



Highlights

Fourth Quarter 2007 (4Q07)

ALFA, S.A.B. de C.V.
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- During 4Q07, ALFA maintained solid operational trends in most of its businesses and closed an outstanding year in which it achieved profitable growth both organically and through acquisitions, aimed at strengthening the competitive position of its businesses, expanded their global presence, and implemented new initiatives to promote additional value creation.
- As expected, Alpek closed the PET acquisitions announced during the previous quarter. It took control of the plants, incorporating them into its DAK Americas subsidiary.
- During 4Q07, ALFA's revenues amounted to U.S. \$ 2,504 million, 2% below those reported in 3Q07. The main reason behind the decrease in revenue was lower seasonal sales of petrochemicals and auto parts.
- On the other hand, ALFA achieved 42% and 40% revenue growth when figures are compared to 4Q06 and for the year as a whole. Most of the increase came from acquisitions made throughout the year, although organic sales volume growth at Alpek and Sigma also made a sizeable contribution.
- ALFA's 4Q07 EBITDA amounted to U.S. \$ 256 million, 2% higher than 3Q07, as Nemak, Sigma and Alestra's performance combined to more than offset the impact of Alpek's lower sales volume. ALFA reported higher revenues and profits for the year 2007 as a whole, which explained a 26% higher EBITDA as compared to 2006.
- ALFA disbursed U.S. \$ 324 million in capital expenditures and acquisitions during 4Q07, for a cumulative figure of U.S. \$ 1,957 million in 2007. Capital expenditures were made throughout the group companies, with Nemak and Alpek investing the most due to the expansion projects and acquisitions they made during the year.
- At the end of 4Q07, Net Debt amounted to U.S. \$ 1,870 million, 7% higher than the U.S. \$ 1,755 million as of the end of 3Q07, showing the effect of the quarter's investments. ALFA's financial ratios remained strong at the close of 4Q07: Interest Coverage was 4.4 times and Net Debt to EBITDA ratio was 1.83 times.
- 4Q07 Majority Net Income amounted to U.S. \$ 65 million, (Ps. 716 million), or U.S. \$ 0.12 (Ps. 1.28) per share. This figure is much higher than the U.S. \$ 22 million (Ps. 246 million) reported in 3Q07. The main reason for the increase was the lower comprehensive financial expense reported in the quarter.

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SYMBOL: ALFA



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Non-Audited financial information. Figures in this release are stated either in December 31, 2007 pesos (Ps.) or in current U.S. dollars (U.S. \$), as indicated. Where applicable, peso amounts were translated into dollars using the average exchange rate of the months during which operations were transacted. Comparisons in pesos are in real terms, that is, adjusted for inflation. Financial ratios are calculated in dollars. Due to the rounding up to million pesos or million dollars, small differences may occur in calculating percent changes from one period to the other.

4Q07 Consolidated Results

Operations

A summarized explanation of ALFA's operational trends during 4Q07 by business group follows:

ALPEK:

- ALFA's petrochemical business reported a 7% decrease in sales volume when compared to 3Q07, due to several reasons among which are scheduled maintenance works, lower seasonal demand, reduced output due to works in preparation for interconnecting future capacity, and lower demand from customers in Mexico due to fiscal reasons.
- When compared to the year-ago quarter and on a cumulative basis, Alpek sold 13% and 12% more volume in 4Q07 and 2007, respectively. The main reason was the sizeable increase in production capacity the company put in place along the year, which allowed it to better meet the growing market demand.
- Alpek reported 32% and 21% lower operating income and EBITDA in dollars during 4Q07, respectively, than in the previous quarter due to the lower sales volume already explained, plus slightly higher fixed costs due to maintenance. The comparison also is negative when measuring Alpek's 4Q07 operating income and EBITDA figures against 4Q06 and for the 2007 year as a whole. Despite much higher sales volumes, the company faced lower PTA and PET margins in 2007, which were not offset with the healthy margins of its polypropylene and specialty chemicals units.
- The construction of the new polypropylene facility continued during 4Q07, with mechanical completion scheduled for early 2Q08.

NEMAK:

- During 4Q07, Nematik, ALFA's high-tech aluminum castings subsidiary, continued to advance in the PMI of the recently acquired facilities. Synergies among the different plants have been identified and the company has started to take the necessary actions to capture them.
- The company sold 8.7 million equivalent heads during 4Q07, similar to the 8.8 million units sold in 3Q07. The quarter's figure reflects the impact of the normal slowdown that comes toward the end of the year. When compared to the same quarter in 2006 and on a cumulative basis, Nematik reported much higher sale volumes during 4Q07 due to the 2007 acquisitions.
- Nematik reported 4% lower operating income in dollars than in the preceding period mainly because 3Q07 included an extraordinary credit to depreciation, which was not made in 4Q07. Excluding this item, Nematik's 4Q07 results were much better than in the past quarter, as costs and expenses declined. This was evident in EBITDA in dollars, which increased by 19% in the quarter.
- On a cumulative basis, Nematik reported 74% and 107% more operating income and EBITDA in dollars in 2007 than in 2006 because of the acquisitions of the year.

SIGMA:

- ALFA's refrigerated food subsidiary sold 1% more tonnage during 4Q07 than in the previous quarter, reaching a new quarterly record. Sales of processed meats explained the quarter's growth. When compared to 4Q06 and for the year as a whole, Sigma reported 9% higher sales volumes, on account of more processed meats and cheese sales.

- Sigma's operations outside Mexico represented 15% during 4Q07, which compares to 14% in 3Q07. Sigma's efforts to penetrate foreign markets continued to pay off, as evidenced by sales growth in 2007, which was 36%.
- Average pricing in dollars increased 5% during 4Q07 on a sequential basis, reflecting the company's actions to pass on to the market some of the recent increases in the cost of raw materials. Average prices for the whole of 2007 were 6% higher than in 2006.
- Profits continued to be affected by higher raw materials costs, mainly meat and milk, added to a highly competitive environment in the yogurt market. Thus, operating income in dollars grew only by 2% in the quarter, whereas it was 24% lower than in 4Q06 and 6% lower on a cumulative basis.
- Accordingly, EBITDA in dollars for the quarter was 1% higher than in 3Q07, and only 1% and 2% higher than in 4Q06 and on a cumulative basis, respectively.
- The company has taken a more proactive position regarding pricing policies and has reinforced measures to reduce costs and expenses. The favorable impact of such actions is expected to be fully obtained in 2008.

ALESTRA:

- ALFA's telecommunications subsidiary continued to achieve higher revenue from value added services, thus allowing it to report 6% higher EBITDA in dollars in 4Q07 than in the preceding quarter. During the past few years, Alestra has been implementing a business strategy that has resulted in an improvement of its operations and finances. In 4Q07, it reported the highest quarterly EBITDA ever and 11% higher than 4Q06. Likewise, Alestra's EBITDA for 2007 was 8% higher than in 2006.

Volume and Price trends

The following table sets forth ALFA sales volume and price trends for the relevant periods. As seen, ALFA's volume decreased by 3% during the quarter. This reflects lower petrochemicals sales for the reasons already explained, which were not offset with higher food sales. However, when compared to 4Q06 and on a cumulative basis, ALFA sold much more volume in 2007, as a result of both organic and acquisition-driven growth.

Average pricing in dollars grew during 2007, on a sequential, quarter-on-quarter and on a cumulative basis, mainly as a result of price increases to respond to higher costs of raw materials.

Table 1

ALFA

Volume and Price Changes (%)

	4Q07 vs.		2007 vs.
	3Q07	4Q06	2006
Total volume	(3.2)	30.2	29.0
Domestic volume	(2.8)	5.8	9.6
Foreign volume	(3.7)	70.8	59.5
Avg. Ps. Prices	(0.9)	5.1	4.4
Avg. U.S. \$ Prices	2.0	9.6	8.4

Revenues

Table 2 shows relevant information regarding ALFA's consolidated revenues for the periods under discussion:

Table 2

ALFA Revenues

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Total Revenues								
Ps. Millions	27,288	28,623	20,069	(5)	36	106,833	79,496	34
U.S. \$ Millions	2,504	2,551	1,765	(2)	42	9,570	6,858	40
Domestic Revenues								
Domestic (Ps. Millions)	12,381	12,729	11,412	(3)	8	49,002	44,740	10
Domestic (U.S. \$ Millions)	1,136	1,134	1,003	-	13	4,388	3,859	14
Foreign Revenues								
Foreign (Ps. Millions)	14,907	15,894	8,658	(6)	72	57,831	34,756	66
Foreign (U.S. \$ Millions)	1,368	1,416	761	(3)	80	5,182	2,998	73
Foreign / total (%)	54.6	55.5	43.1			54.1	43.7	

As seen, ALFA's 4Q07 consolidated revenues in dollars were 2% lower than those of 3Q07 mainly due to lower sales of the aluminum auto parts business. Quarter-on-quarter and on a cumulative basis, ALFA achieved substantially higher revenues. As explained, the company was able to produce and sell much more products at higher average prices, thus increasing the revenue line.

As explained in past reports, in executing its business strategy ALFA has reinforced its companies' competitive position in the relevant markets they serve, whether in Mexico or abroad. This has resulted in a geographical diversification and a substantial increase in foreign income. During 4Q07, foreign sales represented 55% of ALFA's total sales, of which 17 percentage points came from the U.S.A. and the other 38 percentage points from other regions in the world.

Operating Income, Margins, EBITDA

Table 3 shows ALFA's operating income, margins and EBITDA.

Table 3

ALFA

Operating Income, Margins and EBITDA

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Operating Income								
Ps. Millions	1,625	1,817	1,516	(11)	7	6,456	6,117	6
U.S. \$ Millions	149	162	133	(8)	12	578	528	9
Margin (%)	6.0	6.4	7.5			6.0	7.7	
EBITDA								
Ps. Millions	2,791	2,807	2,278	(1)	22	10,756	8,868	21
U.S. \$ Millions	256	250	200	2	28	964	765	26
Margin (%)	10.2	9.8	11.3			10.1	11.2	

ALFA reported a decrease in operating income during 4Q07 as compared to 3Q07. The main reasons for this result were: first, the 3Q07 figures included an extraordinary credit to depreciation at Nemak in the amount of U.S. \$ 9 million, which was not repeated in 4Q07. Second, Alpek reported lower operating profits on account of lower volumes. Quarter-on-quarter and on a cumulative basis, ALFA reported higher operating income mainly resulting from the increase in revenues. The same reasons explained EBITDA behaved similarly for the comparable quarters.

Comprehensive Financing (Expense) / Income (CFE)

Table 4 provides the breakdown of CFE:

Table 4

ALFA

Comprehensive Financing (Expense) / Income (CFE) (Ps. Millions)

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Financial Expenses	(562)	(738)	(439)	24	(28)	(2,450)	(1,715)	43
Financial Income	(68)	204	359	(133)	(119)	549	1,487	(63)
Net Financial Expenses	(630)	(533)	(80)	(18)	(688)	(1,901)	(228)	734
FX Gains (Losses)	(113)	(322)	29	65	(490)	(70)	148	(147)
Derivatives Valuation	(28)	(247)	122	89	(123)	(72)	95	(176)
Monetary Gains	440	138	33	219	1,233	640	130	392
Capitalized CFE	1	16	(12)	(94)	108	65	42	55
CFE	(330)	(948)	92	65	(459)	(1,338)	187	(816)

Avg. Cost of Borrowed Funds (%)	7.9	7.5	8.2			7.8	8.2	
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During 4Q07, ALFA reported negative CFE, but much lower than in 3Q07. The improvement stemmed from lower foreign exchange losses and higher monetary gains, mainly. Foreign exchange losses declined as the average rate between the Mexican peso and the U.S. dollar went from \$10.92 to \$10.87 in the quarter, or a 0.5% appreciation, compared to 1.2% depreciation during the past quarter. Lastly, accounting losses related to the valuation of derivatives on ALFA shares and other financial instruments were much lower in 4Q07 than in the preceding quarter.

On a cumulative basis, ALFA reported a negative, and substantially higher, CFE in 2007 than in 2006 as net financial expenses increased. In 2006, ALFA was underleveraged and generated substantial financial products on cash reserves, which offset financial expenses. In 2007, ALFA made use of cash reserves to fund capital expenditures, acquisitions and dividend payments. As a result, financial products declined and net financial expenses increased.

Majority Net Income

Table 5 presents information on net income for each of the relevant periods:

Table 5

ALFA

Majority Net Income (Ps. Millions)

	4Q07 vs. (%)					YTD '07	YTD '06	Ch. %
	4Q07	3Q07	4Q06	3Q07	4Q06			
Consolidated Net Income	913	373	1,914	145	(52)	4,137	5,900	(30)
Minority Interest	197	126	113	56	74	586	521	12
Majority Net Income	716	246	1,801	191	(60)	3,551	5,379	(34)
Per Share (pesos)	1.28	0.44	3.20			6.34	9.42	
Avg. Outstanding Shares (Millions)	560	560	562			560	571	

Minority Interest corresponds to the share in ALFA's consolidated net income of the various minority partners that own portions of the subsidiaries' equity, like Ford in Nemark, Basell in Indelpro, BASF in Polioles, and AT&T in Alestra.

As seen in the table above, ALFA reported a much higher Majority Net Income during 4Q07 than in the preceding quarter. There were several factors behind this situation: first, the lower CFE of the period, which was already explained; second, lower non-cash expenses, like asset write-offs, reserves for future expenses, etc. On a cumulative basis, ALFA is reporting lower 2007 Majority Net Income than in 2006, basically because of the negative CFE explained above.

Cash Flow

The following table provides summarized information on sources and uses of funds during the relevant periods:

Table 6

ALFA

Cash Flow (U.S. \$ Millions)

	4Q07 vs. (%)					YTD '07	YTD '06	Ch. %
	4Q07	3Q07	4Q06	3Q07	4Q06			
EBITDA	256	250	200	2	28	964	765	26
Net Working Capital & others	37	12	(101)	208	137	32	(176)	118
Capital Expenditures & Acq.	(324)	(209)	(182)	(55)	(78)	(1,957)	(728)	(169)
Net Financial Expenses	(57)	(47)	(6)	(21)	(850)	(169)	(20)	(745)
Taxes, profit sharing	(15)	(14)	(2)	(7)	(650)	(30)	(60)	50
Dividends and Equity reduction	-	-	-	-	-	(64)	(121)	47
Inc. in debt due to consolidation of Alestra	-	-	-	-	-	-	(271)	-
Other sources / uses	(12)	(10)	1	(20)	(1,300)	(7)	(109)	94
Changes in Net Debt	(115)	(18)	(90)	(539)	(28)	(1,231)	(721)	(71)

Regarding the cash flow corresponding to 4Q07, several issues merit a comment: first, ALFA continued to develop its capital expenditure program and invested U.S. \$ 324 million during the quarter, including the acquisition of PET facilities from Eastman Chemical; second, as in 3Q07, the company released funds from working capital investments; and, third, ALFA made effective tax payments. ALFA's 4Q07 EBITDA was not enough to finance the uses of funds already described. As a result, ALFA's net debt increased by U.S. \$ 115 million during 4Q07, and closed the year with a balance of U.S. \$ 1,870 million.

At the end of 4Q07, ALFA had several financial derivative transactions in place for an aggregate amount of 18.5 million of its own shares. In general, these transactions give ALFA the right to collect, or the obligation to pay cash differentials based on the market price of its shares at maturity, which will occur during February (6.0 million shares), October (1.9 million shares), November (7.4 million shares) and December (3.2 million shares) of 2008. The average price of the derivative agreements in place is of U.S. \$ 6.51 per share.

ALFA's summarized balance sheet and financial ratios for the comparable periods are shown in the following table.

Table 7

ALFA

Selected Balance Sheet Information & Financial Ratios

	4Q07	3Q07	4Q06	YTD '07	YTD '06
Assets (U.S. \$ Millions)	9,141	8,844	6,844	9,141	6,844
Liabilities (U.S. \$ Millions)	5,157	5,025	3,393	5,157	3,393
Stockholders' Equity (U.S. \$ Millions)	3,984	3,819	3,451	3,984	3,451
Majority Equity (U.S. \$ Millions)	3,514	3,360	3,039	3,514	3,039
Net Debt (U.S. \$ Millions)	1,870	1,755	639	1,870	639
Net Debt/EBITDA* (Times)	1.83	1.75	0.80	1.94	0.83
Interest Coverage (Times)	4.4	5.3	28.5	5.6	38.5

* Quarterly EBITDA times four

ALPEK: Petrochemicals & Synthetic Fibers

(41% of ALFA's 4Q07 Revenues)

Operations

- a) Raw materials for polyester and polyester products (PTA, PET, polyester staple and filament – 70% of Alpek's total revenues in 4Q07):

This business segment faced a 5% reduction in sales volume vis-à-vis 3Q07 due to scheduled maintenance at the plants and lower seasonal demand. Nevertheless, when compared to 4Q06, the business segment reported 25% increase in sales volume. Likewise, for the year as a whole, the business segment had a satisfactory year under the circumstances with sales volume increasing by 20% when compared to 2006. This is the result of growing demand to which it responded with additional output from the two new production facilities it put into operation in the year.

In general, prices in dollars for the products made by this business segment were higher in 2007 than in the previous year. Prices went up to reflect higher costs of raw materials, which in cases like contract sales of PTA can be passed on to the customer. Average prices in dollars during 4Q07 were 4% higher than in 3Q07, 8% above those in 4Q06 and 4% on a cumulative basis.

EBITDA in dollars for this business segment was 32% lower in 4Q07 than in the previous quarter. The decline stemmed from the lower sales volumes in the quarter, plus slightly higher fixed costs due to maintenance. When compared to 4Q06 and on a cumulative basis, this business segment reported 39% and 29% lower EBITDA, respectively. In addition to the particular problems of the quarter already explained, this business segment had to deal with lower margins for PTA and PET products due to the adjustment to prices for PTA made at the beginning of the year, and low industry cycle in the case of PET products.

- b) Specialty Chemicals and Plastics (Expandable polystyrene (EPS), polypropylene (PP), other products – 30% of Alpek's total revenues in 4Q07):

During 4Q07, this business segment reported 11% lower sales volumes on a sequential basis. The main reasons for the reduction were: loss of polypropylene production due to interconnection preparations (the new facility is scheduled to be completed early in 2Q08, with commercial operations in May. Given the way both plants are going to operate, interconnection works had to be done, interrupting production from time to time); lower seasonal demand, aggravated by reduced demand from clients in Mexico, who were reducing inventories due to fiscal reasons. The quarter's volume was 16% lower than 4Q06 and 6% lower on a cumulative basis, basically due to the same reasons.

Average pricing in dollars was 9% higher in 4Q07 than in the previous quarter. The increase is explained by higher prices for raw materials. When compared to 4Q06 and on a cumulative basis, the business segment's average prices in dollars remained higher at 23% and 12%, respectively.

Lower sales volumes negatively influenced the business segment's EBITDA for the quarter. As such, a decrease of 6% in dollars was reported during 4Q07, compared to 3Q07. However, when measured against the same quarter of 2006 and on a cumulative basis, 4Q07 EBITDA was 30% and 9% higher, respectively. These percentages reflect favorable market conditions along the year, irrespective of the problems it faced during the last quarter.

Revenues

Table 8 presents information on Alpek's sales volume and prices for the relevant quarters:

Table 8

Alpek Changes in Volume and Prices (%)

	4Q07 vs.		YTD'07 vs.
	3Q07	4Q06	YTD'06
Total volume	(6.8)	12.9	11.6
Avg. Ps. Prices	2.4	6.2	1.4
Avg. U.S. \$ Prices	5.4	10.8	5.3

Changes in sales volume and average prices for Alpek as a whole are the result of the particular performance of each of its business segments, which was discussed in the previous section of this report.

The company's revenues are shown in table 9. The company's performance in 2007 was determined by the increase in production capacity that was brought into stream during the first quarter of the year, plus increases in average pricing. Therefore, revenue comparisons were favorable, except for 4Q07 against 3Q07. As explained, during the last quarter Alpek's volume levels were not as high as in the previous one for the reasons already provided.

Table 9

Alpek Revenues

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Total Revenues								
Ps. Millions	11,215	11,755	9,355	(5)	20	44,746	39,563	13
U.S. \$ Millions	1,029	1,047	823	(2)	25	4,007	3,410	18
Domestic Revenues								
Domestic (Ps. Millions)	5,364	5,455	4,826	(2)	11	21,460	20,893	3
Domestic (U.S. \$ Millions)	492	486	424	1	16	1,922	1,800	7
Foreign Revenues								
Foreign (Ps. Millions)	5,851	6,300	4,529	(7)	29	23,287	18,670	25
Foreign (U.S. \$ Millions)	537	561	398	(4)	35	2,085	1,610	30
Foreign / total (%)	52.2	53.6	48.4			52.0	47.2	

Operating Income, Margins, EBITDA

The following table presents Alpek's 4Q07 operating income, margins and EBITDA compared to the previous quarter, the same quarter of 2006 and on a cumulative basis.

Table 10

Alpek Operating Income, Margins and EBITDA

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Operating Income								
Ps. Millions	368	559	577	(34)	(36)	1,982	2,764	(28)
U.S. \$ Millions	34	50	51	(32)	(33)	177	238	(26)
Margin (%)	3.3	4.8	6.2			4.4	7.0	
EBITDA								
Ps. Millions	665	869	833	(23)	(20)	3,106	3,788	(18)
U.S. \$ Millions	61	77	73	(21)	(17)	278	327	(15)
Margin (%)	5.9	7.4	8.9			6.9	9.6	

Overall, Alpek reported lower figures in terms of operating income and EBITDA during 4Q07 as compared to 3Q07. The main reason has already been explained: lower sales volume levels at various businesses. Operating income, margins and EBITDA for 4Q07 and 2007 as a whole also were lower when compared to 4Q06 and 2006, reflecting lower margins for PTA and PET products, a problem that was mitigated by higher sales volumes.

Capital Expenditures and Net Debt

Alpek invested U.S. \$ 49 million in fixed assets during 4Q07 for a total amount of U.S. \$ 176 million in the year as a whole (acquisition of PET facilities not included). The company continued to fund the expansion of its polypropylene capacity, plus other projects. In December, Alpek completed the acquisition of the PET plants it had bought from Eastman Chemical, as announced last quarter. These plants, one in Mexico and the other in Argentina, have a combined production capacity of 335,000 tons per year. They were folded into DAK Americas for administrative purposes.

As of the end of 2007, Alpek's net debt amounted to U.S. \$ 588 million, increasing U.S. \$ 185 million in the quarter. The main reason for the increase was the increase in capital expenditures, plus the acquisition of the PET plants and net working capital needs. The following table shows Alpek's balance sheet in a summarized form, plus its main financial ratios:

Table 11

Alpek

Selected Balance Sheet Information & Financial Ratios

	4Q07	3Q07	4Q06	YTD '07	YTD '06
Assets (U.S. \$ Millions)	3,057	2,834	2,578	3,057	2,578
Liabilities (U.S. \$ Millions)	1,877	1,657	1,469	1,877	1,469
Stockholders' Equity (U.S. \$ Millions)	1,181	1,177	1,109	1,181	1,109
Net Debt (U.S. \$ Millions)	(588)	(403)	(476)	(588)	(476)
Net Debt/EBITDA* (Times)	2.41	1.30	1.63	2.12	1.46
Interest Coverage (Times)	5.3	6.7	8.6	6.2	10.5

* Quarterly EBITDA times four

NEMAK: Aluminum Auto Parts

(30% of ALFA's 4Q07 Revenues)

Nemak advances PMI

During 4Q07, the integration process was transferred to the operational areas for full deployment. Synergies among the different facilities have been identified in different areas supporting best practices economies of scale and rationalization. The company has already begun to take the necessary steps to capture them according to plans.

Operations

The company sold 8.7 million equivalent heads in 4Q07, slightly lower than the 8.8 million sold in the previous quarter but much higher than the 3.5 million sold in 4Q06. The quarter's figure reflects the seasonal reduction in shipments that comes toward the end of the year. As a result of the acquisitions made by the company during the year, on a cumulative basis, Nemak sold 31.9 million equivalent heads during 2007, 107% more than in 2006, when it sold 15.4 million units.

Revenues

Table 12 shows Nemak's revenue during the comparable periods.

As can be seen, the company reported lower 4Q07 sales as compared to 3Q07. The decrease is the result of the elimination of intercompany sales of past periods, which had no effects on profits and EBITDA. On the other hand, Nemak's quarterly revenues were much higher when compared to 4Q06 and on a cumulative basis due to acquisitions.

Table 12

Nemak Revenues

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Total Revenues								
Ps. Millions	8,238	9,131	3,692	(10)	123	32,323	15,489	109
U.S. \$ Millions	756	814	325	(7)	133	2,897	1,336	117
Domestic Revenues								
Domestic (Ps. Millions)	441	739	581	(40)	(24)	2,418	2,605	(7)
Domestic (U.S. \$ Millions)	40	66	51	(39)	(22)	216	225	(4)
Foreign Revenues								
Foreign (Ps. Millions)	7,797	8,392	3,111	(7)	151	29,905	12,884	132
Foreign (U.S. \$ Millions)	716	748	274	(4)	161	2,681	1,111	141
Foreign / total (%)	94.7	91.9	84.3			92.5	83.2	
Total Volume (Million Eq. Heads)	8.7	8.8	3.5			31.9	15.4	

Operating Income, Margins and EBITDA

Table 13 sets forth Nemak's operating income, margins and EBITDA figures for the periods under analysis.

The comparison of reported figures shows a lower 4Q07 operating income than in the previous quarter. This is mainly due to the unusually high 3Q07 operating income, which included a non-recurring credit to depreciation in the amount of U.S. \$ 9 million. Excluding this credit, and despite lower revenues, Nemak achieved higher profits during 4Q07, as it was able to reflect in lower costs some of the actions it has been implementing across the different production units. As compared to 4Q06 and on a cumulative basis, Nemak reported higher operating income in 2007 than in 2006 due to higher revenues, as seen in the Table 13.

Nemak's improved profitability reflected in higher 4Q07 EBITDA. When compared to 4Q06 and on cumulative basis, Nemak's EBITDA for 4Q07 and 2007 was much higher due to the acquisitions made along the year.

Table 13

Nemak Operating Income, Margins and EBITDA

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Operating Income								
Ps. Millions	518	563	239	(8)	117	1,862	1,111	68
U.S. \$ Millions	48	50	21	(4)	129	167	96	74
Margin (%)	6.3	6.1	6.5			5.8	7.2	
EBITDA								
Ps. Millions	977	845	406	16	141	3,350	1,686	99
U.S. \$ Millions	90	75	36	19	151	301	146	107
Margin (%)	11.9	9.3	11.0			10.4	10.9	

Capital Expenditures and Net Debt

During 4Q07, Nemak invested U.S. \$ 63 million in fixed assets for a cumulative amount of U.S. \$ 158 million in the year (these figures do not include disbursements for acquisitions). As previously explained, the company is expanding capacity for future production needs which originate from contracts already signed with customers.

During 4Q07, Nemak's net debt increased by U.S. \$ 21 million, for a balance of U.S. \$ 989 million at the end of the quarter. Nemak's balance sheet and financial ratios are shown in table 14, in a summarized form.

Table 14

Nemak

Selected Balance Sheet Information & Financial Ratios

	4Q07	3Q07	4Q06	YTD '07	YTD '06
Assets (U.S. \$ Millions)	3,334	3,284	1,251	3,334	1,251
Liabilities (U.S. \$ Millions)	1,987	2,036	711	1,987	711
Stockholders' Equity (U.S. \$ Millions)	1,347	1,248	541	1,347	541
Majority Equity (U.S. \$ Millions)	1,347	1,247	540	1,347	540
Net Debt (U.S. \$ Millions)	(989)	(968)	(401)	(989)	(401)
Net Debt/EBITDA* (Times)	2.76	3.21	2.81	3.29	2.75
Interest Coverage (Times)	2.8	4.8	4.6	3.9	4.7

* Quarterly EBITDA times four

SIGMA: Refrigerated Food Products

(23% of ALFA's 4Q07 Revenues)

Operations

During 4Q07, Sigma continued to be very successful in producing, commercializing and distributing its food products in the markets it serves. It reached another record quarter in terms of sales volume, with a total of 183,616 tons, which is 1% more than in the preceding quarter. Sales of processed meats explained the increase. Regarding the comparison vis-à-vis 4Q06 and on a cumulative basis, Sigma reported 9% higher sales volume on account of more processed meats and cheese sales.

The company increased prices in real terms in some of its products in response to higher costs of raw materials. The average increase in dollars during 4Q07 was 5%. Sigma's 4Q07 average dollar prices were 10% higher than in 4Q06 and 6% higher on a cumulative basis. Price increases of different magnitude have been implemented in practically all product lines to cope with higher input costs in as much as possible.

Table 15

Sigma Volume and Price Changes (%)

	4Q07 vs.		YTD'07 vs.
	3Q07	4Q06	YTD'06
Total Tonnage Sold	1.3	8.7	8.7
Avg. Ps. Prices	2.5	6.1	2.8
Avg. U.S. \$ Prices	5.6	10.8	6.7

Revenues

Table 16 shows Sigma's revenues for the comparable quarters. The company reported higher revenues during 4Q07 than in 3Q07, 4Q06 and on a cumulative basis. This achievement is the result of the sales volume and pricing trends already explained above.

Sales made outside Mexico continued to grow during 4Q07. They represented 15% of the quarter's total as compared to 14% and 12% in 3Q07 and 4Q06, respectively. This is the result of the growing effort the company is making to penetrate relevant markets in the U.S.A., Central America and the Caribbean region. On a cumulative basis, during 2007 Sigma obtained 14% of its total sales in these markets, as compared to 12% in 2006.

Table 16
Sigma
Revenues

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Total Revenues								
Ps. Millions	6,217	5,981	5,400	4	15	23,082	20,726	11
U.S. \$ Millions	570	533	475	7	20	2,068	1,789	16
Domestic Revenues								
Domestic (Ps. Millions)	5,266	5,166	4,754	2	11	19,970	18,350	9
Domestic (U.S. \$ Millions)	483	460	418	5	16	1,789	1,584	13
Foreign Revenues								
Foreign (Ps. Millions)	951	815	646	17	47	3,112	2,376	31
Foreign (U.S. \$ Millions)	87	73	57	19	53	279	205	36
Foreign / total (%)	15.3	13.7	12.0			13.5	11.5	

Operating Income, Margins, EBITDA

Table 17 sets forth Sigma's operating income for the periods under comparison.

The company reported higher operating income in dollars in 4Q07 than in the preceding quarter due to the higher revenue of the quarter already explained. Nevertheless, costs of raw materials grew faster during the quarter, eroding some of the profitability of sales and compressing margins on a percentage basis.

Table 17
Sigma
Operating Income, Margins and EBITDA

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Operating Income								
Ps. Millions	488	493	668	(1)	(27)	1,958	2,156	(9)
U.S. \$ Millions	45	44	59	2	(24)	175	186	(6)
Margin (%)	7.9	8.3	12.4			8.5	10.4	
EBITDA								
Ps. Millions	667	682	688	(2)	(3)	2,673	2,733	(2)
U.S. \$ Millions	61	61	61	1	1	239	236	2
Margin (%)	10.7	11.4	12.7			11.6	13.2	

The company's profitability has been under pressure over the past few quarters due to the combination of higher costs for raw materials, such as meat and milk, which all companies in the industry have been suffering from in the past year, plus expenses related to the launching of new products into the market, like advertising and promotion, and a highly competitive environment in the yogurt business. This is evident when comparing Sigma's 4Q07 operating income vis-à-vis 4Q06 and on a cumulative basis. To counterbalance this situation, the company has adopted a proactive stance insofar as pricing policy is

concerned. Likewise, it began implementing several measures to reduce costs and expenses. The favorable impact of these measures is expected to be fully reflected in 2008's results. Sigma's 2007 EBITDA reflected the pressure on profitability and grew just slightly, as seen in Table 17.

Capital Expenditures and Net Debt

During 4Q07, Sigma invested U.S. \$ 46 million in capital expenditures for a total of U.S. \$ 160 million in 2007. Sigma continued to develop its capital expenditure program. During the quarter under report, it completed the new yogurt facility in Costa Rica, and made substantial progress in the construction of the processed meats plant in the U.S.A., which is programmed to begin production toward the end of 1Q08.

Despite the capital expenditures of the quarter, Sigma was able to reduce net debt by U.S. \$ 11 million during 4Q07 and ended the year with a balance of U.S. \$ 415 million. The company's financial condition remains very strong, as shown in the following table:

Table 18

Sigma

Selected Balance Sheet Information & Financial Ratios

	4Q07	3Q07	4Q06	YTD '07	YTD '06
Assets (U.S. \$ Millions)	1,468	1,468	1,218	1,468	1,218
Liabilities (U.S. \$ Millions)	825	860	660	825	660
Stockholders' Equity (U.S. \$ Millions)	643	608	558	643	558
Majority Equity (U.S. \$ Millions)	621	586	550	621	550
Net Debt (U.S. \$ Millions)	(415)	(426)	(293)	(415)	(293)
Net Debt/EBITDA* (Times)	1.69	1.75	1.21	1.73	1.24
Interest Coverage (Times)	3.8	6.8	7.2	5.9	7.2

* Quarterly EBITDA times four

ALESTRA (Telecommunications)

(5% of ALFA's 4Q07 Revenues)

Operations

During 4Q07, Alestra continued to execute a business strategy aimed to expand its non-long distance, value-added services, to more than offset declining revenue trends in traditional long distance services. The strategy continued to pay off during 4Q07, and growth was particularly noticeable in internet-related and direct access services. The internet-related services increased due to the continuing growth of its Virtual Private Networks (VPN) and managed services, as well as its Voice over Internet Protocol (VoIP) service for residential customers.

Regarding long-distance services, Alestra's network handled a total volume of 788 million of minutes of use (MMOU) during 4Q07, an 8% decrease over the 855 MMOU reported during the previous quarter and 21% below the 1,000 MMOU handled during 4Q06. The main reason for these declines is lower international incoming traffic.

Revenues

The following table presents relevant information concerning Alestra's revenues for the periods under analysis.

Table 19
Alestra
Revenues

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Total Revenues								
Ps. Millions	1,232	1,332	1,158	(8)	6	5,056	4,536	11
U.S. \$ Millions	113	119	102	(5)	11	453	391	16
Domestic Revenues								
Domestic (Ps. Millions)	1,016	1,043	874	(3)	16	3,901	3,421	14
Domestic (U.S. \$ Millions)	93	93	77	-	21	349	295	18
Foreign Revenues								
Foreign (Ps. Millions)	216	289	283	(25)	(24)	1,155	1,115	4
Foreign (U.S. \$ Millions)	20	26	25	(23)	(20)	103	96	7
Foreign / total (%)	17.7	21.8	24.5			22.7	24.6	

Alestra's 4Q07 total revenues decreased 5% in dollar terms when compared to 3Q07. This is the effect of the decline in long-distance traffic already explained. However, as compared to 4Q06, revenues were 11% higher in dollars as a result of the growth of value added services.

On a cumulative basis, Alestra posted a 16% growth in 2007, basically for the same reason, coupled with higher long-distance services income originated by the implementation of the domestic and international "Long Distance Calling Party Pays" system.

Operating Income, Margins and EBITDA

The following table sets forth Alestra's operating income, margins and EBITDA for the periods under comparison.

Table 20

Alestra

Operating Income, Margins and EBITDA

	4Q07	3Q07	4Q06	4Q07 vs. (%)		YTD '07	YTD '06	Ch. %
				3Q07	4Q06			
Operating Income								
Ps. Millions	146	158	38	(8)	284	455	187	143
U.S. \$ Millions	13	14	3	(7)	333	41	16	156
Margin (%)	11.5	11.8	2.9			9.1	4.1	
EBITDA								
Ps. Millions	351	342	329	2	6	1,325	1,271	4
U.S. \$ Millions	32	31	29	6	11	119	110	8
Margin (%)	28.5	25.6	28.4			26.2	28.1	

Alestra reported lower operating income during 4Q07 as compared to 3Q07 due to higher depreciation charges on account of higher capital expenditures. The EBITDA line did not suffer and grew 6% in dollars as compared to the previous quarter. Alestra continues to achieve higher quarterly EBITDA figures basically due to growth of value added services as already explained, whose profitability exceeds long distance services.

Regarding the comparison vis-à-vis 4Q06 and on a cumulative basis, there was a sizeable increase in operating income that was not reflected in the EBITDA line. It had to do with lower non-cash charges as the amortization of preoperative expenses ended last year.

Capital Expenditures and Net Debt

Alestra's 4Q07 capital expenditures amounted U.S. \$ 20 million for a total of U.S. \$ 55 million in the year. Resources were used to expand its network, provide new services to customers and increase last-mile access.

At the end of 4Q07, Alestra's net debt amounted to U.S. \$ 233 million, which compares favorably to the U.S. \$ 259 million reported at the end of the previous quarter. This reduction is mainly the result of U.S. \$ 17 principal amortization of its senior notes due 2010 and a U.S. \$ 4 million payment on a secured financing facility. Resources to repay debt were internally generated.

Alestra's financial information is summarized below:

Table 21

Alestra

Selected Balance Sheet Information & Financial Ratios

	4Q07	3Q07	4Q06	YTD '07	YTD '06
Assets (U.S. \$ Millions)	609	610	650	609	650
Liabilities (U.S. \$ Millions)	367	377	438	367	438
Stockholders' Equity (U.S. \$ Millions)	242	233	212	242	212
Net Debt (U.S. \$ Millions)	(233)	(259)	(259)	(233)	(259)
Net Debt/EBITDA* (Times)	1.81	2.13	2.23	1.96	2.36
Interest Coverage (Times)	5.4	4.9	4.3	4.7	3.3

* Quarterly EBITDA times four

FINANCIAL INFORMATION

APPENDIX

TABLES

A

Consolidated Balance Sheet

B

Consolidated Statement of Income

Appendix A

ALFA, S.A.B. de C.V. and Subsidiaries
BALANCE SHEET
 Millions of Mexican Pesos
 of December 31, 2007 Purchasing Power

	<u>Dec 07</u>	<u>Sept 07</u>	<u>Dec 06</u>	<u>(%) Dec 07 vs.</u>	
				<u>Sept 07</u>	<u>Dec 06</u>
Assets					
CURRENT ASSETS:					
Cash and temporary investments	8,535	8,737	11,692	(2)	(27)
Trade accounts receivable	12,515	13,288	9,808	(6)	28
Other accounts and notes receivable	3,440	3,465	3,101	(1)	11
Inventories	13,026	11,860	8,586	10	52
Other assets	545	582	574	(6)	(5)
Total current assets	38,061	37,932	33,762	0	13
INVESTMENT IN SHARES IN ASSOCIATES	552	448	244	23	126
PROPERTY, PLANT AND EQUIPMENT	50,997	49,829	39,565	2	29
DEFERRED CHARGES & OTHER INTANGIBLE ASSETS	8,442	8,682	3,279	(3)	157
OTHER ASSET	1,279	999	381	28	236
Total assets	99,331	97,890	77,231	1	29
Liabilities and Stockholders' Equity					
CURRENT LIABILITIES:					
Current portion of long-term debt	2,991	1,986	1,096	51	173
Bank loans and notes payable	1,297	10,162	838	(87)	55
Suppliers	14,907	14,387	8,887	4	68
Other accounts payable and accrued expenses	4,821	5,746	3,657	(16)	32
Total current liabilities	24,016	32,281	14,477	(26)	66
LONG-TERM LIABILITIES:					
Long-term debt	24,550	16,017	17,071	53	44
Deferred income taxes	5,662	5,859	5,157	(3)	10
Other liabilities	516	172	458	201	13
Estimated liabilities for seniority premiums and pension plans	1,293	1,291	1,120	0	15
Total liabilities	56,037	55,620	38,283	1	46
STOCKHOLDERS' EQUITY:					
Majority interest:					
Nominal capital stock	233	233	233	0	0
Restatement of capital stock	143	143	143	0	0
	376	376	376	0	0
Contributed capital	376	376	376	0	0
Earned surplus	37,807	36,816	33,919	3	11
Total majority interest	38,183	37,192	34,295	3	11
Minority interest	5,111	5,078	4,653	1	10
Total stockholders' equity	43,294	42,270	38,948	2	11
Total liabilities and stockholders' equity	99,331	97,890	77,231	1	29
Current ratio	1.58	1.18	2.33		
Debt to equity	1.29	1.32	0.98		

Appendix B

ALFA, S.A.B. DE C.V. and Subsidiaries
STATEMENT OF INCOME
Millions of Mexican Pesos
of December 31, 2007 Purchasing Power

	<u>4Q07</u>	<u>3Q07</u>	<u>4Q06</u>	<u>YTD '07</u>	<u>YTD '06</u>	<u>4Q07 vs. (%)</u>	
						<u>3Q07</u>	<u>4Q06</u>
Net sales	27,288	28,623	20,069	106,833	79,496	(5)	36
Domestic	12,381	12,729	11,412	49,002	44,740	(3)	8
Export	14,907	15,895	8,658	57,831	34,756	(6)	72
Cost of sales	<u>(22,362)</u>	<u>(23,673)</u>	<u>(15,792)</u>	<u>(87,677)</u>	<u>(62,848)</u>	6	(42)
Gross profit	4,926	4,951	4,277	19,156	16,648	(0)	15
Operating expenses	<u>(3,301)</u>	<u>(3,133)</u>	<u>(2,761)</u>	<u>(12,700)</u>	<u>(10,531)</u>	(5)	(20)
Operating income	1,625	1,817	1,516	6,456	6,117	(11)	7
Financial expense, net	(630)	(533)	(80)	(1,901)	(228)	(18)	(688)
Exchange income (loss), net	(113)	(322)	29	(70)	148	65	(490)
Derivatives valuation	(28)	(247)	122	(72)	95	89	(123)
Gain on monetary position	440	138	33	640	130	220	1,233
Capitalized interest expense, net	1	16	(12)	65	42	(94)	108
Comprehensive financing expense, net	(330)	(948)	92	(1,338)	187	65	(459)
Other (expense) income, net	(127)	(339)	(45)	(543)	(79)	63	(182)
Employees' profit sharing	(35)	(33)	(48)	(151)	(163)	(6)	27
Equity in income (loss) of associates	<u>25</u>	<u>1</u>	<u>4</u>	<u>30</u>	<u>(31)</u>	1,955	525
Income before the following provision	1,158	498	1,519	4,454	6,031	133	(24)
Provisions for:							
Income tax	(245)	(125)	395	(317)	(131)	(96)	(162)
Consolidated net income	913	373	1,914	4,137	5,900	145	(52)
Income (loss) corresponding to minority interest	<u>197</u>	<u>127</u>	<u>113</u>	<u>586</u>	<u>521</u>	55	74
Net income (loss) corresponding to majority interest	<u>716</u>	<u>246</u>	<u>1,801</u>	<u>3,551</u>	<u>5,379</u>	191	(60)
EBITDA	2,791	2,807	2,278	10,756	8,868	(1)	23
Interest coverage	4.4	5.3	28.6	5.7	38.9		