE	-540,638	-6,055,038	0	0

INTEGRATION AND INCOME CALCULATION BY MONETARY POSITION  
(Thousands of Pesos)

MONTH	MONETARY ASSETS	MONETARY LIABILITIES	(ASSET)
			LIABILITIES MONETARY POSITION
JANUARY	7,547,767	17,932,309	-10,384,542
FEBRUARY	7,353,633	18,695,312	-11,341,679
MARCH	6,550,172	17,713,494	-11,163,322
APRIL	7,050,003	17,712,066	-10,662,063
MAY	6,566,551	17,214,802	-10,648,251
JUNE	6,347,401	16,913,474	-10,566,073
JULY	7,512,235	17,415,797	-9,903,562
AUGUST	7,477,354	17,510,539	-10,033,185
SEPTEMBER	7,709,716	17,918,166	-10,208,450
OCTOBER	8,635,406	18,032,877	-9,397,471
NOVEMBER	8,922,929	18,515,326	-9,592,397
DECEMBER	8,726,858	18,539,290	-9,812,432
ACTUALIZATION	0	0	0
CAPITALIZATION	0	0	0
FOREIGN CORP.	0	0	0
OTHER	0	0	0

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TOTAL

STOCK EXCHANGE CODE: DESC                      QUARTER 4                      YEAR 2003

BONDS AND MEDIUM TERM NOTES LISTING IN STOCK MARKET (1)

ANNEX 8

FINANCIAL LIMITATIONS BASED ON ISSUANCES OR INSTRUMENTS

-1 Interest Coverage Ratio

Shall mean, for any period, the ratio of (i) Consolidated EBITDA for such period to (ii) Consolidated Interest Expense for such period. The borrower will not permit the ratio to be less than 2.25 to 1.00 (for each period of four consecutive fiscal quarters)

-2 Consolidated Net Indebtedness to Consolidated Ebitda Ratio

Shall mean, at any time amount of cash and Cash equivalent EBITDA for the then most recently concluded period of four consecutive fiscal quarters or the Borrower. The borrower will not permit the ratio to be higher than 5.35 to 1.00

-3 Consolidated Net Indebtedness to Total Capitalization Ratio

Shall mean, at any time, the ratio of (i) Consolidated Net Indebtedness at such time to (ii) Total Capitalization at such time. The borrower will not permit the ratio to be higher than .55 to 1.00

CURRENT STATUS OF FINANCIAL LIMITATIONS

(1) Interest Coverage.	2.91
(2) Capitalization.	0.53
(3) Leverage Ratio.	4.95

MEXICAN STOCK EXCHANGE  
SIFIC/ICS

STOCK EXCHANGE CODE: DESC                      QUARTER 4                      YEAR 2003

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9 CONSOLIDATED

PLANT OR CENTER	ECONOMIC ACTIVITY
EJES TRACTIVOS, S.A. DE C.V. PISTONES MORESA, S.A. DE C.V. MORESTANA, S.A. DE C.V.	REAR AXLES PISTONS (PIECES) TAPPETS (PIECES)

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PISTONES MORESA, S.A. DE C.V.  
 ENGRANES CONICOS, S.A. DE C.V.  
 PRODUCTOS ESTAMPADOS DE MEXICO, S.A. DE C.V.  
 VELCON, S.A. DE C.V.  
 TRANSMISIONES TSP, S.A DE C.V.  
 TREMEC, S.A. DE C.V.  
 CARDANES, S.A. DE C.V.  
 HAYES WHEELS CHIHUAHUA, S.A. DE C.V.  
 HAYES WHEELS ACERO, S.A. DE C.V.  
 AUTOMETALES, S.A. DE .CV.  
 TF VICTOR, S.A. DE C.V.  
 FORJAS SPICER, S.A. DE C.V.  
 COATZACOALCOS, VER.  
 XICOHTZINGO, TLAX.  
 ALTAMIRA, TAMPS. (DYNASOL)  
 ALTAMIRA, TAMPS. (INSA)  
 ALTAMIRA, TAMPS. (PARATEC)  
 COATZACOALCOS, VER.  
 TULTITLAN, EDO. MEX.  
 LECHERIA, EDO. MEX.  
 ALTAMIRA, TAMPS.  
 COSOLEACAQUE, VER.  
 OCOYOACAC, EDO. MEX.  
 SAN LUIS POTOSI. S.L.P.  
 LERMA, EDO. MEX.  
 ZITACUARO, MICH.  
 LECHERIA, EDO. MEX.

PISTON PINS (PIECES)  
 GEARS (SETS)  
 PICK-UP BOXES (PIECES)  
 CONSTANT VELOCITY JOINTS (PIECES)  
 TRANSMISSIONS (TRANS.)  
 TRANSMISSIONS (TRANS.)  
 PROPELLER SHAFTS (PIECES)  
 ALUMINUM WHEELS (PIECES)  
 STEEL WHEELS (PIECES)  
 IRON FOUNDRY (TONS.)  
 GASKETS, SEALS, MOTOR PARTS (PIECES)  
 PRECISION FORGES (TONS.)  
 POLYSTYRENE (TONS)  
 POLYSTYRENE (TONS)  
 SYNTHETIC RUBBER (TONS)  
 SYNTHETIC RUBBER (TONS)  
 SYNTHETIC RUBBER (TONS)  
 PHOSPHATE (TONS)  
 PHOSPHATE (TONS)  
 PHOSPHATE (TONS)  
 CARBON BLACK (TONS)  
 METHYL METHACRYLATE (TONS)  
 ACRYLIC SHEET (TONS)  
 ACRYLIC SHEET (TONS)  
 MELAMINE LAMINATES (K M2)  
 PARTICLE BOARD (K M3)  
 ORTHOPHOSPHATE (TONS)

MEXICAN STOCK EXCHANGE  
 SIFIC/ICS

STOCK EXCHANGE CODE: DESC                      QUARTER 4                      YEAR 2003

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

PLANT OR CENTER	ECONOMIC ACTIVITY
MERIDA	MILL (ton/month)
IRAPUATO	MILL (ton/month)
PENINSULA	HOG (thousands)
MERIDA	SLAUGHTER HOUSE
CANCUN	SLAUGHTER HOUSE
PENJAMO	SLAUGHTER HOUSE
MOCHIS (SANTA ROSA)	FRESH TOMATO PROCESSING (TONS/DAY IN 100 DAYS) TOMATO PRODUCTS IN TETRABRIK CONTAINER (MILLION OF CASES) TOMATO PASTE (TONS IN 100 DAYS) DEHYDRATED PRODUCTS

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MOCHIS (LA CORONA)

(TONS/YEAR IN 100 DAYS OF SEASON)  
 CANNED VEGETABLES (TONS)  
 CANNED VEGETABLES (MILLIONS OF CASES)

MAZATLAN  
 OAXACA  
 ROSEMED, CALIFORNIA

TUNA (thousands boxes)  
 COFFEE (TONS/MONTH)  
 SALSA & CANNED VEGETABLES (thousands lb)

MEXICAN STOCK EXCHANGE SIFIC / ICS

STOCK EXCHANGE CODE:DESC

QUARTER: 4

YEAR: 2003

MAIN RAW MATERIALS

ANNEX 10

CONSOLIDATED

DOMESTIC	MAIN SUPPLIERS	FOREIGN	MAIN SUPPLIERS
LAMINATE	HYLSA, S. A. DE C.V.	STEEL	MC STEEL
STEEL	INDUSTRIAS CH, S. A.	STEEL	MITSUBISHI
ALUMINUM	NACOBRE	LAMINATE	NISHO OWA
COLOR PAINTS	P.P.G. INDUSTRIAS DE MEXICO, S. A. DE C.V.	STEEL	TOTH INDU
LAMINATE	AHMSA	AUTOMOTIVE PARTS	DANA CO.
COLOR PAINTS	DUPONT DE MEXICO	FORGE	GSB FORJA
RODAMIENTOS	KOYO DE MEXICO	LAMINATE	DAEWOO CO
RODAMIENTOS	TIMKEM	ALUMINUM	REYNOLDS
LAMINATE	GENERAL MOTORS	RODAMIENTOS	THE TIMKE
STYRENE	PEMEX	FORGE	THYSSEN P
BUTADIEN	PEMEX	STYRENE	STERLING,
		BUTADIENE	SHELL, PO
			BP CHEMI
			EQUISTAR,
			QUIMICA
		ACRYLONITRILE	BP PETROC
METHANOL	PEMEX	METHANOL	CELANESE,
SULPHUR	PEMEX		
CARBON BLACK			
FEEDSTOCK	PEMEX		
NATURAL GAS	PEMEX		
PHOSPHORIC ACID COMMERCIAL	RHODIA MEXICANA		
PHOSPHORIC ACID (TECHNICAL)	RHODIA MEXICANA		
FRESH JALAPENO PEPPERS	OWN PRODUCTION & FRESH MARKET (VARIOUS)	ACETONE CYANOHDRI	BP PETROC
FRESH JALAPENO PEPPERS	VICTOR MERCADO AVILA	SEED JALAPENO	SEMINIS
JALAPENO SEED	SEMILLAS RIO FUERTE	JALAPENO SEED	SEMINIS
FRESH TOMATO	OWN PRODUCTION &		

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TETRABRIK CONTAINER	FRESH MARKET (VARIOUS)		
METALLIC CAN	TETRA PACK, S.A DE C.V.		
METALLIC CAN	ENVASES DE SINALOA, S.A.		
CORN OIL	ZAPATA ENVASES		
SHIPPING CARTON	ARANCIA CORN PRODUCTS		
SHIPPING CARTON	CELULOSA Y CORRUGADOS		
	EMPAQUES TITAN		
		TOMATO PASTE	MORNING S
		VEGETABLES	PS INTERN
		DRINK MIX	CORPORA T
DIESEL	PEMEX		
		FRESH JALAPENO PEPPERS	RIO FARMS
		FRESH JALAPENO PEPPERS	EDMUND OG
		FRESH JALAPENO PEPPERS	KNORR FAR
		PACKAGING MATERIAL -	
		GLASS	OWENS BRO
		PACKAGING MATERIAL -	
		PLASTIC BOT	PECHINEY
HOG GENETIC	PIC		
		GRAIN	CARGILL

SALES DISTRIBUTION BY PRODUCT  
DOMESTIC SALES

MAIN PRODUCTS	TOTAL PRODUCTION		SALES
	VOLUME	AMOUNT	VOLUME
AUTOPARTS SECTOR			
CHEMICAL SECTOR			
FOOD SECTOR			
REAL ESTATE SECTOR			
COMPANIES OF OTHER SERVICES			
TOTAL			
TOTAL			

\*\* TABLE CONTINUED \*\*

MAIN PRODUCTS	MARKET SHARES (%)	MAIN	
		TRADEMARKS	CUSTOMERS
AUTOPARTS SECTOR			
CHEMICAL SECTOR			



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FOOD SECTOR  
 REAL ESTATE SECTOR  
 COMPANIES OF OTHER SERVICES

TOTAL

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TOTAL

---

\*\* TABLE COMPLETE \*\*

SALES DISTRIBUTION BY PRODUCT  
 FOREIGN SALES

---

MAIN PRODUCTS	TOTAL PRODUCTION		SALES
	VOLUME	AMOUNT	VOLUME

---

AUTOPARTS SECTOR  
 CHEMICAL SECTOR  
 FOOD SECTOR

TOTAL

---

TOTAL

---

\*\* TABLE CONTINUED \*\*

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MAIN PRODUCTS	MARKET SHARES (%)	MAIN	
		TRADEMARKS	CUSTOMERS

---

AUTOPARTS SECTOR  
 CHEMICAL SECTOR  
 FOOD SECTOR

TOTAL

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TOTAL

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\*\* TABLE COMPLETE \*\*

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STOCK EXCHANGE CODE:DESC

QUARTER: 4

YEAR: 2003

INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK  
CHARACTERISTICS OF THE SHARES

SERIES	NOMINAL	VALID CUPON	NUMBER OF SHARES			
			PORTION	PORTION	MEXICAN	SU
A	0.01300	20	587,479,900		587,479,900	
B	0.01300	20		506,257,866	506,257,866	
C	0.01300	20		275,341,610		2
Total			587,479,900	781,599,476	1,093,737,766	2

TOTAL NUMBER OS SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON  
THE DATE OF SENDING THE SHARES:  
1,369,079,376

SHARES PROPORTION BY:  
CPO's:  
UNITS:  
ADRS's:  
GDRS's:  
ADS's:  
GDS's:

Series	Number of Shares	Repurchased own shares	
		At repurchase	Market value of the share At Quarter

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,  
the registrant has duly caused this report to be signed on its behalf by the  
undersigned, thereunto duly authorized.

Desc, S.A. de C.V.  
(Registrant)

Date: February 18, 2004  
-----

By /s/ Arturo D'Acosta Ruiz  
-----  
(Signature)

Name: Arturo D'Acosta Ruiz  
Title:Chief Financial Officer

