

FINANCIAL STATEMENTS OF THE CFE

- CFE financial position guarantees the fulfillment of its obligations.
- As a result of several actions taken by CFE (higher efficiency, fuel savings and higher hydroelectric generation) the operating loose went from 4,134 million pesos in June to 1,734 million pesos in September. This loose is due to the high cost of fuels that were not transferred in full to the tariffs.
- The net cash provided by operating activities amounted to 12,451 millions that were used to partially finance the investment program.
- The peso exchange rate fluctuation against the US dollar was unfavorable during this period and together with the debt interest generated a net financial cost of 3,712 million pesos.
- The annual duty (Benefit) that is applied to supplement deficient rates (subsidy) was insufficient in 3,902 million pesos directly affecting the Entity's equity.
- Mainly due to the above comment, CFE had a net loose of 1,254 million pesos.

Financial Statements September 30, 2004

BALANCE SHEET *

<u>ASSETS</u>	<u>LIABILITIES AND EQUITY</u>
CURRENT ASSETS	CURRENT LIABILITIES
Cash and temporary investments	\$ 4.241
\$ 25.044	8.460
Accounts and notes receivable	Suppliers and contractors 12.966
Consumers and other debtors, net 24.623	Value-added tax payable 4.061
Luz y Fuerza del Centro 4.911	Taxes and fees payables 1.491
29.534	Other accounts payable and accrued liabilities 3.480
Materials for operations, net	Deposits from users and contractors 4.484
15.016	
TOTAL CURRENT ASSETS 69.684	TOTAL CURRENT LIABILITIES 39.183
	LIABILITIES 23.330
LONG-TERM EMPLOYEE LOANS 2.511	PIDIREGAS 47.264
	OTHER LONG-TERM LIABILITIES 1.034
PLANTS, INSTALLATION AND EQUIPMENT, NET 556.793	EMPLOYEE RETIREMENT OBLIGATIONS 148.417
	TOTAL LIABILITIES 259.228
OTHER ASSETS 534	EQUITY 372.589
UNAMORTIZED INTANGIBLE ASSETS 5.226	Accumulated equity from prior years 2.345
	Contributions received (1.254)
	Income (loss) for the year 1.840
	Excess (Insufficiency) in restated equity
	<u>375.520</u>
TOTAL ASSETS \$ 634.748	TOTAL LIABILITIES AND EQUITY \$ 634.748
ORDER ACCOUNTS: INDEPENDENT PRODUCER OF ENERGY	
Future Payments of Projects in Operation	\$ 141.612
Amount of the contingency of Projects in Operation and Construction	\$ 61.240

*Number expressed in milliom of mexican pesos of september 2004

STATEMENTS OF OPERATIONS*

REVENUES FROM ENERGY SALES	\$ 118,522
COSTS AND EXPENSES:	
Exploitation	90,526
Depreciation	15,740
Administrative expenses	2,445
Actuarial cost of employee retirement obligations for the year	11,545
	<u>120,256</u>
OPERATING INCOME (LOSS)	<u>(1,734)</u>
NET COMPREHENSIVE FINANCING COST:	
Interest expense, net	(4,195)
Foreign exchange gain (loss), net	(1,534)
Monetary position gain	2,017
	<u>(3,712)</u>
OTHER INCOME (EXPENSES), Net	<u>825</u>
INCOME TAX ON DISTRIBUTABLE REMNANT	<u>(535)</u>
OPERATING INCOME (LOSS) BEFORE PROFITS AND TRANSFERS	<u>(5,156)</u>
Duties	(35,173)
Non-cash transfers from the Federal Government to supplement deficient rates	<u>39,075</u>
Benefit from non-cash transfers from the Federal Government to supplement deficient rates	<u>3,902</u>
NET INCOME (LOSS)	\$ <u>(1,254)</u>

*Number expressed in milliom of mexican pesos of september 2004

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