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OFFICE OF INTERNATIONAL
CORPORATE FINANCE
MAIN TOWER
NEUE MAINZER STRASSE 52
60311 FRANKFURT AM MAIN
HEODOR HEUSS-RING 9
50668 COLOGNE
PIAZZA DI SPAGNA 15
00187 ROME
VIA FATEBENEFRATELLI 26
20121 MILAN
BANK OF CHINA TOWER
ONE GARDEN ROAD
HONG KONG
SHIN KASUMIGASEKI BUILDING
3-2, KASUMIGASEKI 3-CHOME
CHIYODA-KU, TOKYO 100-0013

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THOMSON
FINANCIAL

July 12, 2004

File No. 82-2337

VIA HAND

Securities and Exchange Commission
Division of Corporation Finance
Office of International Corporate Finance
450 Fifth Street, N.W.
Washington, D.C. 20549



SUPPL

Re: Disclosure Materials Provided on Behalf of I.E.M. S.A. de C.V. (File No. 82-2337) Pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")

Ladies and Gentlemen:

On behalf of our client, I.E.M., S.A. de C.V. (the "Company") and pursuant to the Company's obligations under Rule 12g3-2(b)(1)(i) under the Exchange Act, we are furnishing the enclosed English translations of the Company's consolidated quarterly reports for the fourth quarter of 2003 and the first quarter of 2004.

If you have any questions or require any further information, please do not hesitate to contact the undersigned or Jorge U. Juantorena of this firm at (212) 225-2000.

Please acknowledge receipt of this letter and the enclosure by stamping the enclosed copy of this letter and returning it to our messenger.

Sincerely,

David P. Bardeen
David P. Bardeen

Enclosure

cc: Lic. Alejandro Archundia
Jorge U. Juantorena

JU 7/16

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

CONSOLIDATED FINANCIAL STATEMENT
AT DECEMBER 31 OF 2003 AND 2002
(Thousands of Pesos)

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Final Printing

JUDGED INFORMATION

| REF | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|--|--------------------|-------|---------------------|-------|
| | | Amount | % | Amount | % |
| 1 | TOTAL ASSETS | 622,387 | 100 | 634,733 | 100 |
| 2 | CURRENT ASSETS | 330,025 | 53 | 333,036 | 52 |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 10,245 | 2 | 27,403 | 4 |
| 4 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 151,328 | 24 | 167,903 | 26 |
| 5 | OTHER ACCOUNTS AND DOCUMENTS RECEIVABLE | 31,418 | 5 | 3,391 | 1 |
| 6 | INVENTORIES | 137,034 | 22 | 134,339 | 21 |
| 7 | OTHERS CURRENT ASSETS | 0 | 0 | 0 | 0 |
| 8 | LONG-TERM | 0 | 0 | 0 | 0 |
| 9 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 0 | 0 | 0 | 0 |
| 10 | INVESTMENT IN SHARES OF SUBSIDIARIES AND NON-CONSOLIDATED | 0 | 0 | 0 | 0 |
| 11 | OTHER | 0 | 0 | 0 | 0 |
| 12 | PROPERTY, PLANT AND EQUIPMENT | 283,990 | 46 | 292,878 | 46 |
| 13 | PROPERTY | 391,384 | 63 | 391,387 | 62 |
| 14 | MACHINERY AND INDUSTRIAL | 388,468 | 62 | 412,044 | 65 |
| 15 | OTHER EQUIPMENT | 37,257 | 6 | 35,092 | 6 |
| 16 | ACCUMULATED DEPRECIATION | 579,579 | 93 | 579,612 | 91 |
| 17 | CONSTRUCTION IN PROGRESS | 46,460 | 7 | 33,967 | 5 |
| 18 | DEFERRED ASSETS (NET) | 8,372 | 1 | 8,819 | 1 |
| 19 | OTHERS ASSETS | 0 | 0 | 0 | 0 |
| 20 | TOTAL LIABILITIES | 265,984 | 100 | 250,541 | 100 |
| 21 | CURRENT LIABILITIES | 177,355 | 67 | 185,054 | 74 |
| 22 | SUPPLIERS | 28,998 | 11 | 38,964 | 16 |
| 23 | BANK LOANS | 0 | 0 | 0 | 0 |
| 24 | STOCK MARKET LOANS | 0 | 0 | 0 | 0 |
| 25 | TAXES TO BE PAID | 53,726 | 20 | 41,669 | 17 |
| 26 | OTHER CURRENT LIABILITIES | 94,631 | 36 | 104,421 | 42 |
| 27 | LONG-TERM LIABILITIES | 0 | 0 | 0 | 0 |
| 28 | BANK LOANS | 0 | 0 | 0 | 0 |
| 29 | STOCK MARKET LOANS | 0 | 0 | 0 | 0 |
| 30 | OTHER LOANS | 0 | 0 | 0 | 0 |
| 31 | DEFERRED LOANS | 88,629 | 33 | 65,487 | 26 |
| 32 | OTHER LIABILITIES | 0 | 0 | 0 | 0 |
| 33 | CONSOLIDATED STOCK HOLDER'S EQUITY | 356,402 | 100 | 384,192 | 100 |
| 34 | MINORITY INTEREST | 245 | | 570 | |
| 35 | MAJORITY INTEREST | 356,157 | 100 | 383,622 | 100 |
| 36 | CONTRIBUTED CAPITAL | 606,455 | 170 | 606,455 | 158 |
| 37 | PAID-IN CAPITAL STOCK (NOMINAL) | 15,688 | 4 | 15,688 | 4 |
| 38 | RESTATEMENT OF PAID-IN CAPITAL STOCK | 590,767 | 166 | 590,767 | 154 |
| 39 | PREMIUM ON SALES OF SHARES | 0 | 0 | 0 | 0 |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 | 0 |
| 41 | CAPITAL INCREASE (DECREASE) | (250,298) | (70) | (222,833) | (58) |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE | 375,763 | 105 | 373,658 | 97 |
| 43 | REPURCHASE FUND OF SHARES | 0 | 0 | 0 | 0 |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENT OF HOLDER'S EQUITY | (610,019) | (171) | (598,596) | (156) |
| 45 | NET INCOME FOR THE YEAR | (16,042) | (5) | 2,105 | 1 |

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

CONSOLIDATED FINANCIAL STATEMENT
BREAKDOWN OF MAIN CONCEPTS
(Thousand of Pesos)

JUDGED INFORMATION

Final Printing

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--------------------------------------|-------|---------------------------------------|-------|
| | | Amount | % | Amount | % |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 10,245 | 100 | 27,402 | 100 |
| 46 | CASH | 4,989 | 49 | 6,891 | 25 |
| 47 | SHORT-TERM | 5,256 | 51 | 20,511 | 75 |
| 18 | DEFERRED ASSETS (NET) | 8,372 | 100 | 8,818 | 100 |
| 48 | AMORTIZED OR REDEEMED | 8,372 | 100 | 8,818 | 100 |
| 49 | GOODWILL | | | | |
| 50 | DEFERRED TAXES | | | | |
| 51 | OTHERS | | | | |
| 21 | CURRENT LIABILITIES | 177,355 | 100 | 185,049 | 100 |
| 52 | FOREIGN CURRENCY | 17,877 | 10 | 90,835 | 49 |
| 53 | MEXICAN PESOS LIABILITIES | 159,478 | 90 | 94,213 | 51 |
| 24 | STOCK MARKET LOANS | - | - | - | - |
| 54 | COMMERCIAL PAPER | - | - | - | - |
| 55 | CURRENT MATURITIES OF MEDIUM TERM | - | - | - | - |
| 56 | CURRENT MATURITIES OF | - | - | - | - |
| 26 | OTHER CURRENT LIABILITIES | 94,631 | 100 | 104,421 | 100 |
| 57 | OTHER CURRENT LIABILITIES WITH | - | - | - | - |
| 58 | OTHER CURRENT LIABILITIES WITHOUT | 94,631 | 100 | 104,421 | 100 |
| 27 | LONG-TERM LIABILITIES | - | 100 | - | 100 |
| 59 | FOREIGN CURRENCY | - | - | - | - |
| 60 | MEXICAN PESOS | - | - | - | - |
| 29 | STOCK MARKET LOANS | - | 100 | - | 100 |
| 61 | BONDS | - | - | - | - |
| 62 | MEDIUM TERM NOTES | - | - | - | - |
| 30 | OTHER LOANS | - | 100 | - | 100 |
| 63 | OTHER LOANS WITH COST | - | - | - | - |
| 64 | OTHER LOANS WITHOUT | - | - | - | - |
| 31 | DEFERRED LOANS | 88,629 | 100 | 65,487 | 100 |
| 65 | NEGATIVE GOODWILL | - | - | - | - |
| 66 | DEFERRED TAXES | 68,496 | 77 | 57,617 | 88 |
| 67 | OTHERS | 20,133 | 23 | 7,870 | 12 |
| 32 | OTHER LIABILITIES | - | 100 | - | 100 |
| 68 | RESERVES | - | - | - | - |
| 69 | OTHERS LIABILITIES | - | - | - | - |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENT OF STOCK HOLDERS' EQUITY | (610,019) | 100 | (598,596) | 100 |
| 70 | ACCUMULATED INCOME DUE TO MONETARY | - | - | - | - |
| 71 | INCOME FROM NON-MONETARY POSITION | (610,019) | (100) | (598,596) | (100) |

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

CONSOLIDATED FINANCIAL STATEMENT
OTHER CONCEPTS
(Thousands of Pesos)

JUDGED INFORMATION

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | Final Printing QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|-----------------------------|--------------------------------------|---|---|---|
| | | Amount | % | Amount | % |
| 72 | WORKING CAPITAL | 152,669 | | 147,982 | |
| 73 | PENSIONS FUND AND SENIORITY | 59,935 | | 73,725 | |
| 74 | EXECUTIVES (*) | 14 | | 12 | |
| 75 | EMPLOYERS (*) | 163 | | 191 | |
| 76 | WORKERS (*) | 710 | | 904 | |
| 77 | CIRCULATION SHARES | 32,415,713 | | 32,415,713 | |
| 78 | REPURCHASED SHARES | - | | - | |

(*) THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

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

JUDGED INFORMATION

Final Printing

| REF R | C O N C E P T S | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--------------------------------------|-----|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 723,858 | 100 | 789,019 | 100 |
| 2 | COST OF | 617,602 | 85 | 672,306 | 85 |
| 3 | GROSS INCOME | 106,256 | 15 | 116,713 | 15 |
| 4 | OPERATING | 66,782 | 9 | 77,763 | 10 |
| 5 | OPERATING INCOME | 39,474 | 5 | 38,950 | 5 |
| 6 | TOTAL FINANCING | 4,706 | 1 | 7,495 | 1 |
| 7 | INCOME AFTER FINANCING COST | 34,768 | 5 | 31,455 | 4 |
| 8 | OTHER FINANCIAL OPERATIONS | 15,586 | 2 | (883) | 0 |
| 9 | INCOME BEFORE TAXES AND WORKER'S PROFIT SHARING | 19,182 | 3 | 32,338 | 4 |
| 10 | RESERVE FOR TAXES AND WORKER'S SHARING | 10,606 | 1 | 16,113 | 2 |
| 11 | NET INCOME AFTER TAXES AND WORKER'S PROFIT SHARING | 8,576 | 1 | 16,225 | 2 |
| 12 | SHARE IN NET INCOME OF SUBSIDIARIES NON-CONSOLIDATED ASSOCIATES | 0 | 0 | 0 | 0 |
| 13 | CONSOLIDATED NET INCOME OF CONTINUOUS OPARATION | 8,576 | 1 | 16,225 | 2 |
| 14 | INCOME OF DISCONTINUOUS | 24,635 | 3 | 14,116 | 2 |
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS | (16,059) | (2) | 2,109 | 0 |
| 16 | EXTRAORDINARY ITEMS NET EXPENSES | 0 | 0 | | |
| 17 | NET EFFECT AT THE BEGINNING OF THE YEAR CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0 | 0 | 0 |
| 18 | NET CONSOLIDATED INCOME | (16,059) | (2) | 2,109 | 0 |
| 19 | NET INCOME OF MINORITY INTEREST | (17) | | 4 | 0 |
| 20 | NET INCOME OF MAJORITY INTEREST | (16,042) | (2) | 2,105 | - |

MEXICAN STOCK EXCHANGE
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STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

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

JUDGED INFORMATION

Final Printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|-----------|--|--------------------------------------|------------|---------------------------------------|------------|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 723,858 | 100 | 789,019 | 100 |
| 21 | DOMESTIC | 710,702 | 98 | 787,179 | 100 |
| 22 | FOREIGN | 13,156 | 2 | 1,840 | 0 |
| 23 | TRANSLATED INTO DOLLARS | 1,190 | 0 | 1 | 0 |
| 6 | TOTAL FINANCING COST | 4,706 | 100 | 7,495 | 100 |
| 24 | INTEREST PAID | 5,948 | 126 | 11,213 | 150 |
| 25 | EXCHANGE LOSSES | 33,265 | 707 | 18,672 | 249 |
| 26 | INTEREST EARNED | 1,120 | 24 | 5,945 | 79 |
| 27 | EXCHANGE PROFITS | 34,802 | 740 | 18,534 | 247 |
| 28 | GAIN DUE TO MONETARY | 1,415 | 30 | 2,089 | 28 |
| 8 | OTHER FINANCIAL OPERATIONS | 15,586 | 100 | (883) | 100 |
| 29 | OTHER NET EXPENSES (INCOME) | 15,586 | 100 | (883) | (100) |
| 30 | (PROFIT) LOSS ON SALE OF OWM | 0 | 0 | 0 | 0 |
| 31 | (PROFIT) LOSS ON SALE OF SHORT-TERM | 0 | 0 | 0 | 0 |
| 10 | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING | 10,606 | 100 | 16,113 | 100 |
| 32 | INCOME TAX | 2,555 | 24 | 26,116 | 162 |
| 33 | DEFERED INCOME TAX | 5,600 | 53 | (13,773) | (85) |
| 34 | WORKERS' PROFIT SHARING | 239 | 2 | 7,578 | 47 |
| 35 | DEFERED WORKERS' PROFIT | 2,212 | 21 | (3,808) | (24) |

(***) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

CONSOLIDATED EARNING STATEMENT
OTHER CONCEPTS
(Thousands of Pesos)

JUDGED INFORMATION

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | <i>Final Printing</i> QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--------------------------------------|--------------------------------------|--|
| | | Amount | Amount |
| 36 | TOTAL SALES | 740,363 | 826,423 |
| 37 | NET INCOME OF THE | 4,170 | 74,565 |
| 38 | NET SALES (**) | 723,858 | 789,919 |
| 39 | OPERATION INCOME (**) | 39,474 | 38,950 |
| 40 | NET INCOME OF MAYORITY INTEREST (**) | (16,042) | 2,105 |
| 41 | NET CONSOLIDATED INCOME | (16,059) | 2,109 |

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

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

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

JUDGED INFORMATION

Final Printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|--|--------------------------------------|---|---------------------------------------|---|
| | | Amount | % | Amount | % |
| 1 | CONSOLIDATED NET INCOME | (16,059) | | 2,109 | |
| 2 | + (-) ITEMS ADDED TO INCOME WHICH DO REQUIRE USING CASH | 34,054 | | 21,722 | |
| 3 | CASH FLOW FROM NET INCOME OF THE YEAR | 17,995 | | 23,831 | |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | (73,658) | | (118,110) | |
| 5 | CASH GENERATED (USED) IN OPERATING ACTIVITIES | (55,663) | | (94,279) | |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | 50,489 | | - | |
| 7 | CASH FLOW FROM INTERNAL FINANCING | - | | - | |
| 8 | CASH FLOW GENERATED (USED) BY FINANCING | 50,489 | | | |
| 9 | CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES | (11,984) | | (6,651) | |
| 10 | NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | (17,158) | | (100,930) | |
| 11 | CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF PERIOD | 27,403 | | 128,333 | |
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE OF PERIOD | 10,245 | | 27,403 | |

MEXICAN STOCK EXCHANGE
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STOCK EXCHANGE CODE : IEM
IEM, S.A. DE C.V.

QUARTER 4 YEAR 2003

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

JUDGED INFORMATION

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | Final Printing QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|---|--|---|
| 2 | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH | 34,054 | 21,722 |
| 13 | DEPRECIATION AND AMORTIZATION FOR THE | 20,875 | 21,726 |
| 14 | + (-) NET INCREASE (DECREASE) IN PENSIONS AND SENIORITY PREMIUMS | - | |
| 15 | +(-) NET LOSS (PROFIT) IN MONEY | 5,367 | |
| 16 | + (-) NET LOSS (PROFIT) IN ASSETS AND ACTUALIZATION | - | |
| 17 | + (-) OTHER ITEMS | 7,812 | (4) |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | (73,658) | (118,110) |
| 18 | + (-) DECREASE (INCREASE) IN ACCOUNT | 38,256 | (57,352) |
| 19 | + (-) DECREASE (INCREASE) IN | (2,695) | 89,802 |
| 20 | + (-) DECREASE (INCREASE) IN OTHER RECEIVABLE | (24,039) | (16,310) |
| 21 | + (-) INCREASE (DECREASE) IN SUPPLIER | (37,622) | (5,064) |
| 22 | +(-) INCREASE (DECREASE) IN OTHER | (47,558) | (129,186) |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | 50,489 | - |
| 23 | + SHORT-TERM BANK AND STOCK MARKET | - | |
| 24 | + LONG-TERM BANK AND STOCK MARKET | - | |
| 25 | + DIVIDEND RECEIVED | - | |
| 26 | + OTHER FINANCING | - | |
| 27 | (-) BANK FINANCING | - | |
| 28 | (-) STOCK MARKET | - | |
| 29 | (-) OTHER FINANCING | 50,489 | |
| 7 | CASH FLOW FROM INTERNAL FINANCING | - | - |
| 30 | + (-) INCREASE (DECREASE) IN CAPITAL | | |
| 31 | (-) DIVIDENS PAID | - | |
| 32 | + PREMIUM ON SALE OF | - | |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL | - | |
| 9 | CASH FLOW GENERATED (UTILIZED) IN INVESTMENT ACTIVITIES | (11,984) | (6,651) |
| 34 | + (-) DECREASE (INCREASE) IN STOCK OF A PERMANENT NATURE | | |
| 35 | (-) ACQUISITION OF PROPERTY, PLANT AND | (33,350) | (5,463) |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN | - | (1,188) |
| 37 | + SALE OF OTHER PERMANENT | - | |
| 38 | + SALE OF TANGIBLE FIXED | - | |
| 39 | + (-) OTHER ITEMS | 21,366 | |

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 4 2003

RATIOS
CONSOLIDATED

JUDGED INFORMATION

Final Printing

| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|---|--------------------------------------|---------------------------------------|
| | YIELD | | |
| 1 | NET INCOME TO NET SALES | (2.22) % | 0.27 % |
| 2 | NET INCOME TO STOCK HOLDERS' EQUITY (**) | (4.50) % | 0.55 % |
| 3 | NET INCOME TO TOTAL ASSETS (**) | (2.58) % | 0.33 % |
| 4 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 0.00 % | 0.00 % |
| 5 | INCOME DUE TO MONETARY POSITION TO NET INCOME | 8.81 % | (99.05) % |
| | ACTIVITY | | |
| 6 | NET SALES TO NET ASSETS (**) | 1.16 times | 1.24 times |
| 7 | NET SALES TO FIXED ASSETS (**) | 2.55 times | 2.69 times |
| 8 | INVENTORIES TOTATION (**) | 4.51 times | 5.00 times |
| 9 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 66 days | 67 days |
| 10 | PAID INTEREST TO TOTAL LIABILITIES WITH COST (**) | 0.00 % | 0.00 % |
| | LEVERAGE | | |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS | 42.74 % | 39.47 % |
| 12 | TOTAL LIABILITIES TO STOCK HOLDERS' EQUITY | 0.75 times | 0.65 times |
| 13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES | 6.72 % | 36.26 % |
| 14 | LONG TERM LIABILITIES TO FIXED ASSETS | 0.00 % | 0.00 % |
| 15 | OPERATING INCOME TO INTEREST PAID | 6.64 times | 3.47 times |
| 16 | NET SALES TO TOTAL LIABILITIES (**) | 2.72 times | 3.15 times |
| | LIQUIDITY | | |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.86 times | 1.80 times |
| 18 | CURRENT ASSETS LESS INVENTORY TO LIABILITIES | 1.09 times | 1.07 times |
| 19 | CURRENTS ASSETS TO TOTAL LIABILITIES | 1.24 times | 1.33 times |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 5.78 % | 14.81 % |
| | CASH FLOW | | |
| 21 | CASH FLOW FROM NET INCOME TO NET SALES | 2.49 % | 3.02 % |
| 22 | CASH FLOW FROM CHANGES IN WORKING TO NET SALES | (10.18) % | (14.97) % |
| 23 | CASH GENERATED (USED) IN OPERATING INTEREST PAID | (9.36) times | (8.41) times |
| 24 | EXTERNAL FINANCING TO CASH (USED) IN FINANCING | 0.00 % | 0.00 % |
| 25 | INTERNAL FINANCING TO CASH GENERATED IN FINANCING | 0.00 % | 0.00 % |
| 26 | ACQUISITION OF PROPERTY, PLANT AND TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES | 278.29 % | 82.14 % |

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

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 4 YEAR: 2003

DATA PER SHARE
CONSOLIDATED FINANCIAL STATEMENT

JUDGED INFORMATION

Final Printing

| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--------------------------------------|---------------------------------------|
| | | Amount | Amount |
| 1 | BASIC PROFIT PER ORDINARY SHARE (**) | (0.50) | \$0.00 |
| 2 | BASIC PROFIT PER PREFERENT SHARE (**) | \$0.00 | \$0.00 |
| 3 | DILUTED PROFIT PER ORDINARY SHARE (**) | \$0.00 | \$0.00 |
| 4 | CONTINUOUS OPERATING PROFIT PER COMUN SHARE (**) | \$0.00 | \$0.00 |
| 5 | EFFECT OF DISCONTINUOUS OPERATING CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$0.00 | \$0.00 |
| 6 | EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$0.00 | \$0.00 |
| 7 | EFFECT BY CHANGES IN ACCOUNTING POLICIES CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$0.00 | \$0.00 |
| 8 | CARRYING VALUE PER SHARE | \$10.99 | \$11.83 |
| 9 | CASH DIVIDEND ACUMULATED PER SHARE | \$0.00 | \$0.00 |
| 10 | DIVIDEND IN SHARES PER SHARE | 0.00 shares | 0.00 shares |
| 11 | MARKET PRICE TO CARRYING VALUE | 0.00 times | 0.00 times |
| 12 | MARKET PRICE TO BASIC PROFIT PER SHARE (**) | 0.00 times | 0.00 times |
| 13 | MARKET PRICE TO BASIC PROFIT PER SHARE (**) | 0.65 times | 0.65 times |

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

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 4

YEAR: 2003

REPORT FROM THE DIRECTOR GENERAL (1)

(Discussion and Analysis from the Director General regarding the Financing Situation and Income of the Company's Operation)

ANNEX 1

CONSOLIDATED

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JUDGED INFORMATION

SALES FOR 2003 WERE 723.9 MILLION PESOS, MEANING A REAL TERM ANNUAL DECREASE OF 8.2%, AGAINST THE PREVIOUS YEAR. SAID INCREASE WAS MAINLY EVIDENT IN THE TRANSFORMERS AND MOTORS PRODUCTION LINE DUE A LOW LOCAL ECONOMIC ACTIVITY.

THE YEAR'S OPERATING PROFIT WAS 39.4 MILLION PESOS, AS OF DECEMBER 2003, AND MEANT 5.4% OF SALES, AND IN THE YEAR 2002, IN PESOS OF DECEMBER 2003, THE AMOUNT WAS 38.9 MILLION AND MEANT 4.9% OF SALES, MEANING A 1.3% INCREASE IN REAL TERMS, MAINLY DUE TO AN IMPORTANT REDUCTION ON OPERATING EXPENSES IN 2003.

THE FINANCING INTEGRAL COST WAS 4.7 MILLION PESOS IN PESOS OF DECEMBER 2003, WHICH, COMPARED WITH 7.5 MILLION PESOS OF THE PREVIOUS YEAR IN PESOS OF 2003, MEANT A 37.2% DECREASE IN REAL TERMS, MAINLY CAUSED BY THE REDUCTION IN INTEREST RATES AND THE STABILITY OF THE MEXICAN PESOS, AGAINST THE US DOLLAR, DURING THE YEAR LONG.

THE COMPANY ACKNOWLEDGED THE DIFFERED INCOME TAX, REGARDING FIXED ASSETS, CONSIDERING THAT THE PERCENTAGES TO BE APPLIED IN THE ESTIMATED YEARS WILL BE DEDUCTIBLE AND/OR CUMULATIVE IN COMPLIANCE WITH THE MODIFICATION SET IN THE INCOME TAX LAW, WHERE IT IS STATED THAT FOR 2002, THE GENERAL RATE WILL CONTINUE BEING 35% AND WILL BE GRADUALLY REDUCED IN 1% A YEAR UNTIL 32% FOR THE YEAR 2005.

THE YEAR'S NET LOSS WAS 16.0 MILLION PESOS IN 2002 YEAR'S NET PROFIT WAS 2.1 MILLION PESOS.

THE COMPANY HIRED, AS A EXTERNAL AUDITOR FIRM, DELOITTE & TOUCHE (GALAZ, YAMAZAKI, RUIZ URQUIZA, S.C.) FROM YEAR 2002 ON, IN SUBSTITUTION OF PRICE WATERHOUSE COOPERS, S.C.. THE FOREGOING AS A MEAN TO PERIODICALLY ALTERNATE THE ACCOUNTING FIRMS WICH AUDIT THE FINANCIAL STATEMENTS OF IEM S.A. DE C.V. AND SUBSIDIARY.

NO OTHER VALUES HAVE BEEN REGISTERED IN THE "RNVI"; THE JUDICIAL AND FINANCIAL INFORMATION HAS BEEN TIMELY SUBMITTED, IN COMPLIANCE WITH THE LAW.

THERE HAVE BEEN NO CHANGES, NOR MODIFICATIONS IN ANY OF THE VALUES REGISTERED IN THE "RNVI".

DISCONTINUOUS OPERATIONS

1 IN 2003 THE LINE MOTORS' PRODUCTION WAS SHUT DOWN, WHICH REPRESENTED A LOSS FOR UP TO 24.6 MILLION PESOS

2 SINCE OCTOBER 1st. 2003 MR JUAN DE DIOS CONCHA MALO WAS APPOINTED CHAIRMAN OF THE BOARD BY DIRECTORS.

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
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COMPLEMENTARY REMARKS REGARDING THE FINANCIAL SITUATION (1)

ANNEX 2

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JUDGED INFORMATION

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

THE ENCLOSED FINANCIAL STATEMENTS HAVE BEEN PREPARED IN COMPLIANCE WITH THE GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN MEXICO ("PCGA"). SAID PCGA REQUIRE THE FINANCIAL STATEMENTS TO BE EXPRESSED IN CONSTANT MEXICAN PESOS ON RELATES DATE SUBMITTED IN THE FINANCIAL STATEMENTS.

CHANGES TO ACCOUNTING POLICIES - AS OF JANUARY 1st, 2003, THE NEW BULLETIN C-8 "INTANGIBLE ASSETS" WENT INTO EFFECT. THIS BULLETIN ESTABLISHES THAT THOSE PREOPERATIVE COSTS, WHICH ARE NOT IDENTIFIED AS DEVELOPMENT COSTS, MUST BE REGISTERED AS AN EXPEDITURE FOR THE PERIOD. THE BALANCE STILL TO BE AMORTIZED OF THE PREOPERATIVE COSTS CAPITALIZED UP TO DECEMBER 31st,, 2002, IN ACCORDANCE WITH THE PREVIOUSLY MENTIONED BULLETIN C-8, WILL CONTINUE TO BE AMORTIZED AS IS ESTABLISHED IN SAID BULLETIN. THE ENFORCEMENT OF BULLETIN C-8 DID NOT HAVE ANY IMPORTAT EFFECTS ON THE FINANCIAL INFORMATION.

AS OF JANUARY 1st, 2003, THE NEW BULLETIN C-9 "LIABILITIES, PROVISIONS, ASSETS AND CONTINGENT LIABILITIES AND OBLIGATIONS" ("C-9") ALSO WENT INTO EFFECT. THIS BULLETIN ESTABLISHES, AMONG OTHER THINGS, A GREATER ACCURACY IN CONCEPTS RELATED TO PROVISIONS, ACCUMULATED OBLIGATIONS AND CONTIGENT LIABILITIES, AS WELL AS NEW REQUIREMENTS IN REGARD TO THE ACCOUNTING ACCEPTANCE OF PROVISIONS, THE USE OF PRESENT VALUE AND THE REDEMPTION OF OBLIGATIONS WHEN THE SAME OCCURS IN ADVANCE OR IS SUBSTITUTED BY A NEW ISSUANCE. THE ENFORCEMENT OF BULLETIN C-9 DID NOT HAVE ANY IMPORTANT EFFECTS ON THE FINANCIAL INFORMATION.

THE COMPANY'S ADMINISTRATIVE BOARD ADOPTED IN ADVANCE THE REQUIREMENTS SET FORTH IN BULLETIN C-15 " DETERIORATION IN THE VALUE OF LONG TERM ASSETS AND THE DISPOSAL OF THE SAME", ISSUED BY THE ACCOUNTING PRINCIPLES COMMISSION OF THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS (INSTITUTO MEXICANO DE CONTADORES PUBLICOS, A.C.) WHERE BY THE GENERAL CRITERA FOR THE IDENTIFICATION, VALUATION AND, IF APPLICABLE, THE REGISTRATION OF LOSSES DUE TO DETERIORATION OR DECREASE IN VALUE OF LONG TERM ASSETS, BOTH TANGIBLE AND INTANGIBLE, IS SET OUT. THE ENFORCEMENT OF BULLETIN C-15 DID NOT HAVE ANY EFFECT ON THE FINANCIAL INORMATION.

A. CASH AND CASH EQUIVALENT - THE COMPANY CONSIDERS AS CASH EQUIVALENT, ALL POSSIBLE INVESTMENTS WITH A LESS THAN THREE MONTHS MATURITY TERM. FROM THE DATE OF THE CORRESPONDING CLOSING OF SAME AND ARE EXPRESSED AT COST PRICE PLUS EARNED INTERESTS.

B. INVENTORIES - INVENTORIES ARE APPRAISED AT REPLACEMENT COST OR MARKET VALUE, WHICH EVER IS LOWER. SALES COST IS ADJUSTED ACCORDING TO RESTATED VALUE OF INVENTORIES, ACCORDING TO THE DATES OF SALES.

C. ESTATES, MACHINERY AND EQUIPMENT - ALL DOMESTIC ESTATES, MACHINERY AND EQUIPMENT ARE EXPRESSED AT RESTATED VALUE, DETERMINED ACCORDING TO PURCHASING COST FROM FACTORS DERIVED FROM THE "INPC". ALL FOREIGN MACHINERY AND EQUIPMENT ARE APPRAISED BY MEANS OF THE SPECIFIC INDEXATION METHOD, USING THE COUNTRY OF ORIGIN'S INFLATION RATE FOR EVERY EQUIPMENT, AS WELL AS THE CURRENT EXCHANGE RATE AT BUSINESS YEAR-END.

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WHATEVER THE CASE MAY BE. DEPRECIATION IS CALCULATED BY MEANS OF THE STRAIGHT LINE METHOD BASED ON USEFUL LIFE SPANS, CONSIDERING A PERCENTAGE OF DISCARDED VALUE.

D. STOCKHOLDERS INVESTMENTS - THE COMPONENTS OF THE STOCKHOLDERS INVETSMET IS RESTATED BY MEANS OF FACTORS DERIVED FROM THE "INPC".

E. LOSS DUE TO MONETARY POSITON – THE LOSS DUE TO MONETARY POSITION, WHICH REPRESENTS THE EROSION IN PURCHASING POWER DUE TO INFLATION, SHOULD BE CALCULATED BY APPLYING FACTORS DERIVED FROM THE *INPC* TO THE MONTHLY NET MONETARY POSITION. THE LOSS IS ORIGINATED DUE TO THE KEEPING A NET ACTIVE MONETARY POSITION.

F. FOREING EXCHANGE TRANSACTIONS – TRANSACTIONS IN FOREIGN EXCHANGE ARE REGISTERED AT THE EXCHANGE RATE APPLICABLE AT THE DATE OF TRANSACTION. THE ASSETS AND LIABILITIES STATED IN FOREIGN CURRENCY ARE VALUED IN MEXICAN PESOS AT THE EXCHANGE RATE APPLICABLE AT THE DATE OF THE FINANCIAL STATEMENTS. THE FLUCTUATIONS IN CURRENCY EXCHANGE ARE REGISTERED IN THE ANNUAL RESULTS.

G. LABOR OBLIGATIONS UPON RETIREMENT – LIABILITIES DUE TO SENIORITY BONUSES FOR ALL PERSONNEL AS WELL AS PENSIONS FOR NON-UNION PERSONNEL, ARE REGISTERED UPON BEING ACCRUED, AND ARE CALCULATED BY INDEPENDENT ACCOUNTANTS WITH BASIS ON THE INTEREST RATE. THEREFORE, ALL LIABILITY IS BEING RECOGNIZED, SUCH AS IS ESTIMATED AT PRESENT VALUE, WHICH WILL COVER THE OBLIGATIONS RESULTING FROM THESE BENEFITS AT THE ESTIMATED DATE OF RETIREMENT OF ALL OF THE EMPLOYEES WORKING AT THE COMPANY. INDEMNIZATIONS ARE APPLIED TO THE RESULTS WHEN THE DECISION TO PAY THEM HAS BEEN TAKEN.

H. INTEGRAL LOSS – THE INTEGRAL LOSS PRESENTED IN THE ENCLOSED CAPITAL VARIATION STATEMENTS, IS THE RESULT OF THE ACCOUNTING CAPITAL AMENDMENTS DURING THE FISCAL YEAR ON ACCOUNT OF ITEMS WHICH DO NOT REPRESENT DISTRIBUTIONS OR MOVEMENTS OF THE CONTRIBUTED CAPITAL; IT IS INTEGRATED BY THE CONSOLITATED NET PROFIT (LOSS) OF THE YEAR, PLUS OTHER ENTRIES REPRESENTING ANY PROFIT OR LOSS DURING THAT SAME FISCAL YEAR, WHICH, ACCORDING TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN MEXICO, ARE PRESENTED DIRECTLY IN THE ACCOUNTING CAPITAL, WITHOUT AFFECTING THE STATEMENT OF RESULTS. DURING 2003 AND 2002, THE OTHER INTEGRAL (LOSS) ENTRIES ARE REPRESENTED BY THE INADEQUACY IN THE UPDATING OF THE ACCOUNTING CAPITAL AS WELL AS IN THE RESULTS OF THE INVESTMENTS OF THE MINORITY SHAREHOLDERS.

I. ACKNOWLEDGEMENT OF INCOME – INCOME IS ACKNOWLEDGED ONCE THE GOODS HAVE BEEN SHIPPED TO THE DISTRIBUTORS AND/OR CUSTOMERS.

J.DETERIORATION OF LONG TERM ASSETS – THE COMPANY REVIEWS THE BOOK VALUE OF LONG TERM ASSETS BEING USED, UPON THE APPEARANCE OF ANY SIGN OF DETERIORATION WHICH MIGHT INDICATE THAT THE BOOK VALUE OF THESE ASSETS COULD NO LONGER BE RECOVERABLE, TAKING INTO ACCOUNT THE GREATER OF THE PRESENT VALUES OF THE NET CASH FLOW OF FUTURE ASSETS, OR THE NET SALES PRICE IN THE EVENT OF ITS EVENTUAL DISPOSAL, THE DETERIORATION IS REGISTERED TAKING INTO ACCOUNT THE AMOUT OF ITS BOOK VALUE WHICH EXCEEDS THE GREATER VALUE OF THE AFOREMENTIONED VALUES. THE SIGNS OF DETERIORATION WHICH ARE TAKEN INTO ACCOUNT FOR THIS PURPOSE, ARE, AMONG OTHERS, LOSSES IN OPERATION OR NEGATIVE CASH FLOWS DURING THE FISCAL YEAR, WHENEVER THEY ARE COMBINED WITH A HISTORY OR PROJECTION OF LOSSES, DEPRECIATIONS AND AMORTIZATIONS CHARGED TO THE RESULTS, WHICH IN TERMS OF PERCENTAGE IN CONNECTION WITH INCOME, WOULD BE SUBSTANTIALLY HIGHER TO THOSE OF PREVIOUS YEARS, AS A RESULT OF BECOMING OBSOLETE, A REDUCTION IN DEMAND OF THE PRODUCTS BEING MANUFACTURED, COMPETITION AND OTHER ECONOMIC AND LEGAL FACTORS.

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BUSINESS CONCENTRATION - AN IMPORTANT PART OF THE COMPANY'S INCOME ARE GENERATED BY THE ELECTRIC POWER INDUSTRY.

3. - STOCK EXCHANGE CREDITS.

THERE ARE NO STOCK EXCHANGE CREDITS AS OF 31 MARCH, 2004.

4.- CONTINGENT LIABILITY.

THE SUBSIDIARY COMPANY HAS PLANS FOR THE PAYMENT OF RETIREMENT PENSIONS AND DEATH OR TOTAL DISABILITY, FOR ALL ITS NON SYNDICATED PERSONNEL AND SENIORITY PREMIUM PLANS FOR ALL ITS PERSONNEL, IN COMPLIANCE WITH THE FEDERAL LABOR LAW AND WITH WHAT IS STATED IN THE LABOR CONTRACTS.

PAYMENTS FOR SENIORITY PREMIUMS AS WELL AS THE PENSION PLANS ARE DETERMINED BASED ON THE EMPLOYEE'S COMPENSATION ON HIS/HER RETIREMENT DATE, AND ALSO ON THE YEARS OF SERVICE.

AS OF 31 MARCH, 2004, THE AMOUNT FOR BENEFITS FORECASTED REGARDING COMPENSATIONS UPON THE RETIREMENT OF THE PERSONNEL, WHICH IS DETERMINED BY ACTUARIES, IS ANALYZED AS FOLLOWS:

| | THOUSANDS OF MEXICAN PESOS |
|--|----------------------------|
| LIABILITIES FOR CURRENT BENEFITS | (68,621) |
| COMPLEMENTARY AMOUNT FOR BENEFITS FORECASTED | (4,850) |
| | ----- |
| LIABILITIES FOR BENEFITS FORECASTED | (73,471) |
| MINUS | |
| ASSETS OF THE PLAN | 59,935 |
| TRANSITION LIABILITIES | 529 |
| VARIATIONS IN ASSUMPTIONS AND EXPERIENCE ADJUSTMENTS | 12,692 |
| | ----- |
| NET FORECASTED ASSETS | (315) |

THE FUND DETERMINED BY MEANS OF A TRUST, IN ORDER TO COMPLY WITH THE LIABILITIES CORRESPONDING TO THE PENSION PLAN AND SENIORITY PREMIUM AMOUNTS TO \$ 59,935 AS OF 31 MARCH, 2004.

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5.- STOCKHOLDERS EQUITY

THE RESTATEMENT EFFECTS OF THE STOCKHOLDERS' EQUITY ARE SHOWN NEXT

| | 2003 | | 2002 | |
|--------------------------|----------|-----------|---------|-----------|
| CAPITAL STOCK | 15,688 | | 15,688 | |
| RESTATEMENT | 590,767 | 606,455 | 590,767 | 606,455 |
| | ----- | | ----- | |
| LEGAL RESERVE | 3,138 | | 3,138 | |
| RESTATEMENT | 29,000 | 32,138 | 29,000 | 32,138 |
| | ----- | | ----- | |
| PROFIT IN PREVIOUS YEARS | 245,332 | | 243,308 | |
| RESTATEMENT | 98,293 | 343,625 | 96,212 | 341,520 |
| | ----- | | ----- | |
| PROFIT OF THE YEAR | (15,979) | | 2,028 | |
| RESTATEMENT | (63) | (16,042) | 77 | 2,105 |
| | ----- | | ----- | |
| INSUFFICIENCY IN | | | | |
| RESTATEMENT OF CAPITAL | | (610,019) | | (598,596) |
| | | ----- | | ----- |
| | | - | | - |
| | | 356,157 | | 383,622 |

6.- RESERVE FOR THE REPURCHASE OF SHARES OF STOCK.
 THERE IS NO SUCH RESERVE AS OF 31 MARCH, 2004.

7.- INTEGRAL FINANCING COST.

INTERESTS PAID AND FLUCTUATIONS ON FOREIGN EXCHANGE RATES ARE NOT COMPOUNDED AND GO DIRECTLY TO INCOME, AS PART OF THE INTEGRAL FINANCING COST.

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8.- DEFERRED TAXES.

AS OF 1 JANUARY, 2000, WHEN THE TERM OF CONTRACT BECAME EFFECTIVE, THE COMPANIES COMPLIED WITH WHAT IS STATED IN THE NEW REVISED D-4 BULLETIN, "ACCOUNTING TREATMENT OF THE INCOME TAX, THE ASSETS TAX AND THE WORKERS PROFIT SHARING", ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS.

AS A RESULT OF THE ABOVEMENTIONED, FOR THE ACKNOWLEDGEMENT OF THE DEFERRED INCOME TAX, THE COMPANY CHANGED FROM THE PARTIAL PAYABLE METHOD TO THE INTEGRAL RECEIVABLE AND PAYABLE ONE THAT CONSISTS IN DETERMINING THE DEFERRED INCOME TAX, BY MEANS OF THE APPLICATION OF THE CORRESPONDING INCOME TAX RATE, TO THE DIFFERENCES BETWEEN THE ACCOUNTING AND FISCAL VALUE OF THE ACCOUNTS RECEIVABLE AND PAYABLE - TEMPORARY DIFFERENCES - ON THE DATE OF THE FINANCIAL STATEMENTS. IN COMPLIANCE WITH THE BULLETIN, THE ACCUMULATED EFFECT AS OF 1 JANUARY, 2000, WAS DIRECTLY APPLIED TO THE STOCKHOLDERS' EQUITY.

AS OF 31 MARCH, 2004, THE MAIN TEMPORARY DIFFERENCES WHERE THE DEFERRED INCOME TAX IS ACKNOWLEDGED, ARE ANALYZED AS FOLLOWS:

| | |
|--|--------------|
| INVENTORIES | \$ (139,218) |
| REAL ESTATE, PLANT AND EQUIPMENT - NET | (148,103) |
| ADVANCES TO CUSTOMERS | 9,318 |
| RESERVES AND OTHERS | 62,254 |
| FISCAL LOSS FOR THE PERIOD | 3,191 |
| | ----- |
| | 212,658 |
| INCOME TAX RATE | 33% |
| | ----- |
| DEFERRED INCOME TAX PAYABLE | (70,144) |
| DEFERRED PROFIT SHARING PAYABLE | 0 |
| | ----- |
| DIFERENTIAL RATES EFECT | 1,266 |
| | ----- |
| TOTAL DEFERRED TAXES PAYABLE | \$ (67,258) |
| | ----- |

9.- EXTRAORDINARY ENTRIES.

THERE ARE NO EXTRAORDINARY ENTRIES, AS OF 31 MARCH, 2004.

10.- DISCONTINUED OPERATIONS

AS OF 31 MARCH, 2004, NO DURING 2003 MOTORS LINE PRODUCTION WAS SHUT DOWN.

11.- EFFECT AT THE BEGINNING OF THE YEAR DUE TO CHANGES IN ACCOUNTING PRINCIPLES.

THERE HAS BEEN NONE, AS OF 31 MARCH, 2004.

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12.- NET MONTHLY INCOME (HISTORICAL AND CURRENT)

| MONTHLY | NAI | NMI | INDEX | INDEX | NMIC |
|------------|----------|----------|----------|---------|----------|
| JANUARY 03 | (5,354) | (5,354) | 106.9960 | 103.320 | (5,544) |
| FEBRUARY | 470 | (5,825) | 106.9960 | 103.607 | 6,016 |
| MARCH | 1,154 | 684 | 106.9960 | 104.261 | 702 |
| APRIL | (5,384) | (6,538) | 106.9960 | 104.439 | (6,699) |
| MAY | (8,059) | (2,674) | 106.9960 | 104.102 | (2,748) |
| JUNE | (5,093) | 2,966 | 106.9960 | 104.188 | 3,046 |
| JULY | (10,369) | (5,276) | 106.9960 | 104.339 | (5,410) |
| AUGUST | 1,113 | 11,482 | 106.9960 | 104.652 | 11,739 |
| SEPTEMBER | 1,836 | 724 | 106.9960 | 105.275 | 736 |
| OCTOBER | (2,474) | (4,310) | 106.9960 | 105.661 | (4,364) |
| NOVEMBER | (3,959) | (1,485) | 106.9960 | 106.538 | (1,491) |
| DECEMBER | (15,996) | (12,039) | 106.9960 | 106.996 | (12,039) |

NEW ACCOUNTING PRONOUNCEMENT

IN MAY 2003, THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS (IMPC) ISSUED BULLETIN C-12 "FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF LIABILITY, OF PRINCIPAL OR BOTH" ("C-12") TO BE APPLIED IN A COMPULSORY MANNER TO ALL FINANCIAL STATEMENTS OF THE FISCAL YEARS BEGINNING IN JANUARY 1st, 2004, ALTHOUGH IT IS RECOMMENDED THAT IT BE APPLIED IN ADVANCE. THE C-12 BULLETIN INCLUDES EVERY RULE THAT CAN BE FOUND IN OTHER BULLETNS ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS (IMPC) WITH REFERENCE TO THE ISSUING OF INSTRUMENTS OF FINANCIAL DEBT, PRINCIPAL AND A COMBINATION OF BOTH. IN ADDITION TO THESE RULES, OTHER REGULATIONS HAVE BEEN ADDED, REFERRING TO THE ACCOUNTING AUDIT OF THESE INSTRUMENTS. AS A RESULT, BULLETIN C-12 INDICATES BASIC DIFFERENCES BETWEEN LIABILITIES AND PRINCIPAL AND ESTABLISHES THE RULES FOR THE CLASSIFICATION AND VALUATION DURING THE INITIAL AUDIT, OF THE COMPONENTS THAT MAKE UP THE LIABILITIES AND THE PRINCIPAL OF THE COMBINED FINANCIAL INSTRUMENTS. THE SUBSEQUENT AUDIT AND VALUATION OF THE COMPONENTS OF THE LIABILITIES AND THE PRINCIPAL OF THE FINANCIAL INSTRUMENTS IS SUBJECT TO THE REGULATIONS PREVIOUSLY STATED IN THE APPLICABLE BULLETINS. THE COMPANY'S ADMINISTRATIVE BOARD ESTIMATES THAT THIS ACCOUNTING PRINCIPLE WILL NOT HAVE ANY EFFECT ON ITS FINANCIAL STATUS AND

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RELATIONS OF SHARES INVESTMENTS
ANNEX 3

JUDGED INFORMATION

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| COMPANY NAME (1) | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP (2) | TOTAL AMOUNT (THOUSANDS OF PESOS) | |
|---|-----------------|------------------|---------------|-----------------------------------|---------------------|
| | | | | ACQUISITION COST | PRESENT VALUE (3) 4 |
| SUBSIDIARIES | | | | | |
| 1 INDUSTRIAS IEM, S.A. DE C.V. | MANUFACTURA | 134,499,908 | 99.91 | 134,385 | 270,988 |
| TOTAL INVESTMENT IN SUBSIDIARIES | | | | 134,385 | 270,988 |
| OTHER PERMANENT INVESTMENTS | | | | | 0 |
| TOTAL | | | | | 270,988 |

NOTES

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TRADE BALANCE AND MONETARY POSITION IN FOREIGN EXCHANGE
ANNEX 6

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| TRADE BALANCE | DOLLARS (1) | | OTHER CURRENCIES | | TOTAL |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
| | THOUSANDS OF DOLLARS | THOUSANDS OF PESOS | THOUSANDS OF DOLLARS | THOUSANDS OF PESOS | THOUSANDS OF PESOS |
| 3.FOREING MONETARY POSITION | | | | | |
| TOTAL ASSETS | 590 | 6,630 | | | 6,630 |
| LIABILITIES POSITION | 2,197 | 24,680 | | | 24,680 |
| SHORT TERM LIABILITES POSITION | 2,197 | 24,680 | | | 24,680 |
| LONG TERM LIABILITIES POSITION | 0 | 0 | | | 0 |
| NET BALANCE | -1,607 | -18,050 | | | -18,050 |
| | | | | | |

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INTEGRATION AND INCOME
CALCULATION BY MONETARY POSITION (1)
(Thousands of Pesos)
ANNEX 7

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| MONTH | MONETARY ASSETS | MONETARY LIABILITIES | (ASSET) LIABILITIES MONETARY POSITION | MONTHLY INFLATION | MONTHLY (PROFIT) AND LOSS |
|---------------|-----------------|----------------------|---------------------------------------|-------------------|---------------------------|
| JANUARY | 199,572 | 128,659 | (70,913) | 0.40% | (284) |
| FEBRUARY | 189,079 | 124,739 | (64,340) | 0.28% | (180) |
| MARCH | 175,805 | 145,939 | (29,836) | 0.63% | (188) |
| APRIL | 173,840 | 166,859 | (6,981) | 0.17% | (12) |
| MAY | 142,371 | 164,220 | 21,849 | (0.32) | (70) |
| JUNE | 140,525 | 171,443 | 30,918 | 0.08% | 25 |
| JULY | 163,084 | 200,389 | 37,305 | 0.14% | 52 |
| AUGUST | 158,927 | 187,254 | 28,327 | 0.30% | 85 |
| SEPTEMBER | 197,969 | 196,611 | (1,358) | 0.60% | (9) |
| OCTOBER | 192,444 | 168,867 | (23,577) | 0.37% | (87) |
| NOVEMBER | 184,187 | 160,318 | (23,869) | 0.83% | (198) |
| DICEMBER | 197,451 | 178,082 | (19,369) | 0.43 | (83) |
| ACTUALIZATION | | | | | (466) |
| TOTAL | | | | | (1,415) |

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BONDS AND MEDIUM TERM NOTES LISTING IN STOCK MARKET (1)
ANNEX 8

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FINANCIAL LIMITED BASED IN ISSUED DEED AND/OR TITLE

NO APLICA

ACTUAL SITUATION OF FINANCIAL LIMITED

NO APLICA

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

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PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

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| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY (1) | % UTILIZATION |
|------------------------------|---|--------------------------|------------------|
| INDUSTRIAS IEM, S.A. DE C.V. | FABRICACION TRANSFORMADORES Y EQUIPO DE PROTECCION | 100 | 50 |

NOTES

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MAIN RAW MATERIALS

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ANNEX 10

Final Printing

| DOMESTIC | MAIN SUPPLIERS | FOREIGN | MAIN SUPPLIERS | DOM. SUBST. | COST PRODUCTION (%) |
|--------------|-----------------------------|---------------------|----------------|-------------|---------------------|
| COBRE | NAL. DE CONDUCT. ELECTRICOS | | | | 7.50 |
| ACERO | SERVILAMINAS SUMMIT | | | | 11.32 |
| ACEITE | SHELL MEXICO, S.A. DE C.V. | | | | 1.03 |
| FUNDICION | TECNICA ARTESANAL MEXICANA | | | | 0.70 |
| AISLAMIENTOS | EHV WEIDMAN | | | | 0.93 |
| OTROS | VARIOS | | | | 14.85 |
| | | ACERO ELECT Y COMP. | CONDUMEX INC. | NO | 24.89 |

NOTES

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 4 YEAR: 2003

SALES DISTRIBUTION BY PRODUCTS
ANNEX 11

LOCAL SALES

CONSOLIDATED
FINAL PRINTING

JUDGED INFORMATION

| MAIN PRODUCTS | TOTAL PRODUCTION | | SALES | | MARKET SHARE (%) | MAIN | |
|-------------------|------------------|---------|--------|---------|------------------|--------------|--|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKERS | COSTUMERS |
| ELECTRIC PRODUCTS | 95 | 618,311 | 81 | 710,702 | 35.00 | IEM | CFE, CLYF GRUPO 3P NACEL, SELMEC EARTH TECH SINERGIA |
| TOTAL | | 618,311 | | 710,702 | | | |

NOTES

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 4 YEAR: 2003

SALES DISTRIBUTION BY PRODUCTS
ANNEX 11

FOREING SALES

CONSOLIDATED
FINAL PRINTING

JUDGED INFORMATION

| MAIN PRODUCTS | TOTAL PRODUCTION | | SALES | | DESTINATION | MAIN | |
|-------------------|------------------|--------|--------|--------|-------------|--------------|---------------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKERS | COSTUMERS |
| ELECTRIC PRODUCTS | | | | 13,156 | USA | IEM | CONDUMEX, INC |
| TOTAL | | | | 13,156 | | | |

NOTES

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM

DATE: 09/06/2004 9:21

GENERAL DATA OF ISSUER

FIRM NAME: IEM, S.A. DE C.V.
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL:
WEB SITE:
AUTOMATIC: X

FISCAL DATA OF ISSUER

COMPANY "RFC": IEM8312144U6
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLANEPANTLA, ESTADO DE MÉXICO

PERSON IN CHARGE OF PAYMENT

NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

DATA OF OFFICERS

MSM POSITION: CHAIRMAN OF THE BOARD
POSITION: CHAIRMAN OF THE BOARD
NAME: MR. ARMANDO RIMOLDI RENTERÍA
ADDRESS: VÍA GUSTAVO BAZ No 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLALNEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: diropese@condumex.com.mx

MSM POSITION: GENERAL DIRECTOR
POSITION: CHAIRMAN OF THE BOARD
NAME: MR. JUAN DE DIOS CONCHA MALO
ADDRESS: VÍA GUSTAVO BAZ No 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLALNEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 58 54
E-MAIL: jconcha@condumex.com.mx

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM

DATE: 09/06/2003 9:21

MSM POSITION: PERSON IN CHARGE OF SENDING QUARTERLY FINANCIAL INFORMATION
POSITION: COMPTROLLER GENERAL
NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

MSM POSITION: SECOND PERSON IN CHARGE OF SENDING QUARTERLY FINANCIAL INFORMATION
POSITION: IEM ACCOUNTANT
NAME: MRS. ALEJANDRA ROQUE VAZQUEZ CPA
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL:

MSM POSITION: HEAD OF THE LEGAL DEPARTMENT
POSITION: LEGAL GENERAL MANAGER
NAME: MR. JOSE RAMON NEVAREZ JACQUES
ADDRESS: MIGUEL DE CERVANTES SAAVEDRA N° 255
COLONIA AMPLIACIÓN GRANADA
ZIP CODE: 11520
MÉXICO, D.F.
TELEPHONE: 52 50 50 77
FAX: 52 55 16 86
E-MAIL: jrnevarez@condumex.com.mx

MSM POSITION: SECRETARY OF THE BOARD OF DIRECTORS
POSITION: SECRETARY OF THE BOARD OF DIRECTORS
NAME: MR. ALEJANDRO ARCHUNDIA BECERRA
ADDRESS: MIGUEL DE CERVANTES SAAVEDRA N° 255
COLONIA AMPLIACIÓN GRANADA
ZIP CODE: 11520
MÉXICO, D.F.
TELEPHONE: 52 50 50 77
FAX: 52 55 16 86
E-MAIL: aarchunida@condumex.com.mx

MSM POSITION: CLEARED TO FORWARD INFORMATION VIA EMISNET
POSITION: COMPTROLLER GENERAL
NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA: BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM

DATE: 09/06/2004 9:21

TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

MSM POSITION: CLEARED TO FORWARD RELEVANT EVENTS VIA EMISNET
POSITION: COMPTROLLER GENERAL
NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA: BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 4 YEAR: 2003

**CONSOLIDATED
FINAL PRINTING**

DECLARATION FROM THE COMPANY OFFICIALS RESPONSABLE FOR THE INFORMATION.

I HEREBY SWEAR THAT THE FINANCIAL INFORMATION HERE IN SUPPLIED TO THIS STOCK CORRESPONDING TO THE PERIOD FROM 1 OF JANUARY TO 30 OF DECEMBER OF 2003 AND 2002 IS THAT OBTAINED FROM OUR AUTHORIZED ACCOUNTING REGISTERS AND IS RESULT OF THE APPLICATION OF THE ACCOUNTING PRINCIPLES AND NORMS ACCEPTED AND STATED BY MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS AND IN THE PROVISIONS OF THE MEXICAN NATIONAL AND STOCK COMMISSION (COMISION NACIONAL BANCARIA Y DE

THE ACCOUNTING PRINCIPLES USED BY THIS COMPANY AND THE PROCESSING OF DATA FOR THE PERIOD WHICH THE SAID INFORMATION REFERS WERE APPLIED USING THE SAME BASES AS FOR THE SIMILAR OF THE PREVIOUS YEAR.

ING. ARMANDO RIMOLDI RENTERIA
DIRECTOR GENERAL

C.P. FERNANDO RAFAEL AGUADO GUTIERREZ
CONTRALOR GENERAL

TLALNEPANTLA, MEX. AT DECEMBER 31 OF 2003

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

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QUARTER YEAR: 2004
Final Printing

CONSOLIDATED FINANCIAL STATEMENT
AT MARCH 31 OF 2004 AND 2003
(Thousands of Pesos)

| REF | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|--|--------------------|-------|---------------------|-------|
| | | Amount | % | Amount | % |
| 1 | TOTAL ASSETS | 607,866 | 100 | 678,377 | 100 |
| 2 | CURRENT ASSETS | 298,140 | 49 | 362,312 | 53 |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 11,099 | 2 | 12,926 | 2 |
| 4 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 96,602 | 16 | 152,684 | 23 |
| 5 | OTHER ACCOUNTS AND DOCUMENTS RECEIVABLE | 27,012 | 4 | 5,312 | 1 |
| 6 | INVENTORIES | 163,427 | 27 | 191,390 | 28 |
| 7 | OTHERS CURRENT ASSETS | 0 | 0 | 0 | 0 |
| 8 | LONG-TERM | 0 | 0 | 0 | 0 |
| 9 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 0 | 0 | 0 | 0 |
| 10 | INVESTMENT IN SHARES OF SUBSIDIARIES AND NON-CONSOLIDATED | 0 | 0 | 0 | 0 |
| 11 | OTHER | 0 | 0 | 0 | 0 |
| 12 | PROPERTY, PLANT AND EQUIPMENT | 301,353 | 50 | 304,124 | 45 |
| 13 | PROPERTY | 396,391 | 65 | 396,170 | 58 |
| 14 | MACHINERY AND INDUSTRIAL | 404,754 | 67 | 431,053 | 64 |
| 15 | OTHER EQUIPMENT | 37,749 | 6 | 36,030 | 5 |
| 16 | ACCUMULATED DEPRECIATION | 593,670 | 98 | 601,749 | 89 |
| 17 | CONSTRUCTION IN PROGRESS | 56,129 | 9 | 42,619 | 6 |
| 18 | DEFERRED ASSETS (NET) | 8,373 | 1 | 11,941 | 2 |
| 19 | OTHERS ASSETS | 0 | 0 | 0 | 0 |
| 20 | TOTAL LIABILITIES | 269,574 | 100 | 293,636 | 100 |
| 21 | CURRENT LIABILITIES | 187,878 | 70 | 220,480 | 75 |
| 22 | SUPPLIERS | 21,158 | 8 | 28,861 | 10 |
| 23 | BANK LOANS | 0 | 0 | 0 | 0 |
| 24 | STOCK MARKET LOANS | 0 | 0 | 0 | 0 |
| 25 | TAXES TO BE PAID | 41,134 | 15 | 27,487 | 9 |
| 26 | OTHER CURRENT LIABILITIES | 125,586 | 47 | 164,132 | 56 |
| 27 | LONG-TERM LIABILITIES | 0 | 0 | 0 | 0 |
| 28 | BANK LOANS | 0 | 0 | 0 | 0 |
| 29 | STOCK MARKET LOANS | 0 | 0 | 0 | 0 |
| 30 | OTHER LOANS | 0 | 0 | 0 | 0 |
| 31 | DEFERRED LOANS | 81,696 | 30 | 73,156 | 25 |
| 32 | OTHER LIABILITIES | 0 | 0 | 0 | 0 |
| 33 | CONSOLIDATED STOCK HOLDER'S EQUITY | 338,292 | 100 | 384,741 | 100 |
| 34 | MINORITY INTEREST | 272 | | 554 | |
| 35 | MAJORITY INTEREST | 338,020 | 100 | 384,187 | 100 |
| 36 | CONTRIBUTED CAPITAL | 616,219 | 182 | 616,219 | 160 |
| 37 | PAID-IN CAPITAL STOCK (NOMINAL) | 15,688 | 5 | 15,688 | 4 |
| 38 | RESTATEMENT OF PAID-IN CAPITAL STOCK | 600,531 | 178 | 600,531 | 156 |
| 39 | PREMIUM ON SALES OF SHARES | 0 | 0 | 0 | 0 |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 | 0 |
| 41 | CAPITAL INCREASE (DECREASE) | (278,199) | (82) | (232,032) | (60) |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE | 358,394 | 106 | 374,323 | 97 |
| 43 | REPURCHASE FUND OF SHARES | 0 | 0 | 0 | 0 |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENT OF HOLDER'S EQUITY | (621,870) | (184) | (607,546) | (158) |
| 45 | NET INCOME FOR THE YEAR | (14,723) | (4) | 1,191 | 0 |

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

CONSOLIDATED FINANCIAL STATEMENT
BREAKDOWN OF MAIN CONCEPTS
(Thousand of Pesos)

Final Printing

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--------------------------------------|------------|---------------------------------------|------------|
| | | Amount | % | Amount | % |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 11,099 | 100 | 12,926 | 100 |
| 46 | CASH | 6,367 | 57 | 6,550 | 51 |
| 47 | SHORT-TERM | 4,732 | 43 | 6,376 | 49 |
| 18 | DEFERRED ASSETS (NET) | 8,373 | 100 | 11,941 | 100 |
| 48 | AMORTIZED OR REDEEMED | 8,373 | 100 | 11,941 | 100 |
| 49 | GOODWILL | - | - | - | - |
| 50 | DEFERRED TAXES | - | - | - | - |
| 51 | OTHERS | - | - | - | - |
| 21 | CURRENT LIABILITIES | 187,878 | 100 | 220,480 | 100 |
| 52 | FOREIGN CURRENCY | - | - | 81,719 | 37 |
| 53 | MEXICAN PESOS LIABILITIES | 187,878 | 100 | 138,761 | 63 |
| 24 | STOCK MARKET LOANS | - | 100 | - | 100 |
| 54 | COMMERCIAL PAPER | - | - | - | - |
| 55 | CURRENT MATURITIES OF MEDIUM TERM | - | - | - | - |
| 56 | CURRENT MATURITIES OF | - | - | - | - |
| 26 | OTHER CURRENT LIABILITIES | 125,586 | 100 | 164,132 | 100 |
| 57 | OTHER CURRENT LIABILITIES WITH | - | - | - | - |
| 58 | OTHER CURRENT LIABILITIES WITHOUT | 125,586 | 100 | 164,132 | 100 |
| 27 | LONG-TERM LIABILITIES | - | 100 | - | 100 |
| 59 | FOREIGN CURRENCY | - | - | - | - |
| 60 | MEXICAN PESOS | - | - | - | - |
| 29 | STOCK MARKET LOANS | - | 100 | - | 100 |
| 61 | BONDS | - | - | - | - |
| 62 | MEDIUM TERM NOTES | - | - | - | - |
| 30 | OTHER LOANS | - | 100 | - | 100 |
| 63 | OTHER LOANS WITH COST | - | - | - | - |
| 64 | OTHER LOANS WITHOUT | - | - | - | - |
| 31 | DEFERRED LOANS | 81,696 | 100 | 73,156 | 100 |
| 65 | NEGATIVE GOODWILL | - | - | - | - |
| 66 | DEFERRED TAXES | 81,696 | 100 | 73,156 | 100 |
| 67 | OTHERS | - | - | - | - |
| 32 | OTHER LIABILITIES | - | 100 | - | 100 |
| 68 | RESERVES | - | - | - | - |
| 69 | OTHERS LIABILITIES | - | - | - | - |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENT OF STOCK HOLDERS' EQUITY | (621,870) | 100 | (607,546) | 100 |
| 70 | ACCUMULATED INCOME DUE TO MONETARY | - | - | - | - |
| 71 | INCOME FROM NON-MONETARY POSITION | (621,870) | (100) | (607,546) | (100) |

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

CONSOLIDATED FINANCIAL STATEMENT
OTHER CONCEPTS
(Thousands of Pesos)

Final Printing

| REF S | C O N C E P T S | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|-----------------------------|--|---|
| 72 | WORKING CAPITAL | 110,262 | 141,832 |
| 73 | PENSIONS FUND AND SENIORITY | 59,935 | 73,725 |
| 74 | EXECUTIVES (*) | 12 | 12 |
| 75 | EMPLOYERS (*) | 169 | 183 |
| 76 | WORKERS (*) | 683 | 852 |
| 77 | CIRCULATION SHARES | 32,415,713 | 32,415,713 |
| 78 | REPURCHASED SHARES | - | - |

(**) THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

CONSOLIDATED EARNING STATEMENT
FROM JANUARY THE 1st TO MARCH 31 OF 2004 AND 2003
(Thousands of Pesos)

Final Printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--------------------------------------|------|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 68,374 | 100 | 157,848 | 100 |
| 2 | COST OF | 77,659 | 114 | 139,403 | 88 |
| 3 | GROSS INCOME | (9,285) | (14) | 18,445 | 12 |
| 4 | OPERATING | 11,145 | 16 | 15,611 | 10 |
| 5 | OPERATING INCOME | (20,430) | (30) | 2,834 | 2 |
| 6 | TOTAL FINANCING | 952 | 1 | (675) | 0 |
| 7 | INCOME AFTER FINANCING COST | (21,382) | (31) | 3,509 | 2 |
| 8 | OTHER FINANCIAL OPERATIONS | 214 | 0 | 628 | 0 |
| 9 | INCOME BEFORE TAXES AND WORKER'S PROFIT SHARING | (21,596) | (32) | 2,881 | 2 |
| 10 | RESERVE FOR TAXES AND WORKER'S SHARING | (7,400) | (11) | 848 | 1 |
| 11 | NET INCOME AFTER TAXES AND WORKER'S PROFIT SHARING | (14,196) | (21) | 2,033 | 1 |
| 12 | SHARE IN NET INCOME OF SUBSIDIARIES NON-CONSOLIDATED ASSOCIATES | 0 | 0 | 0 | 0 |
| 13 | CONSOLIDATED NET INCOME OF CONTINUOUS OPARATION | (14,196) | (21) | 2,033 | 1 |
| 14 | INCOME OF DISCONTINUOUS | 527 | 1 | 842 | 1 |
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS | (14,723) | (22) | 1,191 | 1 |
| 16 | EXTRAORDINARY ITEMS NET EXPENSES | 0 | 0 | 0 | 0 |
| 17 | NET EFFECT AT THE BEGINNING OF THE YEAR CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0 | 0 | 0 |
| 18 | NET CONSOLIDATED INCOME | (14,723) | (22) | 1,191 | 1 |
| 19 | NET INCOME OF MINORITY INTEREST | 0 | 0 | 0 | 0 |
| 20 | NET INCOME OF MAJORITY INTEREST | (14,723) | (22) | 1,191 | 1 |

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

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

Final Printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|-----------|--|--------------------------------------|------------|---------------------------------------|------------|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 68,374 | 100 | 157,848 | 100 |
| 21 | DOMESTIC | 68,374 | 100 | 144,895 | 92 |
| 22 | FOREIGN | - | 0 | 12,953 | 8 |
| 23 | TRANSLATED INTO DOLLARS | - | 0 | 1,117 | 1 |
| 6 | TOTAL FINANCING COST | 952 | 100 | (675) | 100 |
| 24 | INTEREST PAID | 1,030 | 108 | 251 | 37 |
| 25 | EXCHANGE LOSSES | 1,682 | 177 | 9,515 | 1,410 |
| 26 | INTEREST EARNED | 195 | 20 | 480 | 71 |
| 27 | EXCHANGE PROFITS | 1,629 | 171 | 10,524 | 1,559 |
| 28 | GAIN DUE TO MONETARY | 64 | 7 | 563 | 83 |
| 8 | OTHER FINANCIAL OPERATIONS | 214 | 100 | 628 | 100 |
| 29 | OTHER NET EXPENSES (INCOME) | 214 | 100 | 628 | 100 |
| 30 | (PROFIT) LOSS ON SALE OF OWM | 0 | 0 | - | 0 |
| 31 | (PROFIT) LOSS ON SALE OF SHORT-TERM | - | 0 | - | - |
| 10 | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING | (7,400) | 100 | 848 | 100 |
| 32 | INCOME TAX | 629 | 9 | 654 | 77 |
| 33 | DEFERED INCOME TAX | (7,358) | (99) | 2,865 | 338 |
| 34 | WORKERS' PROFIT SHARING | 0 | 0 | (2,671) | (315) |
| 35 | DEFERED WORKERS' PROFIT | (671) | (9) | - | 0 |

(***) THOUSANDS OF DOLLARS

CONSOLIDATED EARNING STATEMENT
OTHER CONCEPTS
(Thousands of Pesos)

Final Printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|--------------------------------------|--|---|
| 36 | TOTAL SALES | 70,912 | 165,451 |
| 37 | NET INCOME OF THE | (27,906) | (46,320) |
| 38 | NET SALES (**) | 652,212 | 806,660 |
| 39 | OPERATION INCOME (**) | 13,735 | 29,236 |
| 40 | NET INCOME OF MAYORITY INTEREST (**) | (31,666) | 2,359 |
| 41 | NET CONSOLIDATED INCOME | (31,666) | 2,359 |

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

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

CONSOLIDATED FINANCIAL STATEMENT
FROM JANUARY THE 1st TO MARCH 31 OF 2004 AND 2003
(Thousands of Pesos)

Final Printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|--|--|---|
| 1 | CONSOLIDATED NET INCOME | (14,723) | 1,191 |
| 2 | + (-) ITEMS ADDED TO INCOME WHICH DO REQUIRE USING CASH | 5,431 | 5,913 |
| 3 | CASH FLOW FROM NET INCOME OF THE YEAR | (9,292) | 7,104 |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | (7,758) | (108,283) |
| 5 | CASH GENERATED (USED) IN OPERATING ACTIVITIES | (17,050) | (101,179) |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | - | - |
| 7 | CASH FLOW FROM INTERNAL FINANCING | - | - |
| 8 | CASH FLOW GENERATED (USED) BY FINANCING | - | - |
| 9 | CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES | 15,223 | (10,719) |
| 10 | NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | (1,827) | (111,898) |
| 11 | CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF PERIOD | 12,926 | 124,824 |
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE OF PERIOD | 11,099 | 12,926 |

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

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

Final Printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|--|--|---|
| 2 | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH | 5,431 | 5,913 |
| 13 | DEPRECIATION AND AMORTIZATION FOR THE | 5,431 | 5,913 |
| 14 | + (-) NET INCREASE (DECREASE) IN PENSIONS AND SENIORITY PREMIUMS | - | - |
| 15 | +(-) NET LOSS (PROFIT) IN MONEY | - | - |
| 16 | + (-) NET LOSS (PROFIT) IN ASSETS AND ACTUALIZATION | - | - |
| 17 | + (-) OTHER ITEMS | - | - |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | (7,758) | (108,283) |
| 18 | + (-) DECREASE (INCREASE) IN ACCOUNT | 56,082 | 19,312 |
| 19 | + (-) DECREASE (INCREASE) IN RECEIVABLE | 27,963 | 9,024 |
| 20 | + (-) DECREASE (INCREASE) IN OTHER RECEIVABLE | (21,700) | 19,702 |
| 21 | + (-) INCREASE (DECREASE) IN SUPPLIER | (7,704) | (2,583) |
| 22 | +(-) INCREASE (DECREASE) IN OTHER | (62,399) | (153,738) |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | - | - |
| 23 | + SHORT-TERM BANK AND STOCK MARKET | - | - |
| 24 | + LONG-TERM BANK AND STOCK MARKET | - | - |
| 25 | + DIVIDEND RECEIVED | - | - |
| 26 | + OTHER FINANCING | - | - |
| 27 | (-) BANK FINANCING | - | - |
| 28 | (-) STOCK MARKET | - | - |
| 29 | (-) OTHER FINANCING | - | - |
| 7 | CASH FLOW FROM INTERNAL FINANCING | - | - |
| 30 | + (-) INCREASE (DECREASE) IN CAPITAL | - | - |
| 31 | (-) DIVIDENS PAID | - | - |
| 32 | + PREMIUM ON SALE OF | - | - |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL | - | - |
| 9 | CASH FLOW GENERATED (UTILIZED) IN INVESTMENT ACTIVITIES | 15,223 | (10,719) |
| 34 | + (-) DECREASE (INCREASE) IN STOCK OF A PERMANENT NATURE | 5,454 | (2,174) |
| 35 | (-) ACQUISITION OF PROPERTY, PLANT AND | 9,769 | (8,545) |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN | 0 | 0 |
| 37 | + SALE OF OTHER PERMANENT | 0 | 0 |
| 38 | + SALE OF TANGIBLE FIXED | 0 | 0 |
| 39 | + (-) OTHER ITEMS | 0 | 0 |

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1 2004

RATIOS
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| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|---|--------------------------------------|---------------------------------------|
| | YIELD | | |
| 1 | NET INCOME TO NET SALES | (21.53) % | 0.75 % |
| 2 | NET INCOME TO STOCK HOLDERS' EQUITY (**) | (9.37) % | 0.61 % |
| 3 | NET INCOME TO TOTAL ASSETS (**) | (5.21) % | 0.35 % |
| 4 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 0.00 % | 0.00 % |
| 5 | INCOME DUE TO MONETARY POSITION TO NET INCOME | 0.43 % | (47.27) % |
| | ACTIVITY | | |
| 6 | NET SALES TO NET ASSETS (**) | 1.07 times | 1.19 times |
| 7 | NET SALES TO FIXED ASSETS (**) | 2.16 times | 2.65 times |
| 8 | INVENTORIES TOTATION (**) | 3.54 times | 3.76 times |
| 9 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 111 days | 76 days |
| 10 | PAID IENTEREST TO TOTAL LIABILITIES WITH COST (**) | 0.00 % | 0.00 % |
| | LEVERAGE | | |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS | 44.35 % | 43.29 % |
| 12 | TOTAL LIABILITIES TO STOCK HOLDERS' EQUITY | 0.80 times | 0.76 times |
| 13 | FOREING CURRENCY LIABILITIES TO TOTAL LIABILITIES | 0.00 % | 27.83 % |
| 14 | LONG TERM LIABILITIES TO FIXED ASSETS | 0.00 % | 0.00 % |
| 15 | OPERATING INCOME TO INTEREST PAID | (19.83) times | 11.29 times |
| 16 | NET SALES TO TOTAL LIABILITIES (**) | 2.42 times | 2.75 times |
| | LIQUIDITY | | |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.59 times | 1.64 times |
| 18 | CURRENT ASSETS LESS INVENTORY TO LIABILITIES | 0.72 times | 0.78 times |
| 19 | CURRENTS ASSETS TO TOTAL LIABILITIES | 1.11 times | 1.23 times |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 5.91 % | 5.86 % |
| | CASH FLOW | | |
| 21 | CASH FLOW FROM NET INCOME TO NET SALES | (13.59) % | 4.50 % |
| 22 | CASH FLOW FROM CHANGES IN WORKING TO NET SALES | (11.35) % | (68.60) % |
| 23 | CASH GENERATED (USED) IN OPERATING INTEREST PAID | (16.55) times | (403.10) times |
| 24 | EXTERNAL FINANCING TO CASH (USED) IN FINANCING | 0.00 % | 0.00 % |
| 25 | INTERNAL FINANCING TO CASH GENERATED IN FINANCING | 0.00 % | 0.00 % |
| 26 | ACQUISITION OF PROPERTY, PLANT AND TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES | 35.83 % | 20.28 % |

(**) INTHESE RATIOS FOR THE DATA TAKE INTO CONSIDERATION THE LAST TWELVE

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QUARTER: 1 YEAR: 2004

DATA PER SHARE
CONSOLIDATED FINANCIAL STATEMENT

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| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--------------------------------------|---------------------------------------|
| | | Amount | Amount |
| 1 | BASIC PROFIT PER ORDINARY SHARE (**) | (0.99) | \$0.08 |
| 2 | BASIC PROFIT PER PREFERENT SHARE (**) | \$0.00 | \$0.00 |
| 3 | DILUTED PROFIT PER ORDINARY SHARE (**) | \$0.00 | \$0.00 |
| 4 | CONTINUOUS OPERATING PROFIT PER COMUN SHARE (**) | \$0.00 | \$0.00 |
| 5 | EFFECT OF DISCONTINUOUS OPERATING CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$0.00 | \$0.00 |
| 6 | EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$0.00 | \$0.00 |
| 7 | EFFECT BY CHANGES IN ACCOUNTING POLICIES CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$0.00 | \$0.00 |
| 8 | CARRYING VALUE PER SHARE | \$10.43 | \$11.85 |
| 9 | CASH DIVIDEND ACUMULATED PER SHARE | \$0.00 | \$0.00 |
| 10 | DIVIDEND IN SHARES PER SHARE | 0.00 shares | 0.00 shares |
| 11 | MARKET PRICE TO CARRYING VALUE | 0.00 times | 0.00 times |
| 12 | MARKET PRICE TO BASIC PROFIT PER SHARE (**) | 0.00 times | 0.00 times |
| 13 | MARKET PRICE TO BASIC PROFIT PER SHARE (**) | 0.00 times | 0.00 times |

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

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QUARTER: 1

YEAR: 2004

REPORT FROM THE DIRECTOR GENERAL (1)

(Discussion and Analysis from the Director General regarding the Financing Situation and Income of the Company's Operation)

ANNEX 1

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SALES FOR 2003 WERE 723.9 MILLION PESOS, MEANING A REAL TERM ANNUAL DECREASE OF 8.2%, AGAINST THE PREVIOUS YEAR. SAID INCREASE WAS MAINLY EVIDENT IN THE TRANSFORMERS AND MOTORS PRODUCTION LINE DUE A LOW LOCAL ECONOMIC ACTIVITY.

THE YEAR'S OPERATING PROFIT WAS 39.4 MILLION PESOS, AS OF DECEMBER 2003, AND MEANT 5.4% OF SALES, AND IN THE YEAR 2002, IN PESOS OF DECEMBER 2003, THE AMOUNT WAS 38.9 MILLION AND MEANT 4.9% OF SALES, MEANING A 1.3% INCREASE IN REAL TERMS, MAINLY DUE TO AN IMPORTANT REDUCTION ON OPERATING EXPENSES IN 2003.

THE FINANCING INTEGRAL COST WAS 4.7 MILLION PESOS IN PESOS OF DECEMBER 2003, WHICH, COMPARED WITH 7.5 MILLION PESOS OF THE PREVIOUS YEAR IN PESOS OF 2003, MEANT A 37.2% DECREASE IN REAL TERMS, MAINLY CAUSED BY THE REDUCTION IN INTEREST RATES AND THE STABILITY OF THE MEXICAN PESOS, AGAINST THE US DOLLAR, DURING THE YEAR LONG.

THE COMPANY ACKNOWLEDGED THE DIFFERED INCOME TAX, REGARDING FIXED ASSETS, CONSIDERING THAT THE PERCENTAGES TO BE APPLIED IN THE ESTIMATED YEARS WILL BE DEDUCTIBLE AND/OR CUMULATIVE IN COMPLIANCE WITH THE MODIFICATION SET IN THE INCOME TAX LAW, WHERE IT IS STATED THAT FOR 2002, THE GENERAL RATE WILL CONTINUE BEING 35% AND WILL BE GRADUALLY REDUCED IN 1% A YEAR UNTIL 32% FOR THE YEAR 2005.

THE YEAR'S NET LOSS WAS 16.0 MILLION PESOS IN 2002 YEAR'S NET PROFIT WAS 2.1 MILLION PESOS.

THE COMPANY HIRED, AS A EXTERNAL AUDITOR FIRM, DELOITTE & TOUCHE (GALAZ, YAMAZAKI, RUIZ URQUIZA, S.C.) FROM YEAR 2002 ON, IN SUBSTITUTION OF PRICE WATERHOUSE COOPERS, S.C.. THE FOREGOING AS A MEAN TO PERIODICALLY ALTERNATE THE ACCOUNTING FIRMS WICH AUDIT THE FINANCIAL STATEMENTS OF IEM S.A. DE C.V. AND SUBSIDIARY.

NO OTHER VALUES HAVE BEEN REGISTERED IN THE "RNVI"; THE JUDICIAL AND FINANCIAL INFORMATION HAS BEEN TIMELY SUBMITTED, IN COMPLIANCE WITH THE LAW.

THERE HAVE BEEN NO CHANGES, NOR MODIFICATIONS IN ANY OF THE VALUES REGISTERED IN THE "RNVI".

DISCONTINUOUS OPERATIONS

1. IN 2003 THE LINE MOTORS' PRODUCTION WAS SHUT DOWN, WHICH REPRESENTED A LOSS FOR UP TO 24.6 MILLION PESOS
 2. SINCE OCTOBER 1st. 2003 MR JUAN DE DIOS CONCHA MALO WAS APPOINTED CHAIRMAN OF THE BOARD BY DIRECTORS.
-

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COMPLEMENTARY REMARKS REGARDING THE FINANCIAL SITUATION (1)

ANNEX 2

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

THE ENCLOSED FINANCIAL STATEMENTS HAVE BEEN PREPARED IN COMPLIANCE WITH THE GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN MEXICO ("PCGA"). SAID PCGA REQUIRE THE FINANCIAL STATEMENTS TO BE EXPRESSED IN CONSTANT MEXICAN PESOS ON RELATES DATE SUBMITTED IN THE FINANCIAL STATEMENTS.

CHANGES TO ACCOUNTING POLICIES – AS OF JANUARY 1st, 2003, THE NEW BULLETIN C-8 "INTANGIBLE ASSETS" WENT INTO EFFECT. THIS BULLETIN ESTABLISHES THAT THOSE PREOPERATIVE COSTS, WHICH ARE NOT IDENTIFIED AS DEVELOPMENT COSTS, MUST BE REGISTERED AS AN EXPEDITURE FOR THE PERIOD. THE BALANCE STILL TO BE AMORTIZED OF THE PREOPERATIVE COSTS CAPITALIZED UP TO DECEMBER 31st, 2002, IN ACCORDANCE WITH THE PREVIOUSLY MENTIONED BULLETIN C-8, WILL CONTINUE TO BE AMORTIZED AS IS ESTABLISHED IN SAID BULLETIN. THE ENFORCEMENT OF BULLETIN C-8 DID NOT HAVE ANY IMPORTAT EFFECTS ON THE FINANCIAL INFORMATION.

AS OF JANUARY 1st, 2003, THE NEW BULLETIN C-9 "LIABILITIES, PROVISIONS, ASSETS AND CONTINGENT LIABILITIES AND OBLIGATIONS" ("C-9") ALSO WENT INTO EFFECT. THIS BULLETIN ESTABLISHES, AMONG OTHER THINGS, A GREATER ACCURACY IN CONCEPTS RELATED TO PROVISIONS, ACCUMULATED OBLIGATIONS AND CONTIGENT LIABILITIES, AS WELL AS NEW REQUIREMENTS IN REGARD TO THE ACCOUNTING ACCEPTANCE OF PROVISIONS, THE USE OF PRESENT VALUE AND THE REDEMPTION OF OBLIGATIONS WHEN THE SAME OCCURS IN ADVANCE OR IS SUBSTITUTED BY A NEW ISSUANCE. THE ENFORCEMENT OF BULLETIN C-9 DID NOT HAVE ANY IMPORTANT EFFECTS ON THE FINANCIAL INFORMATION.

THE COMPANY'S ADMINISTRATIVE BOARD ADOPTED IN ADVANCE THE REQUIREMENTS SET FORTH IN BULLETIN C-15 " DETERIORATION IN THE VALUE OF LONG TERM ASSETS AND THE DISPOSAL OF THE SAME", ISSUED BY THE ACCOUNTING PRINCIPLES COMMISSION OF THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS (INSTITUTO MEXICANO DE CONTADORES PUBLICOS, A.C.) WHERE BY THE GENERAL CRITERA FOR THE IDENTIFICATION, VALUATION AND, IF APPLICABLE, THE REGISTRATION OF LOSSES DUE TO DETERIORATION OR DECREASE IN VALUE OF LONG TERM ASSETS, BOTH TANGIBLE AND INTANGIBLE, IS SET OUT. THE ENFORCEMENT OF BULLETIN C-15 DID NOT HAVE ANY EFFECT ON THE FINANCIAL INORMATION.

A. CASH AND CASH EQUIVALENT - THE COMPANY CONSIDERS AS CASH EQUIVALENT, ALL POSSIBLE INVESTMENTS WITH A LESS THAN THREE MONTHS MATURITY TERM. FROM THE DATE OF THE CORRESPONDING CLOSING OF SAME AND ARE EXPRESSED AT COST PRICE PLUS EARNED INTERESTS.

B. INVENTORIES - INVENTORIES ARE APPRAISED AT REPLACEMENT COST OR MARKET VALUE, WHICH EVER IS LOWER. SALES COST IS ADJUSTED ACCORDING TO RESTATED VALUE OF INVENTORIES, ACCORDING TO THE DATES OF SALES.

C. ESTATES, MACHINERY AND EQUIPMENT - ALL DOMESTIC ESTATES, MACHINERY AND EQUIPMENT ARE EXPRESSED AT RESTATED VALUE, DETERMINED ACCORDING TO PURCHASING COST FROM FACTORS DERIVED FROM THE "INPC". ALL FOREIGN MACHINERY AND EQUIPMENT ARE APPRAISED BY MEANS OF THE SPECIFIC INDEXATION METHOD, USING THE COUNTRY OF ORIGIN'S INFLATION RATE FOR EVERY EQUIPMENT, AS WELL AS THE CURRENT EXCHANGE RATE AT BUSINESS YEAR-END.

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WHATEVER THE CASE MAY BE. DEPRECIATION IS CALCULATED BY MEANS OF THE STRAIGHT LINE METHOD BASED ON USEFUL LIFE SPANS, CONSIDERING A PERCENTAGE OF DISCARDED VALUE.

D. STOCKHOLDERS INVESTMENTS - THE COMPONENTS OF THE STOCKHOLDERS INVESTMENT IS RESTATED BY MEANS OF FACTORS DERIVED FROM THE "INPC".

E. LOSS DUE TO MONETARY POSITION - THE LOSS DUE TO MONETARY POSITION, WHICH REPRESENTS THE EROSION IN PURCHASING POWER DUE TO INFLATION, SHOULD BE CALCULATED BY APPLYING FACTORS DERIVED FROM THE *INPC* TO THE MONTHLY NET MONETARY POSITION. THE LOSS IS ORIGINATED DUE TO THE KEEPING A NET ACTIVE MONETARY POSITION.

F. FOREIGN EXCHANGE TRANSACTIONS - TRANSACTIONS IN FOREIGN EXCHANGE ARE REGISTERED AT THE EXCHANGE RATE APPLICABLE AT THE DATE OF TRANSACTION. THE ASSETS AND LIABILITIES STATED IN FOREIGN CURRENCY ARE VALUED IN MEXICAN PESOS AT THE EXCHANGE RATE APPLICABLE AT THE DATE OF THE FINANCIAL STATEMENTS. THE FLUCTUATIONS IN CURRENCY EXCHANGE ARE REGISTERED IN THE ANNUAL RESULTS.

G. LABOR OBLIGATIONS UPON RETIREMENT - LIABILITIES DUE TO SENIORITY BONUSES FOR ALL PERSONNEL AS WELL AS PENSIONS FOR NON-UNION PERSONNEL, ARE REGISTERED UPON BEING ACCRUED, AND ARE CALCULATED BY INDEPENDENT ACCOUNTANTS WITH BASIS ON THE INTEREST RATE. THEREFORE, ALL LIABILITY IS BEING RECOGNIZED, SUCH AS IS ESTIMATED AT PRESENT VALUE, WHICH WILL COVER THE OBLIGATIONS RESULTING FROM THESE BENEFITS AT THE ESTIMATED DATE OF RETIREMENT OF ALL OF THE EMPLOYEES WORKING AT THE COMPANY. INDEMNIZATIONS ARE APPLIED TO THE RESULTS WHEN THE DECISION TO PAY THEM HAS BEEN TAKEN.

H. INTEGRAL LOSS - THE INTEGRAL LOSS PRESENTED IN THE ENCLOSED CAPITAL VARIATION STATEMENTS, IS THE RESULT OF THE ACCOUNTING CAPITAL AMENDMENTS DURING THE FISCAL YEAR ON ACCOUNT OF ITEMS WHICH DO NOT REPRESENT DISTRIBUTIONS OR MOVEMENTS OF THE CONTRIBUTED CAPITAL; IT IS INTEGRATED BY THE CONSOLIDATED NET PROFIT (LOSS) OF THE YEAR, PLUS OTHER ENTRIES REPRESENTING ANY PROFIT OR LOSS DURING THAT SAME FISCAL YEAR, WHICH, ACCORDING TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN MEXICO, ARE PRESENTED DIRECTLY IN THE ACCOUNTING CAPITAL, WITHOUT AFFECTING THE STATEMENT OF RESULTS. DURING 2003 AND 2002, THE OTHER INTEGRAL (LOSS) ENTRIES ARE REPRESENTED BY THE INADEQUACY IN THE UPDATING OF THE ACCOUNTING CAPITAL AS WELL AS IN THE RESULTS OF THE INVESTMENTS OF THE MINORITY SHAREHOLDERS.

I. ACKNOWLEDGEMENT OF INCOME - INCOME IS ACKNOWLEDGED ONCE THE GOODS HAVE BEEN SHIPPED TO THE DISTRIBUTORS AND/OR CUSTOMERS.

J. DETERIORATION OF LONG TERM ASSETS - THE COMPANY REVIEWS THE BOOK VALUE OF LONG TERM ASSETS BEING USED, UPON THE APPEARANCE OF ANY SIGN OF DETERIORATION WHICH MIGHT INDICATE THAT THE BOOK VALUE OF THESE ASSETS COULD NO LONGER BE RECOVERABLE, TAKING INTO ACCOUNT THE GREATER OF THE PRESENT VALUES OF THE NET CASH FLOW OF FUTURE ASSETS, OR THE NET SALES PRICE IN THE EVENT OF ITS EVENTUAL DISPOSAL, THE DETERIORATION IS REGISTERED TAKING INTO ACCOUNT THE AMOUNT OF ITS BOOK VALUE WHICH EXCEEDS THE GREATER VALUE OF THE AFOREMENTIONED VALUES. THE SIGNS OF DETERIORATION WHICH ARE TAKEN INTO ACCOUNT FOR THIS PURPOSE, ARE, AMONG OTHERS, LOSSES IN OPERATION OR NEGATIVE CASH FLOWS DURING THE FISCAL YEAR, WHENEVER THEY ARE COMBINED WITH A HISTORY OR PROJECTION OF LOSSES, DEPRECIATIONS AND AMORTIZATIONS CHARGED TO THE RESULTS, WHICH IN TERMS OF PERCENTAGE IN CONNECTION WITH INCOME, WOULD BE SUBSTANTIALLY HIGHER TO THOSE OF PREVIOUS YEARS, AS A RESULT OF BECOMING OBSOLETE, A REDUCTION IN DEMAND OF THE PRODUCTS BEING MANUFACTURED, COMPETITION AND OTHER ECONOMIC AND LEGAL FACTORS.

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BUSINESS CONCENTRATION - AN IMPORTANT PART OF THE COMPANY'S INCOME ARE GENERATED BY THE ELECTRIC POWER INDUSTRY.

3. - STOCK EXCHANGE CREDITS.

THERE ARE NO STOCK EXCHANGE CREDITS AS OF 31 MARCH, 2004.

4.- CONTINGENT LIABILITY.

THE SUBSIDIARY COMPANY HAS PLANS FOR THE PAYMENT OF RETIREMENT PENSIONS AND DEATH OR TOTAL DISABILITY, FOR ALL ITS NON SYNDICATED PERSONNEL AND SENIORITY PREMIUM PLANS FOR ALL ITS PESONNEL, IN COMPLIANCE WITH THE FEDERAL LABOR LAW AND WITH WHAT IS STATED IN THE LABOR CONTRACTS.

PAYMENTS FOR SENIORITY PREMIUMS AS WELL AS THE PENSION PLANS ARE DETERMINED BASED ON THE EMPLOYEE'S COMPENSATION ON HIS/HER RETIREMENT DATE, AND ALSO ON THE YEARS OF SERVICE.

AS OF 31 MARCH, 2004, THE AMOUNT FOR BENEFITS FORECASTED REGARDING COMPENSATIONS UPON THE RETIREMENT OF THE PERSONNEL, WHICH IS DETERMINED BY ACTUARIES, IS ANALYZED AS FOLLOWS:

| | THOUSANDS OF MEXICAN PESOS |
|--|----------------------------|
| LIABILITIES FOR CURRENT BENEFITS | (68,621) |
| COMPLEMENTARY AMOUNT FOR BENEFITS FORECASTED | (4,850) |
| | ----- |
| LIABILITIES FOR BENEFITS FORECASTED | (73,471) |
| MINUS | |
| ASSETS OF THE PLAN | 59,935 |
| TRANSITION LIABILITIES | 529 |
| VARIATIONS IN ASSUMPTIONS AND EXPERIENCE ADJUSTMENTS | 12,692 |
| | ----- |
| NET FORECASTED ASSETS | (315) |

THE FUND DETERMINED BY MEANS OF A TRUST, IN ORDER TO COMPLY WITH THE LIABILITIES CORRESPONDING TO THE PENSION PLAN AND SENIORITY PREMIUM AMOUNTS TO \$ 59,935 AS OF 31 MARCH, 2004.

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5.- STOCKHOLDERS EQUITY

THE RESTATEMENT EFFECTS OF THE STOCKHOLDERS' EQUITY ARE SHOWN NEXT

| | 2004 | | 2003 | |
|--------------------------|----------|-----------|---------|-----------|
| CAPITAL STOCK | 15,688 | | 15,688 | |
| RESTATEMENT | 600,531 | 616,219 | 600,531 | 616,219 |
| | ----- | | ----- | |
| LEGAL RESERVE | 3,138 | | 3,138 | |
| RESTATEMENT | 29,518 | 32,656 | 29,518 | 32,656 |
| | ----- | | ----- | |
| PROFIT IN PREVIOUS YEARS | 239,339 | | 245,332 | |
| RESTATEMENT | 86,400 | 325,738 | 96,335 | 341,667 |
| | ----- | | ----- | |
| PROFIT OF THE YEAR | (14,645) | | 1,142 | |
| RESTATEMENT | (78) | (14,723) | 49 | 1,191 |
| | ----- | | ----- | |
| INSUFFICIENCY IN | | | | |
| RESTATEMENT OF CAPITAL | | (621,870) | | (607,546) |
| | | ----- | | ----- |
| | | - | | - |
| | | 338,020 | | 384,187 |

6.- RESERVE FOR THE REPURCHASE OF SHARES OF STOCK.
 THERE IS NO SUCH RESERVE AS OF 31 MARCH, 2004.

7.- INTEGRAL FINANCING COST.

INTERESTS PAID AND FLUCTUATIONS ON FOREIGN EXCHANGE RATES ARE NOT COMPOUNDED AND GO DIRECTLY TO INCOME, AS PART OF THE INTEGRAL FINANCING COST.

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8.- DEFERRED TAXES.

AS OF 1 JANUARY, 2000, WHEN THE TERM OF CONTRACT BECAME EFFECTIVE, THE COMPANIES COMPLIED WITH WHAT IS STATED IN THE NEW REVISED D-4 BULLETIN, "ACCOUNTING TREATMENT OF THE INCOME TAX, THE ASSETS TAX AND THE WORKERS PROFIT SHARING", ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS.

AS A RESULT OF THE ABOVEMENTIONED, FOR THE ACKNOWLEDGEMENT OF THE DEFERRED INCOME TAX, THE COMPANY CHANGED FROM THE PARTIAL PAYABLE METHOD TO THE INTEGRAL RECEIVABLE AND PAYABLE ONE THAT CONSISTS IN DETERMINING THE DEFERRED INCOME TAX, BY MEANS OF THE APPLICATION OF THE CORRESPONDING INCOME TAX RATE, TO THE DIFFERENCES BETWEEN THE ACCOUNTING AND FISCAL VALUE OF THE ACCOUNTS RECEIVABLE AND PAYABLE - TEMPORARY DIFFERENCES - ON THE DATE OF THE FINANCIAL STATEMENTS. IN COMPLIANCE WITH THE BULLETIN, THE ACCUMULATED EFFECT AS OF 1 JANUARY, 2000, WAS DIRECTLY APPLIED TO THE STOCKHOLDERS' EQUITY.

AS OF 31 MARCH, 2004, THE MAIN TEMPORARY DIFFERENCES WHERE THE DEFERRED INCOME TAX IS ACKNOWLEDGED, ARE ANALYZED AS FOLLOWS:

| | |
|--|--------------------|
| INVENTORIES | \$ (157,680) |
| REAL ESTATE, PLANT AND EQUIPMENT - NET | (130,609) |
| ADVANCES TO CUSTOMERS | 18,506 |
| RESERVES AND OTHERS | (29,234) |
| FISCAL LOSS FOR THE PERIOD | 29,804 |
| RULE 106 | 79,380 |
| | ----- |
| | 189,833 |
| INCOME TAX RATE | 33% |
| | ----- |
| DEFERRED INCOME TAX PAYABLE | (62,645) |
| DEFERRED PROFIT SHARING PAYABLE | 0 |
| | ----- |
| DIFERENTIAL RATES EFECT | 1,266 |
| | ----- |
| TOTAL DEFERRED TAXES PAYABLE | \$ (61,379) |
| | ----- |

9.- EXTRAORDINARY ENTRIES.

THERE ARE NO EXTRAORDINARY ENTRIES, AS OF 31 MARCH, 2004.

10.- DISCONTINUED OPERATIONS

AS OF 31 MARCH, 2004, NO DURING 2003 MOTORS LINE PRODUCTION WAS SHUT DOWN.

11.- EFFECT AT THE BEGINNING OF THE YEAR DUE TO CHANGES IN ACCOUNTING PRINCIPLES.

THERE HAS BEEN NONE, AS OF 31 MARCH, 2004.

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12.- NET MONTHLY INCOME (HISTORICAL AND CURRENT)

| MONTHLY | NAI | NMI | INDEX | INDEX | NMIC |
|------------|----------|----------|----------|---------|----------|
| JANUARY 04 | (5,363) | (5,363) | 108.7200 | 107.661 | (5,416) |
| FEBRUARY | (11,752) | (6,389) | 108.7200 | 108.305 | (6,413) |
| MARCH | (14,645) | (2,893) | 108.7200 | 108.720 | (2,893) |
| APRIL 03 | (5,384) | (6,538) | 108.7200 | 104.439 | (6,807) |
| MAY | (8,059) | (2,674) | 108.7200 | 104.102 | (2,793) |
| JUNE | (5,093) | 2,966 | 108.7200 | 104.188 | 3,095 |
| JULY | (10,369) | (5,276) | 108.7200 | 104.339 | (5,498) |
| AUGUST | 1,113 | 11,482 | 108.7200 | 104.652 | 11,928 |
| SEPTEMBER | 1,836 | 724 | 108.7200 | 105.275 | 748 |
| OCTOBER | (2,474) | (4,310) | 108.7200 | 105.661 | (4,435) |
| NOVEMBER | (3,959) | (1,485) | 108.7200 | 106.538 | (1,515) |
| DECEMBER | (15,996) | (12,039) | 108.7200 | 106.996 | (12,198) |

NEW ACCOUNTING PRONOUNCEMENT

IN MAY 2003, THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS (*IMPC*) ISSUED BULLETIN C-12 "FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF LIABILITY, OF PRINCIPAL OR BOTH" ("C-12") TO BE APPLIED IN A COMPULSORY MANNER TO ALL FINANCIAL STATEMENTS OF THE FISCAL YEARS BEGINNING IN JANUARY 1st, 2004, ALTHOUGH IT IS RECOMMENDED THAT IT BE APPLIED IN ADVANCE. THE C-12 BULLETIN INCLUDES EVERY RULE THAT CAN BE FOUND IN OTHER BULLETNS ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS (*IMPC*) WITH REFERENCE TO THE ISSUING OF INSTRUMENTS OF FINANCIAL DEBT, PRINCIPAL AND A COMBINATION OF BOTH. IN ADDITION TO THESE RULES, OTHER REGULATIONS HAVE BEEN ADDED, REFERRING TO THE ACCOUNTING AUDIT OF THESE INSTRUMENTS. AS A RESULT, BULLETIN C-12 INDICATES BASIC DIFFERENCES BETWEEN LIABILITIES AND PRINCIPAL AND ESTABLISHES THE RULES FOR THE CLASSIFICATION AND VALUATION DURING THE INITIAL AUDIT, OF THE COMPONENTS THAT MAKE UP THE LIABILITIES AND THE PRINCIPAL OF THE COMBINED FINANCIAL INSTRUMENTS. THE SUBSEQUENT AUDIT AND VALUATION OF THE COMPONENTS OF THE LIABILITIES AND THE PRINCIPAL OF THE FINANCIAL INSTRUMENTS IS SUBJECT TO THE REGULATIONS PREVIOUSLY STATED IN THE APPLICABLE BULLETINS. THE COMPANY'S ADMINISTRATIVE BOARD ESTIMATES THAT THIS ACCOUNTING PRINCIPLE WILL NOT HAVE ANY EFFECT ON ITS FINANCIAL STATUS AND RESULTS.

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1

YEAR: 2004

RELATIONS OF SHARES INVESTMENTS
ANNEX 3

CONSOLIDATED
FINAL PRINTING

| COMPANY NAME (1) | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP (2) | TOTAL AMOUNT (THOUSANDS OF PESOS) | |
|----------------------------------|-----------------|------------------|---------------|-----------------------------------|-------------------|
| | | | | ACQUISITION COST | PRESENT VALUE (3) |
| SUBSIDIARIES | | | | | |
| 1 INDUSTRIAS IEM, S.A. DE C.V. | MANUFACTURA | 134,499,908 | 99.91 | 134,385 | 270,988 |
| TOTAL INVESTMENT IN SUBSIDIARIES | | | | 134,385 | 270,988 |
| OTHER PERMANENT INVESTMENTS | | | | | 0 |
| TOTAL | | | | | 270,988 |

NOTES

MEXICAN STOCK EXCHANGE

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

FINAL PRINTING
CONSOLIDATED

ANNEX 05
CREDITS BREAK DOWN
(THOUSANDS OF PESOS)

| CREDIT TYPE | AMORTIZATION DATE | RATE OF INTEREST | DENOMINATED IN PESOS | | AMORTIZATION OF CREDITS IN FOREIGN CURRENCY WITH NATIONAL ENTITIES (THOUSANDS OF \$) | | | | AMORTIZATION OF CREDITS IN FOREIGN CURRENCY WITH FOREIGN ENTITIES (THOUSANDS OF \$) | | | | | | | | | | | |
|---|-------------------|------------------|----------------------|------------------|--|--------------|---------------|---------------|---|--------------|--------------|---------------|---------------|---------------|--|--|--|--|--|--|
| | | | UNTIL YEAR | MORE THAN 1 YEAR | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEARS | UNTIL 3 YEARS | UNTIL 4 YEARS | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEARS | UNTIL 3 YEARS | UNTIL 4 YEARS | | | | | | |
| SUPPLIERS | | | | | | | | | | | | | | | | | | | | |
| PROVEEDORES | | | | | | | | | | | | | | | | | | | | |
| VIARIOS | | | 21,158 | | | | | | | | | | | | | | | | | |
| TOTAL SUPPLIERS | | | 21,158 | | | | | | | | | | | | | | | | | |
| VIARIOS | | | 125,586 | | | | | | | | | | | | | | | | | |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | 125,586 | | | | | | | | | | | | | | | | | |
| | | | 146,744 | | | | | | | | | | | | | | | | | |

NOTES

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1

YEAR: 2004

TRADE BALANCE AND MONETARY POSITION IN FOREIGN EXCHANGE
ANNEX 6

CONSOLIDATED
FINAL PRINTING

| TRADE BALANCE | DOLLARS (1) | | OTHER CURRENCIES | | TOTAL |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
| | THOUSANDS OF DOLLARS | THOUSANDS OF PESOS | THOUSANDS OF DOLLARS | THOUSANDS OF PESOS | THOUSANDS OF PESOS |
| 3.FOREING MONETARY POSITION | | | | | |
| TOTAL ASSETS | 625 | 6,970 | | | 6,970 |
| LIABILITIES POSITION | 3,307 | 36,727 | | | 36,727 |
| SHORT TERM LIABILITES POSITION | 3,307 | 36,727 | | | 36,727 |
| LONG TERM LIABILITIES POSITION | 0 | 0 | | | 0 |
| NET BALANCE | -2,682 | -29,757 | | | -29,757 |
| | | | | | |

MEXICAN STOCK EXCHANGE
SIFIC/ ICS

STOCK EXCHANGE CODE: IEM
IEM,S.A. DE C.V.

QUARTER: 1 YEAR : 2004

INTEGRATION AND INCOME
CALCULATION BY MONETARY POSITION (1)
(Thousands of Pesos)
ANNEX 7

CONSOLIDATED
Final Printing

| MONTH | MONETARY ASSETS | MONETARY LIABILITIES | (ASSET) LIABILITIES MONETARY POSITION | MONTHLY INFLATION | MONTHLY (PROFIT) AND LOSS |
|---------------|-----------------|----------------------|---------------------------------------|-------------------|---------------------------|
| JANUARY | 198,362 | 176,456 | 21,906 | 0.62% | (136) |
| FEBRUARY | 179,664 | 179,980 | (316) | 0.60% | 2 |
| MARCH | 156,438 | 175,288 | (18,850) | 0.38% | 72 |
| APRIL | | | - | | |
| MAY | | | - | | |
| JUNE | | | - | | |
| JULY | | | - | | |
| AUGUST | | | - | | |
| SEPTEMBER | | | - | | |
| OCTOBER | | | - | | |
| NOVEMBER | | | - | | |
| DICEMBER | | | - | | |
| ACTUALIZATION | | | | | (2) |
| TOTAL | | | | | (64) |

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1

YEAR: 2004

BONDS AND MEDIUM TERM NOTES LISTING IN STOCK MARKET (1)
ANNEX 8

CONSOLIDATED
FINAL PRINTING

FINANCIAL LIMITED BASED IN ISSUED DEED AND/OR TITLE

NO APLICA

ACTUAL SITUATION OF FINANCIAL LIMITED

NO APLICA

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
SIFIC / ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1

YEAR: 2004

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

CONSOLIDATED
Final Printing

| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY (1) | % UTILIZATION |
|------------------------------|---|--------------------------|------------------|
| INDUSTRIAS IEM, S.A. DE C.V. | FABRICACION TRANSFORMADORES Y EQUIPO DE PROTECCION | 100 | 56 |

NOTES

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR : 2004

MAIN RAW MATERIALS

ANNEX 10

ANNEX 10

| DOMESTIC | MAIN SUPPLIERS | FOREIGN | MAIN SUPPLIERS | DOM. SUBST. | Final Printing |
|--------------|-----------------------------|---------------------|----------------|-------------|---------------------|
| | | | | | COST PRODUCTION (%) |
| COBRE | NAL. DE CONDUCT. ELECTRICOS | | | | 7.63 |
| ACERO | SERVILAMINAS SUMMIT | | | | 11.36 |
| ACEITE | SHELL MEXICO, S.A. DE C.V. | | | | 1.05 |
| AISLAMIENTOS | EHV WEIDMAN | | | | - |
| OTROS | VARIOS | | | | 1.08 |
| | | ACERO ELECT Y COMP. | CONDUMEX INC. | NO | 14.79 |
| | | | | | 24.92 |

NOTES

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

SALES DISTRIBUTION BY PRODUCTS
ANNEX 11

LOCAL SALES

CONSOLIDATED
FINAL PRINTING

| MAIN PRODUCTS | TOTAL PRODUCTION | | SALES | | MARKET SHARE (%) | MAIN | |
|-------------------|------------------|--------|--------|--------|------------------|--------------|--|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKERS | COSTUMERS |
| ELECTRIC PRODUCTS | 23 | 43,794 | 21 | 68,374 | 35.00 | IEM | CFE, CLYF GRUPO 3P NACEL, SELMEC EARTH TECH SINERGIA |
| TOTAL | | 43,794 | | 68,374 | | | |

NOTES

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1 YEAR: 2004

SALES DISTRIBUTION BY PRODUCTS
ANNEX 11

FOREING SALES

CONSOLIDATED
FINAL PRINTING

| MAIN PRODUCTS | TOTAL PRODUCTION | | SALES | | DESTINATION | MAIN | |
|-------------------|------------------|--------|--------|--------|-------------|--------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKERS | COSTUMERS |
| ELECTRIC PRODUCTS | | | | | 0 USA | IEM | |
| TOTAL | | | | | 0 | | |

NOTES

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM

DATE: 09/06/2004 9:21

GENERAL DATA OF ISSUER

FIRM NAME: IEM, S.A. DE C.V.
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL:
WEB SITE:
AUTOMATIC: X

FISCAL DATA OF ISSUER

COMPANY "RFC": IEM8312144U6
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLANEPANTLA, ESTADO DE MÉXICO

PERSON IN CHARGE OF PAYMENT

NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

DATA OF OFFICERS

MSM POSITION: CHAIRMAN OF THE BOARD
POSITION: CHAIRMAN OF THE BOARD
NAME: MR. ARMANDO RIMOLDI RENTERÍA
ADDRESS: VÍA GUSTAVO BAZ No 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLALNEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: diropese@condumex.com.mx

MSM POSITION: GENERAL DIRECTOR
POSITION: CHAIRMAN OF THE BOARD
NAME: MR. JUAN DE DIOS CONCHA MALO
ADDRESS: VÍA GUSTAVO BAZ No 340
COLONIA BARRIENTOS
ZIP CODE: 54010
TLALNEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 58 54
E-MAIL: jconcha@condumex.com.mx

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM

DATE: 09/06/2003 9:21

MSM POSITION: PERSON IN CHARGE OF SENDING QUARTERLY FINANCIAL INFORMATION
POSITION: COMPTROLLER GENERAL
NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

MSM POSITION: SECOND PERSON IN CHARGE OF SENDING QUARTERLY FINANCIAL INFORMATION
POSITION: IEM ACCOUNTANT
NAME: MRS. ALEJANDRA ROQUE VAZQUEZ CPA
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL:

MSM POSITION: HEAD OF THE LEGAL DEPARTMENT
POSITION: LEGAL GENERAL MANAGER
NAME: MR. JOSE RAMON NEVAREZ JACQUES
ADDRESS: MIGUEL DE CERVANTES SAAVEDRA Nº 255
COLONIA AMPLIACIÓN GRANADA
ZIP CODE: 11520
MÉXICO, D.F.
TELEPHONE: 52 50 50 77
FAX: 52 55 16 86
E-MAIL: jrnevarez@condumex.com.mx

MSM POSITION: SECRETARY OF THE BOARD OF DIRECTORS
POSITION: SECRETARY OF THE BOARD OF DIRECTORS
NAME: MR. ALEJANDRO ARCHUNDIA BECERRA
ADDRESS: MIGUEL DE CERVANTES SAAVEDRA Nº 255
COLONIA AMPLIACIÓN GRANADA
ZIP CODE: 11520
MÉXICO, D.F.
TELEPHONE: 52 50 50 77
FAX: 52 55 16 86
E-MAIL: aarchunida@condumex.com.mx

MSM POSITION: CLEARED TO FORWARD INFORMATION VIA EMISNET
POSITION: COMPTROLLER GENERAL
NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ Nº 340
COLONIA: BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO

BOLSA MEXICANA DE VALORES, S.A. DE C.V.
(MEXICAN STOCK EXCHANGE)
SIFIC / ICS

STOCK EXCHANGE CODE: IEM

DATE: 09/06/2004 9:21

TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

MSM POSITION: CLEARED TO FORWARD RELEVANT EVENTS VIA EMISNET
POSITION: COMPTROLLER GENERAL
NAME: MR. FERNANDO RAFAEL AGUADO GUTIERREZ. CPA
ADDRESS: VÍA GUSTAVO BAZ N° 340
COLONIA: BARRIENTOS
ZIP CODE: 54010
CITY AND STATE: TLANEPANTLA, ESTADO DE MÉXICO
TELEPHONE: 57 29 97 00
FAX: 53 10 00 25
E-MAIL: raguado@condumex.com.mx

MEXICAN STOCK EXCHANGE
SIFIC/ICS

STOCK EXCHANGE CODE: IEM
IEM, S.A. DE C.V.

QUARTER: 1

YEAR: 2004

FINAL PRINTING
CONSOLIDATED

INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK
CHARACTERISTICS OF THE SHARES

| SERIES | NOMINAL VALUE | VALID CUPON | NUMBER OF SHARES | | | | CAPITAL STOCK (THOUSANDS OF PESOS) | |
|--------------|---------------|-------------|------------------|-------------------|-------------------|-------------------|------------------------------------|---------------|
| | | | PORTION | PORTION | MEXICAN | SUSCRIPTION | FIXED | VARIABLE |
| A | | 0 | 2,550,000 | 13,982,014 | 16,532,014 | | 1,274 | 6,726 |
| B | | 0 | 2,450,000 | 13,433,699 | | 15,883,699 | 1,226 | 6,462 |
| TOTAL | | | 5,000,000 | 27,415,713 | 16,532,014 | 15,883,699 | 2,500 | 13,188 |

TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMATION:

32,415,713

SHARES PROPORTION BY:

CP O'S:
UNITS:
ADRS's:
GDRS's:
ADS's:
GDS's:

REPURCHASED OWN SHARES

| SERIES | NUMBER OF SHARES | MARKET VALUE OF THE SHARE | |
|--------|------------------|---------------------------|------------|
| | | AT REPURCHASE | AT QUARTER |