

COCA COLA FEMSA SA DE CV
Form 6-K
July 28, 2005

FORM 6-K

Securities and Exchange Commission
Washington, D.C. 20549
Report of Foreign Issuer
Pursuant To Rule 13a-16 Or 15d-16
Of The
Securities Exchange Act of 1934

For the month of July 2005

Commission file number 1-12260

COCA-COLA FEMSA, S.A. de C.V.

(Translation of Registrant's name into English)

Guillermo González Camarena No. 600
Col. Centro de Ciudad Santa Fé
Delegación Alvaro Obregón
Mexico, D.F. 01210
(Address of principal office)

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

(Check One) Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

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

Stock Listing Information

Mexican Stock Exchange

Ticker: KOFL

NYSE (ADR)

Ticker: KOF

Ratio of KOF L to KOF = 10:1

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2005**SECOND-QUARTER AND SIX-MONTHS RESULTS**

	Second Quarter			Six Months		
	2005	2004	Δ %	2005	2004	Δ %
Total Revenues	12,715	11,484	10.7%	23,931	22,542	6.2%
Gross Profit	6,306	5,648	11.6%	11,714	11,007	6.4%
Operating Income	2,254	1,827	23.4%	3,963	3,480	13.9%
Majority Net Income	1,284	1,785	-28.1%	1,984	2,693	-26.3%
EBITDA ⁽¹⁾	2,859	2,445	17.0%	5,149	4,711	9.3%
Net Debt ⁽²⁾⁽³⁾	20,486	21,530		20,486	21,530	
EBITDA ⁽¹⁾ / Interest Expense	5.05	3.66		4.62	3.70	
Earnings per Share	0.70	0.97		1.08	1.46	
Average Shares Outstanding	1,846.5	1,846.4		1,846.5	1,846.4	

Expressed in million of Mexican pesos with purchasing power as of June 30, 2005, except for per share amount.

(1) EBITDA = Operating income + Depreciation + Amortization & Other Non-cash Charges. See reconciliation table on page 10.

(2) Balance sheet figures for 2004 are as of December 31, 2004

(3) Net Debt = Total Debt - Cash


Total revenues increased 10.7% to Ps. 12,715 million in the second quarter of 2005.

Consolidated operating income grew 23.4% to Ps. 2,254 million, and operating margin improved 180 basis points to 17.7% in the second quarter of 2005.

Consolidated majority net income decreased 28.1% to Ps. 1,284 million, driven by a one-time tax effect that increased net income in 2004, resulting in earnings per share of Ps. 0.70 for the second quarter of 2005. Excluding the effect of this non-recurring item majority net income would have grown 129.7%

Mexico City (July 28, 2005), Coca-Cola FEMSA, S.A. de C.V. (BMV: KOFL, NYSE: KOF) (Coca-Cola FEMSA or the Company), the largest *Coca-Cola* bottler in Latin America and the second-largest *Coca-Cola* bottler in the world in terms of sales volume, announces results for the second quarter 2005.

Our second-quarter results reflect our territories' improved macro-economic landscape, coupled with our company's ongoing commercial strategies and structural initiatives. On the macro-economic front, our performance benefited from our markets' continued economic recovery, positive seasonal factors and weather conditions, a relatively stable pricing environment, and currency appreciation against the U.S. dollar.



On the operations front, we were well-positioned to make the most of a more favorable macro environment. Our comprehensive packaging portfolio and multi-segmentation strategy helped drive top-line growth in the majority of our territories, while our more efficient operating structure bolstered our bottom line companywide. said Carlos Salazar, Chief Executive Officer of the Company.

July 28, 2005

Page 1

CONSOLIDATED RESULTS

Our consolidated revenues increased 10.7% to Ps. 12,715 million in the second quarter of 2005 as a result of increases in all of our territories with the exception of Central America; Mexico and Brazil represented over 70% of our growth. Consolidated average price per unit case was 1.2% higher in the second quarter of 2005 than in the same period of the previous year, at Ps. 25.96 (US\$ 2.41) ¹, driven by average price increases across all of our territories except Central America.

Total sales volume increased 9.5% to 486.9 million unit cases in the second quarter of 2005 as compared with the same period of 2004. Sales volume growth in Mexico and Brazil accounted for over 70% of our incremental volume. Carbonated soft drinks sales volume grew 7.8% to 405.5 million unit cases, driven by incremental volumes across all of our territories.

Our gross profit rose 11.7% to Ps. 6,306 million in the second quarter of 2005, compared with the second quarter of 2004; Mexico and Brazil represented over 80% of our growth. Gross margin increased 40 basis points to 49.6% in the second quarter of 2005 from 49.2% in the same period of 2004.

Our consolidated operating income grew 23.4% to Ps. 2,254 million in the second quarter of 2005 as a result of operating income increases in all of our territories except Venezuela and Argentina. Mexico and Brazil accounted for over 90% of our growth. Our operating margin improved 180 basis points to 17.7% in the second quarter of 2005 as compared with the same period of 2004.

During the second quarter of 2005, our integral cost of financing totaled Ps. 284 million, reflecting a reduction of our debt levels and lower interest expenses from our U.S. dollar denominated debt resulting from the appreciation of the Mexican peso against the U.S. dollar applied to our U.S. dollar denominated interest expenses; and a larger foreign exchange gain resulting from the appreciation of the Mexican peso against the U.S. dollar applied to our U.S. dollar denominated liabilities.

During the second quarter of 2005, income tax, tax on assets and employee profit sharing as a percentage of income before taxes was 31.8%, reflecting a reduction in income tax rate in Mexico during this year.

Our consolidated majority net income was Ps. 1,284 million in the second quarter of 2005, a decrease of 28.1% compared to the second quarter of 2004 mainly driven by a one-time tax reimbursement that increased net income during 2004². Excluding the effect of this non-recurring item majority net income would have grown 129.7%. Earnings per share (EPS) were Ps. 0.70 (US\$ 0.65 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares).

¹ Using a foreign exchange rate of Ps. 10.7645 per U.S. dollar

² During the second quarter of 2004 we obtained a tax reimbursement in connection with a deduction of losses arising from a sale of shares during 2002 in the amount of Ps. 1,313 million; additionally there was a charge to income related to interests and adjustments resulting from a change in the tax deduction criteria on coolers in Mexico, in the amount of Ps. 87 million. The net effect of these two transactions was Ps. 1,226 million.

Balance Sheet and Consolidated Statement of Changes in Financial Position

BALANCE SHEET

As of June 30, 2005, Coca-Cola FEMSA had a cash balance of Ps. 5,493 million (US\$ 510 million), an increase of Ps. 1,794 million (US\$ 166 million) compared with December 31, 2004, resulting from i) new debt acquired in part to pay down upcoming maturities of our *Certificados Bursatiles*, ii) internal cash generation and iii) a decrease in working capital, which was mainly driven by the seasonality of our business. This increase more than offset a dividend payment made during the quarter in the amount of Ps. 620 million (US\$ 58 million).

Total short-term debt was Ps. 3,235 million (US\$ 301 million) and long-term debt was Ps. 22,744 million (US\$ 2,113 million), an increase of Ps. 750 million (US\$ 70 million) compared with year end of 2004, as a result of the above-mentioned new debt. Net debt decreased approximately Ps. 1,044 million (US\$ 97 million) compared with year end of 2004, this included a Ps. 199 million (US\$18 million) debt decrease due to the effect of the Mexican peso's appreciation versus the U.S. dollar from Ps. 11.15 to Ps. 10.76 as applied to our U.S. dollar denominated debt in the second quarter of 2005.

During the quarter, the Company successfully refinanced approximately US\$ 322 million of bank debt, with longer tenors and tighter pricing conditions. Weighted average cost of debt for the second quarter was 9.1%.

The following charts set forth the Company's debt profile by currency and interest rate type as of June 30, 2005:

Currency	% Total Debt ⁽²⁾	% Interest Rate Floating ⁽²⁾
U.S. dollars	22%	5%
Mexican pesos	74%	21%
Colombian pesos	3%	100%
Other ⁽¹⁾	1%	100%

⁽¹⁾ Includes the equivalent of US\$ 27.9 million denominated in Argentine pesos, US\$ 3.6 million denominated in Venezuelan bolivares, and US\$ 4.9 million denominated in Guatemalan quetzales.

⁽²⁾ After giving effect to cross-currency swaps.

Consolidated Statement of Changes in Financial Position

Expressed in million of Mexican pesos and U.S. dollars as of June 30, 2005

	<i>Jan - Jun 2005</i>	
	<i>Ps.</i>	<i>USD ⁽¹⁾</i>
Net income	1,974	183
Non cash charges to net income	1,084	101
	3,058	284
Change in working capital	(936)	(87)

NRGOA⁽²⁾	2,122	197
Capital expenditures	(602)	(56)
Dividend payments	(620)	(58)
Debt acquired to refinance short term debt	1,270	118
Financial transactions	(398)	(37)
Increase in cash and cash equivalents	1,772	164
Cash and cash equivalents at beginning of period	3,699	344
Cash and cash equivalents at the end of period	5,471	508

(1) Expressed in US\$ millions assuming a foreign exchange rate of Ps. 10.7645 per U.S. dollar

(2) Net Resources Generated by Operating Activities

July 28, 2005

Page 3

MEXICAN OPERATING RESULTS***Revenues***

Revenues from our Mexican territories increased 9.4% to Ps. 7,591 million in the second quarter of 2005, as compared with the same period of the previous year. Sales volume growth represented over 85% of the increase in revenues. Average price per unit case grew 0.9% to Ps. 27.19 (US\$ 2.53) during the second quarter of 2005. Higher average prices resulted from price increases implemented in the first quarter of 2005 and sales volume growth in single-serve presentations, which carry a higher average price per unit case. Excluding *Ciel* water volume in 5.0, 19.0 and 20.0-liter packaging presentations, our average price per unit case was Ps. 31.90 (US\$ 2.96) .

Total sales volume increased 8.4% to 278.6 million unit cases in the second quarter of 2005, as compared with the second quarter of 2004, mainly resulting from i) a strong marketing campaign and commercial strategies implemented around the *Coca-Cola* brand, ii) two more work days than a year ago, because Easter fell in the first quarter this year; iii) low comparable sales volumes and iv) higher temperatures in Mexico City. Carbonated soft drinks sales volume grew 5.6% compared with the same period of the previous year, mainly driven by the *Coca-Cola* brand. The increase in carbonated soft drinks sales volume represented over 50% of our incremental volume; the balance was mainly comprised of water volume growth in both jug and single-serve presentations. Excluding water, the non-carbonated beverage segment grew 15.2% in the second quarter of 2005 as a result of volume growth in *Powerade* and *Nestea*.

Operating Income

Our gross profit grew 10.7% to Ps. 4,039 million in the second quarter of 2005, compared with the same period of 2004, resulting in a 60 basis-point expansion of our gross margin to 53.2% . This growth was mainly driven by a decrease in sweetener costs and an appreciation of the Mexican peso as applied to our U.S. dollar-denominated costs year over year.

Operating expenses as a percentage of total revenues declined 140 basis points to 30.9% in the second quarter of 2005, from 32.3% in the same period of 2004, as a result of higher fixed cost absorption from our higher sales volume. Operating income increased 20.1% to Ps. 1,691 million in the second quarter of 2005, improving our operating income margin by 200 basis points for the quarter.

CENTRAL AMERICAN OPERATING RESULTS (Guatemala, Nicaragua, Costa Rica and Panama)***Revenues***

Revenues decreased 1.1% to Ps. 845 million in the second quarter of 2005, as compared with the same period of the previous year, driven by lower average price per unit case. Average price per unit case declined 5.1% to Ps. 30.22 (US\$ 2.81), mainly as a result of a more competitive environment and a shift in our multi-serve packaging mix towards larger presentations.

Total sales volume in our Central American territories grew 4.1% to 27.9 million unit cases in the second quarter of 2005, as compared with the same period of 2004. Volume growth from the *Coca-Cola* brand accounted for over 80% of our incremental volume and the non-carbonated segment, including bottled water, represented a majority of the balance.

Operating Income

Gross profit declined 1.9% in the second quarter of 2005, as compared with the same period of 2004, to Ps. 415 million. As a percentage of total revenues gross margin decreased 40 basis points mainly as a result of lower average prices per unit case.

Our operating income increased 40.0% to Ps. 112 million in the second quarter of 2005, compared with the same period of 2004, driven by an 11.7% decrease in operating expenses. Operating expenses decline resulted from i) reduction in depreciation and amortization expenses, due to higher average period used to depreciate assets, ii) a reduction in marketing expenses, and iii) savings achieved through cost reduction efforts throughout the region, such as sharing back office services. Despite gross margin reduction, our operating margin increased 400 basis points to 13.3% .

July 28, 2005

Page 4

COLOMBIAN OPERATING RESULTS

Revenues

Total revenues increased 14.0% to Ps. 1,116 million in the second quarter of 2005, as compared with the second quarter of 2004. Higher volumes drove over 80% of this growth, and higher average prices drove the balance. Our average price per unit case grew 2.5% to Ps. 25.08 (US\$ 2.33) as a result of price increases implemented in May 2004 and a packaging mix shift to non-returnable presentations, which have higher prices per unit case.

Total sales volume grew 11.3%, as compared with the same period of 2004, to 44.5 million unit cases in the second quarter of 2005. Our flavored carbonated soft drinks category accounted for over 75% of our incremental volume, and the *Coca-Cola* brand represented the remainder.

Operating Income

Gross profit increased 12.1% to Ps. 491 million in the second quarter of 2005, as compared with the same period of the previous year, resulting in a gross margin of 44.0%. The gross margin decline of 80 basis points was mainly driven by a packaging mix shift to non-returnable presentations, which grew as a percentage of our total sales volume to 46.8% from 42.1% in the second quarter 2004.

Operating income increased 4.1% to Ps. 101 million in the second quarter of 2005, as compared with the same period of 2004, declining slightly as a percentage of sales. Operating expenses increased 14.4%, driven by a higher introduction of returnable bottles into the market and higher marketing expenses, both related with the launch of *Crush*.

VENEZUELAN OPERATING RESULTS

Revenues

Revenues from our Venezuelan operations increased 15.9% to Ps. 1,224 million in the second quarter of 2005, as compared with the same period of 2004, this mainly driven by sales volume growth that accounted for over 70% of our incremental revenues. Our average price grew 3.8% to Ps. 27.00 (US\$ 2.51) as a result of price increases implemented in the second half of 2004.

Total sales volume increased 11.6% to 45.3 million unit cases during the second quarter of 2005, as compared with the same quarter of 2004, driven mainly by carbonated soft drinks that accounted for over 85% of our incremental volume. Bottled water sales volumes grew 11.1% for the quarter.

Operating Income

Gross profit increased 14.8% to Ps. 503 million in the second quarter of 2005, as compared with the same period of the previous year. Nonetheless, as a percentage of sales, our gross margin decreased to 41.1% in the second quarter of 2005 from 41.5% in the same period of 2004. This decline was a result of i) higher raw material prices, ii) a devaluation of the Venezuelan Bolivar against the U.S. dollar as applied to our U.S. dollar-denominated costs and iii) a shift in packaging mix to non-returnable presentations.

Operating expenses increased 24.1% to Ps. 448 million in the second quarter of 2005, rising 250 basis points to 36.6% from 34.1% in the same period of 2004. The increase was a consequence of inflation pressures reflected primarily in higher freight costs and salary increases implemented during the quarter, in addition to the increases implemented in

the second half of 2004. As a result of the above-mentioned factors, our operating income was Ps. 55 million, resulting in a reduction in operating margin of 280 basis points to 4.5% as compared to the same period of 2004.

July 28, 2005

Page 5

Brazilian and Argentine Operating Results

BRAZILIAN OPERATING RESULTS

Beginning with this quarter, we will no longer include beer that we distribute in Brazil in our sales volumes and net sales. Instead, the amount we receive for distributing beer in Brazil will be included in other revenues. We have reclassified prior periods presented in this press release for comparability purposes. We believe this presentation better reflects the performance of our core operations.

Revenues

Our total revenues improved 22.9% to Ps. 1,343 million in the second quarter of 2005, as compared with the same period of 2004, mainly driven by sales volume growth. Average price per unit case grew 3.1% to Ps. 22.36 (US\$ 2.08) as a result of a channel mix shift towards more profitable channels, such as small retailers and on-premise consumption, which carry higher prices per unit case.

Total sales volume increased 19.9% to 58.5 million unit cases in the second quarter of 2005. Carbonated soft drinks grew 17.9%, mainly driven by brands *Coca-Cola* and *Fanta*. Bottled water sales volume grew 52.0% in the quarter, driven by an increase in the coverage of bottled water brand *Crystal* and favorable weather conditions.

Operating Income

In the second quarter of 2005, our gross profit increased 29.5% to Ps. 628 million, as compared with the same period of the previous year. Gross margin increased 240 basis points to 46.8%; manufacturing efficiencies and the appreciation of the Brazilian real against the U.S. dollar as applied to our raw material costs more than offset higher international raw material prices.

Our operating expenses as a percentage of total revenues decreased to 33.1% in the second quarter of 2005 from 37.3% in the same period of 2004 as a result of higher revenues and operating improvements such as route productivity and warehouse management. Operating income was Ps. 184 million in the second quarter of 2005, resulting in a 660 basis-point expansion in operating margin to 13.7% in the second quarter of 2005 from 7.1% in the same period of 2004.

ARGENTINE OPERATING RESULTS

Revenues

In Argentina, our total revenues increased 5.9% to Ps. 592 million in the second quarter of 2005, as compared with the same period of the previous year; higher average price per unit case accounted for over 65% of our revenue growth. Average price per unit case increased 4.7% to Ps. 17.91 (US\$ 1.66) as a result of price increases implemented during the first quarter of 2005 and our value-protection brands' lower percentage of total sales volume.

In the second quarter of 2005, total sales volume increased 2.2% to 32.1 million unit cases, as compared with the same period of 2004. Sales volume of non-carbonated beverages including water more than doubled and accounted for over 55% of the incremental volume, with the balance driven mainly by the *Coca-Cola* brand and our premium carbonated soft-drink brands.

Operating Income

Gross profit increased 5.1% to Ps. 227 million in the second quarter of 2005, as compared with the second quarter of 2004. Our gross margin was 38.3%, a slight decrease as compared with the second quarter of 2004, due to higher

polyethylene terephthalate (PET) resin prices and labor costs.

Operating expenses increased 8.5% in the second quarter of 2005 mainly due to higher freight costs and salaries. Our operating income decreased 1.4% to Ps. 73 million in the second quarter of 2005, resulting in a decline of our operating margin to 12.4% from 13.2% in the same period of 2004.

July 28, 2005

Page 6

SUMMARY OF SIX-MONTH RESULTS

Our consolidated revenues increased 6.2% to Ps. 23,931 million in the first half of 2005, as compared with the first half of 2004, as a result of growth in all of our territories with the exception of Central America; Mexico and Brazil represented approximately 60% of this growth. Consolidated average price per unit case increased 0.5% to Ps. 25.70 (US\$ 2.39) in the first half of 2005. Average price increases in Colombia, Venezuela, Brazil and Argentina more than offset lower average price in Mexico and Central America.

Total sales volume increased 5.8% to 924.7 million unit cases in the first half of 2005, as compared with the same period of the previous year. Sales volume growth in Mexico and Brazil accounted for over 70% of our incremental volumes. Carbonated soft-drink sales volume grew 5.0% to 779.9 million cases, driven by incremental volume across all of our territories.

Our gross profit increased 6.4% to Ps. 11,714 million in the first half of 2005, as compared with the first half of the previous year, driven by gross profit growth across all of our territories except Central America. Brazil and Mexico accounted for over 65% of this increase. Gross margin increased slightly to 48.9% during the first half of 2005 from 48.8% in the first half of 2004, driven by higher revenues in all of our territories except Central America.

Our consolidated operating income increased 13.9% to Ps. 3,963 million in the first half of 2005, as compared with the first half of 2004. Brazil, Mexico and Colombia accounted for over 85% of this growth and more than offset an operating income decline in Venezuela. Our operating margin improved 120 basis points to 16.6% in the first half of 2005.

Our consolidated majority net income was Ps. 1,984 million in the first half of 2005, a decrease of 26.3% compared to the first half of 2004, driven by a one-time effect that increased net income during 2004¹ and a one-time effect that decreased net income in the first quarter of 2005². EPS were Ps. 1.08 (US\$ 1.00 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares). Excluding the above-mentioned effects of non-recurring items majority net income would have grown by 43.3% .

RECENT DEVELOPMENTS

- On June 10, 2005, Moody's Investor Service upgraded the investment-grade rating on Coca-Cola FEMSA's foreign currency senior unsecured debt two notches, from Baa2 to A3. The upgrade reflects the Company's successful integration of Panamco, the Company's significantly improved leverage from stronger cash flow and debt reduction and Coca-Cola FEMSA's growing strategic importance in the Coca-Cola system.
- On July 15, 2005, the Company fully paid the Ps. 2,586 million outstanding balance of its 2yr TIIE-based Certificado Bursátil (KOF 03-4), issued on July 18, 2003. This will be reflected on our balance sheet on the third quarter of 2005.

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¹ During the second quarter of 2004 we obtained a tax reimbursement in connection with a deduction of losses arising from a sale of shares during 2002 in the amount of Ps. 1,313 million; additionally there was a charge to income related to interests and adjustments resulting from a change in the tax deduction criteria on coolers in Mexico, in the amount of Ps. 87 million. The net effect of these two transactions was Ps. 1,226 million.

² As we disclosed in the first quarter 2005, the tax authorities reviewed the payments in connection with the change in criteria that requires refrigerators to be treated as fixed assets with finite useful lives, which resulted in an additional one-time payment in Mexico in the amount of Ps. 118 million.

July 28, 2005

Page 7

CONFERENCE CALL INFORMATION

Our second-quarter 2005 Conference Call will be held on: July 28, 2005, 11:00 A.M. Eastern Time (10:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 800-901-5218 and International: 617-786-4511. We invite investors to listen to the live audiocast of the conference call on the Company's website, www.coca-colafemsa.com

If you are unable to participate live, an instant replay of the conference call will be available through August 4, 2005. To listen to the replay, please dial: Domestic U.S.: 888-286-8010 or International: 617-801-6888. Pass code: 98344233.

Coca-Cola FEMSA, S.A. de C.V. produces and distributes *Coca-Cola*, *Sprite*, *Fanta*, *Lift* and other trademark beverages of The Coca-Cola Company in Mexico (a substantial part of central Mexico, including Mexico City and southeast Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul and part of the state of Goias) and Argentina (federal capital of Buenos Aires and surrounding areas), along with bottled water, beer and other beverages in some of these territories. The Company has 30 bottling facilities in Latin America and serves approximately 1,500,000 retailers in the region. The Coca-Cola Company owns a 39.6% equity interest in Coca-Cola FEMSA.

Figures for the Company's operations in Mexico and its consolidated international operations were prepared in accordance with Mexican generally accepted accounting principles (Mexican GAAP). All figures are expressed in constant Mexican pesos with purchasing power at June 30, 2005. For comparison purposes, 2004 and 2005 figures from the Company's operations have been restated taking into account local inflation of each country with reference to the consumer price index and converted from local currency into Mexican pesos using the exchange rate at the end of the period. In addition, all comparisons in this report for the second quarter of 2005, which ended on June 30, 2005, are made against the figures for the comparable period in 2004, unless otherwise noted.

This news release may contain forward-looking statements concerning Coca-Cola FEMSA's future performance and should be considered as good faith estimates by Coca-Cola FEMSA. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Coca-Cola FEMSA's control, that could materially impact the Company's actual performance.

References herein to US\$ are to United States dollars. This news release contains translations of certain Mexican peso amounts into U.S. dollars for the convenience of the reader. These translations should not be construed as representations that Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

(7 pages of tables to follow)

Consolidated Balance Sheet

Consolidated Balance Sheet

Expressed in million of Mexican pesos with purchasing power as of June 30, 2005

Assets		Jun-05		Dec-04
Current Assets				
Cash and cash equivalents	Ps.	5,493	Ps.	3,699
Total accounts receivable		1,753		2,170
Inventories		2,666		2,533
Prepaid expenses and other		1,043		857
Total current assets		10,955		9,259
Property, plant and equipment				
Property, plant and equipment		30,277		30,606
Accumulated depreciation		-13,105		-12,789
Bottles and cases		951		1,049
Total property, plant and equipment, net		18,123		18,866
Investment in shares and other		771		435
Deferred charges, net		1,398		1,474
Intangibles		37,995		37,888
Total Assets	Ps.	69,242	Ps.	67,922
Liabilities and Stockholders' Equity				
Current Liabilities				
Short-term bank loans and notes	Ps.	3,235	Ps.	3,306
Interest payable		266		316
Suppliers		3,911		4,180
Other current liabilities		2,547		3,073
Total Current Liabilities		9,959		10,875
Long-term bank loans		22,744		21,923
Pension plan and seniority premium		659		649
Other liabilities		4,158		4,081
Total Liabilities		37,521		37,528

Stockholders' Equity

Minority interest	727		723
Majority interest:			
Capital stock	2,816		2,816
Additional paid in capital	12,046		12,046
Retained earnings of prior years	16,901		12,085
Net income for the period	1,984		5,436
Cumulative results of holding non-monetary assets	-2,753		-2,712
Total majority interest	30,994		29,671
Total stockholders' equity	31,721		30,394
Total Liabilities and Equity	Ps. 69,242	Ps.	67,922

July 28, 2005

Page 9

Consolidated Income Statement

Consolidated Income StatementExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q 05	2Q 04	YTD 05	YTD 04
Sales volume (million unit cases)	486.9	444.6	924.7	874.3
Average price per unit case	25.96	25.66	25.70	25.57
Net revenues	12,640	11,408	23,766	22,356
Other operating revenues	75	76	165	186
Total revenues	12,715	11,484	23,931	22,542
Cost of sales	6,409	5,836	12,217	11,535
Gross profit	6,306	5,648	11,714	11,007
Operating expenses	4,052	3,821	7,751	7,527
Operating income	2,254	1,827	3,963	3,480
Interest expense	566	667	1,115	1,274
Interest income	82	48	142	87
Interest expense, net	484	619	973	1,187
Foreign exchange loss (gain)	(223)	271	(238)	210
Loss (gain) on monetary position	23	(37)	(159)	(511)
Integral cost of financing	284	853	576	886
Other (income) expenses, net	85	174	204	242
Income before taxes	1,885	800	3,183	2,352
Taxes	600	(985)	1,186	(341)
Consolidated net income	1,285	1,785	1,997	2,693
Majority net income	1,284	1,785	1,984	2,693
Minority net income	1	-	13	-
Operating income	2,254	1,827	3,963	3,480
Depreciation	316	314	622	644
Amortization and Other non-cash charges ⁽²⁾	289	304	564	587
EBITDA ⁽³⁾	2,859	2,445	5,149	4,711

- (1) Except volume and average price per unit case figures.
 - (2) Includes returnable bottle breakage expense.
 - (3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.
-

July 28, 2005

Page 10

Mexican and Central American operations

Mexican operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q 05	% Rev	2Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales volume (million unit cases)	278.6		257.0		506.3		485.2	
Average price per unit case	27.19		26.94		26.97		27.25	
Net revenues	7,574		6,923		13,654		13,220	
Other operating revenues	17		18		35		49	
Total revenues	7,591	100.0%	6,941	100.0%	13,689	100.0%	13,269	100.0%
Cost of sales	3,552	46.8%	3,292	47.4%	6,497	47.5%	6,284	47.4%
Gross profit	4,039	53.2%	3,649	52.6%	7,192	52.5%	6,985	52.6%
Operating expenses	2,348	30.9%	2,241	32.3%	4,423	32.3%	4,364	32.9%
Operating income	1,691	22.3%	1,408	20.3%	2,769	20.2%	2,621	19.8%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	357	4.7%	342	4.9%	691	5.0%	700	5.3%
EBITDA ⁽³⁾	2,048	27.0%	1,750	25.2%	3,460	25.3%	3,321	25.0%

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

Central American operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q 05	% Rev	2Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales volume (million unit cases)	27.9		26.8		54.1		53.3	
Average price per unit case	30.22		31.83		30.83		31.91	
Net revenues	843		853		1,668		1,701	
Other operating revenues	2		1		2		5	
Total revenues	845	100.0%	854	100.0%	1,670	100.0%	1,706	100.0%
Cost of sales	430	50.9%	431	50.5%	856	51.3%	880	51.6%
Gross profit	415	49.1%	423	49.5%	814	48.8%	826	48.4%

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Operating expenses	303	35.9%	343	40.2%	592	35.5%	644	37.7%
Operating income	112	13.3%	80	9.3%	222	13.3%	182	10.7%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	53	6.2%	80	9.3%	107	6.4%	140	8.2%
EBITDA ⁽³⁾	165	19.5%	160	18.8%	329	19.7%	322	18.9%

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

July 28, 2005

Page 11

Colombian and Venezuelan operations

Colombian operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q		2Q		YTD		YTD	
	05	% Rev	04	% Rev	05	% Rev	04	% Rev
Sales volume (million unit cases)	44.5		40.0		86.6		81.5	
Average price per unit case	25.08		24.48		25.20		24.05	
Net revenues	1,116		979		2,182		1,960	
Other operating revenues	-		-		-		-	
Total revenues	1,116	100.0%	979	100.0%	2,182	100.0%	1,960	100.0%
Cost of sales	625	56.0%	541	55.3%	1,215	55.7%	1,086	55.4%
Gross profit	491	44.0%	438	44.8%	967	44.3%	874	44.6%
Operating expenses	390	34.9%	341	34.9%	771	35.3%	736	37.5%
Operating income	101	9.0%	97	9.9%	196	9.0%	138	7.0%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	74	6.7%	85	8.7%	144	6.6%	165	8.4%
EBITDA ⁽³⁾	175	15.7%	182	18.6%	340	15.6%	303	15.5%

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

Venezuelan operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q		2Q		YTD		YTD	
	05	% Rev	04	% Rev	05	% Rev	04	% Rev
Sales volume (million unit cases)	45.3		40.6		85.7		81.5	
Average price per unit case	27.00		26.00		26.98		25.39	
Net revenues	1,223		1,056		2,312		2,068	
Other operating revenues	1		-		2		1	
Total revenues	1,224	100.0%	1,056	100.0%	2,314	100.0%	2,069	100.0%
Cost of sales	721	58.9%	618	58.5%	1,357	58.6%	1,231	59.5%

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Gross profit	503	41.1%	438	41.5%	957	41.4%	838	40.5%
Operating expenses	448	36.6%	361	34.1%	835	36.1%	694	33.5%
Operating income	55	4.5%	77	7.3%	122	5.3%	144	7.0%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	58	4.7%	52	4.9%	113	4.9%	110	5.3%
EBITDA ⁽³⁾	113	9.2%	128	12.2%	235	10.1%	254	12.3%

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

July 28, 2005

Page 12

Brazilian and Argentine operations

Brazilian operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q 05	% Rev	2Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales volume (million unit cases)	58.5		48.8		120.6		104.3	
Average price per unit case	22.36		21.68		22.12		21.57	
Net revenues	1,308		1,058		2,668		2,250	
Other operating revenues	35		35		73		75	
Total revenues	1,343	100.0%	1,093	100.0%	2,741	100.0%	2,325	100.0%
Cost of sales	715	53.2%	608	55.7%	1,472	53.7%	1,310	56.3%
Gross profit	628	46.8%	485	44.4%	1,269	46.3%	1,015	43.7%
Operating expenses	444	33.1%	407	37.3%	867	31.6%	835	35.9%
Operating income	184	13.7%	78	7.1%	402	14.7%	180	7.7%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	30	2.2%	26	2.4%	66	2.4%	52	2.2%
EBITDA ⁽³⁾	214	15.9%	104	9.5%	468	17.1%	232	10.0%

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

Argentine operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

	2Q 05	% Rev	2Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales volume (million unit cases)	32.1		31.4		71.4		68.5	
Average price per unit case	17.91		17.10		17.97		16.88	
Net revenues	575		537		1,283		1,156	
Other operating revenues	17		22		53		57	
Total revenues	592	100.0%	559	100.0%	1,336	100.0%	1,213	100.0%
Cost of sales	365	61.7%	343	61.4%	824	61.7%	745	61.5%

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Gross profit	227	38.3%	216	38.6%	512	38.3%	468	38.6%
Operating expenses	154	26.1%	142	25.3%	315	23.5%	283	23.3%
Operating income	73	12.4%	74	13.2%	197	14.8%	185	15.3%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	32	5.4%	32	5.8%	65	4.8%	65	5.3%
EBITDA ⁽³⁾	105	17.8%	106	19.0%	262	19.6%	250	20.6%

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

July 28, 2005

Page 13

Selected Information

SELECTED INFORMATION

For the three months ended June 30, 2005

Expressed in millions of Mexican pesos as of June 30, 2005

	2Q 04		2Q 05
Capex	315.0	Capex	387.7
Depreciation	314.0	Depreciation	315.5
Amortization & Other	303.8	Amortization & Other	289.6

VOLUME*Expressed in million unit case*

	2Q 04				2Q 05			
	CSD	Water	Other	Total	CSD	Water	Other	Total
Mexico	204.8	50.8	1.4	257.0	216.2	60.6	1.8	278.6
Central America	25.3	1.1	0.4	26.8	26.2	1.2	0.5	27.9
Colombia	34.6	5.3	0.1	40.0	39.1	5.3	0.1	44.5
Venezuela	34.6	3.6	2.4	40.6	38.7	4.0	2.6	45.3
Brazil	45.9	2.5	0.4	48.8	54.1	3.8	0.6	58.5
Argentina	30.9	0.3	0.2	31.4	31.2	0.5	0.4	32.1
Total	376.1	63.6	4.9	444.6	405.5	75.4	6.0	486.9

PACKAGE MIX BY PRESENTATION*Expressed as a Percentage of Total Volume*

	2Q 04				2Q 05			
	Ret	Non-Ret	Fountain	Jug	Ret	Non-Ret	Fountain	Jug
Mexico	28.3	55.7	1.3	14.7	26.3	56.3	1.1	16.3

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Central America	49.5	46.1	4.4	-	43.4	52.5	4.1	-
Colombia	51.3	38.7	3.5	6.5	47.0	43.7	3.3	6.0
Venezuela	31.1	61.9	2.9	4.1	25.6	68.1	3.0	3.3
Brazil	5.7	90.2	4.1	-	8.3	88.2	3.5	-
Argentina	27.4	68.8	3.8	-	27.5	68.9	3.6	-

For the six months ended June 30, 2005

Expressed in millions of Mexican pesos as of June 30, 2005

	YTD 04		YTD 05
Capex	754.0	Capex	574.1
Depreciation	643.6	Depreciation	621.9
Amortization & Other	587.5	Amortization & Other	563.8

VOLUME

Expressed in million unit cases

	YTD 04				YTD 05			
	CSD	Water	Other	Total	CSD	Water	Other	Total
Mexico	387.7	95.2	2.3	485.2	398.6	104.7	3.0	506.3
Central America	50.2	2.3	0.8	53.3	50.8	2.3	1.0	54.1
Colombia	70.0	11.2	0.3	81.5	75.7	10.7	0.2	86.6
Venezuela	69.4	7.2	4.9	81.5	73.8	7.3	4.6	85.7
Brazil	97.9	5.7	0.7	104.3	111.3	8.3	1.0	120.6
Argentina	67.7	0.6	0.2	68.5	69.7	0.9	0.8	71.4
Total	742.9	122.2	9.2	874.3	779.9	134.2	10.6	924.7

PACKAGE MIX BY PRESENTATION

Expressed as a Percentage of Total Volume

YTD 04				YTD 05			
Ret	Non-Ret	Fountain	Jug	Ret	Non-Ret	Fountain	Jug

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Mexico	28.5	55.5	1.3	14.7	27.0	56.2	1.2	15.6
Central America	50.1	45.5	4.4	-	44.3	51.6	4.1	-
Colombia	52.3	37.8	3.3	6.6	48.2	42.4	3.2	6.2
Venezuela	31.6	61.5	2.7	4.2	25.4	68.6	2.8	3.2
Brazil	5.6	90.7	3.7	-	7.5	89.1	3.4	-
Argentina	27.5	68.9	3.6	-	27.2	69.6	3.2	-

July 28, 2005

Page 14

Macroeconomic Information

June 2005
Macroeconomic Information

	LTM	Inflation		Foreign Exchange Rate (local currency per U.S. dollar)		
		YTD	2Q 05	Jun 05	Dec 04	Jun 04
Mexico	4.33%	0.80%	0.01%	10.7645	11.1460	11.5123
Colombia	4.84%	3.81%	1.64%	2,331.8100	2,389.7500	2,699.5800
Venezuela	15.88%	7.96%	4.48%	2,150.0000	1,920.0000	1,920.0000
Brazil	6.46%	3.90%	2.33%	2.3504	2.6544	3.1075
Argentina	8.61%	6.25%	2.52%	2.8900	2.9800	2.9600

July 28, 2005

Page 15

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.

COCA-COLA FEMSA, S.A. DE C.V.
(Registrant)

Date: July 28, 2005

By: /s/ HÉCTOR TREVIÑO GUTIÉRREZ
Name: Héctor Treviño Gutiérrez
Title: Chief Financial Officer