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FEMSA RELEASES UNAUDITED FINANCIAL INFORMATION FOR THE SECOND QUARTER AND FIRST HALF ENDED JUNE 30, 1998

Monterrey, Mexico (July 28, 1998) - Set forth below is certain unaudited financial information for Fomento Economico Mexicano, S.A. de C.V. ("FEMSA" or the "Company", formerly named Valores Industriales S.A "VISA") (NYSE: FMX) for the second quarter and six months ended June 30, 1998. FEMSA is a holding company, whose principal activities are grouped under the following six sub-holding companies and carried out by their respective operating subsidiaries: FEMSA Cerveza, S.A. de C.V. ("FEMSA Cerveza"), which engages in the production, distribution and marketing of beer; Coca-Cola FEMSA, S.A. de C.V. ("Coca-Cola FEMSA"), which engages in the production, distribution and marketing of soft drinks; FEMSA Empaques, S.A. de C.V. ("FEMSA Empaques"), which engages in the production and distribution of packaging materials; FEMSA Comercio S.A. de C.V. ("FEMSA Comercio") which engages in the operation of convenience stores; Desarrollo Comercial FEMSA S.A. de C.V. ("DCF"), which owns 50.01% of the voting capital stock of Empresas Amoxxo, S.A. de C.V. ("Amoxxo") which operates convenience stores adjacent to gasoline stations; and FEMSA Logistica S.A. de C.V. which provides transportation and logistic services to FEMSA Cerveza and Coca-Cola FEMSA.

All figures are expressed in constant Mexican pesos ("Ps.") with purchasing power as of June 30, 1998, and were prepared in accordance with Mexican Generally Accepted Accounting Principles ("Mexican GAAP").

Unaudited Financial Information for the Second Quarter Ended June 30, 1998

FEMSA Consolidated - Income from Operations

Total Revenues/Net Sales

FEMSA´s consolidated total revenues increased by 19.0% to Ps. 7.913 billion for the second quarter of 1998 from Ps. 6.648 billion for the second quarter of 1997. Consolidated net sales increased by 19.6% to Ps. 7.867 billion for the second quarter of 1998, and represented 99.4% of total revenues. The increase in consolidated net sales was attributable to sales gains recorded by each of the Company's principal operating subsidiaries. Sales growth was particularly strong for FEMSA Cerveza, Coca-Cola FEMSA, FEMSA Empaques and FEMSA Comercio, whose net sales increased by 16.1% 17.4%, 19.4% and 23.1%, respectively, in the second quarter of 1998. Sales growth was primarily attributable to growth in sales volumes and, in the case of FEMSA Comercio, same store sales growth of 17.5% and an increase in the number of Oxxo stores.

Gross Profit

FEMSA´s consolidated gross profit increased by 19.1% to Ps. 3.631 billion for the second quarter of 1998, representing a consolidated gross profit margin of 46.2% of consolidated net sales, compared to a consolidated gross profit margin of 46.4% in the second quarter of 1997. The improvement in consolidated gross profit was attributable primarily to FEMSA Cerveza, although Coca-Cola FEMSA, FEMSA Empaques and FEMSA Comercio also recorded gross profit growth.

Income from Operations

FEMSA´s consolidated operating expenses increased by 17.6% for the second quarter of 1998 to Ps. 2.357 billion from Ps. 2.004 billion in the second quarter of 1997. Consolidated income from operations (after participation in the results of affiliated companies) for the second quarter of 1998 increased by 22.1% to Ps. 1.292 billion from Ps. 1.058 billion in the comparable period of 1997, and the consolidated operating margin improved to 16.3% of consolidated total revenues in the second quarter of 1998 from 15.9% of consolidated total revenues in the second quarter of 1997. The expansion of the consolidated operating margin was primarily attributable to operating improvements in FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Comercio.

FEMSA Cerveza

Net Sales

FEMSA Cerveza's net sales increased by 16.1% in the second quarter of 1998 to Ps. 3.319 billion from Ps. 2.859 billion in the comparable period in 1997 and total revenues increased by 15.3% to Ps. 3.324 billion in the second quarter of 1998 from 2.882 billion in the second quarter of 1997. FEMSA Cerveza's total shipments increased by 10.6% to 6.426 million hectoliters for the second quarter of 1998, from 5.810 million hectoliters for the second quarter of 1997. Domestic shipments increased by 10.7% to 6.029 million hectoliters in the second quarter of 1998 from 5.445 million hectoliters in the comparable period of 1997. FEMSA Cerveza´s domestic shipments slightly lagged industry growth as a consequence of slower growth in the northern and southern regions of the country, FEMSA Cerveza´s stronghold territories, which account for the bulk of its total domestic volume. Canned presentations represented 16.3% of domestic shipments in the second quarter of 1998, compared to 14.6% in the second quarter of 1997, and returnable presentations decreased from 81.9% of domestic shipments in the second quarter of 1997 to 80.3% of domestic shipments in the second quarter of 1998. For the second quarter of 1998, export shipments grew by 8.8% to 397 thousand hectoliters compared with 365 thousand hectoliters in the comparable period of 1997. Shipments to the United States, FEMSA Cerveza´s main export market, increased by 11.1% in the second quarter of 1998 compared with the same quarter of 1997. Exports to Latin America continued to decrease mainly as a result of a decline in shipments to Brazil. Such decreases in Brazil are attributable in part to the restructuring of FEMSA Cerveza´s distribution strategy, but are primarily attributable to the unfavorable changes in the Brazil trade environment as described in the Recent Transactions and Business Developments section below. Export revenues increased by 2.6% to Ps. 237 million in the second quarter of 1998, from Ps. 231 million in the second quarter of 1997. In U.S. Dollar terms, export revenues increased by 12.5%. The increase in net sales is primarily attributable to the growth in domestic shipments, an increase in the average price per hectoliter, and the growth of the can presentation which is priced at a premium over the 12 oz. returnable presentation.

Gross Profit

FEMSA Cerveza's gross profit increased by 24.1% for the second quarter of 1998 to Ps. 1.740 billion from Ps. 1.401 billion for the comparable period in 1997. In the second quarter of 1998, the cost of goods sold increased by 7.0%, to Ps. 1.584. The cost of goods sold increased at a slower pace than volume shipments, reflecting a reduction of variable and fixed costs and lower conversion costs attributable to efficiencies achieved in the production process. As a result of the spin-off of the assets of FEMSA Cerveza dedicated to primary transportation and maintenance facilities, as of April 1, 1998, FEMSA Cerveza began paying the cost of primary transportation services to FEMSA Logistica, the entity formed in the spin-off, including a mark-up to compensate FEMSA Logistica for the carrying cost of the assets dedicated to provide such services. The additional charge to the cost of goods sold of FEMSA Cerveza to reflect this mark-up amounted to Ps. 14.3 million during the second quarter. This intercompany charge, which is eliminated in consolidation, will be a recurring charge to FEMSA Cerveza. The charge is determined with reference to the constant Peso value of the assets which were spun-off to FEMSA Logistica. As a result of the higher rate of growth of net sales relative to the cost of goods sold, FEMSA Cerveza's gross profit margin expanded by 3.4 percentage points to 52.4% of net sales in the second quarter of 1998 from 49.0% of net sales in the second quarter of 1997.

Income from Operations

FEMSA Cerveza's income from operations, after participation in the results of Labatt USA and deduction of management fees paid to FEMSA, increased by 19.8% to Ps. 662 million for the second quarter of 1998, from Ps. 552 million for the second quarter of 1997. This represented an operating margin of 19.9% of total revenues compared with an operating margin of 19.2% of total revenues recorded in the second quarter of 1997. Operating expenses increased by 27.3% in the second quarter of 1998 to Ps. 1.067 billion. The increase in operating expenses is primarily attributable to higher wages in real terms, an increase in sales force variable compensation as a result of volume growth, an increase in marketing expenses due to advertising and media campaigns in anticipation of the summer season, specific advertisement efforts related to the World Cup, sponsorships and investment in brand awareness for all of FEMSA Cerveza's principal brands, investments incurred in connection with the roll-out of Sol in the United States, and other demand related expenses. As part of FEMSA Cerveza´s brand portfolio strategy, at June 30,1998, FEMSA Cerveza had increased the number of retailers served in low market share regions. Efficient absorption of the fixed costs associated with such extended coverage would occur in the event volumes grew in the low market share regions. Participation in the results of Labatt USA increased by 32.6% to Ps. 17.5 million for the second quarter of 1998 from Ps. 13.2 million recorded for the second quarter of 1997. Management fees increased by 17.4% to Ps. 28.3 million in the second quarter of 1998 from Ps 24.1 million in the second quarter of 1997.

Coca-Cola FEMSA

Net Sales

Coca-Cola FEMSA recorded net sales of Ps. 2.827 billion for the second quarter of 1998, a 17.4% increase from net sales of Ps. 2.407 billion for the second quarter of 1997. Total revenues grew by 17.6% to Ps. 2.846 billion from Ps. 2.421 billion in the second quarter of 1997. Net sales growth was driven by volume growth in the Mexican territories. Sales volume in the Mexican territories grew by 31.6% to 109.0 million unit cases in the quarter ended June 30, 1998 and represented 81.8% of Coca-Cola FEMSA's total sales volume for such period. For the second quarter of 1998, sales volume in the Valley of Mexico increased by 29.2% to 82.3 million unit cases and sales volume in Southeast Mexico increased by 39.8% to 26.7 million unit cases, including sales volume in the Tapachula territory. Volume growth in the Mexican territories reflects Coca-Cola FEMSA's continued investment in technology which provides Coca-Cola FEMSA with better market and customer information, sales force training, the pre-sell system and refrigeration equipment, unseasonably hot weather and the effect of Holy Week. Water sales volume continues growing in both the Valley of Mexico and the Southeast territories. Sales volume in Buenos Aires increased by 12.0% to 24.2 million unit cases (including 0.2 million unit cases sold by the new territory in Argentina) in the second quarter of 1998 from 21.6 million unit cases in the second quarter of 1997.

Sales growth slightly lagged volume growth in Mexico primarily due to the higher rate of growth of larger presentations, which are sold for a lower price per ounce of beverage than smaller presentations. In addition, average real prices for Coca-Cola FEMSA's products have continued to decline in 1998. Average real prices for Coca-Cola FEMSA's products declined by approximately 2.5% in the Mexican territories in the second quarter of 1998. In the Buenos Aires territory, average prices declined by approximately 16.8% for the same period, which offset the positive effect of volume growth, resulting in a decline in net sales of approximately 6.8% in this territory for the quarter ended June 30, 1998.

Gross Profit

Coca-Cola FEMSA's cost of goods sold increased by 21.1% to Ps. 1.582 billion for the second quarter of 1998, compared to Ps. 1.306 billion for the second quarter of 1997. The increase in cost of goods sold is primarily attributable to higher volumes, higher wage expenses associated with an increase in the number of production employees and an increase in real wages, as well as higher raw material costs associated with the increase in the mix of one-way presentations. Notwithstanding the increase in the cost of goods sold, Coca-Cola FEMSA recorded gross profit of Ps. 1.264 billion for the quarter ended June 30, 1998, a 13.4% increase over gross profit of Ps. 1.115 billion for the comparable period in 1997. As a result of a higher rate of growth of the cost of goods sold relative to net sales, Coca-Cola FEMSA's gross margin for the quarter decreased by 1.6 percentage points to 44.7% of net sales compared with 46.3% for the same period last year.

Income from Operations

Income from operations after amortization of goodwill grew by 21.1% to Ps. 364 million for the second quarter of 1998, from Ps. 301 million for the second quarter of 1997, and Coca-Cola FEMSA's operating margin expanded from 12.4% in the second quarter of 1997 to 12.8% in the second quarter of 1998, notwithstanding the decrease in the income from operations in the Buenos Aires territory. The increase in income from operations was attributable to the many efforts which Coca-Cola FEMSA has made to improve productivity and contain both selling and administrative expenses, which increased by 10.0% for the quarter ended June 30, 1998.

FEMSA Empaques

Net Sales

FEMSA Empaques experienced net sales growth of 19.4% for the second quarter of 1998, to Ps. 1.460 billion from Ps. 1.223 billion for the second quarter of 1997. Sales growth was mainly attributable to volume growth in beverage cans, cardboard, crown caps, glass bottles and commercial refrigerators, which experienced growth of 54.2%, 23.1%, 14.4%, 10.0% and 15.0%, respectively. Export revenues increased by 45.1% to Ps. 133.1 million in the second quarter of 1998 from Ps. 91.7 million in the second quarter of 1997, and represented 9.1% of net sales compared to 7.5% in the second quarter of 1997. In U.S. Dollar terms, export revenues increased by 44.4% for the second quarter of 1998. Inter-company sales accounted for 52.7% of FEMSA Empaques' total revenues for the second quarter of 1998, compared to 57.1% for the same period last year. The sales prices for FEMSA Empaques' principal products decreased in real terms and do not fully reflect the increases in the prices of the principal raw materials used in the production of these products. Raw material price increases were not fully passed on to FEMSA Empaques' customers (including both affiliates and third parties) in the form of higher product prices in the second quarter of 1998, due to the intensification of competition in some of the domestic packaging industries.

Gross Profit

The cost of goods sold increased by 20.8% for the second quarter of 1998 to Ps. 1.106 billion from Ps. 916 million for the second quarter of 1997, mainly as a result of higher volumes. FEMSA Empaques was also impacted by increases in raw material costs primarily aluminum, and by the devaluation of the Peso during the second quarter of 1998. Notwithstanding the increases in cost of goods sold, FEMSA Empaques' gross profit increased by 14.8% to Ps. 361 million for the second quarter of 1998 from Ps. 314 million for the comparable period last year. The gross margin decreased one percentage points to 24.7% from 25.7% of net sales, reflecting the higher rate of growth of the cost of sales relative to net sales.

Income from Operations

Operating expenses increased by 35.1% for the second quarter of 1998, as a result of higher wages in real terms, a growing sales structure to support FEMSA Empaques' increasing sales to domestic and export third party customers and higher freight costs absorbed by FEMSA Empaques on behalf of clients, particularly FEMSA Cerveza. As a consequence of a higher rate of increase in operating expenses relative to gross profit, income from operations increased modestly by 5.0%, to Ps. 217 million in the second quarter of 1998 from Ps. 206 million in the second quarter of 1997, and the operating margin declined to 14.8% of total revenues compared to 16.8% of total revenues in the second quarter of 1997.

FEMSA Comercio

Net Sales

FEMSA Comercio's net sales increased by 23.1% for the second quarter of 1998 to Ps. 971 million from Ps. 789 million for the second quarter of 1997. Sales growth was primarily attributable to a 7.7% increase in the total number of stores, which increased from 842 at June 30, 1997 to 907 at June 30, 1998. In the second quarter of 1998, average same store sales increased by 17.5%, average monthly traffic per store increased by 15.4% to 23.8 thousand customers from 20.7 thousand customers in the same period of 1997 and the average sale per customer increased by 1.9% to Ps. 14.4 from Ps. 14.1 in the same period of 1997.

Gross Profit

The cost of goods sold increased by 25.3% for the second quarter of 1998 to Ps. 742 million from Ps. 592 million for the comparable period last year and FEMSA Comercio recorded gross profit of Ps. 230 million, a 16.4% gain from gross profit of Ps. 198 million in the second quarter of 1997. FEMSA Comercio's gross margin declined to 23.7% of net sales in the second quarter of 1998 from 25.1% recorded in the second quarter of 1997. The decrease in the gross margin is attributable to FEMSA Comercio's pricing strategy, which is to price high frequency items at prices similar to those found in supermarkets. The objective of this pricing strategy is to increase customer traffic and thereby increase sales.

Income from Operations

Operating expenses increased by 11.8%, reflecting the increase in total stores, higher promotional and advertising expenses associated with increased geographical coverage, and greater promotional activities in existing territories. FEMSA Comercio recorded income from operations of Ps. 27.1 million in the second quarter of 1998, an increase of 64.2% relative to income from operations of Ps. 16.5 million for the second quarter of 1997. FEMSA Comercio's operating margin increased to 2.8% in the second quarter of 1998, from 2.1% recorded in the second quarter of 1997.

FEMSA Consolidated - Net Income

Notwithstanding a 22.1% increase in consolidated income from operations, FEMSA´s consolidated net income for the second quarter of 1998 declined by 20.8% to Ps. 521 million from Ps. 658 million for the second quarter of 1997, largely as a result of the expense generated by the consolidated integral result of financing, an increase in other expenses and a higher average tax rate.

In the second quarter of 1998, FEMSA recorded consolidated integral result of financing expense of Ps. 336 million, compared to Ps. 101 million for the comparable period in 1997, primarily as a result of a reduction in the gain on monetary position and a significant increase in consolidated foreign exchange loss. Net financial expenses decreased 24.1% to Ps. 173 million in the second quarter of 1998 from Ps. 228 million in the comparable period in 1997 attributable to the net effect of a decline in interest expense of 22.8% to Ps. 233 million in the second quarter of 1998 from Ps. 302 million in the second quarter of 1997 reflecting the reduction in total debt, and a decline in interest income of 18.9% to Ps. 60 million in the second quarter of 1998 from Ps. 74 million in the second quarter of 1997. The gain on monetary position amounted to Ps. 114 million in the second quarter of 1998, compared to Ps. 177 million in the second quarter of 1997, reflecting the decrease in the inflation rate. The devaluation of the Peso in the second quarter of 1998 was 5.5% compared with 0.7% in the second quarter of 1997, resulting in a foreign exchange loss of Ps. 277 million in the second quarter of 1998 compared to a foreign exchange loss of Ps. 50 million in the comparable period in 1997.

FEMSA recorded consolidated other expenses of Ps. 114 million for the second quarter of 1998 compared with consolidated other expenses of Ps. 53 million for the comparable period last year. The increase in consolidated other expenses is primarily attributable to the expenses incurred in connection with the successful completion by FEMSA of its offer to exchange (the "Exchange Offer") shares of FEMSA for shares of Grupo Industrial Emprex, S.A. de C.V. ("Emprex") (formerly FEMSA), severance payments from Coca-Cola FEMSA Buenos Aires, and asset write-offs from Coca-Cola FEMSA.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing expense of Ps. 321 million in the second quarter of 1998, compared to consolidated income tax, tax on assets and employee profit sharing tax expense of Ps. 246 million in the comparable period of 1997. The Company's average tax rate for the second quarter of 1998 was higher than the average tax rate for the comparable period last year as a result of lower utilization of tax loss carryforwards, a reduction in the tax benefit derived from the fiscal consolidation in the second quarter of 1998 which amounted to Ps. 56 million compared with a benefit of Ps. 119 million in the second quarter of 1997, as well as the fact that an important part of the foreign exchange loss is generated by Emprex itself at the sub-holding company level and could not be offset against fiscal profits. If the subsidiaries of the Company continue to generate profits and the Peso does not depreciate significantly, then the average tax rate of the Company is expected to decrease.

Consolidated net majority income declined by 15.2% to Ps. 267 million for the second quarter of 1998 from Ps. 315 million for the second quarter of 1997. Net majority income was affected by the fact that Emprex had direct U.S. Dollar-denominated debt and the integral result of financing attributable to this debt is allocated only to majority interest.

Consolidated net income for Emprex for the second quarter 1998 increased by 1.9% to Ps. 546 million from Ps. 536 million recorded in the second quarter of 1997. Emprex net majority income for the second quarter 1998 increased 2.1% to Ps. 388 million from Ps. 380 million in the second quarter 1997. For the purpose of comparing Emprex´s net income for the second quarter ended June 30, 1998 and 1997 with FEMSA´s consolidated net income for the second quarter ended June 30, 1998 and 1997, refer to the table included in the annexes where a reconciliation between Emprex´s and FEMSA´s net income is presented. The principal differences between the net income recorded by Emprex and the net income recorded by FEMSA for the second quarter of 1998 are attributable to the net effect of the non-recurring expenses incurred by FEMSA in connection with the Exchange Offer and the fiscal consolidation benefit obtained by FEMSA which results, for the second quarter 1998, in a net reduction in the total amount of income taxes paid.

Unaudited Financial Information for the First Half Ended June 30, 1998

FEMSA Consolidated - Income from Operations

Total Revenues/Net Sales

FEMSA´s consolidated total revenues increased by 15.3% to Ps. 14.351 billion for the first half of 1998 from Ps. 12.450 billion for the first half of 1997. Consolidated net sales increased by 15.4% to Ps. 14.246 billion for the first half of 1998, and represented 99.3% of total revenues. The increase in consolidated net sales was attributable to sales gains recorded by each of the Company's principal operating subsidiaries. Sales growth was particularly strong for Coca-Cola FEMSA, FEMSA Empaques and FEMSA Comercio, whose net sales increased by 13.4%, 11.9% and 20.7%, respectively, in the first half of 1998. Sales growth was primarily attributable to growth in sales volumes and, in the case of FEMSA Comercio, same store sales growth of 14.1% and an increase in the number of Oxxo stores.

Gross Profit

FEMSA´s consolidated gross profit increased by 17.0% to Ps. 6.444 billion for the first half of 1998, representing a consolidated gross profit margin of 45.2% of consolidated net sales, compared to 44.6% in the first half of 1997. The improvement in consolidated gross profit was attributable primarily to FEMSA Cerveza, although Coca-Cola FEMSA, FEMSA Empaques and FEMSA Comercio also recorded gross profit growth.

Income from Operations

FEMSA´s consolidated operating expenses increased by 14.8% for the first half of 1998 to Ps. 4.493 billion from Ps. 3.913 billion in the first half of 1997. The rate of increase in consolidated gross profit exceeded the growth in consolidated operating expenses and, as a result, consolidated income from operations (after participation in the results of affiliated companies) for the first half of 1998 increased by 21.6% to Ps. 1.969 billion from Ps. 1.619 billion in the comparable period of 1997. The Company's consolidated operating margin improved to 13.7% of consolidated total revenues in the first half of 1998 from 13.0% of consolidated total revenues in the first half of 1997.

FEMSA Cerveza

Net Sales

FEMSA Cerveza's net sales increased by 8.2% in the first half of 1998 to Ps. 5.678 billion from Ps. 5.250 billion in the comparable period in 1997 and total revenues increased by 7.8% to Ps. 5.705 billion in the first half of 1998 from Ps. 5.290 billion in the first half of 1997. FEMSA Cerveza's total shipments increased by 1.6% to 10.940 million hectoliters for the first half of 1998, from 10.768 million hectoliters for the first half of 1997. Domestic shipments increased by 1.4% to 10.288 million hectoliters in the first half of 1998 from 10.148 million hectoliters in the comparable period of 1997. Canned presentations represented 17.1% of domestic shipments in the first half of 1998, compared to 16.4% in the first half of 1997, and returnable presentations decreased from 79.9% of domestic shipments in the first half of 1997 to 79.5% of domestic shipments in the first half of 1998. For the first half of 1998, export shipments grew by 5.2% to 652 thousand hectoliters compared with 620 thousand hectoliters in the comparable period of 1997. Shipments to the United States, FEMSA Cerveza´s main export market, increased by 14.6% in the first half of 1998 compared with the same period in 1997. Shipments to the Latin American market, in particular to Brazil decreased significantly, as a result of the reorganization of the sales structure in Brazil, and more importantly, the unfavorable changes in the Brazilian trade environment described below. Total export revenues remained constant at Ps. 389 million in the first half of 1998. In U.S. Dollar terms, export revenues increased by 7.3%. The increase in net sales for the first half of 1998 is primarily attributable to an accumulated growth of 1.6% in total shipments, the recovery of the can presentation which is priced at a premium relative to the twelve ounce presentation and an increase in the domestic average price per hectoliter.

Gross Profit

FEMSA Cerveza's gross profit increased 22.4% for the first half of 1998 to Ps. 2.897 billion from Ps. 2.367 billion for the comparable period in 1997. The increase in gross profit was the result of a 3.9% decline in the cost of goods sold. The decline in the cost of goods sold is primarily attributable to a real decline in variable costs such as brewing, packaging and services as well as in certain fixed costs, and continuous reduction in conversion costs attributable to efficiencies achieved in the production process. The additional charge to the cost of goods sold of FEMSA Cerveza to reflect the mark up paid to FEMSA Logistica for the first half of 1998 amounted to Ps. 28.6 million. As a result of these cost reductions and an increase in net sales, FEMSA Cerveza's gross profit margin expanded by 5.9 percentage points to 51.0% of net sales in the first half of 1998 from 45.1% of net sales in the first half of 1997.

Income from Operations

Notwithstanding the increase in operating expenses, FEMSA Cerveza's income from operations, after participation in the results of Labatt USA and deduction of management fees paid to FEMSA, increased by 24.7% to Ps. 888 million for the first half of 1998, from Ps. 712 million for the first half of 1997. This represented an operating margin of 15.6% of total revenues, a 2.1 percentage point expansion over the 13.5% operating margin recorded in the first half of 1997. Operating expenses increased by 21.7% in the first half of 1998. The increase in operating expenses is primarily attributable to higher wages in real terms, an increase in marketing expenses due to advertising and media campaigns in anticipation of the summer season, specific advertisement efforts related to the World Cup, sponsorships and investment in brand awareness for all of FEMSA Cerveza's principal brands, investments incurred in connection with the roll-out of Sol in the United States, and other demand related expenses. Additionally, FEMSA Cerveza supported volume during the first months of the year by increasing its commercial expenses in order to partially offset the impact of the price increase implemented in January 1998. Moreover, as part of FEMSA Cerveza´s brand portfolio strategy, at June 30, 1998, FEMSA Cerveza had increased the number of retailer served in low market share regions. The efficient absorption of the fixed costs associated with such extended coverage would occur in the event volumes grew in the low market share regions. Participation in the results of Labatt USA decreased by 21.9% to Ps. 17.5 million for the first half of 1998 from Ps. 22.4 million recorded for the first half of 1997. Management fees increased by 12.6% to Ps. 49.9 million in the first half of 1997 from Ps. 44.3 million in the first half of 1997.

Coca-Cola FEMSA

Net Sales

Coca-Cola FEMSA recorded net sales of Ps. 5.361 billion for the first half of 1998, a 13.4% increase from net sales of Ps. 4.727 billion for the first half of 1997. Total revenues grew by 13.4% to Ps. 5.415 billion from Ps. 4.774 billion in the first half of 1997. Net sales growth was driven by volume growth in the Mexican territories. Sales volume in the Mexican territories grew by 28.6% to 198.5 million unit cases in the first half ended June 30, 1998 and represented 79.1% of Coca-Cola FEMSA's total sales volume for such period. For the first half of 1998, sales volume in the Valley of Mexico increased by 26.4% to 150.2 million unit cases and sales volume in Southeast Mexico increased by 36.1% to 48.3 million unit cases, including sales volume in the Tapachula territory. Volume growth in the Mexican territories reflects Coca-Cola FEMSA's continued investment in technology, sales force training, the pre-sell system and refrigeration equipment as well as increased promotional efforts. Sales volume in Buenos Aires increased by 8.7% to 52.6 million unit cases in the first half of 1998 from 48.4 million unit cases in the first half of 1997.

Sales growth slightly lagged volume growth in Mexico primarily due to the higher rate of growth of larger presentations, which are sold for a lower price per ounce of beverage than smaller presentations. In addition, average real prices for Coca-Cola FEMSA's products have continued to decline in 1998. Average real prices for Coca-Cola FEMSA's products declined by 2.0% in the Mexican territories in the first half of 1998. In the Buenos Aires territory, average prices declined by 16.5% for the same period, which offset the positive effect of volume growth, resulting in a decline in net sales of approximately 9.2% in this territory for the first half ended June 30, 1998.

Gross Profit

Coca-Cola FEMSA's cost of goods sold increased by 15.7% to Ps. 3.042 billion for the first half of 1998, compared to Ps. 2.630 billion for the first half of 1997. The increase in cost of goods sold is primarily attributable to higher volumes, higher wage expenses associated with an increase in the number of production employees and an increase in real wages, as well as higher raw material costs associated with the increase in the mix of one-way presentations. Notwithstanding the increase in the cost of goods sold, Coca-Cola FEMSA recorded gross profit of Ps. 2.373 billion for the first half ended June 30, 1998, an 10.6% increase over gross profit of Ps. 2.144 million for the comparable period in 1997. Coca-Cola FEMSA's gross margin for the first half ended June 30, 1998, was 44.3% of net sales, compared with 45.4% for the same period last year.

Income from Operations

Income from operations after amortization of goodwill grew by 18.1% to Ps. 627 million for the first half of 1998, from Ps. 531 million for the first half of 1997, and Coca-Cola FEMSA's operating margin expanded from 11.1% of total revenues in the first half of 1997 to 11.6% in the first half of 1998, notwithstanding the decline in the income from operations in the Buenos Aires territory. The increase in income from operations was attributable to the many efforts which Coca-Cola FEMSA has made to improve productivity and contain operating expenses, which increased by 7.8% for the first half ended June 30, 1998.

FEMSA Empaques

Net Sales

FEMSA Empaques experienced net sales growth of 11.9% for the first half of 1998, to Ps. 2.7 billion from Ps. 2.412 billion for the first half of 1997. Sales growth was mainly attributable to volume growth in beverage cans, crown caps, commercial refrigerators and cardboard, which experienced growth of 36.4%, 7.3%, 54.2% and 11.9%, respectively. Export revenues increased by 47.4% to Ps. 255.1 million in the first half of 1998 from Ps. 173.1 million in the first half of 1997, and represented 9.4% of net sales compared to 7.2% in the first half of 1997. In U.S. Dollar terms, export revenues increased by 60.3% for the first half of 1998. Inter-company sales accounted for 54.0% of FEMSA Empaques' total revenues for the first half of 1998, compared to 58.7% for the same period last year. The sales prices for FEMSA Empaques' principal products decreased in real terms despite the increases in the prices of the principal raw materials used in the production of these products. Raw material price increases were not fully passed on to FEMSA Empaques' customers (including both affiliates and third parties) in the form of higher product prices in the first half of 1998.

Gross Profit

The cost of goods sold increased by 12.4% for the first half of 1998 to Ps. 2.028 billion from Ps. 1.804 billion for the first half of 1997 mainly as a result of higher volumes. FEMSA Empaques was also impacted by increasing raw material costs, mainly aluminum, steel and paper. As a result of a higher rate of growth of the cost of goods sold relative to net sales, FEMSA Empaques' gross profit increased by 9.5% to Ps. 684 million for the first half of 1998 from Ps. 625 million for the comparable period last year, and the gross margin decreased by 0.6 percentage points to 25.3% of net sales.

Income from Operations

Operating expenses increased by 30.3% for the first half of 1998, due primarily to a growing sales structure to support FEMSA Empaques' increasing sales to domestic and export third party customers and higher freight costs absorbed by FEMSA Empaques on behalf of clients, particularly FEMSA Cerveza. Income from operations remained constant at Ps. 416 million in the first half of 1998 and the operating margin declined to 15.4% of total revenues compared to 17.1% of total revenues in the first half of 1997.

FEMSA Comercio

Net Sales

FEMSA Comercio's net sales increased by 20.7% for the first half of 1998 to Ps. 1.800 billion from Ps. 1.491 billion for the first half of 1997. Sales growth was primarily attributable to a 7.7% increase in the total number of stores, which increased from 842 at June 30, 1997 to 907 at June 30, 1998. In the first half of 1998 average same store sales increased by 14.1%, average monthly traffic per store increased by 14.6% in the first half of 1998 to 22.2 thousand customers from 19.4 customers in the same period of 1997 and the average sale per customer decreased by 0.4% to Ps. 14.2 from Ps. 14.3 in the same period of 1997.

Gross Profit

The cost of goods sold increased by 22.8% for the first half of 1998 to Ps. 1.367 billion from Ps. 1.113 billion for the comparable period last year and FEMSA Comercio recorded gross profit of Ps. 433 million, a 14.4% gain from gross profit of Ps. 379 million in the first half of 1997. FEMSA Comercio's gross margin declined slightly to 24.1% of net sales in the first half of 1998 from 25.4% recorded in the first half of 1997. The decline in gross margin is attributable to FEMSA Comercio's pricing strategy, which is to price high frequency items at prices similar to those found in supermarkets. The objective of this pricing strategy is to increase customer traffic and thereby increase sales.

Income from Operations

FEMSA Comercio recorded income from operations of Ps. 44 million in the first half of 1998, an increase of 57.1% relative to income from operations of Ps. 28 million for the first half of 1997. FEMSA Comercio's operating margin increased to 2.5% in the first half of 1998, from 1.9% recorded in the first half of 1997.

Amoxxo

As of June 30, 1998, there were 24 Oxxo Express Service Centers in operation. In the first half ended June 30, 1998, Amoxxo recorded net sales of Ps. 382 million compared with Ps. 76 million for the first half ended June 30, 1997. Amoxxo registered an operating loss of Ps. 12 million compared with an operating loss of Ps. 14 million for the first half last year. It is expected that the construction of additional sites will be undertaken at a slower pace for the rest of 1998 than originally budgeted, while management reviews the profitability of present sites and investment and projected revenue levels for future sites.

FEMSA Logistica

FEMSA Logistica commenced operations on April 1, 1998 and began providing primary transportation and related services to FEMSA Cerveza and Coca-Cola FEMSA. The logistics operations recorded net sales of Ps. 333 million for the first half ended June 30, 1998 and registered an operating profit of Ps. 25.6 million for the same period. The objectives of FEMSA Logistica are to intensify efforts to reduce the overall cost of transportation services for its affiliates and to enable these affiliates to focus solely on producing, marketing and selling their respective products and improving returns on operating assets. It is expected that FEMSA Logistica will also begin servicing FEMSA Empaques and Oxxo´s primary transportation requirements in the short term.

FEMSA Consolidated - Net Income

Notwithstanding a 21.6% increase in consolidated income from operations, FEMSA´s consolidated net income for the first half of 1998 declined by 46.5% to Ps. 621 million from Ps. 1.160 billion for the first half of 1997, largely as a result of the expense generated by the consolidated integral result of financing, other expenses and a higher average tax rate.

In the first half of 1998, FEMSA recorded consolidated integral result of financing expense of Ps. 797 million, compared to Ps. 37 million for the comparable period in 1997, primarily as a result of a reduction in the gain on monetary position and a significant increase in consolidated foreign exchange loss. Net financial expenses decreased 11.6% to Ps. 395 million in the first half of 1998 from Ps. 447 million in the comparable period in 1997 attributable to the net effect of a decline in interest expense of 12.8% to Ps. 511 million in the first half of 1998 from Ps. 586 million in the first half of 1997 reflecting the reduction in total debt, and a decline in interest income of 16.5% to Ps. 116 million from Ps. 139 million for the first half of 1997. The gain on monetary position was Ps. 352 million in the first half of 1998, compared to Ps. 521 million in the first half of 1997, reflecting the decrease in the inflation rate. The devaluation of the Peso in the first half of 1998 was 11.5% compared with 1.0% in the first half of 1997, resulting in a foreign exchange loss of Ps. 754 million in the first half of 1998 compared to a foreign exchange loss of Ps. 111 million in the comparable period in 1997.

FEMSA recorded consolidated other expenses of Ps. 157 million for the first half ended June 30, 1998 compared with consolidated other expenses of Ps. 61 million for the comparable period last year. The increase in consolidated other expenses is primarily attributable to the expenses incurred in connection with the Exchange Offer, severance payments primarily from Coca-Cola FEMSA Buenos Aires and asset write-offs from Coca-Cola FEMSA.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing expense of Ps. 394 million in the first half of 1998, compared to consolidated income tax, tax on assets and employee profit sharing tax expense of Ps. 361 million in the comparable period of 1997. The Company’s average tax rate for the first half of 1998 was higher than the average tax rate for the comparable period last year as a result of lower utilization of loss carryforwards, a reduction in the tax benefit derived from the fiscal consolidation in half ended June 30, 1998 which amounted to Ps. 123 million compared with a benefit of Ps. 157 million recorded in the first half ended June 30, 1997, as well as the fact that an important part of the foreign exchange loss was generated by Emprex itself at the sub-holding company level and could not be offset against fiscal profits. If the subsidiaries of the Company continue to generate profits, and the Peso does not depreciate significantly, then the average tax rate of the Company is expected to decrease.

Consolidated net majority income declined by 48.8% to Ps. 286 million for the first half of 1998. Net majority income was affected by the fact that Emprex had direct U.S. Dollar-denominated debt, and the integral result of financing attributable to this debt is allocated only to majority interest.

Consolidated net income for Emprex (formerly know as FEMSA) for the first half ended June 30, 1998 decreased by 32.5% to Ps. 657 million from Ps. 973 million recorded in the first half ended June 30, 1997. Emprex´s net majority income for the first half of 1998 decreased 39.2% to Ps. 446 million from Ps. 733 million in the first half of 1997. For the purpose of comparing Emprex´s net income for the first half ended June 30, 1998 and 1997 with FEMSA consolidated net income for the first half ended June 30,1998 and 1997, refer to the table included in the annexes where a reconciliation between Emprex and FEMSA´s consolidated net income is presented The principal differences between the net income recorded by Emprex and the net income recorded by FEMSA for the first half ended June 30, 1998, are primarily attributable to the net effect of the integral cost of financing generated by the $140 million dollar debt existing at FEMSA holding company level (formerly VISA) prior to the J.P. Morgan capital subscription on March 17, 1998, the non-recurring reorganization expenses incurred by FEMSA in connection with the Exchange Offer, the non-recurring loss incurred in the sale of the participation in the telecommunications business, and the fiscal consolidation benefit obtained by FEMSA which results, for the first half ended June 30, 1998, in a net reduction in the total amount of income taxes paid.

Recent Transactions and Business Developments for the first half ended June 30, 1998

FEMSA

The total number of shares outstanding for FEMSA as of June 30,1998 is 5,341,340,450 shares. The weighted average number of shares outstanding calculated according to Mexican Generally Accepted Accounting Principles for the period ended June 30,1998 is 3,409,151,581 shares. This weighted average reflects the series of transactions undertaken by the Company during the first half of the year.

EMPREX

On May 27, 1998, Emprex repaid US$200 million of its US$350 million syndicated loan with proceeds from the closing of the exercise by Labatt of its option to acquire an additional 8% of FEMSA Cerveza for an aggregate price of US$221.6 million.

FEMSA Cerveza

At the end of 1997, FEMSA Cerveza initiated the roll-out process for Sol in the United States, FEMSA Cerveza´s most important export market. Sol is currently present in San Diego and Los Angeles, California and in Austin, Texas. The roll-out is still in its preliminary stages and FEMSA Cerveza expects the process to be a gradual roll-out at a national level in the following years.

Unfavorable changes in the trade environment in Brazil in 1998 have had a negative impact upon the exports of FEMSA Cerveza to that country. FEMSA Cerveza´s cost of shipping products to Brazil has risen in 1998 due to a 15% increase in Brazilian tariffs on imports, the implementation by Brazil of certain non-tariff barriers and the general cessation of most of the forms of preferential treatment that Mexican imports to Brazil had been enjoying previously. Moreover, FEMSA Cerveza has been unable to raise the prices of Tecate above those of domestic brands in the highly competitive Brazilian beer market. As a consequence, FEMSA Cerveza has reduced substantially shipments of Tecate to Brazil while FEMSA Cerveza develops new commercial strategies to improve profitability. FEMSA Cerveza has renewed efforts to export Sol to the Brazilian market due to the premium this brand commands; however, Sol has been growing from a very low base in Brazil.

In January 1998, an affiliate of Interbrew began distributing FEMSA Cerveza´s products in France, which is one of the core countries where FEMSA Cerveza has been focusing its efforts over the last two years.

In April 1998, FEMSA Cerveza´s Monterrey facility increased its average monthly production capacity by 100,000 hectoliters to 550,000 hectoliters through improvements and increases in filling capacity. The Tecate facility is expected to increase its average monthly production capacity during the fourth quarter by 54,000 hectoliters to 315,000 hectoliters through improvements in the production process and increases in filling capacity. As a result, FEMSA Cerveza expects to increase its average annual production capacity by 1,848 thousand hectoliters to 29,976 thousand hectoliters by the end of 1998.

Coca-Cola FEMSA

In 1997, Coca-Cola FEMSA began the construction of a new plant in Toluca, Mexico near the Valley of Mexico territory. The Toluca plant was designed to accommodate up to 12 bottling lines. Phase One of the bottling facility is for four non-returnable PET lines. Construction of the plant began in late 1997 and operations commenced with a non-returnable one liter PET line in June 1998 and a 600 ml. contour non-returnable line in July 1998. The third filling line will also produce the 600 ml. contour non-returnable bottle and is expected to commence operations in late August.

The fourth filling line will produce a non-returnable two liter PET bottle and is expected to commence operations during the fourth quarter of 1998. Additionally, on July 18, 1998, the Valley of Mexico La Viga returnable glass plant was closed pursuant to Coca-Cola FEMSA´s production efficiency programs. The installed capacity of the closed plant is expected to be absorbed by the Toluca plant. Coca-Cola FEMSA intends to use the additional capacity provided by the Toluca facility to address the capacity constraints experienced during the second quarter of 1998 and for future growth.

On June 1, 1998, Coca-Cola FEMSA Buenos Aires, S.A. ("KOFBA") "), a subsidiary of Coca-Cola FEMSA, entered into a franchise agreement covering the Pilar area, previously serviced by Refrescos del Norte , S.A. (RDN). Pilar, located north of Buenos Aires, covers the Zarate, Campana, Pilar, Lujan, and Baradero regions with an estimated population of one million inhabitants and annual per capita consumption of 200 (8oz. servings). Annual sales volume for Pilar is estimated at 8 million unit cases.

Coca-Cola FEMSA Buenos Aires has constructed a large distribution center in the Pilar province of Buenos Aires and purchased 46 trucks to better service the area. In addition, Coca-Cola FEMSA Buenos Aires has invested in bottles, cases, promotional material (including coolers) and information systems to bring the new operation up to Coca-Cola FEMSA standards. The investment to begin operations in the Pilar area for 1998 is approximately A$6.7 million.

FEMSA Empaques

In June 1998, Sílices de Veracruz, S.A. de C.V. ("Sivesa"), the subsidiary of FEMSA Empaques engaged in glass operations, began selling glass bottles to domestic third party clients for the first time. In the past, all of Sivesa´s output had been sold to FEMSA Cerveza and Coca-Cola FEMSA because of the historical capacity constraints at Sivesa and the demand for bottles by FEMSA Cerveza and Coca-Cola FEMSA. Sivesa increased the installed capacity of its facilities by approximately 360 million bottles per year at the end of 1996. Sivesa commenced operations seeking third party clients as a result of this additional capacity and the expectation of a decrease in the demand by Coca-Cola FEMSA for glass bottles upon the commencement of operations by the Toluca facility, which will be dedicated exclusively to the production of non-returnable PET presentations.

In March 1998, Labatt Brewing Company of Canada ("Labatt") awarded Fabricas Monterrey, S.A. de C.V. ("Famosa"), the subsidiary of FEMSA Empaques engaged in crown cap and closure operations, a contract to supply 100% of the crown cap requirements of Labatt in the Canadian market for a period of three years, starting in September 1998. FEMSA Empaques has been able to minimize the impact of reduced demand by its beverage affiliates for crown caps through sales to an increasing number of domestic and export third party clients. Other principal export customers for crown caps include Miller Brewing Company, Latrobe Brewing Company LLC and Coors Brewing Company.

In June 1998, FEMSA Empaques entered into a contract to supply 65% of the beverage can requirements of Industria Enlatadora de Queretaro S.A. ("IEQSA"), a cooperative in which Coca-Cola FEMSA holds a minority interest, for a period of five years starting in January 1999. Currently, FEMSA Empaques is supplying approximately 45% of the requirements of IEQSA.

In April 1998, FEMSA Empaques began supplying 100% of the can requirements for the Mexican operations of Cadbury Schweppes pursuant to a one year supply agreement.

FEMSA is Mexico's largest fully integrated beverage company with exports to the United States, Canada, and numerous countries in Latin America, Europe and the Far East. Founded in 1890 and with headquarters in Monterrey, Mexico, FEMSA operates through the following subsidiaries: FEMSA Cerveza, which produces and distributes name brands of beer such as Tecate, Carta Blanca, Superior, Sol, XX Lager, Dos Equis and Bohemia; Coca-Cola FEMSA, one of two “anchor bottlers” for The Coca-Cola Co. in Latin America, which produces and distributes soft drinks including Coca-Cola, Coke Light, Sprite, Fanta and Quatro; FEMSA Empaques, which supports the beverage operations by producing beverage cans, glass bottles, crown caps, labels, cardboard and commercial refrigerators, and serves the open market throughout the American continent; FEMSA Comercio, which operates OXXO, Mexico’s most extensive chain of convenience stores; and Desarrollo Comercial FEMSA, which operates OXXO Express, which operates convenience stores adjacent to gasoline stations

All of the figures in this report have been restated in constant Pesos with purchasing power as of June 30, 1998; therefore, all the percentage increases are expressed in real terms. The restatement was determined as follows:

1. *For the results generated by operations in Mexico, using factors derived from the Mexican National Consumer Price Index.*

2. *For the results generated by operations in Buenos Aires, Argentina (i) by converting the 1998 figures into Mexican Pesos, using the June 30, 1998 exchange rate of Ps. 8.9790 per Argentine Peso), and (ii) for the 1997 figures, using factors derived from the Argentine National Consumer Price Index and converting such figures into Mexican Pesos, using the June 30, 1998 exchange rate (Ps. 8.9790 per Argentine Peso).*

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FEMSA AND SUBSIDIARIES (Formerly VISA and Subsidiaries)
SELECTED FINANCIAL INFORMATION FOR FEMSA´S OPERATING SUBSIDIARIES
Millions of Pesos as of June 30, 1998

	Second quarter of:		First half of:	
	1998	1997	1998	1997
Net Sales				
FEMSA Cerveza	3,319.0	2,858.8	5,678.1	5,249.5
Coca-Cola FEMSA	2,826.5	2,407.3	5,361.4	4,726.8
FEMSA Empaques	1,460.0	1,223.0	2,700.3	2,412.2
FEMSA Comercio	971.4	789.2	1,799.5	1,490.9
Emprex Consolidated	7,868.0	6,578.0	14,246.0	12,342.0
FEMSA Consolidated	7,867.0	6,578.0	14,246.0	12,342.0
Total Revenues				
FEMSA Cerveza	3,323.5	2,881.6	5,705.0	5,289.9
Coca-Cola FEMSA	2,846.0	2,420.9	5,415.1	4,774.1
FEMSA Empaques	1,466.5	1,229.8	2,711.6	2,429.2
FEMSA Comercio	971.6	789.5	1,799.9	1,491.4
Emprex Consolidated	7,918.0	6,647.0	14,355.0	12,452.0
FEMSA Consolidated	7,913.0	6,648.0	14,351.0	12,450.0
Gross Profit				
FEMSA Cerveza	1,739.5	1,401.3	2,896.7	2,366.6
Coca-Cola FEMSA	1,263.7	1,114.6	2,372.7	2,144.4
FEMSA Empaques	360.8	314.3	684.1	624.8
FEMSA Comercio	230.1	197.7	433.2	378.8
Emprex Consolidated	3,634.0	3,048.0	6,447.0	5,512.0
FEMSA Consolidated	3,631.0	3,049.0	6,444.0	5,510.0
Operating Expenses				
FEMSA Cerveza	1,066.9	838.2	1,976.8	1,632.8
Coca-Cola FEMSA	873.9	794.1	1,695.6	1,573.6
FEMSA Empaques	129.4	95.8	240.6	184.7
FEMSA Comercio	200.1	179.0	383.5	346.2
Emprex Consolidated	2,361.0	2,002.0	4,494.0	3,909.0
FEMSA Consolidated	2,357.0	2,004.0	4,493.0	3,913.0
Management Fees				
FEMSA Cerveza	28.3	24.1	49.9	44.3
FEMSA Empaques	14.8	12.3	27.2	24.3
FEMSA Comercio	2.9	2.2	5.4	4.4
Income from Operations				
FEMSA Cerveza	661.8	552.2	887.5	711.9
Coca-Cola FEMSA	364.1	300.7	627.2	530.9
FEMSA Empaques	216.6	206.2	416.3	415.8
FEMSA Comercio	27.1	16.5	44.3	28.2
Emprex Consolidated	1,291.0	1,059.0	1,971.0	1,625.0
FEMSA Consolidated	1,292.0	1,058.0	1,969.0	1,619.0
% Gross Margin				
FEMSA Cerveza	52.4	49.0	51.0	45.1
Coca-Cola FEMSA	44.7	46.3	44.3	45.4
FEMSA Empaques	24.7	25.7	25.3	25.9
FEMSA Comercio	23.7	25.1	24.1	25.4
Emprex Consolidated	46.2	46.3	45.3	44.7
FEMSA Consolidated	46.2	46.4	45.2	44.6
% Operating Margin				
FEMSA Cerveza	19.9	19.2	15.6	13.5
Coca-Cola FEMSA	12.8	12.4	11.6	11.1
FEMSA Empaques	14.8	16.8	15.4	17.1
FEMSA Comercio	2.8	2.1	2.5	1.9
Emprex Consolidated	16.3	15.9	13.7	13.1
FEMSA Consolidated	16.3	15.9	13.7	13.0

FEMSA AND SUBSIDIARIES (Formerly VISA and Subsidiaries)
SELECTED FINANCIAL INFORMATION FOR FEMSA´S OPERATING SUBSIDIARIES
Millions of Pesos as of June 30, 1998

	Second quarter of:		First half of:	
	1998	1997	1998	1997
Depreciation				
FEMSA Cerveza	152.7	146.0	306.7	285.1
Coca-Cola FEMSA	83.1	69.2	169.9	152.0
FEMSA Empaques	48.0	46.6	95.2	94.3
FEMSA Comercio	9.1	6.9	17.9	14.0
FEMSA Consolidated	316.6	269.4	616.6	549.4
Capital Expenditures				
FEMSA Cerveza	447.4	318.7	781.0	519.9
Coca-Cola FEMSA	408.9	201.4	677.0	306.2
FEMSA Empaques	97.0	137.8	235.6	314.4
FEMSA Comercio	21.4	23.6	34.7	46.2
Amoxxo	16.0	104.5	32.4	140.4
FEMSA Logística	60.3	-	60.3	
FEMSA Consolidated	1,048.3	752.7	1,857.4	1,312.3

FEMSA AND SUBSIDIARIES (Formerly VISA and Subsidiaries)
Reconciliation FEMSA-Emprex Net Income
Millions of Pesos as of June 30, 1998

	2th quarter of:			1st half of:		
	1998	1997	% Var	1998	1997	% Var
Emprex:						
Mayority net income	388	380	2.1	446	733	(39.2)
Minority net income	158	156	1.3	211	240	(12.1)
Emprex net income	546	536	1.9	657	973	(32.5)
FEMSA Holding:						
Operating expenses	(1)	2	(150.0)	2	6	(66.7)
Interest expense	-	32		21	63	(66.7)
Interest income	4	5	(20.0)	11	7	57.1
Interest expense, net	(4)	27	(114.8)	10	56	(82.1)
Foreign exchange loss	1	8	(87.5)	89	13	584.6
Monetary position	(1)	31	(103.2)	49	92	(46.7)
Integral cost of financing	(2)	4	(150.0)	50	(23)	(317.4)
Other expenses (income)	84	(9)		107	(13)	(923.1)
Taxes	(56)	(119)	(52.9)	(123)	(157)	(21.7)
Net income of the Holding	(25)	122	(120.5)	(36)	187	(119.3)
Total Net Income	521	658	(20.8)	621	1,160	(46.5)
Majority net income	267	315	(15.2)	286	559	(48.8)
Minority net income	254	343	(25.9)	335	601	(44.3)

FEMSA Cerveza

Beer volumes for the second quarter and first semester of 1998 and 1997, were as follows:

(Thousand hectoliters)	Second quarter of: 1998	1997	%Var	First half of: 1998	1997	%Var
Domestic:						
Returnable	4,842	4,460	8.6	8,182	8,109	0.9
Non-returnable	204	193	5.7	345	374	(7.8)
Cans	983	792	24.1	1,761	1,665	5.8
Total Domestic	6,029	5,445	10.7	10,288	10,148	1.4
Exports	397	365	8.8	652	620	5.2
Total Volume	6,426	5,810	10.6	10,940	10,768	1.6
Exports sales (M. Pesos)	237.1	231.0	2.6	389.0	388.8	0.1

Coca-Cola FEMSA

Soft drink volumes for the second quarter and first semester of 1998 and 1997, were as follows:

Sales Volumes
(Millions of Unit Cases)

	Second quarter of: 1998	1997	%Var	First half of: 1998	1997	%Var
Valley of Mexico	82.3	63.7	29.2	150.2	118.8	26.4
Southeast	24.2	19.1	26.7	43.4	35.5	22.3
Tapachula	2.5			4.9		
Buenos Aires	24.2	21.6	12.0	52.6	48.4	8.7
Total	133.2	104.4	27.6	251.1	202.7	23.9

Presentation Mix (%)
(Returnable/Non-Returnable Volume)

	Second quarter of: 1998	1997	First half of: 1998	1997
Valley of Mexico	49/51	57/43	51/49	58/42
Southeast	60/40	71/29	62/38	73/27
Buenos Aires	11/89	34/66	11/89	33/67
Total	45/55	55/45	45/55	56/44

Product Mix (%)
(Colas/Flavors/Water)

	Second quarter of: 1998	1997	First half of: 1998	1997
Valley of Mexico	75/22/03	78/22/00	75/23/02	79/21/00
Southeast	70/23/07	73/25/02	71/24/05	74/25/01
Buenos Aires	77/22/01	78/20/02	76/23/01	76/22/02
Total	74/22/04	77/22/01	74/23/03	77/22/01

FEMSA Empaque

Volumes for the second quarter and first semester of 1998 and 1997, were as follows:

	Second quarter of:			First half of:		
(Millions of pieces)	1998	1997	%Var	1998	1997	%Var
Cans	814	528	54.2	1,398	1,025	36.4
Crown caps	2,986	2,609	14.4	5,265	4,908	7.3
Glass Bottles	263	239	10.0	483	465	3.9
Cardboard boxes (Ths m2)	26,138	21,233	23.1	46,843	41,853	11.9
Refrigerators (Ths)	38	33	15.0	91	59	54.2
Labels	943	856		1,762	1,631	
Exports						
Cans	67	29	131.0	159	74	114.9
Crown caps	840	662	26.9	1,472	1,142	28.9
Can lids	113	140	(19.3)	264	259	1.9
Exports sales						
(Millions of Pesos)	133.1	91.7	45.1	255.1	173.1	47.4

Percentage of sales revenue by client category:

	Second quarter of:			First half of:		
	1998	1997	Var. p.p.	1998	1997	Var. p.p.
Intercompany sales	52.7	57.1	(4.4)	54.0	58.7	(4.7)
FEMSA Cerveza	35.9	38.7	(2.8)	32.8	40.4	(7.6)
Coca-Cola FEMSA	16.8	18.4	(1.6)	21.2	18.3	2.9
Third-party sales	47.3	42.9	4.4	46.0	41.3	4.7
Domestic	38.4	36.1	2.3	37.0	34.5	2.5
Export	8.9	6.8	2.1	9.0	6.8	2.2

FEMSA Comercio

Operating highlights for the second quarter and first semester of 1998 and 1997 were as follows:

	Second quarter of:			First half of:		
	1998	1997	Var	1998	1997	Var
Total stores				907	842	65.0
New stores				28	36	(8.0)
Closed stores				13	17	(4.0)
Comparative same stores:						
Average monthly sales (Ths. Ps.)	342.6	291.5	17.5%	316.7	277.6	14.1%
Average ticket per customer (Ps.)	14.4	14.1	1.9%	14.2	14.3	-0.4%
Average monthly traffic per store (Ths.)	23.8	20.7	15.4%	22.2	19.4	14.6%
Average total monthly traffic per store (Ths.)	23.2	20.5	13.2%	21.5	19.3	11.5%