

Annual Report
1990



VITRO, SOCIEDAD ANONIMA

Financial Highlights

(Billions of pesos of December 1990)

	Actual 1990	Actual 1989	% Var.
Total sales	9,528	6,378	49
Consolidated sales	8,152	5,208	57
Integral cost of financing *	385	321	20
Net income	745	746	-
Capital expenditures	792	373	112
Return on equity	12.4 %	12.0 %	
Current ratio	1.41	1.10	
Liabilities/stockholders' equity	0.96	0.92	
EBIT/assets	11.81 %	15.40 %	
EBIT/sales	13.72 %	17.49 %	
Operating cash flow/sales	20.54 %	26.53 %	

* This figure does not include prepayments of foreign debt, because it is considered in the "Extraordinary items" concept in the Income Statement.

Message from the Chairman

To our Stockholders:

Economic Environment

Mexico persevered in its efforts to continue to reduce inflation without sacrificing growth. Price leveling was achieved, although with an increase in the rate of inflation.

Significant improvement was obtained with respect to: interest rates, Central Bank reserves, reprivatizations, and the opening of the economy to world trade. The negative effects were: decline in competitiveness, as a result of the exchange policy, and a negative trade balance. The overall result has been the enhancement of national and international trust.

The formulation of the North American Free Trade Agreement will help companies place their products on the international markets, by eliminating some commercial barriers.

Sales and Earnings

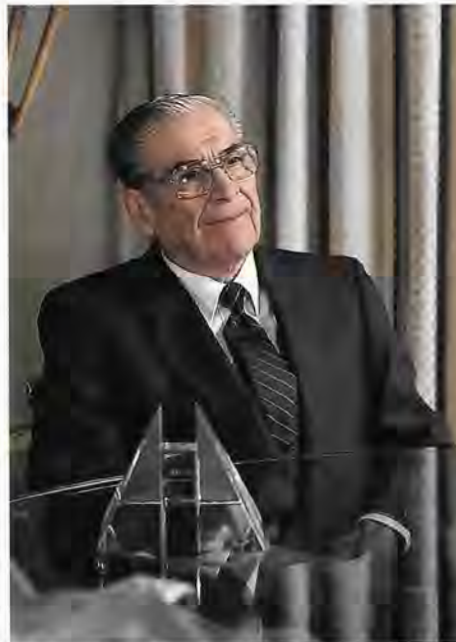
The consolidation of Anchor Glass Container Corporation (AGCC) affected the comparability of the financial statements.

GRUPO VITRO's traditional sales maintained their value in real terms, but including AGCC the growth amounted to 57 %.

Likewise, export sales from Mexico reached a record

level of \$ 311 million dollars, 19 % above the preceding year.

With regard to income before financial expenses and taxes there was a 22 % increase. Net income, without AGCC, decreased 25 %, and including such Company a similar level to that of the previous year was achieved.



Financial Structure

GRUPO VITRO's financial position remained solid. The assets and stockholder's equity practically maintained their value, in real terms. The policy of conservative leverage will continue to be the main foundation for GRUPO VITRO's healthy development.

The acquisition of AGCC, during the past year, caused a temporary increase in the financial leverage. Results in AGCC have been satisfactory. This, together with the healthy generation of cash by GRUPO VITRO's traditional operations, will allow the accelerated reduction of the level of indebtedness.

Special Events

GRUPO VITRO's new profile projects a Company with a firm presence in the international scenario.

Proof is that now more than half of our sales are realized outside Mexico, and, likewise, close to 50 % of our assets are located abroad.

After one year of operations, AGCC's results have improved more dramatically than expected. With support, reorientation of strategies and operational optimization, we have achieved, in a short time, improvement in productivity, market and labor relations. In the long-term, AGCC will benefit from the modernization of equipment, in which our company Fabricación de Máquinas, S. A. de C. V., plays an important role.

Together with Whirlpool Corporation, our company Supermátic, S. A. de C. V., started in the second half of the year its manufacturing line of refrigerators and freezers, mainly for export. This will bring in significant contributions starting the coming year.

The International Financial Community continued showing its trust in GRUPO VITRO. A sample of this is the credit support provided by foreign Banks for the installation of our third float glass furnace.

Outlook

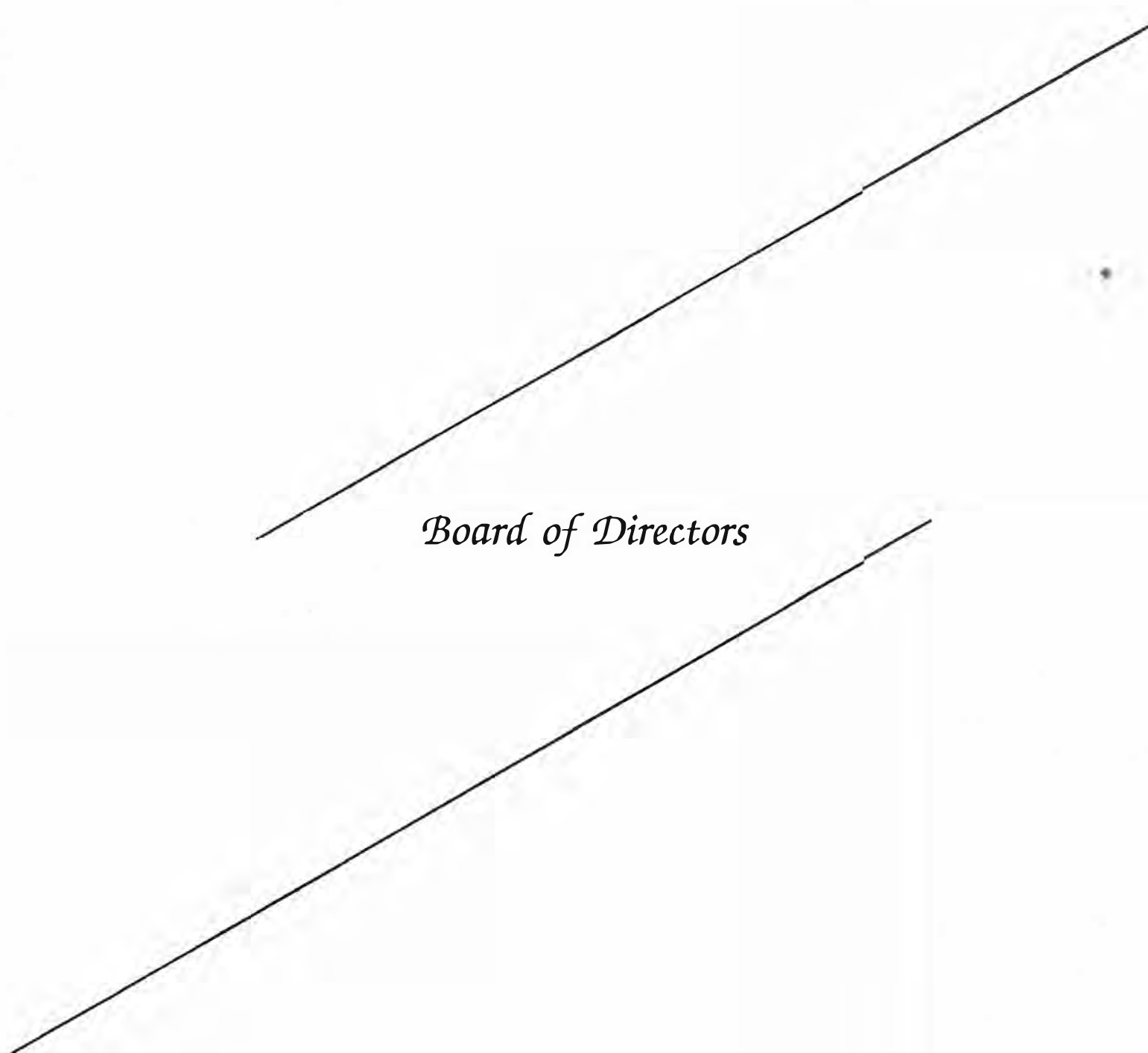
Mexico is undergoing deep economic, social and political changes. GRUPO VITRO will continue adapting to this environment with renewed energy.

We must recognize that the increase of productivity, as in everything, has a limit. Therefore, GRUPO VITRO's results under an obvious competitive surrounding can hardly be the same as those achieved under a protectionist environment. Even so, such results will be firmer and longer lasting.

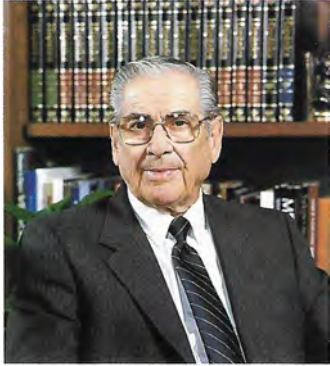
GRUPO VITRO will continue its technical improvement process, rationalization of operations and products, and its application of formulas for the achievement of optimum goals with minimum resources. This will enable us to continue at the international forefront in the industry in which we have served our country for more than 80 years.



ADRIAN SADA T.
Chairman of the Board



Board of Directors



Adrián Sada T.
Chairman



Eduardo G. Brittingham



Adrián Sada G.
Executive Chairman



Dionisio Garza Sada †

Alternate Board Members:

Virgilio Garza Jr.

Alfonso F. Rodríguez

Alternate Examiner:

Salvador González G. Jr.



Adolfo Larralde Rangel
Secretary



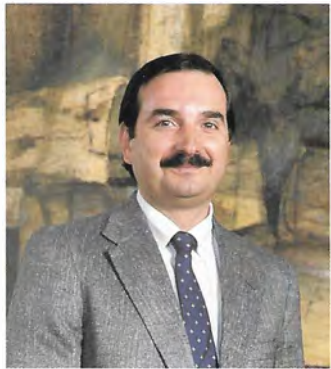
Julio Escámez F.



Mario Garza G.



Alejandro Garza Lagüera



Pablo González Sada



Tomás González Sada



Javier Iriondo V.
Examiner



Ernesto Martens R.



Juan F. Muñoz



Federico Sada G.



*1990 Annual Report Submitted
by the Board of Directors of
Vitro, Sociedad Anónima*

MACROECONOMIC ENVIRONMENT IN MEXICO

The turn towards an open market in the majority of the European East Bloc countries reinforced the worldwide tendency to reduce the role of the State in the economy, and conferred greater importance to the market itself.

These changes on an international level coincided with the plans developed by our authorities, which continue promoting a series of economic reforms. Of importance is the announcement of the reprivatization of banks and start-up of negotiations for a free trade agreement with the United States of America, and possibly, Canada.

In addition, there were other relevant factors. On an internal scale, of note are the measures taken towards continuing with the structural change and the renovation of the Pact for Stability and Economic Growth (Pact). As regards to external matters, of prime importance was the chain of events sparked by the conflict in the Persian Gulf which impacted on world economies.

These conditions contributed to the configuration of 1990, which was characterized by an increase in prices, a dynamic growth in the economy, a pronounced decrease in real interest rates, and an additional loss in competitiveness in the rate of exchange.

The announcement of the privatization of the commercial banks, the sale of Government owned companies, and the signing of the renegotiation of Mexico's foreign debt, were favorable factors in establishing a climate of confidence and contributed to the return of capital.

The start of the negotiations for a free trade agreement confirms the tendency towards globalization and internationalization of the Mexican economy, with the view towards integration in commercial blocs and thus take advantage of larger commercial areas.

In regard to internal economic policies, the mechanism for the continuation of the Pact was maintained, incorporating the reduction of exchange rate slippage, the adjustment of prices and tariffs of the public sector and the realignment of some prices for the private sector.

The conflict in the Persian Gulf halted the unfavorable tendency of international prices of oil, allowing fiscal objectives to be achieved and reducing pressure on the rate of exchange.

Events over the year were mixed. Whilst inflation grew from 19.7 % in 1989 to 29.9 % in 1990, gross domestic product increased 3.9 %. The latter impacted on

industrial and manufacturing production, with increases of 5.4 % and 5.2 %, respectively. Consequently, the total workers' earnings, measured by the index of wage and salary in the manufacturing sector, rose 4 % in real terms.

Foreign investment and repatriation of capital, thanks to a return in confidence and to the sale of Government owned companies, combined with foreign loans, allowed for an increase in the gross reserves of the Bank of Mexico. This lent support to the foreign exchange policy, and led to a slowdown in the slippage of our currency, albeit at the expense of competitiveness, which eventually translated into an increase of 53 % in the deficit of the non-petroleum trade balance.

The adjustments to prices and tariffs, the reduction of real interest rates and the income derived from the sale of Government owned companies, combined with the increase in petroleum prices and the decrease in interest payments on the foreign debt, have contributed to a reduction in the fiscal deficit, which percentage in regard to the GNP was 4.5 %.

The reduced financial requirements of the Government have encouraged a reduction in nominal interest rates, which together with price increases, resulted in a reduction of 20 percentual points in real interest rates.

After continued efforts by all sectors to eradicate the problems of inflation over the past three years, and in spite of the increase in costs of raw materials and of the goods and services supplied by the Government, GRUPO VITRO continued true to the objectives of stabilization and economic growth. This sacrifice has been lessened somewhat due to the reactivation of some important areas of the economy and to the firm conviction of the need to create a solid export platform, and make our Company competitive in the international markets.

MACROECONOMIC ENVIRONMENT IN THE UNITED STATES

The United States economy, during the first semester, was characterized by a slight slowdown in the economic activity and an increase in inflation. Both tendencies worsened as a consequence of the conflict in the Persian Gulf, and their dependance on imports of petroleum.

The imbalance produced by the trade and fiscal deficits continued being the main problems of the North American economy. The expectations of greater inflation, and the high fiscal deficit, kept interest rates high, in the order of 10 %,

in spite of the efforts made by the Federal Reserve to reduce the discount rate. The increase in prices of 6.1 % and the commercial deficit of 101 billion dollars, led to the depreciation of the dollar against the strong currencies.

The rising rate of unemployment, and the depressed purchasing power, were reflected in lower consumption growth as well as in housing demand. In view of this, the North American economy has experienced an incipient recession, in spite of Gross National Product having achieved a modest increase of 0.9 %, during 1990.

GRUPO VITRO IN 1990

The markets to which GRUPO VITRO concurs show the following growths:

	MEX %	USA %
Automotive industry	27.7	(0.6)
Domestic appliances	12.2	3.2
Wines and liquors	11.8	(1.5)
Soaps and detergents	7.6	0.0
Construction	6.0	(2.8)
Beer	5.3	2.2
Processed foods	5.2	(1.1)
Capital goods	5.0	0.0
Soft drinks	3.4	4.9
Pharmaceutical industry	(0.5)	4.4

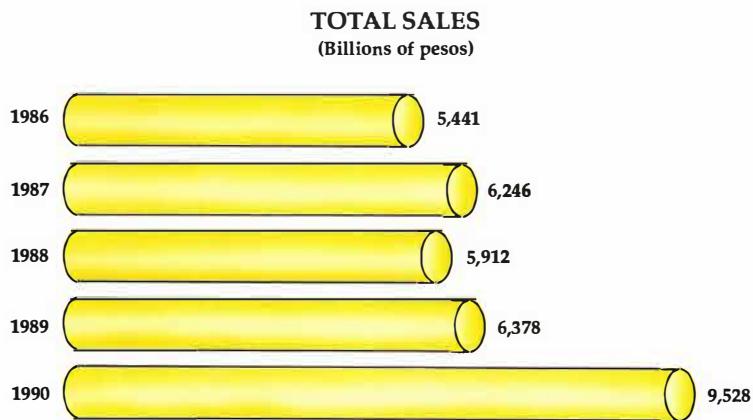
In the above context, results for the Company were as follows:

SALES

It is important to point out that the figures we report below include, for the first time, the consolidation of Anchor Glass Container Corporation and Subsidiaries, companies located in the United States, which were acquired by GRUPO VITRO in 1989.

The amounts mentioned herein are expressed in constant Mexican pesos as of December 1990, except where otherwise indicated. Growth rates refer to percentage variations for 1990, in regard to those of the previous year. Also, the values expressed in foreign currency refer to U.S. dollars.

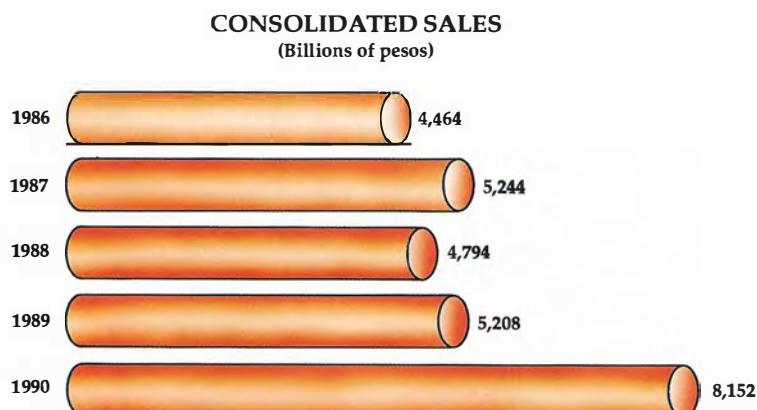
Total sales rose to 9,528 billion pesos, which represents a growth of 49 % over last year. The increase is due to the incorporation of the sales of Anchor Glass Container Corporation and Subsidiaries, for all of the year of 1990, as opposed to two months reported in 1989.



The increase obtained is made up as follows: 50 % increase due to the incorporation of the sales of Anchor Glass Container Corporation and Subsidiaries, and a decrease of 1 %, in real terms, in the traditional sales of GRUPO VITRO in Mexico, as a result of increased volumes in various market segments served by the Company, and the adverse effect of price adjustments, below those of inflation. Therefore, GRUPO VITRO's traditional sales were of 4,697 billion pesos.

The sales of Anchor Glass Container Corporation and Subsidiaries were 1,153 million dollars, 1 % higher than those of last year.

GRUPO VITRO's consolidated net sales amounted to 8,152 billion pesos, 57 % over those of the previous year.



Divisional sales were as follows:

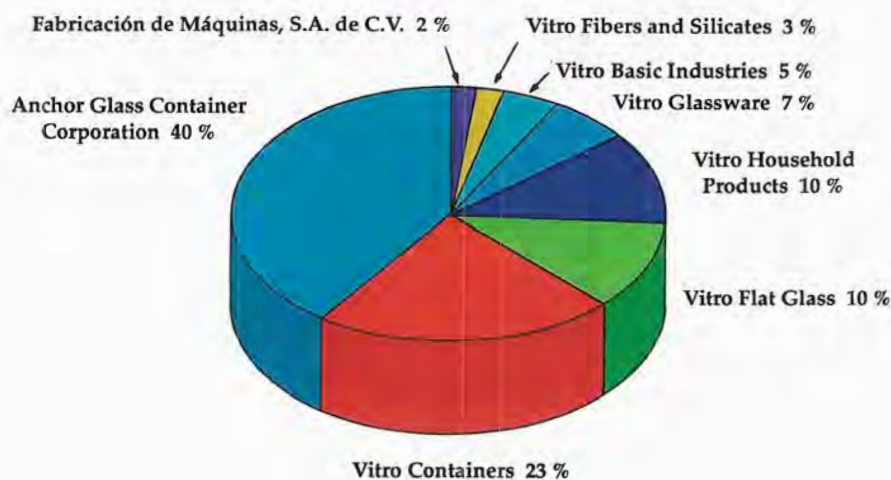
SALES BY DIVISION
(Increase in volume)

	<u>1990</u> %	<u>1989</u> %
Fabricación de Máquinas, S. A. de C. V.	26	(26)
Vitro Household Products	20	24
Vitro Containers	11	10
Vitro Flat Glass	5	8
Anchor Glass Container Corporation	-	3
Vitro Glassware	(4)	8
Vitro Basic Industries	(7)	(3)
Vitro Fibers and Silicates	(13)	7

The percentage share of sales by Division were:

SALES BY DIVISION
(Percentage share)

	<u>1990</u> twelve months with AGCC %	<u>1989</u> two months with AGCC %
Anchor Glass Container Corporation	40	8
Vitro Containers	23	35
Vitro Flat Glass	10	16
Vitro Household Products	10	15
Vitro Glassware	7	11
Vitro Basic Industries	5	9
Vitro Fibers and Silicates	3	4
Fabricación de Máquinas, S. A. de C. V.	2	2
TOTAL	<u>100 %</u>	<u>100 %</u>



In the Mexico of today and that of the future, and as the changes become a reality, companies such as GRUPO VITRO have to review their strategies for a highly competitive world and with almost nonexistent barriers. For this reason, the Company has begun a process of "doing things differently":

- Rationalization of product lines
- Reach the objective of being the low cost producer
- Total quality
- Market oriented
- Proximity to customers and innovation

The above mentioned is a "sine qua non" condition in order to compete successfully in a world open to international trade. At the same time, we have to see that the conditions of the forecoming free trade agreement take into account the structural differences of the negotiating countries. For this reason it was decided to form the division of Foreign Trade.

VITRO CONTAINERS

The main markets of this Division showed an increase in its activity, reason for which it had reasonable results. By product lines, the following results were achieved in volume:

Soda lime glass containers	11 %
Borosilicate glass products	(1) %
Luggage	4 %
Plastic containers and closures	12 %

Average installed capacity utilized in the soda lime glass lines was 84 %, an increase of 11 % over last year.

Special recognition should be given to the export sales of this Division, 73 % over 1989, having reached 118 million dollars, which represents 18.4 % of divisional sales. Of great importance are the exports to the United States, which represent 2.2 % participation of the apparent market in this country.

The development of new designs and products, as well as the successful search of new market niches, contributed greatly to the results achieved.

VITRO FLAT GLASS

The domestic markets of this Division showed a satisfactory growth as evidenced by the following figures, in volume:

Construction glass	10 %
Automotive glass	4 %

These results were obtained by using 79 % of installed capacity, 1 % higher than the previous year.

To prepare for increased demands of better quality products, and to supply the requirements of the domestic and foreign markets, we have begun the construction of a new float glass tank, which will duplicate the installed capacity of Vitro Flotado, S. A. de C. V.'s plant. At the same time, and with the objective of maintaining our competitive position, the Division is in the process of building a plant (Auto Templex, S. A. de C. V.), which will produce automotive glass of complex curvature, necessary for the cars of today and those of the future. The investment required for these projects is of 501,600 million pesos, and 67,900 million pesos, respectively.

The slowdown of the North American automotive industry continued during the year, 7.9 % decrease in comparison to last year, but in spite of this, and as a result of efforts to diversify markets, exports reached 81 million dollars, only 9 % below those of last year and represented 28.9 % of the divisional sales.

As in previous years, in recognition of the effort to improve made by all the personnel, the Division received awards for quality and service from Chrysler Corporation, General Motors de México, S. A de C. V., as also the Quality Award presented by the President of Mexico.

VITRO HOUSEHOLD PRODUCTS

Demand for major appliances showed high activity, which permitted this Division to grow 6 % over last year.

Exports sales of major appliances rose 262 % over last year and now represent 4.6 % of divisional sales of this product line. Due to the expansion of the Supermátic, S. A. de C. V. plant, today refrigerators manufactured in Mexico compete successfully in the United States market.

With an investment of 233,480 million pesos, installations of the new Division's plants for the production of washers and plastic parts will permit us to continue with the introduction of other products, both for the domestic as well as for the export market.

The sector of this Division encompassing compressors, valves, thermostats, relays and motors had a decrease of 6 %, with respect to last year.

To guarantee the supply of compressors for the refrigerator plants, a new installation is in the process of construction at Apodaca, Nuevo Leon, the production equipment was previously located at the plant of Consorcio Manufacturero, S. A. de C. V., in San Luis Potosi, San Luis Potosi. With this new installation, plus Compresores Industriales y Comerciales, S. A. de C. V., we have assured the supply of a key item, both for original equipment as well as for the replacement market. Investment is estimated at 40,423 million pesos.

Domestic market for enamelware was erratic, but at year-end was 1 % over 1989. Acero Porcelanizado, S. A. de C. V. and Porcelan, S. A. de C. V., obtained a growth of 3 % in comparison to last year. During the period efforts were made to improve technology and process techniques of these Companies. Export sales grew 15 % over last year and represented 15.6 % of sales.

Wholesale stores of the Division are in the process of updating their strategies to face the new challenges of the country.

VITRO BASIC INDUSTRIES

Raw materials showed a satisfactory growth of 8 % as a result of greater activity in the glass, cement, ceramic and foundry industries. Exports in this area decreased 21 % over last year and represented 1.4 % of sales.

Timely supply, uniform quality and competitive costs on an international level were the basic objectives of these Companies.

The chemical sector of the Division reflected the economic activity of the country and of its markets, achieving the following growths:

Sodium Carbonate	1 %
Sodium Bicarbonate	3 %
Calcium Chloride	25 %
Salt	22 %

Exports decreased 5 % and represented 9.3 % of sales. Consolidation of its markets, as well as the opening of new ones, were elements that compensated the decline - the Mid East, South America, Canada and the United States, among others.

Special attention was paid by GRUPO VITRO, and particularly by the raw materials and chemical sector companies, for the protection of the environment and community relations in those areas in which we operate.

With respect to capital goods, Peerless Tisa, S. A. and Neumatron, S. A., results were negatively affected by delays in investment by the public and private sectors in those projects conducive to the use of our products. Sales in these areas decreased 27 %, in real terms.

In the new Mexico, it is of vital importance to establish relations which permit this type of industry to become a global supplier, and this has already been agreed with our partner Peerless Pumps, Inc, and with our partner in technology FMC, Corp. Therefore, a project has been authorized to enlarge the production capacity of Peerless Tisa, S. A., with an investment of approximately 5,016 million pesos. Imported products will complement our line for the domestic market.

At year end, our company Neumatron, S. A., was in the process of analyzing its alternatives with our partner Ingersoll-Rand Corp.

VITRO GLASSWARE

Glassware in Mexico faced very aggressive competition by practically all the world manufacturers, as a consequence of a peso parity which daily makes imports of goods cheaper, and a Government price restricting policy to combat inflation. For these reasons, imported goods are more attractive to the distribution chains, allowing them larger profit margins on imported goods as they are not participants in the Pact. The import tariffs of the United States imposed on products of the Division continue affecting our exports to that country.

Even with these limitations, the performance of the Division was satisfactory, even though total sales for the Division decreased 8 % in real terms, export sales increased 5 % over last year. The program for rationalizing products for the domestic and export markets, complemented by imported products, and the launching of new lines, for instance an integral system of tumblers for the packaging industry, for which an investment of 13,718 million pesos has been authorized, as well as special products manufactured by the new IMI machine, which required an investment of 5,160 million pesos, will assure the continued success of the Division.

The utilization of the installed capacity was of 73 %, similar level to that of last year.

VITRO FIBERS, SILICATES AND PRECIPITATED SILICA

In spite of increased volume in fiber glass, 4 % up in comparison to last year, the value of sales was 7 % lower. The slowdown in the automotive and construction industries in the United States, together with a drop in prices of fiber glass in the world market, were the determining factors. Export of these goods decreased 4 %.

The line of products derived from sodium silicate showed a decrease of 11 % in volume and 7 % in value. Exports to the Pacific Basin and Europe decreased 52 %.

Continuing with the strategy of complementing chemical products for the industries we supply, in the fourth quarter of the year we acquired, through the subholding company Vitro PQ, S. A., Emper Industrial, S. A. de C. V. and Industrias Químicas Básicas, S. A. de C. V., companies dedicated to the manufacture of aluminum sulphate.

Some precipitated silica markets were severely affected by the opening of our economy to free trade, specifically, the shoe industry, and for this reason sales of precipitated silica products, and their derivatives, showed a decrease of 25 % in value.

During the year processes were updated and equipment was modified to assure the quality of the products manufactured, as well as for the production of products oriented towards new markets which will favor the future growth of this area.

FABRICACION DE MAQUINAS, S. A. DE C. V. (FAMA)

As we informed last year, FAMA is now dedicated to supplying the equipment requirements for the manufacture of glass products for all GRUPO VITRO companies, including Anchor Glass Container Corporation and Subsidiaries, starting 1990.

We are pleased by the fact that the equipment sent to our North American Company have been above expectations and were a determinant factor in the progress achieved in its first year as a GRUPO VITRO's Subsidiary.

ANCHOR GLASS CONTAINER CORPORATION

It is with pride that we report that the strategic plan established when we made our tender offer has been confirmed. During the year, the Company sold 1,153 million dollars, 1 % over last year.

In a period of 12 months, employment levels were reduced from 9,088 to 7,033, by streamlining the organization of Latchford Glass Company and that of Anchor Glass Container Corporation, as well as by the closing of 3 plants, which were originally programmed to close in 3 years. Annual production not only was maintained but increased 1 % over last year, due to the enhancement in the productivity of existing equipment and the introduction of new technology. By year-end, 8% of the installations have been converted to GRUPO VITRO/Owens-Illinois technology. Investment of 76 million dollars in fixed assets was made, in accordance with the original program, covered totally with cash flow generated by the Company. In spite of problems caused by an abnormally cold winter in the months of January and February, the Company has been profitable from March onwards. The goals of quality, safety and productivity were surpassed. And for this, special recognition should be given to all personnel.

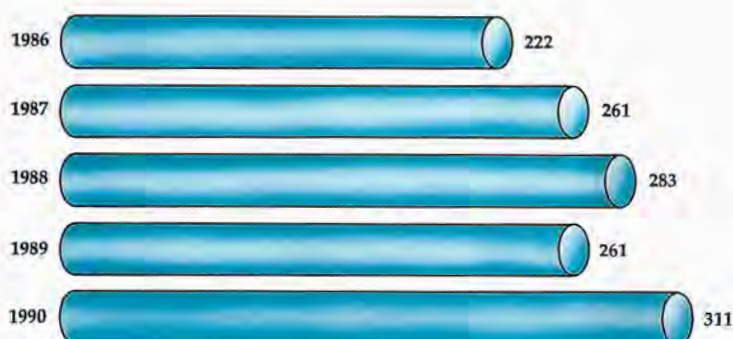
Today, Anchor Glass Container Corporation is the best capitalized glass container company in the North American territory. Its debt has been totally refinanced and is solidly structured, which should permit, in the short-term, for it to become the lowest cost producer.

The participation in the United States apparent market of glass containers, to which Anchor Glass Container Corporation and Vitro Containers concur, is 28.2 %.

FOREIGN TRADE

GRUPO VITRO continued emphasizing the export of all its products, and this market was therefore the most important segment of its sales. In the year, export sales reached 311 million dollars, 19 % higher than the previous year, and represented 20.6 % of the consolidated sales of GRUPO VITRO, excluding Anchor Glass Container Corporation.

EXPORT SALES
(Millions of dollars)



BALANCE OF PAYMENTS

At year end, trade balance continued favorable, 65 million dollars positive, and represented a growth of 24 % over last year.

The balance of payments was negative, in the order of 184 million dollars, and is the result of capital contribution to Container Holdings Corporation, and the imports of capital goods necessary to equip the new production facilities of Vitro Household Products, Vitro Flat Glass and the technological updating of our Companies.

INTERNATIONAL OPERATIONS

Brazil

Nadir Figueiredo Industria e Comercio, S. A., a company in which we are minority shareholders, obtained satisfactory results over the year, in spite of the complicated economy of the country which impacted unfavorably on all companies in Brazilian territory.

Central America

The Central American Group of companies, in which GRUPO VITRO participates with 49 % of its capital, registered favorable results, in spite of the difficult economic situation of the region, and especially in face of a complicated labor problem which forced us to close the glass container plant in the City of Guatemala. During the time that this Company was inoperative, the markets were supplied from our plant in Costa Rica and complemented with products from Mexico.

In the month of February of 1991, production of glass containers will restart in Guatemala under conditions which we consider will avoid the repetition of this type of problem in the future.

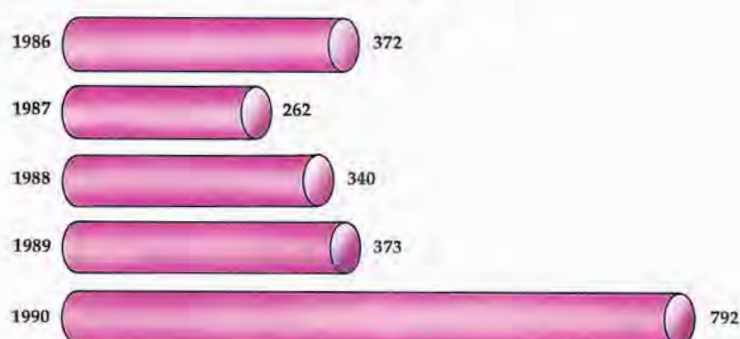
INVESTMENTS IN FIXED ASSETS

The competitiveness of our products depend more each day on having installations which have the most advanced technology, and which furthermore avoid damaging the environment of the communities where they are located.

Of outmost importance is having the capacity to supply the needs of the markets which we serve. Investments for the year were of 792,206 million pesos and were basically for the purpose of:

- Updating technology for Anchor Glass Container Corporation and Vitro Containers.
- New tank for float glass.
- Manufacturing facility for the production of complex curvature products for the automotive industry.
- Completion of major appliances plants for the international market.
- Geographic relocation of the refrigerator compressor plant.
- Environmental protection.
- Development of state-of-the-art technology for the Vitro Glassware division.
- Tooling for the updating of new range designs.
- Increase of capacity for the decoration of glass containers.

CAPITAL EXPENDITURES
(Billions of pesos)



ORGANIZATION

To be prepared for the economic opening and global competition, it was necessary to update and realign the structure of the organization, in the following manner:

- Research and development responsibility was transferred to each one of the operating divisions.
- The strategic direction of Vitro Tec was redefined.
- To unify market strategies, products, technology and diversification, the division of Chemicals, Fibers and Mining was formed.
- The capital goods companies were regrouped under one Division which includes Fabricación de Máquinas, S. A. de C. V., Peerless Tisa, S. A. and Neumatron, S. A.

In view of the above, as from 1991, the division known as Basic Industries will no longer operate as such, given that the Companies that conformed it have been assigned to other Divisions.

HUMAN RELATIONS

The number of persons working with GRUPO VITRO at year-end was of 46,004 and is made up as follows:

	PERSONNEL		
	1990	1989	% Var.
GRUPO VITRO in Mexico	38,734	36,595	6
Anchor Glass Container Corporation and other Companies in the U. S.	7,270	9,309	(22)
TOTAL	46,004	45,904	-

The increase in Mexico was the result of greater activity in the market and the hiring of personnel for the start-up of the new plants.

The *Second National Children Soccer Tournament* was celebrated during the year, with the participation of 918 children of our personnel. The family is the core of unity of our nation, and to promote it is our responsibility.

In order to be prepared for global competition, we have to rapidly actualize our strategies, and for this reason a seminar was given to 33 executives of GRUPO VITRO on international marketing, together with the American Graduate School of International Management.

With the collaboration of all the personnel of GRUPO VITRO, and the Unions that coordinate our labor relations, we had another peaceful year; we are all conscious of the need to change our way of doing things to be able to compete against the rest of the world. For this reason, our people is the most valued equity at GRUPO VITRO.

HUMAN RELATIONS AND PLANNING DIVISION; FINANCIAL AND ADMINISTRATIVE SERVICES DIVISION; LEGAL, PUBLIC AND BANKING RELATIONS DIVISION; AND VITRO, SOCIEDAD ANONIMA

The guidance and support of the personnel of these areas made it possible to

meet our lasting commitment to fulfill our obligations to all concerned: State, Banks, Government agencies, Shareholders and our personnel.

Special mention should be given on the successful negotiations made by our Legal, Public and Banking Relations division: the refinancing of Anchor Glass Container Corporation's debt, and the financing through the International Finance Corporation of the project of the Flat Glass division, are only some of their achievements.

Due to the European and North American financial market conditions, we withdrew the placement of neutral shares intended for those markets.

CONSOLIDATED INFORMATION

The accounting principles issued by the Mexican Institute of Public Accountants were faithfully and scrupulously adhered to. In accordance with these principles, the financial information presented is based on Bulletin B-10 regarding "Recognition of the Effects of Inflation", as well as adjustments published in subsequent bulletins.

CONSOLIDATED GENERAL BALANCE (Billions of constant Mexican pesos as of December 1990)

ASSETS	1990	1989	% Var.	LIABILITIES	1990	1989	% Var.
Current assets	3,407	3,489	(2)	Short-term	2,413	3,175	(24)
Long-term investment	1,146	1,136	1	Long-term	3,375	2,520	34
Fixed assets (net)	5,404	5,663	(5)	Total Liabilities	5,788	5,695	2
Deferred charges	1,837	1,613	14	Stockholders' Equity	6,006	6,206	(3)
Total Assets	11,794	11,901	(1)	Total Liabilities and Equity	11,794	11,901	(1)

REMARKS

Assets

Current assets reflected a reduction of 2 %, due to the efficient management of working capital.

Long-term investments showed an increase of 1 %, originated by a reduction in deferred taxes on reserves for the repair of furnaces.

Fixed assets decreased 5 %, principally due to revaluation indexes applicable to assets quoted at international prices being lower than inflation.

Deferred assets increased significantly, as a consequence of a correction to an excess in the book value of our purchase of Anchor Glass Container Corporation, and the increase in pre-operative expenses of new projects.

Liabilities

Total liabilities increased 2 %, as a consequence of the normal flow of operations.

Shareholders' Equity

Integration of stockholders' equity, in accordance with its holders, is as follows:

STOCKHOLDERS' EQUITY	(Billions of constant Mexican pesos as of December 1990)		
	1990	1989	% Var.
GRUPO VITRO Stockholders	5,190	5,327	(3)
Other Stockholders	816	879	(7)
Consolidated Stockholders' Equity	6,006	6,206	(3)

The breakdown by account is as follows:

	(Billions of constant Mexican pesos as of December 1990)	
	1990	1989
<hr/>		
GRUPO VITRO Stockholders:		
Capital Stock	1,043	1,022
Excess (shortfall) in Restatement of Capital	(476)	151
Retained Earnings	4,012	3,559
Net Income	611	595
<hr/>		
TOTAL	5,190	5,327
<hr/>		
Other Stockholders	816	879
<hr/>		
Stockholders' Equity	6,006	6,206
<hr/> <hr/>		

The stockholders' equity reflected a reduction of 3 %, in real terms, mainly due to the revaluation applicable to assets quoted at international prices, as referred above.

INCOME STATEMENT

Changing our way of doing things and seeking the strategy that will put us on equal or better grounds than the competition in total cost, is the main objective; the improvement obtained in operating income, in spite of the price constraints, required to combat inflation, was obtained through an increase in productivity in all areas of GRUPO VITRO in Mexico and in Anchor Glass Container Corporation in the United States.

CONSOLIDATED INCOME STATEMENT
(Billions of constant Mexican pesos as of December 1990)

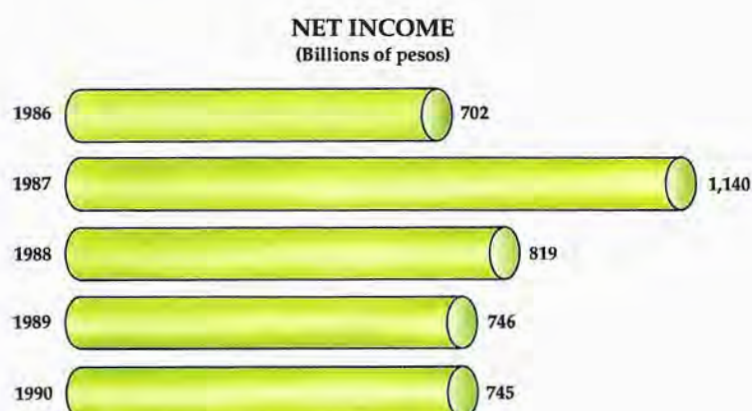
	1990	1989	% Var.
Consolidated Sales	8,152	5,208	57
Cost of Sales	5,944	3,382	76
Operating Expenses	1,081	924	17
Income before Financing	1,127	902	25
Integral Cost of Financing	385	321	20
Income after Financing	742	581	28
Shares in Net Income of Associated Companies	95	136	(30)
Income before Taxes and Profit Sharing	837	717	17
Income Tax and Profit Sharing	204	248	(18)
Income before Extraordinary Items	633	469	35
Extraordinary Items	112	277	(60)
Net Income	745	746	-
Net Income of Majority Interest	611	595	3
Net Income of Minority Interest	134	151	(11)

REMARKS

The consolidation of Anchor Glass Container Corporation contributed to substantial increases: sales 57 %, cost of sales 76 % and integral cost of financing 20 %, this last concept additionally affected by the high real interest rates prevalent in Mexico.

Income before extraordinary items increased 35 %, whilst non-recurring items decreased 60 %, due to the fact that during this fiscal year no benefits were obtained from prepayment of bank debt.

Net income for the year amounted to 745 billion pesos, similar to that achieved in the preceding year.



Income obtained by CYDSA, as in previous years, contributed favorably to the results for the year.

Income to GRUPO VITRO stockholders amounted to 611 billion pesos, 3 % higher than last year.

SUMMARY

(Billions of constant Mexican pesos
as of December 1990)

	1990
Consolidated Sales	8,152
Net Income	745
Net Income of Majority Interest	611
Net Income per Share (pesos)	\$ 6,984.62
Operating Income/Total Assets (%)	11.8
Operating Income/Sales (%)	13.7
Operating Cash Flow/Sales (%)	20.5
Return on Equity (%)	12.4
Growth in Net Worth (%)	1.5
Current Ratio	1.41
Total Liabilities/Stockholders' Equity	0.96

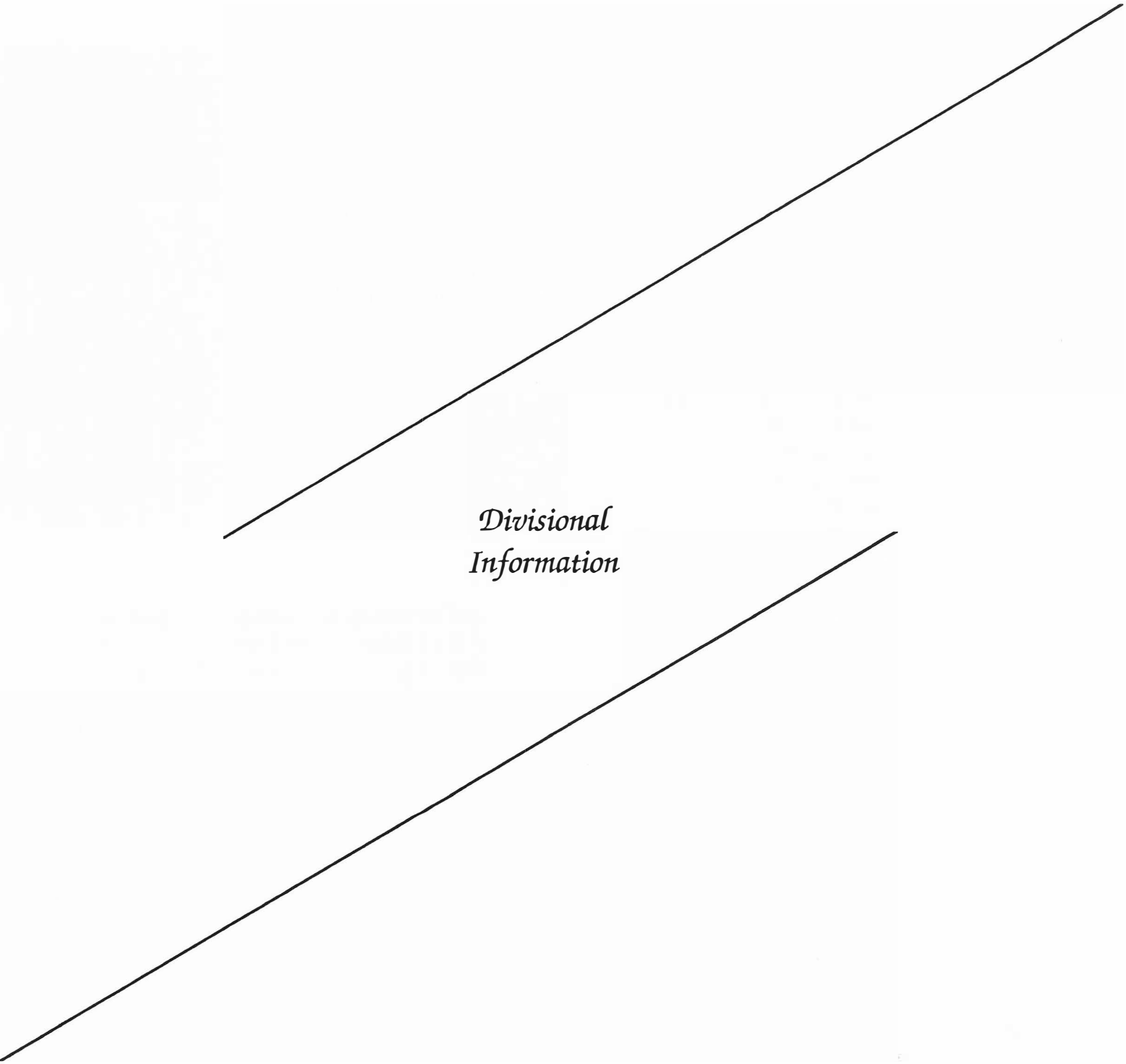
CONCLUSION

Within the economic environment previously described, both in Mexico as in the United States, Vitro, Sociedad Anónima and Subsidiaries obtained satisfactory results in spite of pressure on operating margins which affected our Companies in Mexico, due to the increase in costs not compensated by corresponding adjustments in prices, but counterbalanced by greater productivity. GRUPO VITRO continued with the prime objective of combatting inflation. The results for the year are the sum of the contribution made by all personnel of GRUPO VITRO, its most valued equity.

GRUPO VITRO extends its profound recognition to its clients, suppliers, bankers and Shareholders for their continued support.

We begin the last decade of this century aware of the responsibility our Company has to continue contributing, with its traditional dedication, to the development of our Nation, to look after the interests of our Stockholders, maintaining the conservative administrative policies which have always characterized us.

BOARD OF DIRECTORS
VITRO, SOCIEDAD ANONIMA



*Divisional
Information*

Vitro Containers



Federico Sada G.
President

The events that took place during 1990, characterize the year as perhaps the most significant 12-month period since the end of World War II. The transforming issues can be summarized in two broad

categories: political and economic. In the former, the outstanding event is the democratization of Eastern Europe, while in the latter the preeminent occurrence is the change of centrally planned economies into entities functioning in a free market system.

The universal trend towards a free market system, which emphasizes economic efficiency, shows an irreversible course. This circumstance is already present in Mexico. During 1990 the public sector, in an unprecedented effort, privatized a number of important public enterprises. Also, the Mexican government deregulated many markets and took important steps towards making Mexico a more open economy. All these efforts have changed the Mexican industry, modifying its inward orientation on an overly protected domestic market, into that of entities focusing on foreign markets and operating with international competitiveness standards.

In this new environment, Vitro Containers has geared its efforts towards achieving a leadership position - in international level - in all of its businesses. Our goal is to provide our customers with products that have the quality and service demanded in the international market.

During 1990, we acquired automatic inspection equipment for our soda lime glass operations, where we now have the most modern bottle forming machines in the world. In addition, we have rationalized our labor resources, eliminating unnecessary positions



and increasing the quality of our personnel. It is important to mention that along with these improvements, we achieved an impressive betterment in the safety of our plants, reaching the highest safety figures in our history.

The emphasis placed on operating with world-caliber competitiveness started to bear fruit in 1990. Our production of soda lime glass containers increased sharply in response to a sudden upsurge in domestic demand. Meanwhile, our exports of soda lime glass bottles to the United States reached record amounts, despite the fact that the devaluation of the peso was less than the inflationary differential between Mexico and the U. S. In this regard, we should point out our sales of 140 million bottles to "Clearly Canadian", one of the leading mineral water producers in the U. S. and Canada. We feel justifiably proud to be the main supplier of glass containers to this company. This is a result of our international competitiveness.

Our plastic containers and closures are produced with state-of-the-art technology. During 1990, we introduced in Mexico the "in mold label" bottle, which incorporates the label to the container in a single process. In addition, we doubled our production capacity of our "guala" closure, the unrefillable cap that is recognized as the world's leading product in its field. We also increased our plastic tubing capacity by 100 %, and Plásticos Bosco, S. A. de C. V., our thermoformed business, continued increasing its domestic market share.

In borosilicate tubing, we have maintained our leadership in the domestic market. We continue to be Mexico's main supplier of tubing as well as ampoules, and we also have a top position in the production of laboratory ware. An outstanding event in our borosilicate operations during 1990 is the 50 % growth in our exports to the Caribbean, compared with our 1989 figure.



Vitro Sam, S. A., revamped 75 % of its luggage lines in order to respond to changes in fashion. Our push towards exports resulted in a threefold jump in sales to Europe. Envases Cuautitlán, S. A., increased its production capacity by 15 %, operating at full capacity since January due to plant optimization.

The world is changing, this is unavoidable. What we must do is to anticipate these changes, and to react to them in a fast - and effective - way. We are at the dawn of a new era, for the world as well as for Mexico. In these times, we, in Vitro Containers, accept the challenge of a deeper focus towards competitiveness and efficiency. These values have always been our norm of conduct.



Vitro Flat Glass



Gerardo Sada Z.
President

The Flat Glass division is solidly prepared for the opening of the world markets as it enters with firm steps the last decade of the 20th century.

Proof of this, and in order to be capable of adequately supplying the market, a new furnace for float glass is being built at Vitro Flotado, S. A. de C. V., which will also handle the expected demands of the construction, automotive and furniture industries, allowing us to keep offering high quality products in the domestic market.

In relation to the automotive industry, investments are being made to increase the production capacity of Química "M", S. A. de C. V., Cristales Inastillables de México, S. A. de C. V., Shatterproof de México, S. A. de C. V., and the start-up of the new Auto Templex, S. A. de C. V. plant, in order to be able to satisfy the demand for new designs of automotive glass that the assembly plants are demanding.

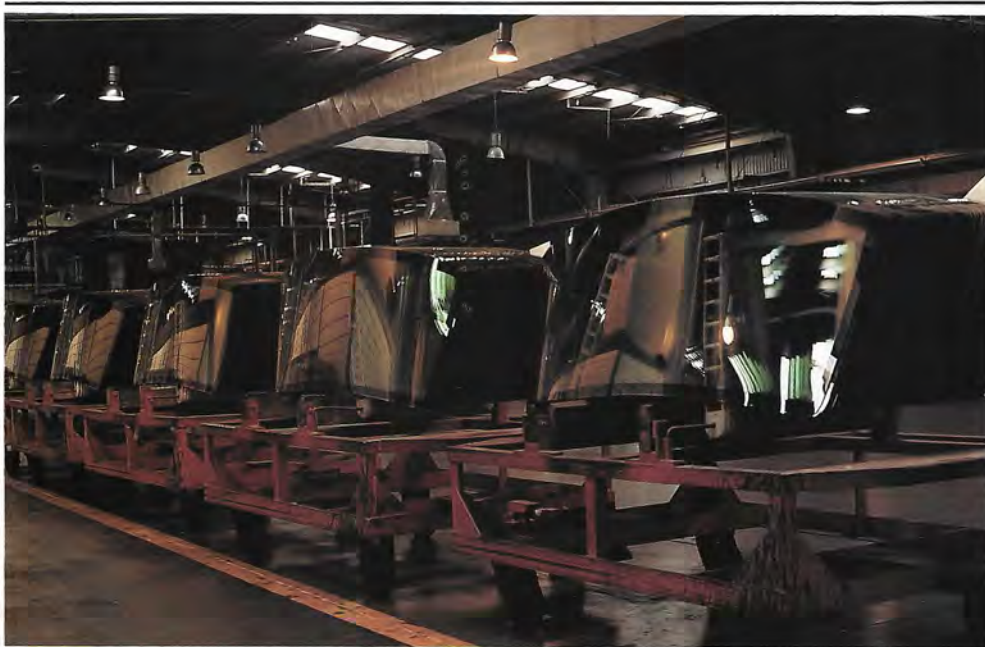
During the year, the Division expanded the line of construction products and started selling its new lines: *Cristazul (Blue)*, *Cristal Gris (Grey)*, and the *Pyrolitic Reflective Gold and Silver*, thus confirming its philosophy of offering our customers the products that the market requires.

During 1990, the increase in sales of sheet, roll and float glass to the construction industry reflected the dynamics of this sector, ending the year with growth of 7.9% over 1989.

The domestic automotive market showed a marked gain in its demand for vehicles, going from 445,863 units in 1989 to 542,920 in 1990, and an increment of 27.5% in our automotive sales volume to this sector; in addition to this, the Division increased its share of the domestic automotive assembly plants export programs.

Nevertheless, the drastic contraction of 7.9% in the U. S. automotive market in 1990 meant a decline in volume of 8.0% in the sales of Vitro Flex, S. A. de C. V.

Thanks to our extensive line of products, its quality and the great team effort in the Flat Glass Division, we have assure a solid position in the existing and future market.



Vitro Glassware



Julio Escámez F.
President

For over fifty years, it has been the mission of Vitro Glassware to satisfy the requirements of its customers with glass products for table and kitchen, ornaments and gifts, for the candle filler and food packaging

industries and glass accessories for manufacturers of electrodomestic products.

Backed by the prestige of our trademarks, *Crisa, Termocrisa, Pyr-o-Rey, Fortecrisa, Pyr-o-Ware, Kristaluxus, Newcrystal, Cien Crystal, Cufin and Cufinox*, a large and diversified distribution chain complements our high level of service, allowing us to satisfy our industrial clients, merchants and customers, consolidating our leadership in most segments that we attend.



The commitment and achievements of our personnel have permitted us not only to supply the domestic market but also to compete in the international markets with our traditional glassware and lead crystal products, as well as with new heat-resistant industrial products, which we have recently introduced.

During 1990, fully aware of the challenges in the industrial environment set by the Pact for Stability and Economic Growth, Mexico's open market policy, which significantly increased the pressures of imported products, and marginally recovered the purchasing power of consumers, Vitro Glassware continued its strategy of rationalization of resources. This year special emphasis was paid to the development of new processes and manufacturing technologies, as a mean to achieve international competitiveness and reorient our efforts to respond to a global environment.



The evolution of the domestic market in 1990 was unfavorable and our sales decreased in real terms; however, we were able to optimize the use of our installed capacity, achieving better efficiency in our manufacturing processes, thus offsetting, partially, the deterioration of our operating results.

In the domestic market we were able to increase our market share in the segments of glassware, cookware and ovenware products and stainless steel flatware, although our participation in the segment of dinnerware was affected by the large supply of imported goods.

The imports of substitute products and the tariff imbalance between Mexico and the United States in several of our product lines, represent the main threats to our present market-product strategy.

The basis for a new business of tumblers for the packaging industry, with a complete service to the industrial client, which includes the supply of aluminium caps and containers, filling equipment and laboratory for process testing, were established.

Following our tradition as exporters and in spite of the slow slippage of the exchange parity rate, we continued increasing our participation in the international markets. Our exports grew in dollar value and represented 38% of our consolidated sales. Crisa Corporation, Inc, our sales and marketing company in the United States, maintained its leadership as a main supplier of glassware, glass lighting parts, dinnerware, ovenware and borosilicate industrial glass products for the U. S. and Canadian markets.

The consolidation of operations of our new company, Intercrisa, S. A. de C. V., should improve our logistic of the distribution process.

We continue the efforts to strengthen our competitiveness in the international markets and promote the creativity and dedication in our people to achieve continuous improvement of our operations. The increase in productivity and the fulfillment of quality and service specifications required by our clients, will be the key for the future development of Vitro Glassware and its companies in an environment of global competition and strategic business alliances.



Vitro Basic Industries



Francisco J. Garza
President

The products that Basic Industries division offers to the industry are many and of a wide variety. Silica sand and soda ash, raw materials for the glass industry, are two of the most important. We also offer feldspar, calcium chloride, sodium chloride,

sodium bicarbonate, pumping equipment, marine loading arms, petroleum equipment, air compressors, as well as construction and mining equipment. These products and their related services are offered through our companies Industria del Alkali, S. A. de C. V., Materias Primas Monterrey, S. A. de C. V., Peerless Tisa, S. A. and Neumatron, S. A., in different grades, models, sizes and capacities.

This Division also manages GRUPO VITRO's centralized functions on Research and Development (Vitro Tec) and Mining.

Let us now review the year that has just ended.

Another difficult year was 1990 for Basic Industries primarily because of the strong competitive environment surrounding the intermediate and capital goods that it manufactures. However, the capability, resourcefulness and professional excellence of our personnel made it possible to close the year reaching the proposed goals which are congruent with what we had envisioned since the beginning of the eighties.



The Research and Development and Mining functions were restructured during the year. Vitro Tec is now focused on detecting and proposing new technologies, as well as in the observation and control of GRUPO VITRO's intellectual property, transferring research and development to the Operating Divisions. On the other side, the Mining Sector was reoriented to the fulfillment of exploration activities for its sponsors, exploring and measuring deposits of colemanite, natural soda ash and kaolin.

The Raw Materials Sector continued its developmental strategy focused on adding value to its products and services. Market sales of specialized products for the foundry, cement and ceramic industries, maintained their successful growth. A very special accomplishment for this Sector was its productivity and cost reduction programs, which enables to successfully compete, even though the intrinsic problems related to its particular operations.

The Chemical & Fluid Systems Sector established a quality commitment which covers all the way from the improvement of products and services offered, to the design and global marketing of new products. During the year and after in-depth investigation, Industria del Alkali, S. A. de C. V., was able to find a solution to its



problems of water and effluent discharge which place the company in a position to increase its output capacity. Peerless Tisa, S. A., reoriented its efforts to export to Peerless Pump, Inc, and FMC, Corp., (capital and technological partners) in the global markets, and to the commercialization in Mexico of imported products and services from such partners.

The most relevant factor for the year was to have laid the foundation that will allow us to compete in the new global markets that must be served. This is another outstanding achievement of the people of our organization.

Vitro Fibers and Silicates



Juan Manuel Holguín
President

During 1990, our Division, just as the rest of the Mexican industry, suffered the pressures of competition coming from the international arena and the limitations on selling prices as a result of the Pact for Stability and Economic Growth.

Nevertheless, the efforts to obtain additional sales through new applications for existing products and the creation of new market segments, plus our cost reduction programs, allowed us to obtain good financial results.

The most important program started in the year was Total Quality, with the full participation of workers, employees and executives, in order to redirect our culture to a "Continuous Improvement" process. This has as its main objectives, increasing our orientation to the market place, improving the quality of our products and its resulting costs reductions. As a very important element in this change, together with the training for better team work on specific projects, an "Statistical Process Control" program was instituted on all of our companies. These efforts coincide with the ones being done by our partners, Owens-Corning Fiberglas and PQ Corporation, whom are working on the same models of Total Quality. We are sure that this change in our culture and in the way we operate, is the right strategy to ensure a worldwide competitive position.

Vitro Fibras, S. A., in its insulation area, continued its efforts to create a demand for fiber glass in the home insulation market, this time in the city of Mexicali, Baja California. The production process of *Vitro Silka* was modified, obtaining with these changes relevant cost reductions, allowing us to ensure the competitiveness of the product in the domestic market.

During the first semester we finished the electrical substation and the connection to the 85kv lines, an important investment geared to ensure adequate supply of electrical power. The molding area carried out its first sales to the public transport marketplace.

The export markets for fiber glass continued its growth, reaching a 15% level over our total sales and increasing its geographical coverage to Europe, Brazil, Puerto Rico and Israel.





Silicates and precipitated silica continued its exports programs to Central and South America, Australia, New Zealand and Europe.

In the latter part of the year we concluded, through our holding company Vitro PQ, S.A., the acquisition of Emper Industrial, S. A. de C. V. and Industrias Químicas Básicas, S. A. de C. V., located in San Martín Texmelucan, Puebla, and Veracruz, Veracruz, respectively. Both Companies produce aluminium sulfate for industrial and municipal water treatment and the paper industry. With these acquisitions we broaden our chemical products portfolio for these markets.

The silicate business consolidated its operations and organization of its recently acquired plants in Irapuato, Guanajuato, and Monterrey, Nuevo Leon, finishing the analysis of the definition and design of the sodium silicate furnace to be built next year in Monterrey. The sales projects for the paper and cardboard industries continued with adequate results and new industrial detergents were formulated for specific applications.

Arcillas Tratadas, S. A., finished during the year the development of its products for the rubber market with international quality specifications. The new silicon dioxides launched in the market are the *Silprec HQ* in a pelletized form and the *Silprec U-24* in powdered form. With these developments, the Company maintains itself at world levels within the industry. Also, the modernization and increase in its production capacity for our plants in Zumpango, Estado de Mexico, and Tizayuca, Estado de Mexico, continued to be carried-out.



Vitro Household Products



Tomás González Sada
President

The challenges arising from a proposed Free Trade Agreement between Mexico and the United States of America, will require Mexican companies to reorganize and focus their drive in total quality and ongoing

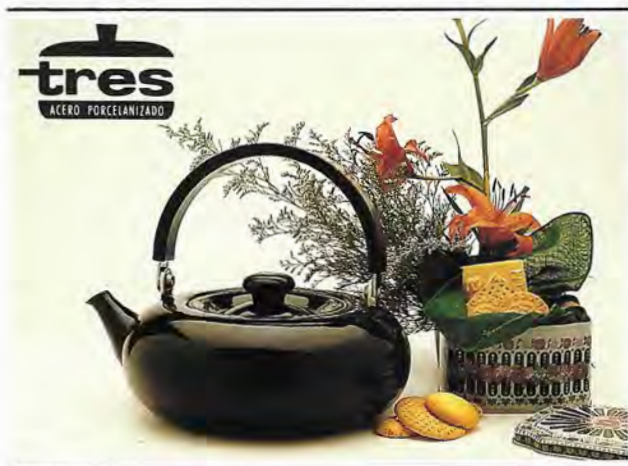
improvement efforts, as the only means to achieve internationally competitive standards, and to benefit from the expected new growth opportunities.

During 1990, the Vitro Household Products division pursued this philosophy in its industrial and commercial operations. New manufacturing plants were established; production lines were modernized; communication systems were improved between distribution centers and clients; and, in a very important way, new manufacturing techniques were incorporated with the support of the most advanced technology from Whirlpool Corporation, our partner and world leader in major appliances.

INDUSTRIAL SECTOR

Enamelware

The Vitro Household Products division initiated a new porcelain-on-steel teapot production line, primarily for export to the U. S. and Canadian markets.



Major Appliances

Refrigerators: Two new products were added to satisfy the local export markets: two door, top-mount refrigerators with both no-frost and cycle defrost systems, and a textured-steel finish to enhance their quality appearance, as well as a seven cubic feet two-door refrigerator.

Washers: The Division initiated operations in two newly-constructed manufacturing facilities: Internacional de Lavadoras, S. A. de C. V. (Interlav) and Viplásticos, S. A. de C. V., both located in Apodaca, Nuevo Leon, on the outskirts of Monterrey.

Internacional de Lavadoras, S. A. de C. V., produces automatic and semi-automatic washers, which will initially be sold in the Mexican market. During the second half of 1991 these will also be manufactured for the United States.

Viplásticos, S. A. de C. V., produces the plastic parts used in refrigerators, washers and ranges.



Ranges: A new free-standing, sealed-cooktop range design was launched, mainly for domestic market consumption, as well as for Central America and the Caribbean.

Imports of Major Appliances to Mexico: The quality of the internationally acclaimed *Whirlpool* and *KitchenAid* brands was reinforced this year with the addition of the prestigious *Roper* brand into our domestic market.

Distribution System: During 1990, the network of distribution centers for major appliances was extended and reorganized, so as to improve supply and provide timely delivery. A new toll-free 800 system was established to enhance after-sales service.

Components

Technological improvements in refrigeration, combustion and electrical control systems, among others, will guarantee increased user safety and performance.

COMMERCIAL SECTOR

During 1990 the wholesale merchandising network, which serves the domestic market place, was consolidated and improved.

The operating systems were redesigned to obtain a more effective national coverage.

LOOKING TOWARDS THE FUTURE

Technological Development: The Vitro Household Products division is committed to the pursuit of total quality as the means to improve productivity. Thus, our engineering development activities have achieved significant improvements in product and process technologies.

The driving force behind the Vitro Household Products division during 1990 was to participate proactively in Mexico's modernization process, laying the foundations to compete successfully within a North American Free Trade Arena. These efforts are seen as an essential part of the Division's commitment to the free enterprise system in Mexico.



Fabricación de Máquinas, S. A. de C. V.



Carlos G. Segovia G.
President

Fabricación de Máquinas, S. A. de C. V., was founded in 1943 to satisfy the basic production machinery and mold equipment required by the existing glass container companies of the organization at that time.

Since then, the business has been developed so that, in addition to its initial operations, it includes the Metallurgic Section, integrated by Foundry Castings and Forgings; and the equipment to manufacture molds for the glass and crystalware industries, and plastic for containers and closures, and also special molds for the automotive industry and household appliances.

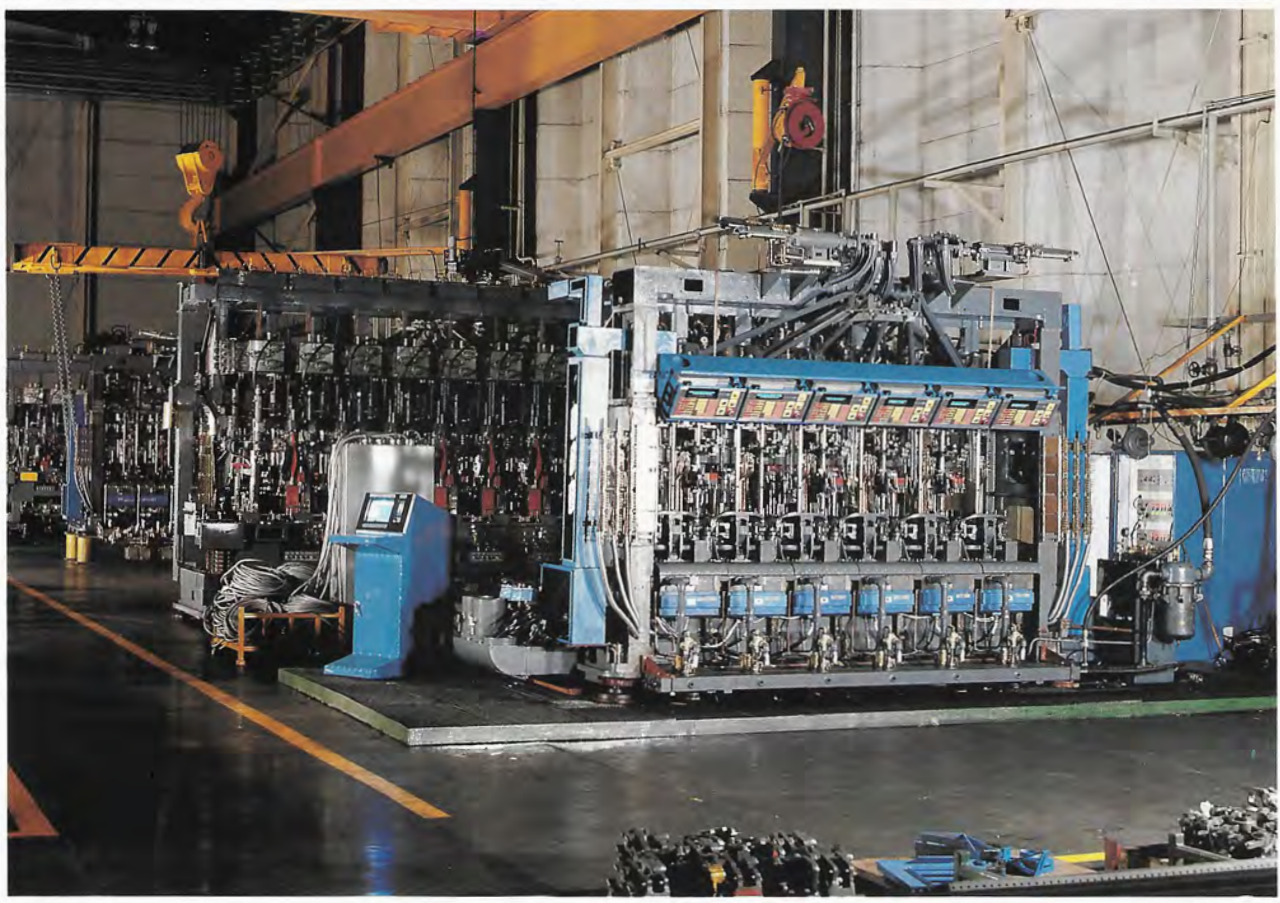
With the experience obtained in the original business, the experience derived from glass containers, and the technology obtained from third parties, the strategy for diversification led into manufacturing the support and periferic equipment required for the production lines of the glass container and glassware plants.

With these resources, FAMA is today a successful participant in the international markets and became a major supplier of machinery and equipment used in glass production.

In 1990, using state-of-the-art technology, FAMA's manufacturing capacity was directed to provide GRUPO VITRO with machinery of the highest productivity.

This strategy was specially valid in order to re-machine the Anchor Glass Container Corp. installations, to ensure this company's competitiveness in its environment. To fulfill this objective, 10 sections, Triple Cavity, Narrow Neck Press and Blow machinery were made for Anchor Glass Container Corp. and Vitro Containers for the first time.





Also, to assure the process control, optimize its operating characteristics and maximize the productivity of its machinery, FAMA started the production of electronic equipment and controls developed and patented by GRUPO VITRO.

The mission and growth of Fabricación de Máquinas, S. A. de C. V., are deeply related and will be fulfilled through an effective service to all its customers.

A continuous program for the orientation of its personnel on quality, market oriented and service are the foundations to project its image of dependability.



Anchor Glass Container Corporation

In 1990 Anchor Glass continued its process of absorbing and blending diverse cultures from others predecessor glass container companies. Anchor Glass Container Corporation, originally a part of Anchor Hocking, had assimilated Midland Glass in 1984, Diamond Bathurst, itself a blend of many companies, in 1987, and Latchford Glass Company which became a subsidiary in 1990. Anchor itself became a part of the GRUPO VITRO family in late 1989. Each corporate culture has added its own unique style and personality to the final product that is the Anchor Glass Container Corporation of today.



It is apparent from history that the process of blending diversity may be difficult but rewarding. By becoming part of GRUPO VITRO, Anchor is now able to capitalize on the most advanced technology, beginning with the batch house, on through to the warehouse, modernizing many of our production facilities. As rebuilds occur during our five year program, most of Anchor's forming machines will be replaced by FAMA built equipment, the most modern available in the glass container industry.

Anchor's productivity in 1990 increased substantially over 1989. Along with productivity increases, Anchor was able to achieve greater machine utilization, while



Clifford L. Jones
President and Chief
Operating Officer

José Antonio López
Executive Vice-President

lowering downtime significantly. While new technology cannot take the major credit for our progress, it did give our people better tools to work with. We must always remember that it is the people who make the technology work.

During 1990, Anchor initiated an aggressive five year capital improvement program, which is expected to be funded entirely by internal cash flow resources. Approximately 76 million dollars were spent in our plants in 1990. This includes re-machining and the installation of improved process control equipment, quality assurance devices, ware handling equipment, furnace upgrades and complete plant modernization. Expenditures are expected to increase to approximately 95 million dollars in 1991. We believe these capital expenditures will further improve productivity along with our quality and service ratings by our customers, and provide our employees with a better, safer work environment.

Along with Anchor's advances in productivity and quality has come a strong alliance with our customers. In 1990, Anchor signed many multi-year contracts to provide quality glass to some of the nation's major



In the past two years, the focus on safety in Anchor's facilities has been sharpened and intensified. In order to safeguard the well being of our employees and to prevent painful injuries, a great deal of attention has been devoted to maintain a safe and clean work places. As a result of this attention, we experienced a 50 % reduction in our overall accident rate in 1990. An additional 25 % reduction is expected in 1991.

As a responsible environmental citizen, Anchor continues to emphasize recycling. We continue to support comprehensive recycling programs which have increased the use of recycled materials in our finished product. In 1990, our overall glass recycling rate has increased substantially.

The creation of Anchor Glass is an ongoing process with each of the predecessor companies bringing its own style and heritage to the enterprise. GRUPO VITRO's final contributions of vitality and dynamic global leadership will enable Anchor to become a more productive member of the GRUPO VITRO family of companies, giving GRUPO VITRO significant presence in the United States packaging industry.

glass users. Because of these alliances, sales are expected to increase in 1991.

As a result of business restructuring, Anchor was able to consolidate manufacturing operations to overcome certain geographical and physical limitations, which prevented efficient re-machining and modernization, thus requiring the closing of three facilities. While some employees were displaced by the shutdowns, the skills and knowledge of others are being utilized in other Anchor locations.



Vitro Human Relations and Planning



Mario Garza G.
President

Labor planning techniques were substantially improved within our Corporation, fostering excellent labor relations in the GRUPO VITRO companies throughout the country. An strategic development plan for collective

bargaining agreements was introduced in order to meet the global competition requirements that the Free Trade Agreement will stress.

Vitro Club carried out its noble endeavors, promoting the total improvement of its members and their families. Among its activities we must emphasize the celebration of the *Second National Children Soccer Tournament*, in Oaxtepec, Morelos, with the participation of 918 athletes, sons of our workers, who represented 51 of GRUPO VITRO's companies and which drew an attendance of 20,000 spectators.

Social benefits for our workers were enhanced, mostly through services in Clínica Vidriera, A. C., scholarships, family provisions, savings and loans, etc.



We continued giving utmost care to health and safety within our Companies, as well as to environmental protection.

Total quality and customer orientation programs were fostered through professional education development plans for executive personnel.

Organizational development was improved through specialized counseling for personnel planning and organizational effectiveness.

We supplied adequate data and planning techniques to support GRUPO VITRO companies in their strategic planning required for the internationalization of our economy.

The GRUPO VITRO Arts Center encouraged the knowledge and appreciation of glass in the arts through exhibits, workshops, folk art contests and by the publishing of the book entitled "El Vidrio en México", a project of special importance due to the fact of being the first formal research on the history of glass in our country.



Vitro Financial and Administrative Services



Oscar Samaniego R.
President

its quality as well as its opportunity.

The installation of the digital communication network of GRUPO VITRO was concluded, integrated by 9 satellite nodes and 5 urban microwave connections, improving quality, speed and communication costs. Supporting the strategies of competitiveness, the *Electronic Data Interchange Project (EDI)* was initiated to establish an electronic connection between GRUPO VITRO's companies and their main clients and suppliers. Additionally, this year, 19 computer systems were installed.

As a result of coordinating efforts with operational areas of GRUPO VITRO and Anchor Glass Container Corporation, lesser costs and better conditions in the acquisition of goods and services were obtained. Likewise, the compromise of domestic suppliers for sharing the economical efforts of the Pact for Stability and Economic Growth and also, better conditions for the transportation of raw materials and finished goods by train and road, were obtained.

During 1990, this Division directed its efforts to support the Companies and operative Divisions of GRUPO VITRO in the internationalization of their businesses. With this purpose they optimized resources and reorganized functions, improving both



To incorporate foreign subsidiaries to the Consolidated Financial Statements, different alternatives were evaluated according to the Mexican accounting principles. Additionally, to support the technical actualization of the accounting and fiscal areas, permanent collaboration was rendered to the Tax and Accounting Principles Commissions of the Mexican Institute of Public Accountants. Developing and modernizing accounting and control policies, to assure the compliance with the accounting requirements, was also a task fulfilled.

In internal auditing, a plan to systemize its procedures was initiated, which will facilitate the auditing of the Companies by enabling direct access to the computerized information of its accounting systems and facilitate its analysis. Likewise, the Companies received support in accounting and control audits, to maintain the standardization of records and the operational processes.



Vitro Legal, Public and Banking Relations



Adolfo Larralde R.
President

The services provided by the Legal, Public and Banking Relations division have been conformed to the prevailing domestic and foreign environment.

The country, and the GRUPO VITRO

companies, are going through an accelerated internationalization process, where the rule for success is competitiveness.

We have assumed this challenge within the range of services provided, in supporting the objectives and operations of GRUPO VITRO's businesses.

The change and adaptation to this new plan has been positive. The legal framework, both domestic and worldwide, was attended to

with professionalism, and on the other hand, in spite of the restriction of access to financial resources, both within and outside Mexico, we were able to provide the necessary credit assistance required by expansion projects as well as by financial consolidations of the Divisions.

Special care was taken to improve the communication to our Stockholders through the publication of the Annual Report and Shareholders Meeting, as well as to the business community, both domestic and international.

We are fully conscious that as a Company we are part of the social environment which requires the understanding and responsibility towards the role of our authorities, and for this reason we dedicate time and effort to these relations, especially in face of the possibility of a Free Trade Agreement, a task, we are sure, will continue over the next years.



Vitro, Sociedad Anónima



Roberto César Treviño
President

Vitro, Sociedad Anónima, achieved its essential objectives: to integrate and consolidate its operations through the creation, development, transformation, and acquisition of companies; and to be the driving force

behind economic stability, providing its Subsidiaries with the financial and administrative resources required for sound growth.

During the fiscal year, Vitro, Sociedad Anónima, contributed 609 billion pesos to improve the financial and operational

structure of its Subsidiaries in Mexico and abroad.

On the stock market, Vitro, Sociedad Anónima, continued to have a privileged position, and its shares were among the most active on the market.

To maintain the Company's good financial standing and assure the stability and continued growth of its Subsidiaries, Vitro, Sociedad Anónima will continue applying its policy of high profit reinvestment.



Vitro, Sociedad Anónima is a holding company, the Subsidiaries of which manufacture and market glass and plastic containers; thermoformed articles; luggage; flat glass for architectural and automotive uses; glassware for table and kitchen use; fiber glass insulation and reinforcements; chemical products; mineral resources; enamelware; household appliances; capital goods; and research and development of technology.

Apdo. Postal 184, San Pedro Garza Garcia, N. L., 66250, Mexico.

Erratas

Page 8: Market growth in the U.S.A. Automotive Industry reads (0.6)%, should read (7.9)%.

Page 9: Second paragraph last sentence; and third paragraph.

GRUPO VITRO's traditional sales of 4,697 billion pesos and sales of Anchor Glass Container Corporation and Subsidiaries of 1,153 million dollars, correspond to consolidated net sales.



VITRO, SOCIEDAD ANONIMA

**and Subsidiaries
Financial Highlights**

(As of March 31)

In Millions of Dollars (1) (except as indicated)	1991	1990	% Var.
Total Sales	906.0	770.1	+ 17.6
Consolidated Net Sales	668.9	672.4	(0.5)
Export Sales	82.6	62.8	+ 31.6
Export Sales/Consol. Net Sales (2) (%)	22.4	17.6	—
Net Income	66.2	72.1	(8.1)
Total Bank Debt	1,495.8	1,402.1	+ 6.6
EBDAIT	142.8	144.8	(1.4)
Capital Expenditures	88.6	38.5	+ 130.0
Total Assets	4,233.7	4,201.0	+ 0.8
Total Liabilities	2,116.9	2,051.4	+ 3.2
Stockholders' Equity	2,116.8	2,149.6	(1.5)
<hr/>			
Tot. Bank Debt to Tot. Capitalization (%)	41.4	39.5	
EBIT to Real Interest (Times)	3.38	4.09	
EBDAIT to Real Interest (Times)	5.13	6.29	
Total Bank Debt to EBDAIT (3) (Times)	2.61	2.42	
<hr/>			
Personnel	45,699	46,662	(2.1)

EBDAIT: OPERATING INCOME PLUS NON CASH ITEMS

EBIT: OPERATING INCOME

TOTAL CAPITALIZATION: STOCKHOLDERS' EQUITY PLUS TOTAL BANK DEBT
(INCLUDING SHORT-TERM DEBT)

REAL INTEREST: NOMINAL INTEREST RATE MINUS INFLATION RATE

(1) THE DATA FOR ALL PERIODS WAS CALCULATED IN CONSTANT PESOS AS OF MARCH 31, 1991; AND THE FIGURES IN DOLLARS WERE CONVERTED USING CONSTANT PESOS AT THE EXCHANGE RATE OUTSTANDING AS OF MARCH 31, 1991. (\$ 2,987 PESOS / DOLLAR).

(2) EXCLUDING ANCIOR AND LATCHIFORD.

(3) ANNUALIZED



VITRO, SOCIEDAD ANONIMA
and Subsidiaries

Financial Highlights (1)

(As of December 31)

In Millions of Dollars (2) (except as indicated)	1990	1989	% Var.
Total Sales	3,229.2	2,161.6	+ 49.4
Consolidated Net Sales	2,762.9	1,765.3	+ 56.5
Export Sales	310.8	260.8	+ 19.2
Export Sales/Consol. Net Sales (3) (%)	20.6	17.7	—
Net Income	252.3	252.8	(0.2)
Total Bank Debt	1,348.6	1,278.9	+ 5.4
EBDAIT	566.3	467.0	+ 21.3
Capital Expenditures	268.5	126.5	+ 112.3
Total Assets	3,997.1	4,033.2	(0.9)
Total Liabilities	1,961.7	1,929.9	+ 1.6
Stockholders' Equity	2,035.4	2,103.3	(3.2)
Tot. Bank Debt to Tot. Capitalization (%)	39.8	37.8	
EBIT to Real Interest (Times)	2.90	2.84	
EBDAIT to Real Interest (Times)	4.34	4.29	
Total Bank Debt to EBDAIT (Times)	2.38	2.74	
Personnel	46,004	45,904	+ 0.2

EBDAIT: OPERATING INCOME PLUS NON CASH ITEMS

EBIT: OPERATING INCOME

TOTAL CAPITALIZATION: STOCKHOLDERS' EQUITY PLUS TOTAL BANK DEBT
(INCLUDING SHORT-TERM DEBT)

REAL INTEREST: NOMINAL INTEREST RATE MINUS INFLATION RATE

(1) THE DATA FOR THE YEAR ENDED DECEMBER 31, 1989, INCLUDES ANCHOR AND LATCHFORD FROM THEIR ACQUISITION DATE ON NOVEMBER 2, 1989. THE DATA FOR THE YEAR ENDED DECEMBER 31, 1990, INCLUDES ANCHOR AND LATCHFORD FOR THE ENTIRE 12 MONTH PERIOD.

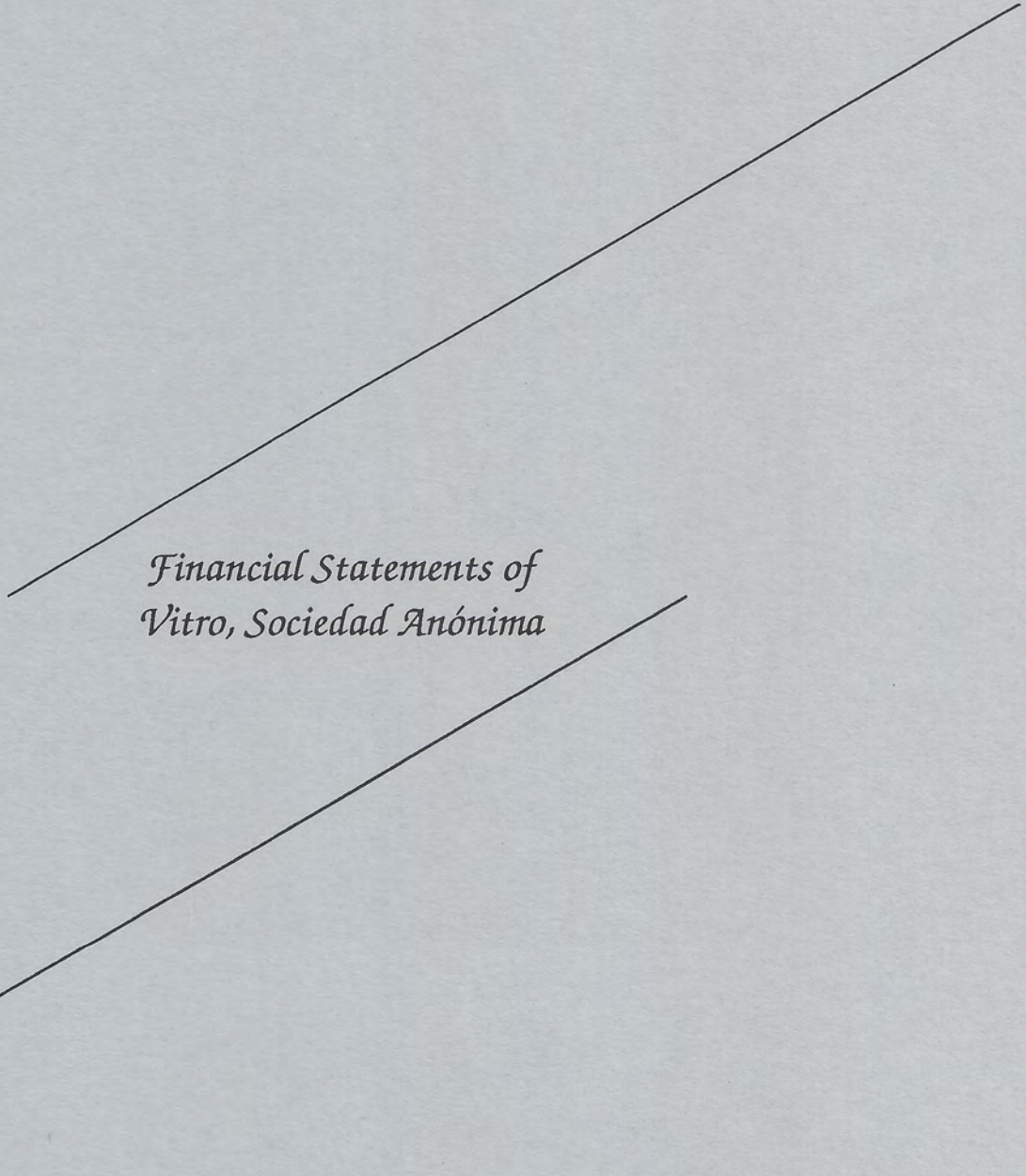
(2) THE DATA FOR ALL PERIODS WAS CALCULATED IN CONSTANT PESOS AS OF DECEMBER 31, 1990; AND THE FIGURES IN DOLLARS WERE CONVERTED USING CONSTANT PESOS AT THE EXCHANGE RATES OUTSTANDING AS OF DECEMBER 31, 1990. (\$ 2,950.60 PESOS / DOLLAR).

(3) EXCLUDING ANCHOR AND LATCHFORD.



VITRO, SOCIEDAD ANONIMA

Financial Statements



*Financial Statements of
Vitro, Sociedad Anónima*



**Board of Directors and Stockholders of
Vitro, Sociedad Anónima
San Pedro Garza García, N.L.**

We have examined the balance sheet of Vitro, Sociedad Anónima, as of December 31, 1990 and 1989 and the related statements of income, variations in stockholders' equity and changes in the financial position for the years ended on such dates. Our examinations were made according to generally accepted auditing standards and consequently, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements represents the equity of Vitro, Sociedad Anónima in the stockholders' equity and in the results of its subsidiaries and associates; however, the adequately reflect the financial information of the economic entity, consolidated financial statements are required; these were prepared separately and audited by public accountant.

In our opinion, except for what is mentioned in the preceding paragraph, the attached financial statements referred to in the first paragraph, present fairly the financial position of Vitro, Sociedad Anónima as of December 31, 1990 and 1989 and the results of operations, variations in stockholders' equity and the changes in the financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied.

In order to comply with the new rules issued by Mexican Institute of Public Accountants, the figures of the financial statements for the years ended on December 31, 1990 and 1989 are expressed in constant Mexican pesos as of December 31, 1990.

The financial statements of the subsidiaries and the associate mentioned in note 2 a), are audited by other public accountants. Total assets of the mentioned companies amount to Ps 1,357 billion in 1990 and Ps 1,306 billion in 1989, representing 11 % of the total amount; likewise, their net income amounts to Ps 127 billion in 1990 and Ps 181 billion in 1989, representing 17 % and 24 % of the total, respectively.

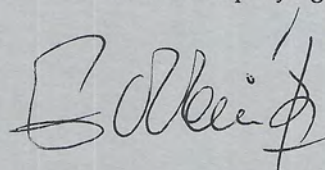
**CELSO JAVIER TREVIÑO E.
Public Accountant**

Monterrey, N.L., México, February 28, 1991.

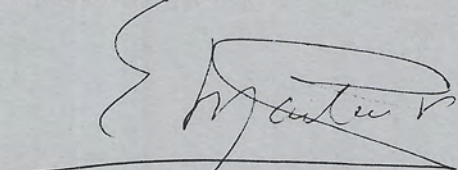
VITRO, SOCIEDAD ANONIMA
BALANCE SHEET
AS OF DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

ASSETS	1990	1989	LIABILITIES	1990	1989
Cash and temporary investments	Ps 10	Ps 122	Commercial paper	Ps 400	Ps. 301
Shares in trust (note 4)	498	436	Accounts payable to subsidiaries	10	83
Receivables for services to subsidiaries	16	11	Income tax and value added tax payable	128	81
Receivables from subsidiaries		15	Other payables	1	1
Recoverable taxes	8	10	Short-term liabilities	Ps 539	Ps 466
Other receivables	6		Accounts payable to subsidiaries	144	186
Current assets	Ps 538	Ps 594	Total liabilities	Ps 683	Ps 652
Investment in shares (note 3)	3,633	3,861	CONTINGENT LIABILITIES (note 6)		
Land and buildings, net (note 5)	10	11	STOCKHOLDERS' EQUITY (note 7)		
Furniture and equipment, net (note 5)	6	6	Capital stock	Ps 1,043	Ps 1,022
Investment in progress	2		Excess (short fall) in restatement of capital	(476)	151
Excess of cost over book value of shares in subsidiaries	1,684	1,507	Excess of book value over cost of shares in subsidiaries and associates	809	809
			Retained earnings	3,203	2,750
			Net income for the year	611	595
				Ps 5,190	Ps 5,327
TOTAL ASSETS	Ps 5,873	Ps 5,979	TOTAL LIABILITIES AND EQUITY	Ps 5,873	Ps 5,979

The accompanying notes are an integral part of this financial statement.



ROBERTO CESAR TREVIÑO G.
President



ERNESTO MARTENS R.
President and Chief Executive Officer

VITRO, SOCIEDAD ANONIMA
INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

	1990		1989	
Participation in earnings of subsidiaries	Ps	581	Ps	598
Other revenues		8		
Revenues from operations	Ps	589	Ps	598
Administrative expenses		4		5
Operating income	Ps	585	Ps	593
Total financing cost:				
Financial expenses	Ps	156	Ps	87
Financial revenue		(51)		(57)
(Gain) due to monetary position		(134)		(36)
	Ps	(29)	Ps	(6)
Income before taxes	Ps	614	Ps	599
Income tax and tax on assets		3		4
Net income for the year	Ps	611	Ps	595

The accompanying notes are an integral part of this financial statement.

VITRO, SOCIEDAD ANONIMA
STATEMENT OF VARIATIONS IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

INCREASES:	1990	1989
Capital stock:		
Capitalization of retained earnings	Ps 21	Ps
Retained earnings:		
Application of earnings	595	653
Dividends from shares in trust	43	
Net income for the year	611	595
Total increases for the year	Ps 1,270	Ps 1,248
DECREASES:		
Excess in restatement of capital:		
Loss due to holding non-monetary assets	Ps 627	Ps 138
Retained earnings:		
Capitalization of earnings	21	
Dividends paid	164	204
Net income for the year:		
Transferred to retained earnings	595	653
Total decreases for the year	Ps 1,407	Ps 995
Net (decrease) increase for the year	Ps (137)	Ps 253
Balance at beginning of year	5,327	5,074
	Ps 5,190	Ps 5,327

The accompanying notes are an integral part of this financial statement.

VITRO, SOCIEDAD ANONIMA

STATEMENT OF CHANGES IN THE FINANCIAL
POSITION FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

OPERATING ACTIVITIES:	1990		1989	
Net income for the year	Ps	611	Ps	595
Add non cash items:				
Depreciation and amortization		1		1
Share in net income of subsidiaries and associates		144		35
	Ps	756	Ps	631
Other current assets and liabilities, net		(58)		104
Resources generated from operations	Ps	698	Ps	735
FINANCING ACTIVITIES:				
Short-term bank loans	Ps	505	Ps	496
Monetary effect on liabilities with financing cost		(102)		(35)
Payment of short-term loans		(304)		(323)
Dividends paid		(164)		(204)
Resources generated (used) in financing activities	Ps	(65)	Ps	(66)
INVESTMENT ACTIVITIES:				
Recovery of other investments	Ps	17	Ps	
Investment in fixed assets		(3)		
Investment in shares		(719)		(533)
Investment in shares in trust		(40)		(76)
Resources generated (used) in investment activities	Ps	(745)	Ps	(609)
(Decrease) increase in cash	Ps	(112)	Ps	60
Balance at beginning of year		122		62
Balance as of December 31, 1990 and 1989	Ps	10	Ps	122

The accompanying notes are an integral part of this financial statement.

VITRO, SOCIEDAD ANONIMA

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 1990 AND 1989 (Billions of constant Mexican pesos of December 1990)

1.- ACTIVITIES OF THE COMPANY:

Vitro, Sociedad Anónima is a holding company, the subsidiaries of which manufacture and market glass and plastic containers, thermoformed articles, luggage, flat glass for architectural and automotive uses, glassware for table and kitchen uses, fiber glass insulation and reinforcements, chemical products, enamelware, home appliances, mineral resources, capital goods, and also carry out research and development of technology.

2.- SIGNIFICANT ACCOUNTING POLICIES:

- a) Investment in shares.- The investment in shares is valued by the equity method, taking into account the proportional part of the profits and stockholders' equity of the subsidiaries and associates that corresponds to the Company, based on the financial statements of the issuers at December 31, 1990 and 1989.

The companies Vitro OCF, S. A. de C. V. and subsidiary, Vitromatic, S. A. de C. V. and subsidiaries, Vitro P.Q., S. A. and subsidiaries, Vitro Flex, S. A. de C. V., and Vitro Do Brasil Industria e Comercio, Ltda., and the associated company Empresas Comegua, S. A. and subsidiaries are audited by other firms of public accountants.

The excess on the acquisition of stocks in subsidiaries is determined on the basis of the book value at the date of acquisition. It is a policy to amortize the excess of cost over book value over 40 years.

- b) Accounting method for the treatment of the effects of inflation.- The effects of inflation are taken into consideration in all financial statements in accordance with the norms established by the Instituto Mexicano de Contadores Públicos (Mexican Institute of Public Accountants), in its Bulletin B-10, including its amendments, and in its Bulletin B-12, for the statement of changes in the financial position. These norms basically require that all company financial statements be expressed in constant pesos, in other words, pesos of the same purchasing power as those of the end of the last financial period reported.

Therefore, the 1989 financial statements had to be reexpressed in constant pesos of December, 1990, and the statement of changes in the financial position was restructured according to Bulletin B-12.

The following is a description of the items that have been restated and of the method used:

- Inventories and cost of sales.- The inventories of the subsidiaries are valued at the price of the last purchase made during the year, or at the latest production cost, or in some cases, at standard replacement cost without exceeding the net realizable value. The cost of sales was determined by using the price of the last purchase prior to the date of consumption, the latest production cost at the time of sale or at standard cost, except for some companies that used the "last in-first out" method.

The inventories of Anchor Glass Container Corporation are valued by the "last in-first out" method. The value of the inventory at the date of the balance sheet is similar to its replacement cost.

- Property, machinery and equipment, and the depreciation thereof.- These investments are expressed at their net replacement value, determined from appraisals carried out by independent experts registered with Mexico's Securities Commission (Comisión Nacional de Valores).

Depreciation is calculated using the straight - line method, taking into consideration the useful life of the asset, in order to depreciate the original cost and the revaluation, the depreciation begins from the month in which the asset comes into service.

- Amortizable expenses.- For the subsidiaries the balances of amortizable expenses, and the accumulated and period amortization are restated using the Consumer Price Index (Indice General de Precios al Consumidor).

The excess of cost over book value of shares in Mexican subsidiaries is restated using the Mexican Consumer Price Index (Indice General de Precios al Consumidor). The excess of cost over book value of shares in Anchor Glass Container Corporation is restated applying the U. S. inflation rate, and translated to Mexican pesos at the exchange rate at the date of the balance sheet.

- Restatement of capital stock and retained earnings.- The purpose of the restatement is to present the stockholders' equity at the close of the financial year in terms of constant Mexican pesos on the dates when capital was paid in and when earnings were retained.
- Exchange fluctuations.- Exchange gains and losses are considered as part of the total financing cost, and directly affect the net income for the year.
- Result due to monetary position.- The monetary position reflects the result of holding monetary assets and liabilities during periods of inflation. Values stated in current monetary units represent a decreasing purchasing power as time goes by. This means that losses are incurred by holding monetary assets over time, whereas gains are realized by maintaining monetary liabilities. The net effect is presented in the income statement for the year, as part of the total financing cost.

When considering the companies located in the United States of America, the result due to monetary position is calculated using the Consumer Price Index of that country.

- Excess or shortfall in restatement of capital.- This item is calculated by taking the algebraic sum, whether debit or credit, of the restated balance of the patrimonial monetary position, and the result from the holding of non-monetary assets, including the initial surplus obtained in the first restatement.

The result from holding of non-monetary assets is shown directly under stockholders' equity.

- c) Maintenance expenses.- Maintenance and repair expenses are recorded directly as costs and expenses in the year when they are carried out.
- d) Seniority premiums, retirement plans and severance payments.- In Mexican companies, statutory premiums for all personnel are considered as costs in the years in which services are rendered. Payments are calculated on the basis of actuarial computations, using the salaries that will be in effect at the time of payment. Personnel not yet eligible for seniority premiums is also taken into account, the necessary adjustments being made in accordance with the probability of their acquiring the needed seniority. After reducing the reserve already created, the cost of past services is amortized in the average period required for workers to reach their retirement age. Actuarial computations are updated if events requiring this take place.

Severance payments are charged to the revenue of the year in which such payments are made. In Mexican companies, the payments for the retirement plans made during 1989, and from January to September of 1990, were charged directly to the revenue of the year in which they were made. In September, 1990, the actuarial computations for the retirement plans for the Mexican companies were carried out, in order to estimate the total cost of this obligation, also taking into account provisions to be made in October, November and December of 1990. The actuarial method used was the projected unit credit method, in other words, the cost of past and future services are included, and both are amortized during the average expected years of service of the participants.

Anchor Glass Container Corporation's retirement plans are principally non-contributory, covering almost all employees. The funding policy of this company is to pay at least the minimum amount required by the Employee Retirement Income Security Act of 1974. The projected unit credit method is used, and the cost of past service is amortized over a 15 year period.

3.- INVESTMENT IN SHARES

- a) The analysis of the investment in shares:

	1 9 9 0	1 9 8 9
Shares in industrial and commercial companies	Ps 2,567	Ps 2,798
Shares in associated companies	1,066	1,063
	Ps 3,633	Ps 3,861

- b) Associated companies are considered to be those in which Vitro, Sociedad Anónima holds, as a permanent investment, less than 50% of its capital stock

One of the associated companies, Empresas Comegua, S. A., is located in the Republic of Panama and has subsidiaries in Costa Rica and Guatemala. The auditor's report corresponding to 1990 is not yet available for these companies. Contributions to capital are presented at the exchange rate existing on the dates of the transactions.

- c) In accordance with generally accepted accounting principles, in order to adequately reflect the financial information of the economic unit, consolidated financial statements are required. These statements are reported separately.

4.- SHARES IN TRUST:

A trust exists of shares issued by the company itself. In accordance with regulation 11-16 of the Comisión Nacional de Valores (Securities and Exchange Commission) of August 1990, this trust must be terminated and its stock must be sold on the stock exchange. Therefore, its balance is presented as an asset.

As a consequence, the figures shown for 1989 were re-classified in order to be comparable.

5. PROPERTY, MACHINERY AND EQUIPMENT

- a) Analysis of fixed assets:

	1989	1988
Buildings	Ps 8	Ps 8
Accumulated depreciation	1	
	Ps 7	Ps 8
Land	3	3
	Ps 10	Ps 11
Machinery and equipment	Ps 7	Ps 7
Accumulated depreciation	1	1
	Ps 6	Ps 6

The average rate of depreciation used was approximately 2% for buildings and 6% for machinery and equipment.

6.- CONTINGENT LIABILITIES:

- a) Documents drawn on various subsidiaries have been underwritten for Ps 154 payable in U. S. dollars and Ps 185 payable in Mexican pesos.

- b) On September 3, 1987, Anchor Glass Container Corporation (AGCC) filed suit in the United States District Court for the Southern District of Mississippi against Stand Energy Corporation (Stand), seeking cancellation of certain long-term contracts with Stand for the purchase of natural gas at various Diamond-Bathurst glass manufacturing plants. The complaint, as amended, alleges fraudulent misrepresentations and omissions by Stand in procuring such contracts, and seeks to recover actual damages of approximately Ps 9 for fraud and breach of contractual duties, treble damages for violation of the Racketeer Influenced and Corrupt Organization Act (RICO) and The Robinson-Patman Act, and punitive damages of Ps 3. Pending the outcome of the litigation, AGCC suspended purchases under these contracts, as of August 31, 1987. Stand has filed an amended counterclaim for breach of contract, seeking actual damages of Ps 46, treble damages under RICO, and punitive damages of Ps 133.

In our opinion, based upon the investigations made to date, the contracts were voidable and AGCC was correct in suspending purchases thereunder, and the counterclaim of Stand is without merit. AGCC has moved for summary judgement that the contracts be voided and that Stand's counterclaims be dismissed. AGCC intends to vigorously pursue its original suit, and to defend the counterclaim. It is our opinion that the ultimate outcome of this lawsuit will not significantly affect its financial position.

7.- STOCKHOLDERS' EQUITY:

- a) Capital stock of the company is represented by 87 500 000 ordinary, nominative, paid-up shares, without par value.

- b) Stockholders' equity includes accrued profits and results from the restating of assets which, in case of distribution, will be subject, under certain circumstances, to payment of income tax, in accordance with the corresponding legal regulations.

8.- AMORTIZABLE TAX LOSSES:

At December 31, 1990, the Mexican companies had fiscal losses pending amortization for the amount of Ps 279 and tax on the companies' assets to be credited amounting to Ps 79. The resulting fiscal benefit from any amortization of such losses will be recognized during the period in which they are amortized.

At December 31, 1990, Anchor Glass Container Corporation has fiscal losses pending amortization, and investment tax credit carryforwards of approximately PS 266 and Ps 17 respectively, expiring at various dates through 2005. The utilization of these carryforwards will be limited, due to changes in the tax law stated in the Tax Reform Act of 1986, and will be restricted to offsetting future taxable income.

*Consolidated Financial Statements of
Viro, Sociedad Anónima and
Subsidiaries*

**Galaz, Gómez Morfín,
Chavero, Yamazaki**



**Board of Directors and Stockholders of
Vitro, Sociedad Anónima
San Pedro Garza García, N. L.**

We have examined the consolidated balance sheet of Vitro, Sociedad Anónima and Subsidiaries as of December 31, 1990 and 1989 and the related consolidated statements of income, variations in stockholders' equity and changes in the financial position for the years ended on such dates. Our examinations were made according to generally accepted auditing standards and consequently, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the attached financial statements herein mentioned, present fairly the consolidated financial position of Vitro, Sociedad Anónima and Subsidiaries as of December 31, 1990 and 1989 and the consolidated results of operations, variations in stockholders' equity and the changes in the financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied.

In order to comply with the new rules issued by Mexican Institute of Public Accountants, the figures of the financial statements for the years ended on December 31, 1990 and 1989 are expressed in constant Mexican pesos as of December 31, 1990.

The financial statements of the subsidiaries and the associate mentioned in note 2 a), are audited by other public accountants. Total assets of the mentioned companies amount to Ps 1,357 billion in 1990 and Ps 1,306 billion in 1989 representing 11 % of the total amount; likewise, their net income amounts to Ps 127 billion in 1990 and Ps 181 billion in 1989 representing 17 % and 24 % of the total, respectively.

**CELSO JAVIER TREVIÑO E.
Public Accountant**

Monterrey, N. L., México, February 28, 1991.

VITRO, SOCIEDAD ANONIMA AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
 AT DECEMBER 31, 1990 AND 1989
 (Billions of constant Mexican pesos of December 1990)

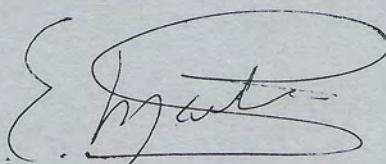
ASSETS	1990	1989
Cash	Ps 59	Ps 53
Marketable securities	531	678
Shares in trust (note 4)	498	436
Trade receivables, net	741	767
Other receivables	177	180
Inventories (note 5)	1,401	1,375
Current assets	Ps 3,407	Ps 3,489
Accounts receivable and other investments	Ps 80	Ps 73
Investment in associated companies (note 2-b)	1,066	1,063
Land and buildings (note 6)	1,338	1,442
Machinery and equipment (note 6)	3,706	4,025
Investments in progress	360	196
Amortizable expenses (note 7)	149	103
Excess of cost over book value of shares in subsidiaries	1,688	1,510
	Ps 8,387	Ps 8,412
Total assets	Ps 11,794	Ps 11,901

The accompanying notes are an integral part of this financial statement.

LIABILITIES	1990	1989
Bank loans	Ps 1,027	Ps 1,769
Current portion of long-term debt	322	158
Trade payables	496	501
Other payables	381	522
Accrued compensations and employee benefits	187	225
Short-term liabilities	Ps 2,413	Ps 3,175
Bank debt	Ps 2,543	Ps 1,760
Capital lease transactions and notes receivable, net	87	87
Seniority premiums, pensions and other long-term liabilities (note 8-d)	745	673
Long-term liabilities	Ps 3,375	Ps 2,520
Total liabilities (notes 8 and 9)	Ps 5,788	Ps 5,695

STOCKHOLDERS' EQUITY

Minority interest in consolidated subsidiaries (note 10-c)	Ps 816	Ps 879
Majority interest: (note 10)		
Capital stock	Ps 1,043	Ps 1,022
Excess (shortfall) in restatement of capital	(476)	151
Excess of book value over cost of shares in subsidiaries and associates	809	809
Retained earnings	3,203	2,750
Net income for the year	611	595
	Ps 5,190	Ps 5,327
Total stockholders' equity	Ps 6,006	Ps 6,206
Total liabilities and stockholders' equity	Ps 11,794	Ps 11,901



ERNESTO MARTENS R.
President and Chief Executive Officer

VITRO, SOCIEDAD ANONIMA AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

	1990	1989
Net sales	Ps 8,134	Ps 5,194
Other operating revenues	18	14
	Ps 8,152	Ps 5,208
Cost of sales	5,944	3,382
Operating expenses	1,093	915
Operating income	Ps 1,115	Ps 911
Total financing cost:		
Financial expenses and income	Ps 814	Ps 402
Gain from monetary position	429	81
	Ps 385	Ps 321
Income after financing	Ps 730	Ps 590
Other income (expenses), net	12	(9)
Share in net income of associated companies	95	136
Income before income tax, workers' profit sharing and extraordinary items	Ps 837	Ps 717
Income tax (note 12)	146	159
Profit sharing to workers (note 12)	58	89
Income before extraordinary items	Ps 633	Ps 469
Extraordinary items, net (note 13)	112	277
Net income for the year	Ps 745	Ps 746
Net income of minority interest	134	151
Net income of majority interest	Ps 611	Ps 595

The accompanying notes are an integral part of this financial statement.

VITRO, SOCIEDAD ANONIMA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN THE FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

OPERATING ACTIVITIES:	1990	1989
Net income	Ps 745	Ps 746
Add (deduct) non-cash items:		
Depreciation and amortization	690	453
Provision for seniority premiums, pensions and other	(134)	14
Share in net income of unconsolidated associates	(95)	(136)
Cancelation of FICORCA contract	11	161
Discount from prepayments to foreign banks	(9)	(190)
Deferred income tax and workers' profit sharing	(6)	(36)
	Ps 1,202	Ps 1,012
(Decrease) in trade payables	(4)	(43)
Decrease in trade receivables	5	69
(Increase) in inventories	(229)	(127)
Other current assets and liabilities, net	(173)	(105)
Resources generated from operations	Ps 801	Ps 806
FINANCING ACTIVITIES:		
Short-term bank loans	Ps 4,492	Ps 3,541
Long-term bank loans	2,211	710
Capital stock contributed by minority interest	2	7
Monetary effect on liabilities with financing cost	(493)	(201)
Payment of short-term loans	(5,215)	(2,350)
Payment of long-term loans	(781)	(654)
Dividends paid to stockholders of Vitro, Sociedad Anónima	(164)	(204)
Dividends paid to minority interest	(109)	(136)
Payment of capital stock to minority interest	(30)	
Resources generated (used) in financing activities	Ps (87)	Ps 713
INVESTMENT ACTIVITIES:		
Sale of fixed assets	Ps 39	Ps 18
Recovery of other investments	45	20
Investment in property, plant, machinery and equipment	(792)	(373)
Increase in amortizable expenses	(89)	(27)
Long-term receivables	(7)	
Investment in subsidiaries	(11)	(1,055)
Investment in shares held in trust	(40)	(76)
Resources (used) in investment activities	Ps (855)	Ps (1,493)
Net increase (decrease) in cash and marketable securities	Ps (141)	Ps 26
Balance at beginning of year	731	705
Balance at December 31, 1990 and 1989	Ps 590	Ps 731

The accompanying notes are an integral part of this financial statement.

VITRO, SOCIEDAD ANONIMA AND SUBSIDIARIES

STATEMENT OF VARIATIONS IN CONSOLIDATED STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989
(Billions of constant Mexican pesos of December 1990)

INCREASES:	1990	1989
Capital stock:		
Capitalization of retained earnings	Ps 21	Ps
Retained earnings:		
Application of earnings	595	653
Dividend from shares in trust	43	
Net income for the year	611	595
Total increases for the year	Ps 1,270	Ps 1,248
DECREASES:		
Excess in restatement of capital:		
Loss due to holding non-monetary assets	Ps 627	Ps 138
Retained earnings:		
Capitalization of earnings	21	
Dividends paid	164	204
Net income for the year:		
Transferred to retained earnings	595	653
Total decreases for the year	Ps 1,407	Ps 995
Net increase (decrease) for the year	Ps (137)	Ps 253
Increase (decrease) in minority interest	(63)	74
Balance at beginning of year	6,206	5,879
	Ps 6,006	Ps 6,206

The accompanying notes are an integral part of this financial statement.

VITRO, SOCIEDAD ANONIMA AND SUBSIDIARIES

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 1990 AND 1989

(Billions of constant Mexican pesos of December 1990) *

1.- ACTIVITIES OF THE COMPANY:

Vitro, Sociedad Anónima is a holding company, the subsidiaries of which manufacture and market glass and plastic containers, thermoformed articles, luggage, flat glass for architectural and automotive uses, glassware for table and kitchen use, fiber glass insulation and reinforcements, chemical products, enamelware, home appliances, mineral resources and capital goods, and also carry out research and development of technology.

2.- PRINCIPLES OF CONSOLIDATION:

- a) Consolidated subsidiaries.- Those companies in which Vitro, Sociedad Anónima holds more than 50% of the capital stock are included in the consolidated statements.

On November 2, 1989, 100% of the shares of Latchford Glass Company and 98.91% of the shares of Anchor Glass Container Corporation were acquired through the companies THR Corporation and C Holdings Corporation. These companies are located in the United States of America, and they are referred to herein as Anchor Glass Container Corporation.

The companies Vitro O.C.F., S. A. de C. V. and Subsidiary, Vitromatic, S. A. de C. V. and Subsidiaries, Vitro P.Q., S. A. and Subsidiaries, Vitro Flex, S. A. de C. V., and Vitro Do Brasil Industria e Comercio, Ltda. and the associated company Empresas Comegua S. A. and Subsidiaries are audited by other firms of public accountants.

The excess cost on the acquisition of stock in subsidiaries is determined on the basis of the book value at the date of acquisition. It is a policy to amortize the excess of cost over book value over 40 years.

- b) Investment in associated companies.- Associated companies are considered to be those in which Vitro, Sociedad Anónima holds, as a permanent investment, less than 50% of its capital stock. Such investments are valued according to the equity method.

Analysis of the investment in associated companies:

	1990	1989
Cydsa, S. A.	Ps 982	Ps 959
Empresas Comegua, S. A. (1)	84	104
	Ps 1,066	Ps 1,063

* See note 3.- a)

- (1) Empresas Comegua, S. A. is located in the Republic of Panama and has subsidiaries in Costa Rica and Guatemala. The auditor's report corresponding to 1990 is not yet available for these companies. Contributions to capital are presented at the exchange rate existing on the dates of the transactions, and include the indirect participation of Vitro, Sociedad Anónima in retained earnings and in the net income of the companies which are controlled by Empresas Comegua, S. A.

3.- PRINCIPAL ACCOUNTING POLICIES:

- a) Accounting method for the treatment of the effects of inflation.- The effects of inflation are taken into consideration in all financial statements in accordance with the norms established by the Instituto Mexicano de Contadores Públicos (Mexican Institute of Public Accountants), in its Bulletin B-10, including its amendments, and in Bulletin B-12, for the statement of changes in the financial position. These norms basically require that all company financial statements be expressed in constant pesos, in other words, pesos of the same purchasing power as those of the end of the last financial period reported. Therefore, the 1989 financial statements had to be reexpressed in constant pesos of December, 1990, and the statement of changes in the financial position was restructured according to Bulletin B-12.

The following is a description of the items that have been restated and of the methods used:

- Inventories and cost of sales.- Inventories are valued at the price of the last purchase made during the year, or at the latest production cost or, in some cases, at standard replacement cost, without exceeding the net realizable value. The cost of sales was determined by using the price of the last purchase prior to the date of consumption, the latest production cost at the time of sale or at standard cost, except for some companies that used the "last in - first out" method.

The inventories of Anchor Glass Container Corporation are valued by the "last in - first out" method. The value of the inventory at the date of the balance sheet is similar to its replacement value.

- Property, machinery and equipment and the depreciation thereof.- These investments are expressed at their net replacement value, determined from appraisals carried out by independent experts registered with Mexico's Securities Commission (Comisión Nacional de Valores).

Depreciation is calculated using the straight-line method, taking into consideration the useful life of the asset, in order to depreciate the original cost and the revaluation, the depreciation begins in the month in which the asset comes into service.

- Amortizable expenses.- The balances of amortizable expenses, and the accumulated and period amortization are restated using the Consumer Price Index (Indice General de Precios al Consumidor).

The excess of cost over book value of shares in Mexican subsidiaries is restated using the Consumer Price Index (Indice General de Precios al Consumidor). The excess of cost over book value of shares in Anchor Glass Container Corporation is restated applying the U. S. inflation rate, and converted to Mexican pesos at the exchange rate at the date of the balance sheet.

- Restatement of capital stock and retained earnings.- The purpose of the restatement is to present the stockholders' equity at the close of the financial year in terms of constant Mexican pesos on the dates when capital was paid in and when earnings were retained.
- Exchange fluctuations.- Exchange gains and losses are considered as part of the total financing cost, and directly affect the net income for the year.
- Results due to monetary position.- The monetary position reflects the result of holding monetary assets and liabilities during periods of inflation. Values stated in current monetary units represent a decreasing purchasing power as time goes by. This means that losses are incurred by holding monetary assets over time, whereas gains are realized by maintaining monetary liabilities. The net effect is presented in the income statement for the year, as part of the total financing cost. When considering the companies located in the United States of America, the result due to monetary position is calculated using the Consumer Price Index of that country.
- Excess or shortfall in restatement of capital.- This item is calculated by taking the algebraic sum, whether debit or credit, of the restated balance of the patrimonial monetary position, and the result from the holding of non-monetary assets, including the initial surplus obtained in the first restatement.

The result from the holding of non-monetary assets is shown directly under stockholders' equity.

- b) Maintenance expenses.- Maintenance and repair expenses are recorded directly as costs and expenses in the year when they are carried out.
- c) Amortization of deferred charges.- Amortization is calculated using the straight-line method, at the rates indicated in note 7. These rates vary according to the type of amortizable expense.
- d) Seniority premiums, retirement plans and severance payments.- In Mexican companies, statutory premiums for all personnel are considered as costs in the years in which services are rendered. Payments are calculated on the basis of actuarial computations, using the salaries that will be in effect at the time of payment. Personnel not yet eligible for seniority premiums is also take into account, the necessary adjustments being made in accordance with the probability of their acquiring the needed seniority. After reducing the reserve

already created, the cost of past services is amortized in the average period required for workers to reach their retirement age. Actuarial computations are up-dated if events requiring this take place.

Severance payments are charged to the revenue of the year in which such payments are made. In Mexican companies, the payments for the retirement plans made during 1989, and from January to September of 1990, were charged directly to the revenue of the year in which they were made. In September, 1990, the actuarial computations for the retirement plans for the Mexican companies were carried out, in order to estimate the total cost of this obligation, also taking into account payments to be made in October, November and December of 1990. The actuarial method used was the projected unit credit method, in other words, the cost of past and future services are included, and both are amortized during the average expected years of service of the participants.

Anchor Glass Container Corporation's retirement plans are principally non-contributory, covering almost all employees. The funding policy of this company is to pay at least the minimum amount required by the Employee Retirement Income Security Act of 1974. The projected unit credit method is used, and the cost of past service is amortized over a 15 year period.

- e) Deferred income tax and workers profit sharing.- Deferred taxes arising from important temporary differences, with an identifiable origin, and that are non-recurrent or substitutable by similar operating items and that have a well-defined reversion period, are accounted.
- f) Consolidation of the financial statements of companies located in the United States of America.- In order to consolidate the financial statements of these companies, first the effect of inflation was taken into consideration in accordance with the norms stated in Bulletin B-10 and its three amendments. Then, the assets, liabilities, stockholders' equity (except capital stock) and the income statement accounts were translated, using the exchange rate at the end of the period. The capital stock was translated using the exchange rate of the date when the contributions were made. Any difference resulting from this process was included in the account of excess or shortfall in the restatement of capital.

4.- SHARES IN TRUST:

A trust exists of shares issued by the company itself. According to regulation 11 - 16 of the Comisión Nacional de Valores (Securities and Exchange Commission) of August 1990, this trust must be terminated and its stock must be sold on the stock exchange. Therefore its balance is presented as an asset.

As a consequence, the figures shown for 1989 were re-classified in order to be comparable.

5.- INVENTORIES:

a) The breakdown is as follows:

	1990		1989	
Finished products	Ps	923	Ps	923
Raw materials		197		190
Packaging materials		36		35
	Ps	1,156	Ps	1,148
Spare parts		161		133
Refractories		25		15
Merchandise in transit		40		49
Others		19		30
	Ps	1,401	Ps	1,375

6.- FIXED ASSETS:

Analysis of property, plant and equipment:

	1990		1989	
Buildings	Ps	1,414	Ps	1,506
Accumulated depreciation		342		330
	Ps	1,072	Ps	1,176
Land		266		266
	Ps	1,338	Ps	1,442
Machinery and equipment	Ps	5,921	Ps	5,991
Capitalizable leases		293		340
Accumulated depreciation		2,508		2,306
	Ps	3,706	Ps	4,025

7.- AMORTIZABLE EXPENSES:

Details of the most important items making up this balance:

	1990		1989	
Preoperating expenses	Ps	67	Ps	40
Deferred financing costs		38		50
Other items		44		13
	Ps	149	Ps	103

Amortization rates used are 5%, 10% and 20% according to the concept that originated them.

8.- LIABILITIES:

a) Maturity of long-term debt is as follows:

	Payable in:			
	Mexican currency	United States Dollars		Total
	Mexican companies	U. S. companies		
1992	Ps 388	Ps 3	Ps 456	Ps 847
1993	356	40	176	572
1994	90	26	174	290
1995 and following	191	35	673	899
FICORCA	11			11
Seniority premiums	16			16
Pension plans and other liabilities	4		649	653
Capitalizable leases			87	87
	Ps 1,056	Ps 104	Ps 2,215	Ps 3,375

For the Mexican companies, balances payable in U. S. dollars totalling Ps 135 in 1990, are included under short-term debt; also, a balance of collectibles in the same currency amounting to Ps 141 exists. Currency translation was made at 2,950 Mexican pesos per U. S. dollar.

- b) At December 31, 1990, Anchor Glass Container Corporation had an outstanding capitalizable lease obligation of Ps 82 net of notes receivable from related parties in connection with such lease operations. Of this amount, Ps 5 are short-term notes receivable net of its related debt. The total capitalizable lease obligation is Ps 281, and the notes receivable with related parties in connection with this lease total Ps 199.
- c) Seniority premiums and retirement plans.- In accordance with the policy mentioned in note 3-d, the amount corresponding to past services rendered pending amortization was Ps 74 in 1990, and Ps 75 in 1989. The charge to the revenue of the period amounted to Ps 56 in 1990, and Ps 16 in 1989, including the amortization of seniority premiums and retirement plans arising from past services.
- d) Guarantees.- Liabilities for Ps 643, secured by fixed assets, inventories and accounts receivable, totalling Ps 2,556 existed at December 31, 1990.

9.- CONTINGENT LIABILITIES:

On September 3, 1987, Anchor Glass Container Corporation (AGCC) filed suit in the United States District Court for the Southern District of Mississippi against Stand Energy Corporation (Stand), seeking cancellation of certain long-term contracts with Stand for the purchase of natural gas at various Diamond-Bathurst glass manufacturing plants. The complaint, as amended, alleges fraudulent misrepresentations and omissions by Stand in procuring such contracts, and seeks to recover actual damages of approximately Ps 9 for fraud and breach of contractual duties, treble damages for violation of the Racketeer Influenced and Corrupt Organization Act (RICO) and the Robinson-Patman Act, and punitive damages of Ps 3. Pending the outcome of the litigation, AGCC suspended purchases under these contracts, as of August 31, 1987. Stand has filed an amended counterclaim for breach of contract, seeking actual damages of Ps 46, treble damages under RICO, and punitive damages of Ps 133.

It is our opinion, based upon the investigations made to date, that the contracts were voidable and that AGCC was correct in suspending purchases thereunder, and that the counterclaim of Stand is without merit. AGCC has moved for summary judgement that the contracts be voided and that Stand's counterclaims be dismissed. AGCC intends to vigorously pursue its original suit, and to defend the counterclaim. It is our opinion that the ultimate outcome of this lawsuit will not significantly affect its financial position.

10.- STOCKHOLDERS' EQUITY:

- a) Capital stock of the company is represented by 87 500 000 ordinary, nominative, paid-up shares, without par value.
- b) Stockholders' equity includes accrued profits and results from the restating of assets which, in case of distribution, will be subject, under certain circumstances, to payment of income tax, in accordance with the corresponding legal regulations.

c) Analysis of minority interest in consolidated subsidiaries:

	1990		1989	
Capital stock	Ps	737	Ps	787
Paid-in capital		17		17
Shortfall in restatement of capital		(330)		(308)
Excess of book value over cost		8		8
Retained earnings		266		224
Net income for the year		118 (1)		151
	Ps	816	Ps	879

(1) This figure does not coincide with that shown in the income statement, since in 1990 the minority interest in one of the subsidiaries was ended, and in another a minority interest was acquired.

11.- AMORTIZABLE TAX LOSSES:

At December 31, 1990, the Mexican companies had fiscal losses pending amortization for the amount of Ps 279 on the majority interest, and to Ps 105 on the minority interest; and tax on the companies' assets to be credited amounting to Ps 79 on the majority interest, and to Ps 3 on the minority interest. The resulting fiscal benefit from any amortization of such losses will be recognized during the period in which they are amortized.

At December 31, 1990, Anchor Glass Container Corporation had fiscal losses pending amortization, and investment tax credit carry-forwards of approximately Ps 266 and Ps 17 respectively, expiring at various dates through 2005. The utilization of these carry-forwards will be limited, due to changes in the tax law stated in the Tax Reform Act of 1986, and will be restricted to of setting future taxable income.

12.- INCOME TAX AND WORKERS' PROFIT SHARING:

- a) The deferred taxes included in the results, amounting to Ps 30 in 1990 and to Ps 35 in 1989, correspond principally to the reserve for furnace repair.
- b) At December 31, 1990, there were Ps 521 of inventories that had already been deducted for tax purposes, and Ps 19 as a provision for seniority premium payments that had not been deducted. On these items, there were no deferred taxes, in accordance with generally accepted accounting principles.

- c) The reconciliation between the income tax rate according to the net income and the one that appeared in the income statement is as follows:

	1990	1989
Income tax rate on net income	17.4	22.2
Add (deduct) quantity corresponding to:		
Purchase deductions	9.0	10.5
Difference between fiscal and accounting monetary income	7.9	2.0
Share in net income of associated companies	4.1	7.0
Reserves	3.9	3.9
Restatement cost of sales	(1.7)	(3.3)
Loss in foreign companies and minority interest	(1.9)	(3.3)
Difference between fiscal and accounting depreciation	(2.0)	(4.9)
Others	(0.7)	2.9
Income Tax Rate according to fiscal regulations	36	37

13.- EXTRAORDINARY ITEMS:

The following extraordinary items are included in the statement of results:

- a) During 1990 and 1989, some subsidiaries prepaid the debt they had with foreign banking institutions. This debt was recorded in the trust for the coverage of exchange risks (FICORCA). In view of such prepayment, a net financial income after taxes of Ps 4 in 1990, and of Ps 90 in 1989 was obtained.
- b) During the 1990 and 1989 financial years, fiscal losses of previous years were amortized. This process accounts for tax benefits of Ps 108 and Ps 187 respectively. These amounts have been reduced by Ps 35 and Ps 42 respectively, because of the tax on the companies' assets that could not be credited during the financial year.

