

DESC S A DE C V
Form 6-K
October 26, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR

15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of October, 2004

Commission File Number: 001-13196

Desc, S.A. de C.V.

(Translation of registrant's name into English)

Paseo de los Tamarindos 400-B, Bosques de las Lomas, 05120 Mexico, D.F., Mexico

(Address of principal executive office)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

The following is included in this report on Form 6-K:

Item

1. English Translation of Consolidated Financial Statements of Registrant, at September 30, 2004 and 2003, in the format required to be filed with the Mexican Stock Exchange

CONSOLIDATED BALANCE SHEET

AT SEPTEMBER THE 30th OF 2004 AND 2003

(Thousands of Pesos)

| REF S | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | | THIRD QUARTER OF LAST YEAR | |
|-----------|---|----------------------------------|-------------|-------------------------------|-------------|
| | | Amount | % | Amount | % |
| 1 | TOTAL ASSETS | 27,074,573 | 100% | 31,055,953 | 100% |
| 2 | CURRENT ASSETS | 9,420,380 | 35% | 9,751,336 | 31% |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 429,897 | 2% | 1,341,301 | 4% |
| 4 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 4,263,360 | 16% | 3,465,127 | 11% |
| 5 | OTHER ACCOUNTS AND DOCUMENTS RECEIVABLE | 1,040,125 | 4% | 1,702,320 | 5% |
| 6 | INVENTORIES | 3,521,276 | 13% | 3,164,076 | 12% |
| 7 | OTHER CURRENT ASSETS | 165,722 | 1% | 78,512 | 0% |
| 8 | LONG-TERM | 4,837,058 | 18% | 5,244,129 | 19% |
| 9 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 1,206,405 | 4% | 1,356,132 | 5% |
| 10 | INVESTMENT IN SHARES OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATED | 211,396 | 1% | 45,252 | 0% |
| 11 | OTHER INVESTMENTS | 3,419,257 | 13% | 3,842,745 | 14% |
| 12 | PROPERTY, PLANT AND EQUIPMENT | 11,266,445 | 42% | 13,131,373 | 42% |
| 13 | PROPERTY | 6,330,618 | 23% | 7,307,762 | 24% |
| 14 | MACHINERY AND INDUSTRIAL EQUIPMENT (NET) | 16,631,654 | 61% | 17,181,229 | 55% |
| 15 | OTHER EQUIPMENT | 3,176,527 | 12% | 2,081,209 | 8% |
| 16 | ACCUMULATED DEPRECIATION | 15,187,104 | 56% | 14,327,267 | 46% |
| 17 | CONSTRUCTION IN PROGRESS | 314,750 | 1% | 888,440 | 3% |
| 18 | DEFERRED ASSETS (NET) | 624,492 | 2% | 1,648,353 | 5% |
| 19 | OTHER ASSETS | 926,198 | 3% | 1,280,762 | 5% |
| 20 | TOTAL LIABILITIES | 14,365,164 | 100% | 18,932,800 | 100% |
| 21 | CURRENT LIABILITIES | 4,831,178 | 34% | 8,093,551 | 43% |
| 22 | SUPPLIERS | 2,374,479 | 17% | 1,967,785 | 10% |
| 23 | BANK LOANS | 435,209 | 3% | 3,664,946 | 19% |
| 24 | STOCK MARKET LOANS | 0 | 0% | 0 | 0% |
| 25 | TAXES TO BE PAID | 268,959 | 2% | 732,758 | 4% |
| 26 | OTHER CURRENT LIABILITIES | 1,752,531 | 12% | 1,728,062 | 9% |
| 27 | LONG-TERM LIABILITIES | 8,024,242 | 56% | 8,769,896 | 46% |
| 28 | BANK LOANS | 5,670,572 | 39% | 6,414,828 | 34% |
| 29 | STOCK MARKET LOANS | 2,353,670 | 16% | 2,355,068 | 12% |
| 30 | OTHER LOANS | 0 | 0% | 0 | 0% |
| 31 | DEFERRED LOANS | 703,457 | 5% | 1,460,688 | 8% |
| 32 | OTHER LIABILITIES | 806,287 | 6% | 608,665 | 3% |
| 33 | CONSOLIDATED STOCK HOLDERS EQUITY | 12,709,409 | 100% | 12,123,153 | 100% |
| 34 | MINORITY INTEREST | 3,709,052 | 29% | 4,062,323 | 34% |
| 35 | MAJORITY INTEREST | 9,000,357 | 71% | 8,060,830 | 66% |
| 36 | CONTRIBUTED CAPITAL | 15,751,140 | 124% | 12,732,494 | 105% |
| 37 | PAID-IN CAPITAL STOCK (NOMINAL) | 29,663 | 0% | 17,798 | 0% |
| 38 | RESTATEMENT OF PAID-IN CAPITAL STOCK | 11,913,228 | 94% | 11,544,306 | 95% |
| 39 | PREMIUM ON SALES OF SHARES | 3,808,249 | 30% | 1,170,390 | 10% |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | | | | |
| 41 | CAPITAL INCREASE (DECREASE) | -6,750,783 | -53% | -4,671,664 | -39% |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE | 17,525,927 | 138% | 18,597,350 | 153% |

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| | | | | | |
|----|--|-------------|-------|-------------|-------|
| 43 | REPURCHASE FUND OF SHARES | 907,079 | 7% | 907,079 | 7% |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENT OF HOLDER S EQUITY | -24,974,291 | -197% | -23,562,563 | -194% |
| 45 | NET INCOME FOR THE YEAR | -209,498 | -2% | -613,530 | -5% |

CONSOLIDATED BALANCE SHEET**BREAKDOWN OF MAIN CONCEPTS**

(Thousands of Pesos)

| REF S | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | | THIRD QUARTER OF LAST YEAR | |
|-----------|--|----------------------------------|-------------|-------------------------------|-------------|
| | | Amount | % | Amount | % |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 429,897 | 100% | 1,341,301 | 100% |
| 46 | CASH | 313,838 | 73% | 1,026,953 | 77% |
| 47 | SHORT-TERM INVESTMENTS | 116,059 | 27% | 314,348 | 23% |
| 18 | DEFERRED ASSETS (NET) | 624,492 | 100% | 1,648,353 | 100% |
| 48 | AMORTIZED OR REDEEMED EXPENSES | 0 | 0% | 0 | 0% |
| 49 | GOODWILL | 624,492 | 100% | 1,648,353 | 100% |
| 50 | DEFERRED TAXES | 0 | 0% | 0 | 0% |
| 51 | OTHERS | 0 | 0% | 0 | 0% |
| 21 | CURRENT LIABILITIES | 4,831,178 | 100% | 8,093,551 | 100% |
| 52 | FOREIGN CURRENCY LIABILITIES | 2,141,472 | 44% | 4,678,061 | 58% |
| 53 | MEXICAN PESOS LIABILITIES | 2,689,705 | 56% | 3,415,489 | 42% |
| 24 | STOCK MARKET LOANS | 0 | 0% | 0 | 0% |
| 54 | COMMERCIAL PAPER | 0 | 0% | 0 | 0% |
| 55 | CURRENT MATURITIES OF MEDIUM TERM NOTES | 0 | 0% | 0 | 0% |
| 56 | CURRENT MATURITIES OF BONDS | 0 | 0% | 0 | 0% |
| 26 | OTHER CURRENT LIABILITIES | 1,752,531 | 100% | 1,728,062 | 100% |
| 57 | OTHER CURRENT LIABILITIES WITH COST | 0 | 0% | 0 | 0% |
| 58 | OTHER CURRENT LIABILITIES WITHOUT COST | 1,752,531 | 100% | 1,728,062 | 100% |
| 27 | LONG-TERM LIABILITIES | 8,024,242 | 100% | 8,769,896 | 100% |
| 59 | FOREIGN CURRENCY LIABILITIES | 4,784,498 | 60% | 5,231,879 | 60% |
| 60 | MEXICAN PESOS LIABILITIES | 3,239,744 | 40% | 3,538,017 | 40% |
| 29 | STOCK MARKET LOANS | 2,353,670 | 100% | 2,355,068 | 100% |
| 61 | BONDS | 0 | 0% | 0 | 0% |
| 62 | MEDIUM TERM NOTES | 2,353,670 | 100% | 2,355,068 | 100% |
| 30 | OTHER LOANS | 0 | 0% | 0 | 0% |
| 63 | OTHER LOANS WITH COST | 0 | 0% | 0 | 0% |
| 64 | OTHER LOANS WITHOUT COST | 0 | 0% | 0 | 0% |
| 31 | DEFERRED LOANS | 703,458 | 100% | 1,460,688 | 100% |
| 65 | NEGATIVE GOODWILL | 0 | 0% | 0 | 0% |
| 66 | DEFERRED TAXES | 703,458 | 100% | 1,460,688 | 100% |
| 67 | OTHERS | 0 | 0% | 0 | 0% |
| 32 | OTHER LIABILITIES | 806,287 | 100% | 608,665 | 100% |
| 68 | RESERVES | 0 | 0% | 0 | 0% |
| 69 | OTHERS LIABILITIES | 806,287 | 100% | 608,665 | 100% |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENT OF STOCK HOLDERS EQUITY | -24,974,292 | 100% | -23,562,563 | 100% |
| 70 | ACCUMULATED INCOME DUE TO MONETARY POSITION | 0 | 0% | 0 | 0% |
| 71 | INCOME FROM NON-MONETARY POSITION ASSETS | -24,974,292 | 100% | -23,562,563 | 100% |

CONSOLIDATED BALANCE SHEET

OTHER CONCEPTS

(Thousands of Pesos)

| REF S | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | THIRD QUARTER OF LAST YEAR |
|-------|--------------------------------------|----------------------------------|-------------------------------|
| | | Amount | Amount |
| 72 | WORKING CAPITAL | 4,589,202 | 1,657,785 |
| 73 | PENSIONS FUND AND SENIORITY PREMIUMS | 384,281 | 580,238 |
| 74 | EXECUTIVES (*) | 0 | 0 |
| 75 | EMPLOYERS (*) | 4,276 | 5,535 |
| 76 | WORKERS (*) | 9,347 | 10,165 |
| 77 | CIRCULATION SHARES (*) | 2,281,798,960 | 1,369,079,376 |
| 78 | REPURCHASED SHARES (*) | 0 | 0 |

(*) THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS

CONSOLIDATED INCOME STATEMENT

FROM JANUARY THE 1st TO SEPTEMBER THE 30th OF 2004 AND 2003

(Thousands of Pesos)

| REF R | CONCEPTS | THIRD QUARTER OF | | THIRD QUARTER OF | |
|-----------|---|-------------------|-------------|-------------------|-------------|
| | | PRESENT YEAR | | LAST YEAR | |
| | | Amount | % | Amount | % |
| 1 | NET SALES | 17,387,781 | 100% | 17,056,996 | 100% |
| 2 | COST OF SALES | 14,017,841 | 81% | 13,245,916 | 78% |
| 3 | GROSS INCOME | 3,369,940 | 19% | 3,811,080 | 22% |
| 4 | OPERATING EXPENSES | 2,591,464 | 15% | 2,958,086 | 17% |
| 5 | OPERATING INCOME | 778,476 | 4% | 852,994 | 5% |
| 6 | TOTAL FINANCING COST | 667,732 | 4% | 1,000,497 | 6% |
| 7 | INCOME AFTER FINANCING COST | 110,744 | 1% | -147,503 | -1% |
| 8 | OTHER FINANCIAL OPERATIONS | 27,062 | 0% | 64,579 | 0% |
| 9 | INCOME BEFORE TAXES AND WORKERS PROFIT SHARING | 83,682 | 0% | -212,082 | -1% |
| 10 | RESERVE FOR TAXES AND WORKERS PROFIT SHARING | 163,625 | 1% | 347,907 | 2% |
| 11 | NET INCOME AFTER TAXES AND WORKERS PROFIT SHARING | -79,943 | 0% | -559,989 | -3% |
| 12 | SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES | (1,498) | 0% | (1,135) | 0% |
| 13 | CONSOLIDATED NET INCOME OF CONTINUOUS | -81,441 | 0% | -561,124 | -3% |
| 14 | INCOME OF DISCONTINUOUS OPERATIONS | 7,336 | 0% | -45,639 | 0% |
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS | -88,777 | -1% | -515,485 | -3% |
| 16 | EXTRAORDINARY ITEMS NET EXPENSES (INCOME) | 0 | 0% | 0 | 0% |
| 17 | NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0% | 0 | 0% |
| 18 | NET CONSOLIDATED INCOME | -88,777 | -1% | -515,485 | -3% |
| 19 | NET INCOME OF MINORITY INTEREST | 120,721 | 1% | 98,045 | 1% |
| 20 | NET INCOME OF MAJORITY INTEREST | -209,498 | -1% | -613,530 | -4% |

CONSOLIDATED INCOME STATEMENT

BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

| REF R | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | | THIRD QUARTER OF LAST YEAR | |
|----------|---|----------------------------------|-------------|-------------------------------|-------------|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 17,387,781 | 100% | 17,056,996 | 100% |
| 21 | DOMESTIC | 9,155,419 | 53% | 9,765,692 | 57% |
| 22 | FOREIGN | 8,232,362 | 47% | 7,291,304 | 43% |
| 23 | TRANSLATED INTO DOLLARS (***) | 719,467 | 4% | 644,659 | 4% |
| 6 | TOTAL FINANCING COST | 667,732 | 100% | 1,000,497 | 100% |
| 24 | INTEREST PAID | 703,935 | 105% | 792,004 | 79% |
| 25 | EXCHANGE LOSSES | 108,442 | 16% | 379,870 | 38% |
| 26 | INTEREST EARNED | 13,870 | 2% | 28,470 | 3% |
| 27 | EXCHANGE PROFITS | 0 | 0% | 0 | 0% |
| 28 | GAIN DUE TO MONETARY POSITION | -203,356 | -30% | -198,499 | -20% |
| 29 | LOSS IN UDI s ACTUALIZATION | 72581 | 11% | 55592 | 15% |
| 29 | PROFIT IN UDI s ACTUALIZATION | 0 | 0% | 0 | 0% |
| 8 | OTHER FINANCIAL OPERATIONS | 27062 | 100% | 64579 | 100% |
| 29 | OTHER NET EXPENSES (INCOME) NET | 27,062 | 100% | 64,579 | 100% |
| 30 | (PROFIT) LOSS ON SALE OF OWN SHARES | 0 | 0% | 0 | 0% |
| 31 | (PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS | 0 | 0% | 0 | 0% |
| 10 | RESERVE FOR TAXES AND WORKERS PROFIT SHARING | 163,625 | 100% | 347,907 | 100% |
| 32 | INCOME TAX | 245483 | 150% | 226729 | 65% |
| 33 | DEFERRED INCOME TAX | -140,011 | -86% | 61,273 | 18% |
| 34 | WORKERS PROFIT SHARING | 58153 | 36% | 59905 | 17% |
| 35 | DEFERRED WORKERS PROFIT SHARING | 0 | 0% | 0 | 0% |

CONSOLIDATED INCOME STATEMENT

OTHER CONCEPTS

(Thousands of Pesos)

| REF R | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | THIRD QUARTER OF LAST YEAR |
|-------|--------------------------------------|----------------------------------|-------------------------------|
| | | Amount | Amount |
| 36 | TOTAL SALES | 18,077,487 | 17,917,581 |
| 37 | NET INCOME OF THE YEAR | 0 | 0 |
| 38 | NET SALES (**) | 22,817,845 | 21,789,150 |
| 39 | OPERATION INCOME (**) | 796,192 | 675,322 |
| 40 | NET INCOME OF MAJORITY INTEREST (**) | -2,488,672 | -1,468,787 |
| 41 | NET CONSOLIDATED INCOME (**) | -2,057,994 | -1,402,939 |

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

CONSOLIDATED INCOME STATEMENT

FROM JULY THE 1st TO SEPTEMBER THE 30th OF 2004 AND 2003

(Thousands of Pesos)

| REF R | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | | THIRD QUARTER OF LAST YEAR | |
|-------|---|----------------------------------|-------------|-------------------------------|-------------|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 6,165,980 | 100% | 5,524,688 | 100% |
| 2 | COST OF SALES | 4,972,254 | 81% | 4,320,841 | 78% |
| 3 | GROSS INCOME | 1,193,726 | 19% | 1,203,847 | 22% |
| 4 | OPERATING EXPENSES | 914,231 | 15% | 1,051,045 | 19% |
| 5 | OPERATING INCOME | 279,495 | 5% | 152,802 | 3% |
| 6 | TOTAL FINANCING COST | 171,840 | 3% | 489,315 | 9% |
| 7 | INCOME AFTER FINANCING COST | 107,655 | 2% | -336,513 | -6% |
| 8 | OTHER FINANCIAL OPERATIONS | 33,082 | 1% | 3,834 | 0% |
| 9 | INCOME BEFORE TAXES AND WORKERS PROFIT SHARING | 74,573 | 1% | -340,347 | -6% |
| 10 | RESERVE FOR TAXES AND WORKERS PROFIT SHARING | -3,659 | 0% | 17,885 | 0% |
| 11 | NET INCOME AFTER TAXES AND WORKERS PROFIT SHARING | 78,232 | 1% | -358,232 | -6% |
| 12 | SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES | (579) | 0% | -1,135 | 0% |
| 13 | CONSOLIDATED NET INCOME OF CONTINUOUS | 77,653 | 1% | -359,367 | -7% |
| 14 | INCOME OF DISCONTINUOUS OPERATIONS | -5,201 | 0% | 28,884 | 1% |
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS | 82,854 | 1% | -388,251 | -7% |
| 16 | EXTRAORDINARY ITEMS NET EXPENSES (INCOME) | 0 | 0% | 0 | 0% |
| 17 | NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0% | 0 | 0% |
| 18 | NET CONSOLIDATED INCOME | 82,854 | 1% | -388,251 | -7% |
| 19 | NET INCOME OF MINORITY INTEREST | 31,018 | 1% | 15,017 | 0% |
| 20 | NET INCOME OF MAJORITY INTEREST | 51,836 | 1% | -403,268 | -7% |

CONSOLIDATED INCOME STATEMENT**BREAKDOWN OF MAIN CONCEPTS**

(Thousands of Pesos)

| REF R | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | | THIRD QUARTER OF LAST YEAR | |
|-----------|---|----------------------------------|-------------|-------------------------------|-------------|
| | | Amount | % | Amount | % |
| 1 | NET SALES | 6,165,980 | 100% | 5,524,688 | 100% |
| 21 | DOMESTIC | 3,327,188 | 54% | 3,072,587 | 56% |
| 22 | FOREIGN | 2,838,792 | 46% | 2,452,101 | 44% |
| 23 | TRANSLATED INTO DOLLARS (***) | 246,206 | 4% | 216,798 | 4% |
| 6 | TOTAL FINANCING COST | 171,840 | 100% | 489,315 | 100% |
| 24 | INTEREST PAID | 219,942 | 128% | 257,032 | 53% |
| 25 | EXCHANGE LOSSES | 0 | 0% | 301,046 | 62% |
| 26 | INTEREST EARNED | 2,248 | 1% | 11,137 | 2% |
| 27 | EXCHANGE PROFITS | 10,805 | 6% | 0 | 0% |
| 28 | GAIN DUE TO MONETARY POSITION | -67,008 | -39% | -74,933 | -15% |
| 29 | LOSS IN UDI s ACTUALIZATION | 31,959 | 19% | 17,307 | 4% |
| | PROFIT IN UDI s ACTUALIZATION | 0 | 0% | 0 | 0% |
| 8 | OTHER FINANCIAL OPERATIONS | 33,082 | 100% | 3,834 | 100% |
| 29 | OTHER NET EXPENSES (INCOME) NET | 33,082 | 100% | 3,834 | 100% |
| 30 | (PROFIT) LOSS ON SALE OF OWN SHARES | 0 | 0% | 0 | 0% |
| 31 | (PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS | 0 | 0% | 0 | 0% |
| 10 | RESERVE FOR TAXES AND WORKERS PROFIT SHARING | -3,659 | 100% | 17,885 | 100% |
| 32 | INCOME TAX | 129,375 | -3536% | 36,667 | 205% |
| 33 | DEFERRED INCOME TAX | -146,873 | 4014% | -38,239 | -214% |
| 34 | WORKERS PROFIT SHARING | 13,839 | -378% | 19,457 | 109% |
| 35 | DEFERRED WORKERS PROFIT SHARING | 0 | 0% | 0 | 0% |

CONSOLIDATED CASH FLOW STATEMENT

FROM JANUARY THE 1st TO SEPTEMBER THE 30th OF 2004 AND 2003

(Thousands of Pesos)

| REF C | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | THIRD QUARTER OF LAST YEAR |
|----------|--|----------------------------------|-------------------------------|
| | | Amount | Amount |
| 1 | CONSOLIDATED NET INCOME | -88,777 | -515,485 |
| 2 | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH | 927,976 | 1,183,667 |
| 3 | CASH FLOW FROM NET INCOME OF THE YEAR | 839,199 | 668,182 |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | -487,636 | -1,091,785 |
| 5 | CASH GENERATED (USED) IN OPERATING ACTIVITIES | 351,563 | -423,603 |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | -3,739,217 | -678,561 |
| 7 | CASH FLOW FROM INTERNAL FINANCING | 2,690,948 | 0 |
| 8 | CASH FLOW GENERATED (USED) BY FINANCING | -1,048,269 | -678,561 |
| 9 | CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES | 382,345 | -140,852 |
| 10 | NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS | -314,361 | -1,243,016 |
| 11 | CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD | 744,258 | 2,584,317 |
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD | 429,897 | 1,341,301 |

CONSOLIDATED CASH FLOW STATEMENT

BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

| REF C | CONCEPTS | THIRD QUARTER OF PRESENT YEAR | THIRD QUARTER OF LAST YEAR |
|----------|---|----------------------------------|-------------------------------|
| | | Amount | Amount |
| 2 | + (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE | 927,976 | 1,183,667 |
| 13 | DEPRECIATION AND AMORTIZATION FOR THE YEAR | 968,212 | 1,183,667 |
| 14 | + (-) NET INCREASE (DECREASE) IN PENSIONS FUND AND SENIORITY PREMIUMS | 0 | 0 |
| 15 | + (-) NET LOSS (PROFIT) IN MONEY EXCHANGE | 0 | 0 |
| 16 | + (-) NET LOSS (PROFIT) IN ASSETS AND LIABILITIES ACTUALIZATION | 0 | 0 |
| 17 | + (-) OTHER ITEMS | -40,236 | 0 |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | -487,636 | -1,091,785 |
| 18 | + (-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE | -406,218 | -1,197,561 |
| 19 | + (-) DECREASE (INCREASE) IN INVENTORIES | -397,139 | 375,244 |
| 20 | + (-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE | 37,283 | -309,802 |
| 21 | + (-) INCREASE (DECREASE) IN SUPPLIER ACCOUNT | 406,244 | -277,033 |
| 22 | + (-) INCREASE (DECREASE) IN OTHER LIABILITIES | -127,806 | 317,367 |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | -3,739,217 | -678,561 |
| 23 | + SHORT-TERM BANK AND STOCK MARKET FINANCING | -20,207 | -280,727 |
| 24 | + LONG-TERM BANK AND STOCK MARKET FINANCING | -3,719,010 | -397,834 |
| 25 | + DIVIDEND RECEIVED | 0 | 0 |
| 26 | + OTHER FINANCING | 0 | 0 |
| 27 | (-) BANK FINANCING AMORTIZATION | 0 | 0 |
| 28 | (-) STOCK MARKET AMORTIZATION | 0 | 0 |
| 29 | (-) OTHER FINANCING AMORTIZATION | 0 | 0 |
| 7 | CASH FLOW FROM INTERNAL FINANCING | 2,690,948 | 0 |
| 30 | + (-) INCREASE (DECREASE) IN CAPITAL STOCKS | 2,690,948 | 0 |
| 31 | (-) DIVIDENDS PAID | 0 | 0 |
| 32 | + PREMIUM ON SALE OF SHARES | 0 | 0 |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL INCREASES | 0 | 0 |
| 9 | CASH FLOW GENERATED (UTILIZED) IN INVESTMENT ACTIVITIES | 382,345 | -140,852 |
| 34 | + (-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF A PERMANENT NATURE | -130,368 | 0 |
| 35 | (-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT | 86,931 | 189,869 |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN PROGRESS | 486,200 | -330,721 |
| 37 | + SALE OF OTHER PERMANENT INVESTMENTS | 0 | 0 |
| 38 | + SALE OF TANGIBLE FIXED ASSETS | 0 | 0 |
| 39 | + (-) OTHER ITEMS | -60,418 | 0 |

RATIOS

CONSOLIDATED

| REF P | CONCEPTS | THIRD QUARTER OF | | THIRD QUARTER OF | |
|------------------|--|------------------|-------|------------------|-------|
| | | PRESENT YEAR | | LAST YEAR | |
| YIELD | | | | | |
| 1 | NET INCOME TO NET SALES | -0.51 | % | -3.02 | % |
| 2 | NET INCOME TO STOCK HOLDERS EQUITY (**) | -27.65 | % | -18.22 | % |
| 3 | NET INCOME TO TOTAL ASSETS (**) | -7.6 | % | -4.52 | % |
| 4 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 0 | % | 0 | % |
| 5 | INCOME DUE TO MONETARY POSITION TO NET INCOME | -229.06 | % | -38.51 | % |
| ACTIVITY | | | | | |
| 6 | NET SALES TO NET ASSETS (**) | 0.84 | TIMES | 0.70 | TIMES |
| 7 | NET SALES TO FIXED ASSETS (**) | 2.03 | TIMES | 1.66 | TIMES |
| 8 | INVENTORIES ROTATION (**) | 5.22 | TIMES | 5.24 | TIMES |
| 9 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 58 | DAYS | 66 | DAYS |
| 10 | PAID INTEREST TO TOTAL LIABILITIES WITH COST (**) | 0.00 | % | 0.00 | % |
| LEVERAGE | | | | | |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS | 53.06 | % | 60.96 | % |
| 12 | TOTAL LIABILITIES TO STOCK HOLDERS EQUITY | 1.13 | TIMES | 1.56 | TIMES |
| 13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES | 48.21 | % | 52.34 | % |
| 14 | LONG-TERM LIABILITIES TO FIXED ASSETS | 71.22 | % | 66.79 | % |
| 15 | OPERATING INCOME TO INTEREST PAID | 1.11 | TIMES | 1.08 | TIMES |
| 16 | NET SALES TO TOTAL LIABILITIES (**) | 1.59 | TIMES | 1.15 | TIMES |
| LIQUIDITY | | | | | |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.95 | TIME | 1.37 | TIME |
| 18 | CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES | 1.22 | TIME | 0.98 | TIME |
| 19 | CURRENTS ASSETS TO TOTAL LIABILITIES | 0.66 | TIME | 0.59 | TIME |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 8.9 | % | 16.57 | % |
| CASH FLOW | | | | | |
| 21 | CASH FLOW FROM NET INCOME TO NET SALES | 4.83 | % | 3.92 | % |
| 22 | CASH FLOW FROM CHANGES IN WORKING CAPITAL TO NET SALES | -2.80 | % | -6.4 | % |
| 23 | CASH GENERATED (USED) IN OPERATING TO INTEREST PAID | -0.50 | TIMES | -0.53 | TIMES |
| 24 | EXTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING | 356.7 | % | 100 | % |
| 25 | INTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING | -256.70 | % | 0 | % |
| 26 | ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES | 22.74 | % | -134.8 | % |

(**) THESE RATIOS ARE BASED ON DATA FOR THE LAST TWELVE MONTHS

DATA PER SHARE

| REF D | CONCEPTS | THIRD QUARTER OF | | | |
|-------|--|------------------|-----------|--------|--------|
| | | PRESENT YEAR | LAST YEAR | | |
| | | Amount | Amount | | |
| 1 | BASIC PROFIT PER ORDINARY SHARE (**) | \$ (0.90) | \$ (1.03) | | |
| 2 | BASIC PROFIT PER PREFERENT SHARE (**) | \$ 0.00 | \$ 0.00 | | |
| 3 | DILUTED PROFIT PER ORDINARY SHARE (**) | \$ 0.00 | \$ 0.00 | | |
| 4 | CONTINUOUS OPERATING PROFIT PER COMMON SHARE(**) | \$ 0.00 | \$ 0.00 | | |
| 5 | EFFECT OF DISCONTINUOUS OPERATING ON CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$ 0.00 | \$ 0.00 | | |
| 6 | EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$ 0.00 | \$ 0.00 | | |
| 7 | EFFECT BY CHANGES IN ACCOUNTING POLICIES ON CONTINUOUS OPERATING PROFIT PER SHARE (**) | \$ 0.00 | \$ 0.00 | | |
| 8 | CARRYING VALUE PER SHARE | \$ 3.94 | \$ 5.89 | | |
| 9 | CASH DIVIDEND ACCUMULATED PER SHARE | 0.00 | 0.00 | | |
| 10 | DIVIDEND IN SHARES PER SHARE | 0.00 | 0.00 | SHARES | SHARES |
| 11 | MARKET PRICE TO CARRYING VALUE | 0.82 | 0.67 | TIMES | TIMES |
| 12 | MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE (**) | 0.00 | 0.00 | TIMES | TIMES |
| 13 | MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (**) | 0.00 | 0.00 | TIMES | TIMES |

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

The press release filed with the Securities and Exchange Commission on October 20, 2004 under the cover 6-K is hereby incorporated by reference.

Auditor Notes

[ENGLISH TRANSLATION]

SIGNIFICANT ACCOUNTING POLICIES

THE ACCOUNTING POLICIES FOLLOWED BY THE COMPANY ARE IN CONFORMITY WITH MEXICAN GAAP, WHICH REQUIRE MANAGEMENT TO MAKE CERTAIN ESTIMATES AND USE CERTAIN ASSUMPTIONS TO DETERMINE THE VALUATION OF SOME OF THE BALANCES INCLUDED IN THE FINANCIAL STATEMENTS AND TO MAKE THE DISCLOSURES REQUIRED FOR INCLUSION THEREIN. ALTHOUGH ACTUAL RESULTS MAY DIFFER FROM THOSE ESTIMATES, MANAGEMENT BELIEVES THAT THE ESTIMATES AND ASSUMPTIONS USED WERE APPROPRIATE IN THE CIRCUMSTANCES.

THE SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY ARE AS FOLLOWS:

CHANGES IN ACCOUNTING POLICIES IN 2001 THE NEW BULLETIN C-2 FINANCIAL INSTRUMENTS , WENT INTO EFFECT. THIS BULLETIN ESTABLISHES THE METHODOLOGY FOR VALUING AND RECORDING FINANCIAL INSTRUMENTS, AND REQUIRES RECOGNITION OF ALL EFFECTS OF THE FINANCIAL INSTRUMENTS CONTRACTED ON THE BALANCE SHEET AS EITHER ASSETS OR LIABILITIES, UNDER NET COMPREHENSIVE FINANCIAL RESULT. THE FINANCIAL INSTRUMENTS THAT HAVE BEEN DESIGNATED AND EFFECTIVELY FUNCTION AS HEDGING OF ASSETS AND LIABILITIES OR FUTURE TRANSACTIONS WILL AFFECT THE ASSETS, LIABILITIES OR THE RESPECTIVE TRANSACTIONS WHEN THEY ARE REALIZED, SETTLED OR TAKE PLACE, RESPECTIVELY.

AS OF 2001, INTERNATIONAL ACCOUNTING STANDARD 40, INVESTMENT PROPERTIES, ENTERED INTO EFFECT ON A SUPPLEMENTAL BASIS, ESTABLISHING VALUATION CRITERIA FOR PROPERTIES WHOSE PURPOSE IS TO GENERATE PROFITS OR INCREASE VALUE OR BOTH. PURSUANT TO CIRCULAR 55 ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS, THE VALUATION MODEL APPLICABLE TO MEXICO IS THE COST MODEL, WHICH ESTABLISHES THAT SUCH PROPERTIES MUST BE VALUED AT ACQUISITION AND/OR CONSTRUCTION COST AND ARE RESTATED BY APPLYING THE NPCI, LESS THE RESPECTIVE ACCUMULATED DEPRECIATION.

BEGINNING JANUARY 2000, THE COMPANY ADOPTED THE PROVISIONS OF NEW BULLETIN D-4, ACCOUNTING FOR INCOME AND ASSET TAXES AND EMPLOYEE PROFIT SHARING . THE EFFECT OF THE ADOPTION WAS TO RECOGNIZE, AN INITIAL LONG-TERM LIABILITY FOR DEFERRED INCOME TAXES AFFECTING STOCKHOLDERS EQUITY UNDER CUMULATIVE EFFECT OF INITIAL RECOGNITION OF DEFERRED INCOME TAXES .

AS A RESULT OF THE IMPLEMENTATION OF THE ADOPTION OF BULLETIN D-4 MENTIONED ABOVE, THE COMPANY CHANGED ITS METHOD FOR RECORDING THE EFFECT FROM TAX CONSOLIDATION. UNTIL 1999, IT WAS RECORDED IN THE YEAR IN WHICH THE RESPECTIVE ANNUAL CONSOLIDATED TAX RETURN WAS FILED. BEGINNING IN 2000, THIS BENEFIT IS RECORDED IN RESULTS OF THE YEAR IN WHICH THE BENEFIT IS GENERATED.

BASIS OF CONSOLIDATION THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THOSE OF DESC AND THE SUBSIDIARIES IN WHICH THERE IS STOCKHOLDING AND ADMINISTRATIVE CONTROL. ALL SIGNIFICANT INTERCOMPANY TRANSACTIONS AND BALANCES HAVE BEEN ELIMINATED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS.

THE EQUITY IN NET INCOME (LOSS) AND CHANGES IN STOCKHOLDERS EQUITY OF THOSE SUBSIDIARIES THAT WERE ACQUIRED OR SOLD, HAS BEEN INCLUDED IN THE FINANCIAL STATEMENTS AS OF OR UP TO THE DATE ON WHICH THE TRANSACTIONS TOOK PLACE AND WAS RESTATED IN TERMS OF THE PURCHASING POWER AS OF THE END OF THE LATEST PERIOD.

INVESTMENTS IN SHARES OF ASSOCIATED COMPANIES AND UNCONSOLIDATED SUBSIDIARIES ARE RECORDED USING THE EQUITY METHOD.

TRANSLATION OF FINANCIAL STATEMENTS OF SUBSIDIARIES THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES, WHOSE OPERATIONS ARE NOT AN INTEGRAL PART OF THE MEXICAN COMPANIES (FOREIGN ENTITIES), ARE RESTATED FOR THE INFLATION RATE OF THE RESPECTIVE FOREIGN COUNTRY AND ARE TRANSLATED INTO MEXICAN PESOS AT THE EXCHANGE RATE IN EFFECT AT THE END OF THE YEAR. THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES, WHOSE OPERATIONS ARE AN INTEGRAL PART OF THE MEXICAN COMPANIES (INTEGRATED FOREIGN OPERATIONS), ARE TRANSLATED USING YEAR-END EXCHANGE RATES FOR MONETARY ITEMS AND HISTORICAL EXCHANGE RATES FOR NONMONETARY ITEMS, AND THE TRANSLATED FINANCIAL STATEMENTS ARE THEN RESTATED USING THE NATIONAL CONSUMER PRICE INDEX (NCPI) OF MEXICO. THE EFFECTS OF TRANSLATING FOREIGN ENTITIES ARE RECORDED DIRECTLY IN STOCKHOLDERS EQUITY IN THE CUMULATIVE EFFECT OF RESTATEMENT ACCOUNT. THE EFFECTS OF TRANSLATING INTEGRATED FOREIGN OPERATIONS ARE INCLUDED IN THE INTEGRAL FINANCING RESULT OF THE YEAR IN THE MONETARY POSITION GAIN ACCOUNT. SUCH EFFECTS ARE NOT SIGNIFICANT.

RECOGNITION OF THE EFFECTS OF INFLATION THE COMPANIES RESTATE ALL OF THEIR FINANCIAL STATEMENTS IN TERMS OF THE PURCHASING POWER OF THE MEXICAN PESO AS OF THE END OF THE LATEST PERIOD, THEREBY COMPREHENSIVELY RECOGNIZING THE EFFECTS OF INFLATION. THE PRIOR YEAR AMOUNTS PRESENTED HEREIN DIFFER FROM THOSE ORIGINALLY REPORTED IN TERMS OF MEXICAN PESOS OF THE RESPECTIVE YEAR. CONSEQUENTLY, ALL FINANCIAL STATEMENT AMOUNTS ARE COMPARABLE, BOTH FOR THE CURRENT AND THE PRIOR YEAR, BECAUSE ALL ARE STATED IN TERMS OF MEXICAN PESOS OF THE SAME PURCHASING POWER.

CASH EQUIVALENTS INVESTMENTS IN MARKETABLE SECURITIES CONSIST MAINLY OF ACCEPTANCES, BANK PROMISSORY NOTES, AND PAPER ISSUED BY THE MEXICAN AND UNITED STATES OF AMERICA GOVERNMENTS, AT MARKET (COST PLUS ACCRUED INTEREST).

INVENTORIES AND COST OF SALES INVENTORIES ARE ORIGINALLY RECORDED AT THEIR ACQUISITION OR MANUFACTURING COST AND RESTATED TO THEIR SPECIFIC NET REPLACEMENT COST WITHOUT EXCEEDING NET REALIZABLE VALUE. SUBSTANTIALLY ALL SUBSIDIARIES COMPUTE COST OF SALES USING THE REPLACEMENT COST AT THE TIME OF SALE.

LAND HELD FOR DEVELOPMENT AND REAL ESTATE PROJECTS UNDEVELOPED LAND REPRESENTS LAND RESERVES THAT, TOGETHER WITH DEVELOPED LAND AND ONGOING AND COMPLETED PROJECTS, ARE CONSIDERED NON-CURRENT INVENTORIES, SINCE THEY ARE HELD FOR SALE. THEY INCLUDE ACQUISITION, DEVELOPMENT AND CONSTRUCTION COSTS AND ARE RESTATED IN U.S. DOLLARS BASED ON THE SLIPPAGE OF THE MARKET EXCHANGE RATE FOR THE PURPOSE OF SHOWING VALUES IN ACCORDANCE WITH THE CURRENT SITUATION OF THE REAL ESTATE MARKET.

THE COMPANY CAPITALIZES THE NET COMPREHENSIVE FINANCING COST ON DEBT USED TO FINANCE REAL ESTATE PROJECTS IN PROGRESS, IN ADDITION TO THEIR CONSTRUCTION AND DEVELOPMENT COSTS.

INVESTMENT IN SHARES INVESTMENT IN SHARES HAS BEEN RECORDED USING THE EQUITY METHOD, BASED ON THE FINANCIAL STATEMENTS PREPARED ON THE SAME BASIS AS THOSE OF THE COMPANY, AND IS PRESENTED UNDER OTHER ASSETS IN THE BALANCE SHEET.

PROPERTY, PLANT AND EQUIPMENT THESE ITEMS IS RECORDED AT ACQUISITION COST AND IS RESTATED BY USING NCPI FACTORS. FOR FOREIGN FIXED ASSETS, THEIR ACQUISITION COST IS RESTATED FOR INFLATION OF THE COUNTRY OF ORIGIN AND THE FLUCTUATION OF THE MEXICAN PESO AGAINST SUCH CURRENCY IS CONSIDERED.

DEPRECIATION IS CALCULATED BY THE STRAIGHT-LINE METHOD BASED ON THE REMAINING USEFUL LIVES OF THE ASSETS.

THE COMPANIES CAPITALIZE THE NET COMPREHENSIVE FINANCING COST ON DEBT USED TO FINANCE CONSTRUCTION IN PROGRESS AND THE INSTALLATION OF EQUIPMENT, UNTIL THEY ARE PLACED IN SERVICE.

IMPAIRMENT OF FIXED ASSETS THE AMOUNTS SHOWN IN THE ACCOMPANYING CONSOLIDATED STATEMENTS OF INCOME BASICALLY REFER TO THE REDUCTION IN VALUE OF PROPERTY AND EQUIPMENT OF SOME PRODUCTION FACILITIES, IN ORDER TO REFLECT THEIR REALIZABLE VALUE IN ACCORDANCE WITH THE CURRENT SITUATION OF SUCH BUSINESSES.

GOODWILL THE GOODWILL RESULTING FROM ACQUISITIONS MADE IN EXCESS OF BOOK VALUE IS AMORTIZED OVER PERIODS RANGING FROM FIVE TO 20 YEARS, THE TERMS OVER WHICH THE BENEFITS FROM THE INVESTMENT WILL BE REALIZED.

FINANCIAL INSTRUMENTS FINANCIAL ASSETS AND LIABILITIES RESULTING FROM ANY TYPE OF FINANCIAL INSTRUMENT, EXCEPT FOR INVESTMENTS IN FINANCIAL INSTRUMENTS HELD TO MATURITY, ARE PRESENTED IN THE BALANCE SHEET AT FAIR VALUE. THE EFFECTS OF THE

VALUATION OF A FINANCIAL ASSET OR LIABILITY ARE RECOGNIZED IN RESULTS OF OPERATIONS OF THE RESPECTIVE PERIOD. INVESTMENTS IN FINANCIAL INSTRUMENTS HELD TO MATURITY ARE VALUED AT ACQUISITION COST. THE COSTS AND YIELDS OF FINANCIAL INSTRUMENTS ARE RECOGNIZED IN RESULTS OF THE PERIOD IN WHICH THEY OCCUR.

DERIVATIVE FINANCIAL INSTRUMENTS THE INTERNAL CONTROL SYSTEM ESTABLISHED BY THE COMPANY INCLUDES POLICIES AND PROCEDURES TO MANAGE ITS EXPOSURE TO FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES USING DERIVATIVE FINANCIAL INSTRUMENTS. THESE INSTRUMENTS ARE TRADED ONLY WITH AUTHORIZED INSTITUTIONS AND TRADING LIMITS HAVE BEEN ESTABLISHED FOR EACH INSTITUTION. THE COMPANY DOES NOT CARRY OUT TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS FOR THE PURPOSE OF SPECULATION.

THE DERIVATIVE FINANCIAL INSTRUMENTS CURRENTLY USED BY THE COMPANY ARE PRIMARILY HEDGE CONTRACTS TO REDUCE ITS EXPOSURE TO EXCHANGE RATE FLUCTUATIONS. PREMIUMS PAID ARE AMORTIZED OVER THE TERM OF THE DERIVATIVE FINANCIAL INSTRUMENT USING THE UNPAID BALANCE OF THE LIABILITY BEING HEDGED.

DERIVATIVE FINANCIAL INSTRUMENTS IDENTIFIED AS HEDGES ARE VALUED BY APPLYING THE SAME VALUATION CRITERIA USED FOR THE ASSETS OR LIABILITIES HEDGED, AND THE EFFECTS OF THEIR VALUATION ARE RECOGNIZED IN RESULTS OF OPERATIONS, NET OF COSTS, EXPENSES, OR REVENUE FROM THE ASSETS OR LIABILITIES WHOSE RISKS ARE BEING HEDGED. THE FINANCIAL ASSETS OR LIABILITIES GENERATED BY THESE INSTRUMENTS ARE PRESENTED IN THE BALANCE SHEET AS A REDUCTION OF THE LIABILITIES OR ASSETS WHOSE RISKS ARE BEING HEDGED.

INCOME TAX, ASSET TAX AND EMPLOYEE PROFIT SHARING INCOME TAX (ISR) AND EMPLOYEE STATUTORY PROFIT-SHARING (PTU) ARE RECORDED IN RESULTS OF THE YEAR IN WHICH THEY ARE INCURRED. DEFERRED INCOME TAX ASSETS AND LIABILITIES ARE RECOGNIZED FOR TEMPORARY DIFFERENCES RESULTING FROM COMPARING THE BOOK AND TAX VALUES OF ASSETS AND LIABILITIES, PLUS ANY FUTURE BENEFITS FROM TAX LOSS CARRYFORWARDS DEFERRED INCOME TAX ASSETS ARE REDUCED BY ANY BENEFITS THAT, IN THE OPINION OF MANAGEMENT, WILL PROBABLY NOT BE REALIZED. DEFERRED PTU IS DERIVED FROM TEMPORARY DIFFERENCES BETWEEN THE BOOK RESULT AND INCOME FOR PTU PURPOSES AND IS RECOGNIZED ONLY WHEN IT CAN BE REASONABLY ASSUMED THAT THEY WILL GENERATE A LIABILITY OR BENEFIT, AND THERE IS NO INDICATION THAT THIS SITUATION WILL CHANGE IN SUCH A WAY THAT THE LIABILITIES WILL NOT BE PAID OR BENEFITS WILL NOT BE REALIZED.

THE ASSET TAX PAID THAT IS EXPECTED TO BE RECOVERABLE IS RECORDED AS AN ADVANCE PAYMENT OF INCOME TAX AND IS PRESENTED ON THE BALANCE SHEET WITH DEFERRED ISR.

EMPLOYEE RETIREMENT OBLIGATIONS THE LIABILITY FROM SENIORITY PREMIUMS, PENSIONS AND RETIREMENT PAYMENTS, WHICH IS SIMILAR TO A PENSION, IS RECORDED AS ACCRUED, AND IS CALCULATED BY INDEPENDENT

ACTUARIES BASED ON THE PROJECTED CREDIT UNIT METHOD, AT REAL INTEREST RATES. THEREFORE, THE LIABILITY IS BEING RECOGNIZED WHICH, AT PRESENT VALUE, IS EXPECTED TO COVER THE OBLIGATION FOR THESE BENEFITS AT THE ESTIMATED RETIREMENT DATE OF ALL THE COMPANIES' EMPLOYEES. SEVERANCE PAYMENTS ARE CHARGED TO RESULTS WHEN THEY ARE DETERMINED TO BE PAYABLE.

RESTATEMENT OF STOCKHOLDERS' EQUITY THIS ITEM CONSISTS OF MONETARY POSITION RESULT ACCUMULATED THROUGH THE FIRST RESTATEMENT OF THE FINANCIAL STATEMENTS AND THE GAIN (LOSS) FROM HOLDING MONETARY ASSETS, BECAUSE PRICE LEVELS INCREASED ABOVE (BELOW) INFLATION.

REVENUE RECOGNITION REVENUES OF THE SUBSIDIARIES OF THE AUTOPARTS, CHEMICAL AND FOOD SECTORS ARE RECOGNIZED WHEN THE INVENTORIES ARE DELIVERED OR SHIPPED TO CUSTOMERS AND CUSTOMERS ASSUME RESPONSIBILITY FOR THEM.

THE REAL ESTATE SECTOR RECOGNIZES THE REVENUES AND COSTS FROM SALES OF URBANIZED PLOTS OF LAND IN RESULTS WHEN THE SALES ARE FORMALIZED AND THE DEPOSITS SECURING THE TRANSACTION ARE RECEIVED. THE INDIVIDUAL ASSIGNMENT OF THE COST OF THE LAND AND REAL ESTATE PROJECT TAKES INTO CONSIDERATION THE RELATIVE SELLING PRICE OF THE TOTAL PROJECT SO AS TO MAINTAIN THE SAME PROFIT MARGIN THROUGHOUT THE PROJECT.

REVENUES AND COSTS FROM REAL ESTATE PROJECTS ARE RECORDED ORIGINALLY AS A DEFERRED CREDIT FOR CONSTRUCTION COMMITMENTS AND AS REAL ESTATE PROJECTS IN PROCESS, AND ARE RECOGNIZED IN RESULTS BASED ON THE PERCENTAGE OF COMPLETION METHOD. THEREFORE, REVENUE IS MATCHED WITH COSTS INCURRED TO REACH THE STAGE OF COMPLETION TO TERMINATE THE PROJECT. IF THE LAST ESTIMATED COSTS DETERMINED EXCEED THE TOTAL REVENUES CONTRACTED, THE RESPECTIVE PROVISION IS CHARGED TO RESULTS OF THE YEAR.

INTEGRAL FINANCIAL RESULT THIS REPRESENTS THE NET EFFECT OF INTEREST EARNED AND INCURRED, EXCHANGE GAINS AND LOSSES AND MONETARY POSITION GAIN OR LOSS ON, WHICH IS THE RESULT OF MAINTAINING MONETARY ASSETS AND LIABILITIES WHOSE REAL PURCHASING POWER IS MODIFIED BY THE EFFECTS OF INFLATION.

FOREIGN CURRENCY TRANSACTIONS ARE RECORDED AT THE EFFECTIVE EXCHANGE RATE AT THE DATE THE TRANSACTIONS ARE CARRIED OUT AND FOREIGN CURRENCY ASSETS AND LIABILITIES ARE ADJUSTED TO THE EXCHANGE RATE EFFECTIVE AT YEAR-END.

INCOME PER SHARE BASIC INCOME (LOSS) PER ORDINARY SHARE IS CALCULATED BY DIVIDING CONSOLIDATED NET INCOME (LOSS) OF MAJORITY STOCKHOLDERS BY THE WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE YEAR.

COMPREHENSIVE INCOME (LOSS) COMPREHENSIVE INCOME (LOSS) IS COMPRISED OF THE NET CONSOLIDATED INCOME FOR THE PERIOD PLUS (LESS) ANY GAINS OR LOSSES THAT UNDER SPECIFIC ACCOUNTING REGULATIONS ARE RECORDED DIRECTLY IN STOCKHOLDERS' EQUITY, SUCH AS THE GAIN OR LOSS FROM HOLDING NONMONETARY ASSETS.

STOCK EXCHANGE CODE:DESC

QUARTER:3

YEAR: 2004

Annex 3

SHARE OWNERSHIP

| COMPANY NAME | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP | TOTAL AMOUNT | |
|--|--------------------|------------------|-----------|------------------|---------------|
| | | | | ACQUISITION COST | PRESENT VALUE |
| (Thousands of Pesos) | | | | | |
| SUBSIDIARIES | | | | | |
| BOSQUES DE LAS LOMAS, S.A. DE C.V. | Real Estate Sector | 34,051,500 | 100.00 | 75,339 | 75,339 |
| OPERADORA NAYARIT, S.A. DE C.V. | Real Estate Sector | 49 | 78.00 | 126,244 | 126,244 |
| PROMOCIONES BOSQUES, S.A. DE C.V. | Real Estate Sector | 100,402,106 | 100.00 | 401,237 | 401,237 |
| CORPORATIVO DINE, S.A. DE C.V. | Real Estate Sector | 2,344,119,922 | 100.00 | 11,922 | 11,922 |
| HOLDING DICOMEX, S.A. DE C.V. | Real Estate Sector | 70,870,000 | 50.00 | 87,584 | 87,584 |
| TURISTICA AKKO, S.A. DE C.V. | Real Estate Sector | 9,998 | 100.00 | -1,900 | -1,900 |
| BOSQUES DE SANTA FE, S.A. DE C.V. | Real Estate Sector | 1,361 | 99.92 | -52,945 | -52,945 |
| CAÑA DE SANTA FE, S.A. DE C.V. | Real Estate Sector | 202,939,999 | 73.00 | 900,674 | 900,674 |
| INMOBILIARIA DINE, S.A. DE C.V. | Real Estate Sector | 36,710,199 | 100.00 | 91,412 | 91,412 |
| CANTILES DE MITA | Real Estate Sector | 115,003,237 | 100.00 | 2,065,761 | 2,065,761 |
| CLUB DE GOLF PUNTA MITA, S.A. DE C.V. | Real Estate Sector | 12,410,869 | 87.69 | 142,899 | 142,899 |
| DESC AUTOMOTRIZ, S.A. DE C.V. | Autoparts Sector | 700,968,214 | 100.00 | 3,206,517 | 3,206,517 |
| CORFUERTE, S.A. DE C.V. | Food Sector | 901,413,494 | 99.34 | 541,185 | 541,185 |
| AGROKEN, S.A. DE C.V. | Food Sector | 585,540,010 | 100.00 | 624,976 | 624,976 |
| AUTHENTIC SPECIALITY FOODS | Food Sector | 316,236 | 99.93 | 445,676 | 445,676 |
| AGROBIOS CORPORATIVO | Food Sector | 549,999 | 100.00 | 34,489 | 34,489 |
| CID CENTRO DE INVESTIGACION Y DESARROLLO | Chemicals Sector | 190,386,960 | 100.00 | 25,637 | 25,637 |
| DIRECCION IRSA, S.A. DE C.V. | Chemicals Sector | 5,901,763 | 100.00 | -61,090 | -61,090 |
| FENOQUIMIA, S.A. DE C.V. | Chemicals Sector | 3,829,073,137 | 100.00 | 66,752 | 66,752 |
| FORESTACIONES OPERATIVAS DE MEXICO, S.A. | Chemicals Sector | 31,658 | 100.00 | 9,051 | 9,051 |
| GIRSA CORPORATIVO, S.A. DE C.V. | Chemicals Sector | 54,819,936 | 100.00 | 23,856 | 23,856 |
| GIRSA INMOBILIARIA, S.A. DE C.V. | Chemicals Sector | 615,124,721 | 100.00 | 850,689 | 850,689 |
| H2ORIZONTES, S.A. DE C.V. | Chemicals Sector | 50,000 | 100.00 | -14,738 | -14,738 |
| QUIMIR, S.A. DE C.V. | Chemicals Sector | 1,930,987 | 100.00 | 155,758 | 155,758 |
| RESIRENE, S.A. DE C.V. | Chemicals Sector | 236,058,979 | 100.00 | 239,213 | 239,213 |
| TECNO INDUSTRIA RF, S.A. DE C.V. | Chemicals Sector | 2,140,387 | 100.00 | 6,291 | 6,291 |
| REXCEL, S.A. DE C.V. | Chemicals Sector | 1,001,000 | 100.00 | 97,827 | 97,827 |
| DYNASOL ELASTOMEROS, S.A. (ESPAÑA) | Chemicals Sector | 1 | 50.00 | 530,942 | 530,942 |
| DYNASOL GESTION, S.A. | Chemicals Sector | 1 | 50.00 | 2,412 | 2,412 |
| DYNASOL, L.L.C. | Chemicals Sector | 1 | 50.00 | 19,440 | 19,440 |

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| | | | | | |
|---|------------------|---------------|--------|---------|---------|
| INDUSTRIAS NEGROMEX, S.A. DE C.V. | Chemicals Sector | 585,833,830 | 99.99 | 635,216 | 635,216 |
| PLASTIGLAS DE MEXICO, S.A. DE C.V. | Chemicals Sector | 200,778,201 | 95.00 | 110,393 | 110,393 |
| BIOQUIMEX | Chemicals Sector | 470,328,749 | 100.00 | 4,751 | 4,751 |
| AEROPYCSA, S.A. DE C.V. | Service Company | 458,329,279 | 100 | 104,880 | 104,880 |
| CORPORATIVO ARCOS, S.A. DE C.V. | Service Company | 260,524,996 | 100 | 57,260 | 57,260 |
| DESC CORPORATIVO, S.A. DE C.V. | Service Company | 2,752,378,910 | 100 | 66,875 | 66,875 |
| PACIFIC INTERNATIONAL AIRWAYS, S.A. DE C.V. | Service Company | 244,498 | 100 | 1,391 | 1,391 |
| SERVICIOS CORPORATIVOS ARCOS, S.A. DE C.V. | Service Company | 449 | 100 | 870 | 870 |

Associates

| | | | | | |
|-----------------------------|---|---|--|------------|------------|
| I. Others | | | | 11,634,746 | 11,634,746 |
| Services | 1 | 0 | | 211,396 | 211,396 |
| Other Permanent Investments | | | | | 3,419,257 |
| Total | | | | | 15,265,399 |

STOCK EXCHANGE CODE:DESC

QUARTER: 3

YEAR: 2004

Annex 5

CREDITS BREAKDOWN

(Thousands of Pesos)

| Credit Type / Institution | Denominated in Pesos | | | | Amortization of Credits in Foreign Currency with National Entities (Thousands of \$) | | | | | |
|---------------------------|----------------------|------------------|---------------|------------------|--|---------------|---------------|---------------|---------------|----------|
| | Amortization Date | Rate of Interest | Until 1 Year | More Than 1 Year | Time Interval | | | | | |
| Current Year | | | | | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | Until 5 Years | |
| Banks | | | | LT | ST | LP | | | | |
| WITH WARRANTY | | | | | | | | | | |
| IFC | 15-Feb-06 | 3.30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IFC | 15-Sep-09 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IFC | 15-Sep-09 | 10.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEG | 28-Dec-06 | 4.13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CITIBANK NA (SYNDICATE) | 23-Jun-06 | 4.34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CITIBANK NA (SYNDICATE) | 23-Dec-08 | 4.26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BBVA BANCOMER (SYNDICATE) | 23-Dec-08 | 10.54 | 0 | 845,755 | 0 | 0 | 0 | 0 | 0 | 0 |
| Various Suppliers. | 31-Dec-10 | 8.40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCO SANTANDER MEXICANO | 31-Jan-07 | 10.02 | 3,257 | 4,888 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCO SANTANDER MEXICANO | 31-Jan-07 | 7.80 | 1,040 | 1,369 | 0 | 0 | 0 | 0 | 0 | 0 |
| INBURSA | 28-Feb-05 | 12.54 | 15,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INBURSA | 28-Feb-07 | 12.90 | 6,503 | 25,997 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANAMEX-CITIBANK | 16-May-08 | 8.06 | 1,600 | 8,065 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 25-Oct-04 | 3.66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 21-Dec-04 | 3.90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 8-Oct-04 | 3.15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Oct-04 | 3.22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 9-Nov-04 | 3.40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Nov-04 | 3.40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 8-Oct-04 | 3.15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Oct-04 | 3.22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 12-Nov-04 | 3.40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Nov-04 | 3.40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Oct-04 | 3.34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BANKS | | | 27,400 | 886,074 | 0 | 0 | 0 | 0 | 0 | 0 |

LISTED IN THE MEXICAN STOCK EXCHANGE

Amortization Date Rate of Interest

Amortization of Credits in Foreign Currency with National Entities (Thousands of \$)

Time Interval

| | | | Until 1 Year | More Than 1 Year | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | Until 5 Years |
|--|------------|------|------------------|------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| UNSECURED DEBT | | | | | | | | | | |
| UDIBONOS | 10/21/2006 | 9.00 | | 1,120,518 | 0 | 0 | 0 | 0 | 0 | 0 |
| UDIBONOS | 7/13/2007 | 8.20 | | 1,233,152 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL STOCK EXCHANGE | | | 0 | 2,353,670 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIERS | | | | | | | | | | |
| OTHERS | | | 973,281 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLIERS | | | 973,281 | | | | | | | |
| OTHERS | | | 1,420,067 | | | | | | | |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | | | | | | | | |
| | | | 1,420,067 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 2,420,748 | 3,239,744 | 0 | 0 | 0 | 0 | 0 | 0 |

Amortization of Credits in Foreign Currency with foreign entities

Credit Type / Institution

(Thousands of \$)

| Banks | Amortization Date | Rate of Interest | Time Interval | | | | | | | |
|---------------------------|----------------------|---------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|--------|--------|
| | | | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | Until 5 Years | | |
| | | | ST | LP | | | | | | |
| WITH WARRANTY | | | | | | | | | | |
| IFC | 15-Feb-06 | 3.30 | 0 | 16,332 | 8,160 | 0 | 0 | 0 | 0 | 0 |
| IFC | 15-Sep-09 | 5.81 | 0 | 73,476 | 73,476 | 73,476 | 73,476 | 73,476 | 73,476 | 73,476 |
| IFC | 15-Sep-09 | 10.35 | 0 | 97,956 | 97,956 | 97,956 | 97,956 | 97,956 | 97,956 | 97,964 |
| DEG | 28-Dec-06 | 4.13 | 1,189 | 1,785 | 1,189 | 1,798 | 0 | 0 | 0 | 0 |
| CITIBANK NA (SYNDICATE) | 23-Jun-06 | 4.34 | 0 | 0 | 400,008 | 0 | 0 | 0 | 0 | 0 |
| CITIBANK NA (SYNDICATE) | 23-Dec-08 | 4.26 | 0 | 0 | 249,571 | 1,698,125 | 1,698,135 | 0 | 0 | 0 |
| BBVA BANCOMER (SYNDICATE) | 23-Dec-08 | 10.54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Various Suppliers. | 31-Dec-10 | 8.40 | 1,554 | 4,900 | 6,614 | 8,034 | 9,040 | 18,088 | 0 | 0 |
| BANCO SANTANDER MEXICANO | 31-Jan-07 | 10.02 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCO SANTANDER MEXICANO | 31-Jan-07 | 7.80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INBURSA | 28-Feb-05 | 12.54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INBURSA | 28-Feb-07 | 12.90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANAMEX-CITIBANK | 16-May-08 | 8.06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 25-Oct-04 | 3.66 | 57,144 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 21-Dec-04 | 3.90 | 91,430 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 8-Oct-04 | 3.15 | 9,922 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Oct-04 | 3.22 | 5,342 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 9-Nov-04 | 3.40 | 5,512 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Nov-04 | 3.40 | 8,270 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 8-Oct-04 | 3.15 | 6,287 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Oct-04 | 3.22 | 7,714 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 12-Nov-04 | 3.40 | 11,245 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Nov-04 | 3.40 | 5,643 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COMERICA BANK | 19-Oct-04 | 3.34 | 2,107 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BANKS | | | 213,360 | 194,449 | 836,974 | 1,879,389 | 1,878,607 | 189,528 | | |

Amortization of Credits in Foreign Currency with foreign entities

(Thousands of \$)

| LISTED IN THE MEXICAN STOCK EXCHANGE | Amortization Date | Rate of Interest | Time Interval | | | | | Until 5 Years |
|--|----------------------|---------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| | | | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | |
| UNSECURED DEBT | | | | | | | | |
| UDIBONOS | 10/21/2006 | 9.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| UDIBONOS | 7/13/2007 | 8.20 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL STOCK EXCHANGE | | | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIERS | | | | | | | | |
| OTHERS | | | 0 | 1,401,198 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLIERS | | | | 1,401,198 | | | | |
| OTHERS | | | | 332,464 | | | | |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | 0 | 332,464 | 0 | 0 | 0 | 0 |
| | | | 213,360 | 1,928,111 | 836,974 | 1,879,389 | 1,878,607 | 189,528 |

STOCK EXCHANGE CODE:DESC

QUARTER:3

YEAR: 2004

Annex 6

MONETARY POSITION IN FOREIGN EXCHANGE

(Thousands of Pesos)

| TRADE BALANCE | DOLLARS (1) | | OTHER CURRENCIES | | TOTAL |
|-----------------------------|-------------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | THOUSANDS OF DOLLARS | THOUSANDS OF PESOS | THOUSANDS OF DOLLARS | THOUSANDS OF PESOS | THOUSANDS OF PESOS |
| TOTAL ASSETS | 373,101 | 4,264,099 | 0 | 0 | 4,264,099 |
| LIABILITIES POSITION | 642,527 | 7,343,315 | 0 | 0 | 7,343,315 |
| SHORT TERM | | | | | |
| LIABILITIES POSITION | 187,375 | 2,141,471 | 0 | 0 | 2,141,471 |
| LONG TERM LIABILITIES | | | | | |
| POSITION | 455,152 | 5,201,844 | 0 | 0 | 5,201,844 |
| NET BALANCE | -269,426 | -3,079,216 | 0 | 0 | -3,079,216 |

STOCK EXCHANGE CODE:DESC

QUARTER:3

YEAR: 2004

Annex 7

INTEGRATION AND INCOME CALCULATION BY MONETARY POSITION

(Thousands of Pesos)

| MONTH | MONETARY | MONETARY | (ASSET) | MONTHLY | MONTHLY (PROFIT) |
|----------------|-----------|-------------|-------------------------------------|---------|------------------|
| | ASSETS | LIABILITIES | LIABILITIES MONETARY POSITION | | |
| JANUARY | 8,510,174 | 17,409,609 | -8,899,435 | 0.62 | 55,176.00 |
| FEBRUARY | 8,113,410 | 16,999,728 | -8,886,318 | 0.60 | 53,318.00 |
| MARCH | 8,464,305 | 17,284,129 | -8,819,824 | 0.34 | 29,987.00 |
| APRIL | 8,433,157 | 17,308,405 | -8,875,248 | 0.15 | 13,313.00 |
| MAY | 8,971,625 | 15,240,257 | -6,268,632 | -0.25 | (15,672.00) |
| JUNE | 9,046,923 | 15,147,581 | -6,100,658 | 0.16 | 9,761.00 |
| JULY | 8,717,185 | 14,545,163 | -5,827,978 | 0.26 | 15,153.00 |
| AUGUST | 8,415,024 | 14,169,996 | -5,754,972 | 0.62 | 35,681.00 |
| SEPTEMBER | 8,488,315 | 14,350,772 | -5,862,457 | 0.76 | 44,555.00 |
| OCTOBER | 0 | 0 | 0 | 0 | |
| NOVEMBER | 0 | 0 | 0 | 0 | 0 |
| DECEMBER | 0 | 0 | 0 | 0 | 0 |
| ACTUALIZATION | 0 | 0 | 0 | 0 | 0 |
| CAPITALIZATION | 0 | 0 | 0 | 0 | -37,916 |
| FOREIGN CORP. | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | | | | 203,356 |

Bonds and Medium Term Notes Listing in Stock Market (1)**Annex 8****Financial Limitations Based on Issuance or Instruments****-1 Interest Coverage.**

The result obtained from dividing the sum of (i) the consolidated operating profit plus depreciation and amortization during the immediately prior 4 full fiscal quarters by (ii) consolidated financial expense during such period, which shall not be less than 2.25 times.

-2 Capitalization.

The result obtained from dividing, (i) total debt with cost minus cash plus fifty million dollars, by (ii) net assets plus total debt with cost minus cash plus fifty million dollars, which shall not be greater than 0.55 times.

-3 Leverage Ratio.

The result obtained from dividing (i) total debt with cost minus cash plus fifty million dollars, by (ii) the sum of the consolidated operating profit plus depreciation and amortization during the immediately prior 4 full fiscal quarters, which shall not exceed 5.35 times.

Current Status of Financial Limitations

| | |
|------------------------|------|
| (1) Interest Coverage. | 3.06 |
| (2) Capitalization. | 0.39 |
| (3) Leverage Ratio. | 3.79 |

MEXICAN STOCK EXCHANGE

SIFIC / ICS

STOCK EXCHANGE CODE:DESC

QUARTER:3

YEAR: 2004

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

CONSOLIDATED

| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY | UTILIZATION |
|---|--|----------------|-------------|
| | | (1) | % |
| EJES TRACTIVOS, S.A. DE C.V. | REAR AXLES | 320 | 28% |
| EJES TRACTIVOS, S.A. DE C.V. | REAR AXLES TRACTOR LINE (PIECES) | 565 | 79% |
| PISTONES MORESA, S.A. DE C.V. (CELAYA) | PISTONS (PIECES) | 11800 | 40% |
| PISTONES MORESA, S.A. DE C.V. (SALTILLO) | PISTON PINS (PIECES) | 1200 | 73% |
| MORESTANA, S.A. DE C.V. | TAPPETS (PIECES) | 14238 | 51% |
| PISTONES MORESA, S.A. DE C.V. | PISTON PINS (PIECES) | 23500 | 43% |
| ENGRANES CONICOS, S.A. DE C.V. | GEARS (SETS) | 933 | 96% |
| PRODUCTOS ESTAMPADOS DE MEXICO, S.A. DE C.V. | STAMPED (A) (STROKES) | 32000 | 21% |
| VELCON, S.A. DE C.V. | CONSTANT VELOCITY JOINTS (PIECES) | 2900 | 65% |
| TRANSMISIONES TSP, S.A DE C.V. | TRANSMISSIONS (MEDIUM & HEAVY TRANSMISSIONS)) | 69 | 30% |
| TREMEC, S.A. DE C.V. | TRANSMISSIONS (LIGHT TRANSMISSIONS)) | 282 | 58% |
| TREMEC, S.A. DE C.V. | TRANSMISSIONS (HEAVY DUTTY COMPONENTS) | 2267 | 53% |
| CARDANES, S.A. DE C.V. | PROPELLER SHAFTS ASSEMBLY (ENSAMBLE) (PIECES) | 585 | 56% |
| CARDANES, S.A. DE C.V. | PROPELLER SHAFTS TRACTOR LINE (PIECES) | 756 | 77% |
| HAYES WHEELS ACERO, S.A. DE C.V. | STEEL WHEELS (PIECES) | 6100 | 38% |
| AUTOMETALES, S.A. DE .CV. | IRON FOUNDRY (TONS.) | 24 | 78% |
| TF VICTOR, S.A. DE C.V. | GASKETS, SEALS, MOTOR PARTS (PIECES) | 24275 | 66% |
| FORJAS SPICER, S.A. DE C.V. | PRECISION FORGES (TONS.) | 50 | 64% |
| COATZACOALCOS, VER. | POLYSTYRENE (TONS) | 75000 | 94% |
| XICOHTZINGO, TLAX. | POLYSTYRENE (TONS) | 75000 | 73% |
| ALTAMIRA, TAMPS. (Dynasol) | SYNTHETIC RUBBER (TONS) | 84000 | 97% |
| ALTAMIRA, TAMPS. (INSA) | SYNTHETIC RUBBER (TONS) | 96000 | 88% |
| ALTAMIRA, TAMPS. (PARATEC) | SYNTHETIC RUBBER (TONS) | 24000 | 59% |
| COATZACOALCOS, VER. | PHOSPHATE (TONS) | 100000 | 100% |
| TULTITLAN, EDO. MEX. | PHOSPHATE (TONS) | 85000 | 76% |
| LECHERIA, EDO. MEX. | PHOSPHATE (TONS) | 40000 | 48% |
| ALTAMIRA, TAMPS. | CARBON BLACK (TONS) | 120000 | 100% |
| OCOYOACAC, EDO. MEX. | ACRYLC SHEET (TONS) | 7740 | 100% |
| SAN LUIS POTOSI. S.L.P. | ACRYLC SHEET (TONS) | 5007 | 99% |
| LERMA, EDO. MEX. | MELAMINE LAMINATES (MLLS MM2) | 4700 | 85% |
| ZITACUARO, MICH. | PARTICLE BOARD (MLLS M3) | 10270 | 100% |

OBSERVACIONES:**MEXICAN STOCK EXCHANGE****SIFIC / ICS**

STOCK EXCHANGE CODE:DESC

QUARTER:3

YEAR: 2004

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS**ANNEX 9**

| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY (1) | UTILIZATION % |
|------------------------|--|-----------------------------------|--------------------------|
| MERIDA | MILL (ton/month) | 25,000 | 85% |
| IRAPUATO | MILL (ton/month) | 12,000 | 15% |
| PENINSULA | HOG (thousands) | 35 | 100% |
| MÉRIDA | SLAUGHTER HOUSE | 222 | 90% |
| PENJAMO | SLAUGHTER HOUSE | 125 | 100% |
| MOCHIS (SANTA ROSA) | FRESH TOMATO PROCESSING (TONS/DAY IN 100 DAYS) | 3,000 | 6% |
| MOCHIS (SANTA ROSA) | TOMATO PRODUCTS IN TETRABRIK CONTAINER (MILLION OF CASES) | 6 | 93% |
| MOCHIS (SANTA ROSA) | TOMATO PASTE (TONS IN 100 DAYS) | 44,500 | 0% |
| MOCHIS (LA CORONA) | CANNED VEGETABLES (TONS) | 72,567 | 40% |
| MOCHIS (LA CORONA) | CANNED VEGETABLES (MILLIONS OF CASES) | 6 | 40% |
| REVOLUCION | CANNED VEGETABLES TETRA RE CART (TONS) | 7,387 | 14% |
| REVOLUCION | CANNED VEGETABLES TETRA RE CART (MILLIONS OF CASES) | 1 | 14% |
| OAXACA | COFFEE (ton/month in turn) | 212 | 57% |
| MAZATLAN | TUNA (thousands boxes) | 2,500 | 74% |
| ROSEMEAD, CALIFORNIA | SALSA & CANNED VEGETABLES (thousands lb) | 166,226 | 32% |

MEXICAN STOCK EXCHANGE

SIFIC / ICS

STOCK EXCHANGE CODE:DESC

QUARTER: 3

YEAR: 2004

MAIN RAW MATERIALS
ANNEX 10

CONSOLIDATED

| DOMESTIC | MAIN SUPPLIERS | | MAIN SUPPLIERS | COST PRODUCTION | |
|--|--|------------------|--|-----------------|---|
| | | FOREIGN | | DOM. SUBST. | % |
| LAMINATE STEEL | HYLSA, S. A. DE C.V. | STEEL | MC STEEL | NO | |
| ALUMINUM | INDUSTRIAS CH, S. A. | STEEL | MITSUBISHI | YES | |
| COLOR PAINTS | NACOBRE | LAMINATE | NISHO OWAI | NO | |
| LAMINATE | P.P.G. INDUSTRIAS DE MEXICO, S. A. DE C.V. | STEEL | TOTH INDUSTRIES | NO | |
| COLOR PAINTS | AHMSA | AUTOMOTIVE PARTS | DANA CO. | NO | |
| RODAMIENTOS | DUPONT DE MEXICO | FORGE | GSB FORJA | NO | |
| RODAMIENTOS | KOYO DE MEXICO | LAMINATE | DAEWOO CORP. | NO | |
| LAMINATE | TIMKEM | ALUMINUM | REYNOLDS METAL | YES | |
| | GENERAL MOTORS | RODAMIENTOS | THE TIMKEN CO. | NO | |
| | | FORGE | THYSSEN PRECISION | | |
| STYRENE | PEMEX | STYRENE | FORGE | NO | |
| BUTADIEN | | | STERLING, MITSUI SHELL, POLIMERI EUROPA, BP CHEMICAL, EQUICSTAR, SABIC, REPSOL QUIMICA | | |
| METHANOL | PEMEX | METHANOL | CELANESE, PETROCEL | | |
| TOLUEN | PEMEX | | | | |
| NATURAL GAS | PEMEX | | | | |
| PHOSPHORIC ACID | | | | | |
| MERCANTILE PHOSPHORIC ACID (TECHNICAL) | RHODIA MEXICANA | | | | |
| FRESH JALAPEÑO | OWN PRODUCTION & FRESH MARKET (VARIOUS) | ACETOCYANOHRINE | BP CHEMICAL | | |
| FRESH TOMATO | OWN PRODUCTION & FRESH MARKET (VARIOUS) | | | | |
| FRESH TOMATILLO | OWN PRODUCTION & FRESH MARKET (VARIOUS) | | | | |
| TETRABRIK CONTAINER | TETRAPAK | | | | |
| METALLIC CAN | GRUPO ZAPATA | | | | |
| METALLIC CAN | ZAPATA ENVASES | | | | |

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| | | | | |
|------------------------------------|---------------------------------|-------------------------------------|------------------------------|-----------|
| CORN OIL | ARANCIA CORN PRODUCTS | | | |
| SHIPPING CARTON | CELULOSA Y CORRUGADOS | | | |
| SHIPPING CARTON | EMPAQUE DE CARTON TITAN | | | |
| | | TOMATO PASTE REYNOLD'S ITEMS | MORNING STAR REYNOLDS | OK |
| VARIOUS METALLIC CAN DIESEL | ENVASES DE SINALOA PEMEX | | | |
| | | VEGETABLES | RIO FARMS | |
| | | VEGETABLES | WOOLF ENTERPRISES | |
| | | PACKAGING MATERIAL - GLASS | OWENS BROCKWAY | |
| | | PACKAGING MATERIAL - CANS | PECHINEY PLASTIC | |
| HOG GENETIC | PIC | GRAIN | CARGILL | OK |

STOCK EXCHANGE CODE:DESC

QUARTER: 3

YEAR: 2004

Annex 11

SALES DISTRIBUTION BY PRODUCT

DOMESTIC SALES

| MAIN PRODUCTS | Total Production | | SALES | | MARKET SHARE (%) | MAIN | |
|-----------------------------|------------------|--------|--------|------------------|------------------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKS | COSTUMERS |
| AUTOPARTS SECTOR | | | | 2,131,639 | | | |
| CHEMICAL SECTOR | | | | 3,712,846 | | | |
| FOOD SECTOR | | | | 2,300,747 | | | |
| REAL ESTATE SECTOR | | | | 990,345 | | | |
| COMPANIES OF OTHER SERVICES | | | | 19,842 | | | |
| TOTAL | | | | 9,155,419 | | | |

SALES DISTRIBUTION BY PRODUCT

FOREIGN SELLS

| MAIN PRODUCTS | Total Production | | SALES | | MARKET SHARE (%) | MAIN | |
|------------------|------------------|--------|--------|------------------|------------------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKS | COSTUMERS |
| AUTOPARTS SECTOR | | | | 4,304,655 | | | |
| CHEMICAL SECTOR | | | | 2,933,841 | | | |
| FOOD SECTOR | | | | 993,866 | | | |
| TOTAL | | | | 8,232,362 | | | |

STOCK EXCHANGE CODE:DESC

QUARTER: 3

YEAR: 2004

COMPOSITION OF THE PAID SOCIAL CAPITAL STOCK

CHARACTERISTICS OF THE SHARES

| Series | Nominal Value | Valid Cupon | Number of Shares | | | | Capital Stock (Thousands of Pesos) | |
|--------|------------------|----------------|------------------|---------------------|---------|---------------|---------------------------------------|----------|
| | | | Fixed Portion | Variable Portion | Mexican | Unrestricted | Fixed | Variable |
| | | | | | | | | |
| A | 0.01300 | 20 | 1,166,108,597 | | | 1,166,108,597 | 15,159 | |
| B | 0.01300 | 20 | | 1,115,690,363 | | 1,115,690,363 | | 14,504 |
| Total | | | 1,166,108,597 | 1,115,690,363 | | 2,281,798,960 | 15,159 | 14,504 |

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

1,369,079,376

SHARES PROPORTION BY:

CPO'S:

UNITS:

ADRS's:

GDRS's:

ADS's:

GDS's:

Repurchased own shares

| Series | Number of Shares | Market value of the share | |
|--------|---------------------|---------------------------|------------|
| | | At repurchase | At Quarter |

General Data of the Issuer:

Corporate Name: Desc, S.A. de C.V.
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98
E-Mail: eloy.vega@desc.com.mx
Internet Address: www.desc.com.mx

Fiscal Data of the Issuer:

RFC of Company: DES9405182F1
Domicile: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.

Responsibility for Payments:

Name: Lic. Jorge Francisco Padilla Ezeta
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98
E-Mail: jorge.padilla@desc.com.mx

Data with respect to officers:

Mexican Stock
Exchange equivalent: Chairman of the Board of Directors
Title at company: Chairman and Chief Executive Officer
Name: Mr. Fernando Senderos Mestre
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98

Mexican Stock
Exchange equivalent: General Manager
Title at company: Chief Executive Corporate Area
Name: Ing. Juan Marco Gutierrez Wanless
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98
E-Mail: juan.gwanless@desc.com.mx

Mexican Stock
Exchange equivalent: Chief Financial Officer
Title at company: Director of Finance
Name: Lic. Arturo D Acosta Ruiz
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98
E-Mail: arturo.dacosta@desc.com.mx

Mexican Stock
Exchange equivalent: Officer in Charge of Sending Quarterly Financial Information
Title at company: Corporate Manager of Financial Information
Name: Lic. Jorge Francisco Padilla Ezeta
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98
E-Mail: jorge.padilla@desc.com.mx

Mexican Stock
Exchange equivalent: Alternate Officer in Charge of Sending Quarterly Financial Information
Title at company: Corporate Comptroller
Name: Lic. Eduardo Philibert Garza
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-96
E-Mail: eduardo.philibert@desc.com.mx

Mexican Stock
Exchange equivalent: Officer Responsible for Legal Affairs
Title at company: General Counsel
Name: Lic. Ramon Estrada Rivera
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-97
E-Mail: ramon.estrada@desc.com.mx

Mexican Stock
Exchange equivalent: Secretary of the Board of Directors
Title at company: Secretary of the Board of Directors
Name: C.P. Ernesto Vega Velasco
Address: Bosque de Ciruelos No. 130 Room 1203
City: Bosques de las Lomas
Zip Code: 11700
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-60
E-Mail: ernesto.vega@desc.com.mx

Mexican Stock
Exchange equivalent: Officer in Charge of Providing Information to Investors
Title at company: Corporate Manager of Financial Information
Name: Lic. Jorge Francisco Padilla Ezeta
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-97
E-Mail: jorge.padilla@desc.com.mx

Mexican Stock
Exchange equivalent: Officer Authorized to Send Information via Emisnet
Title at company: Chief Financial Officer
Name: Lic. Arturo D Acosta Ruiz
Address: Paseo de los Tamarindos 400-B
City: Bosques de las Lomas
Zip Code: 5120
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-98
E-Mail: arturo.dacosta@desc.com.mx

Mexican Stock
Exchange equivalent: Officer Authorized to Send Relevant Events via Emisnet
Title at company: Secretary of the Board of Directors
Name: C.P. Ernesto Vega Velasco
Address: Bosque de Ciruelos No. 130 Room 1203
City: Bosques de las Lomas
Zip Code: 11700
State: Mexico, D.F.
Telephone: 52-61-80-00
Fax: 52-61-80-60
E-Mail: ernesto.vega@desc.com.mx

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Desc, S.A. de C.V.
(Registrant)

Date: October 25, 2004

By /s/ Arturo D Acosta Ruiz
(Signature)
Name: Arturo D Acosta Ruiz
Title: Chief Financial Officer