

Edgar Filing: CORPORACION DURANGO S.A .DE C.V. - Form 6-K

CORPORACION DURANGO S.A .DE C.V.

Form 6-K

November 16, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16
OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2005
Durango Corporation
(f/k/a Grupo Industrial Durango, S.A. de C.V.)

(Translation of registrant's name into English)

Torre Corporativa Durango, Potasio 150, Ciudad Industrial,
Durango, Durango, Mexico

(Address of principal executive offices)

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

CORPORACION DURANGO, S.A. DE C.V. 10.7907
INDIVIDUAL BALANCE SHEETS
AS OF DECEMBER 31, 2004 AND SEPTEMBER 30, 2005 (UNAUDITED)
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF SEPTEMBER 30, 2005
(Stated in thousands of Pesos and Dollars)

	December 31, 2004	Sept 30, 2005	US\$ DLLS. Sept 30, 2005
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,102	\$ 59,453	5,510
Accounts receivable, net	8,828	2,837	263
Due from related parties	35,126	96,594	8,952

Edgar Filing: CORPORACION DURANGO S.A .DE C.V. - Form 6-K

Taxes recoverable and other assets	77,690	39,688	3,678
Inventories, net	4,226	0	0
Total current assets	132,972	198,572	18,402
LONG-TERM RELATED PARTIES	9,004,683	8,297,214	768,923
PROPERTY, PLANT AND EQUIPMENT, net	411,248	387,281	35,890
INVESTMENT IN SUBSIDIARIES	3,834,548	3,592,233	332,901
OTHER ASSETS, net	332,213	0	0
Total assets	\$ 13,715,664	\$ 12,475,300	1,156,116

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Bank loans and current portion of long-term debt .	108,695	128,442	11,903
Interest payable	0	0	0
Trade accounts payable	7,500	207	19
Accrued liabilities	193,679	110,971	10,284
Total current liabilities	309,874	239,620	22,206

LONG-TERM DEBT	6,170,090	5,758,353	533,640
----------------------	-----------	-----------	---------

LONG-TERM RELATED PARTIES	2,444,110	1,460,766	135,373
---------------------------------	-----------	-----------	---------

DEFERRED TAXES.....	0	346,181	32,081
---------------------	---	---------	--------

LIABILITY FOR CAPITALIZATION.....	3,212,988	0	0
-----------------------------------	-----------	---	---

Total long term liabilities	11,827,188	7,565,300	701,094
-----------------------------------	------------	-----------	---------

Total liabilities	12,137,062	7,804,920	723,301
-------------------------	------------	-----------	---------

STOCKHOLDERS' EQUITY:

Total stockholders' equity	1,578,602	4,670,380	432,815
----------------------------------	-----------	-----------	---------

Total liabilities and stockholders' equi\$	\$ 13,715,664	\$ 12,475,300	1,156,116
--	---------------	---------------	-----------

Exchange rate: \$ 10.7907

CORPORACION DURANGO, S.A. DE C.V.

INDIVIDUAL STATEMENT OF CHANGES IN FINANCIAL POSITION (UNAUDITED)

EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS

AS OF SEPTEMBER 30, 2005

(Stated in thousands of Pesos and Dollars)

	Full Year 2004	Acum. Sept 2005	* Acum. S US\$ 20
OPERATING ACTIVITIES:			
Net income (loss)	\$ 62,325	75,701	7,
Add (deduct)- Charges (credits) to income which do not require (generate) resources:			
Depreciation and amortization	13,542	9,104	
Amortization of debt issuance cost and other financing costs	328,281	0	
Loss in subsidiaries	835,400	969,167	89,
Deferred income taxes	-424,368	263,258	24,
Other.....	0	0	
Total items which do not require cash.....	752,855	1,241,529	115,
Net resources generated from income	815,180	1,317,230	122,
Changes in operating assets and liabilities:			
Decrease (Increase) in inventories	-4,226	4,226	
Decrease (Increase) in current assets	-77,690	38,002	3,
Decrease (increase) in account receivables, net	70,102	-55,478	-5,
(Decrease) increase in accounts payable and accrued liabilities	46,293	-90,003	-8,
Resources generated by operating activities	849,659	1,213,977	112,
FINANCING ACTIVITIES:			

Edgar Filing: CORPORACION DURANGO S.A .DE C.V. - Form 6-K

Increase (Decrease) in bank loans and others	-843,044	-4,027,425	-373,
Increase (Decrease) in capital	48	284,573	26,
Gain on shares acquisition	0	2,910,772	269,
Net resources generated from financing activities	-842,996	-832,080	-77,
INVESTMENT ACTIVITIES:			
Acquisition of property, plant and equipment.....	0	-611	
Investment in subsidiaries	0	-328,935	-30,
Increase in deferred assets	0	0	
Net resources applied to investing activities	0	-329,546	-30,
INCREASE IN CASH AND CASH EQUIVALENTS	6,663	52,351	4,
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD.....	439	7,102	
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	7,102\$	59,453US	5,

* The exchange rate of 10.7907 was used for translation purposes.

CORPORACION DURANGO, S.A. DE C.V.
INDIVIDUAL STATEMENTS OF INCOME (UNAUDITED)
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF SEPTEMBER 30, 2005

	Thousands of Pesos			Thousands of Dollars	
	3Q	3Q		3Q	3Q
	2004	2005	Var	2004	2005
Gain (Loss) in subsidiaries	616,615\$	223,785	-64%	52,318	20,
Selling and Administrative expenses	2,438	2,574	6%	207	
Operating income	614,177	221,211	-64%	52,111	20,
FINANCIAL EXPENSE:					
Interest expense	350,975	194,969	-44%	29,776	18,
Interest income	-296,448	-291,544	-2%	-25,150	-27,
Exchange (gain) loss, net	-93,804	-1,443	-98%	-7,958	-
Gain on monetary position	-90,212	20,187	N/A	-7,653	1,
Total financial expense	-129,489	-77,831	-40%	-10,985	-7,
OTHER INCOME (EXPENSES):					
Other income (expense), net	-469,564	34,671	N/A	-39,837	3,
Total other income (expense)	-469,564	34,671	N/A	-39,837	3,
Income (loss) before income and asset t	274,102	333,713	22%	23,259	30,
Provisions for income and asset taxes ...	71,149	0	-100%	6,173	
Provision for deferred income taxes	-86,315	204,454	N/A	-7,460	18,
Net income	289,268\$	129,259	-55%	24,546	11,

CORPORACION DURANGO, S.A. DE C.V.
INDIVIDUAL STATEMENTS OF INCOME (UNAUDITED)
EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS
AS OF SEPTEMBER 30, 2005

	Thousands of Pesos		Thousands of Dollars	
	Ac	Ac	Ac	Ac

Edgar Filing: CORPORACION DURANGO S.A .DE C.V. - Form 6-K

	2004	2005	Var	2004	2005
Gain (Loss) in subsidiaries	\$ -138,615	\$ -969,167	599%	-11,935	-85,
Selling and Administrative expenses	6,526	5,973	-8%	548	
Operating income	-145,141	-975,140	572%	-12,483	-85,
FINANCIAL EXPENSE:					
Interest expense	1,171,156	433,405	-63%	98,346	39,
Interest income	-923,113	-1,796,698	95%	-77,569	-161,
Exchange (gain) loss, net	113,784	-22,448	N/A	9,043	-2,
Gain on monetary position	-165,446	-3,715	-98%	-14,097	-
Total financial expense	196,381	-1,389,456	N/A	15,723	-124,
OTHER INCOME (EXPENSES):					
Other income (expense), net	-467,968	-75,357	-84%	-39,697	-6,
Total other income (expense)	-467,968	-75,357	-84%	-39,697	-6,
Income (loss) before income and asset t	-809,490	338,959	N/A	-67,903	31,
Provisions for income and asset taxes ...	79,768	0	-100%	6,883	
Provision for deferred income taxes	-92,619	263,258	N/A	-7,954	24,
Net income	\$ -796,639	\$ 75,701	N/A	-66,832	7,

CORPORACION DURANGO, S.A. DE C.V.
 COMPLEMENTARY NOTES TO THE FINANCIAL INFORMATION

ON JULY 15, 2005, CORPORACION DURANGO, THROUGH ITS SUBSIDIARY, PONDEROSA INDUSTRIAL DE MEXICO, S.A. DE C.V., SOLD THE ASSETS OF ITS CHIHUAHUA PARTICLEBOARD MILL. WITH THIS TRANSACTION CORPORACION DURANGO ENDS ITS DIVESTING PROGRAM OF NON-STRATEGIC ASSETS. THIS LETS THE COMPANY TO REINVEST ON ITS PAPER PRODUCTION OPERATION.

SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL POLICIES:

FOLLOWING IS A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY IN THE PREPARATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS.

1.1 BASIS OF PRESENTATION:

THE UNCONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN MEXICO ("MEXICAN GAAP") ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS ("MIPA").

1.2 BASIS FOR COMPARISSON EFFECTS IN THE FINANCIAL STATEMENTS:

THE UNCONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY HAVE BEEN PREPARED IN ACCORDANCE WITH BULLETIN B-10 AND ITS AMMENDMENTS "RECOGNITION OF THE EFFECTS OF INFLATION ON FINANCIAL INFORMATION", ISSUED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS ("MIPA"), WHICH PROVIDES GUIDANCE FOR THE RECOGNITION OF THE EFFECTS OF INFLATION.

1.3 FINANCIAL INSTRUMENTS:

THESE INVESTMENTS ARE REALIZABLE WITHIN THREE MONTHS AND ARE VALUED AT FAIR VALUE (WHICH IS SIMILAR TO MARKET VALUE) WITH PRINCIPAL AND LOSSES RECORDED IN THE STATEMENTS OF OPERATIONS. FAIR VALUE IS THE AMOUNT FOR WICH A FINANCIAL ASSET CAN BE EXCHANGED OR A FINANCIAL LIABILITY CAN BE PAID IN AN ARMS'-LENGTH TRANSACTION BETWEEN INTERESTED AND WILLING PARTIES.

1.4 RIGHTS AND LIABILITIES VALUATION IN FOREIGN CURRENCY:

ASSETS AND LIABILITIES IN FOREIGN CURRENCY, MAINLY IN AMERICAN DOLLARS, ARE EXPRESSED IN MEXICAN PESOS AT THE EXCHANGE RATE OF THE CLOSING DATE

Edgar Filing: CORPORACION DURANGO S.A .DE C.V. - Form 6-K

OF THE PERIOD. EXCHANGE RATE AS OF SEPTEMBER 30st.,2005 WAS \$10.7907.

STOCK INVESTMENT:

THE INVESTMENT IN SUBSIDIARIES' STOCK IS PRESENTED VALUED UNDER THE EQUITY METHOD, TO FULFILL THE LEGAL DISPOSITIONS REQUIRING THE PRESENTATION OF "CODUSA'S" FINANCIAL STATEMENTS AS A LEGAL ENTITY. MOST SIGNIFICANT SUBSIDIARIES ARE AS FOLLOWS:

GROUP (OR COMPANY)	PARTICIPATION	ACTIVITY
COMPANIA PAPELERA DE ATENQUIQUE, S.A. DE C.V.	98%	MANUFACTURING OF PAPER AND CORRUGATED BOXES
EMPAQUES DE CARTON TITAN, S.A. DE C.V.	100%	MANUFACTURING OF CORRUGATED PAPER PACKAGING & MULTI-WALL BAGS AND SACKS
GRUPO PIPSAMEX, S.A. DE C.V.	100%	MANUFACTURING OF NEWSPRINT AND BOND PAPER
DURANGO INTERNATIONAL, INC.	100%	MANUFACTURING OF PAPER FOR CORRUGATED BOXES & CONTAINERS AND CORRUGATED CARDBOARD PACKAGES
PORTEADORES DE DURANGO, S.A. DE C.V.	100%	HAULING FREIGHT
PONDEROSA INDUSTRIAL DE MEXICO, S.A. DE C.V.	100%	MANUFACTURING OF PLYWOOD AND PARTICLEBOARD
DURANGO INTERNACIONAL, S.A. DE C.V.	100%	MANUFACTURING OF CORRUGATED PAPER PACKAGING

PROPERTY, PLANT AND EQUIPMENT:

PLANT AND EQUIPMENT ARE INITIALLY RECORDED AT ACQUISITION COST AND ARE RESTATED USING THE NCPI. FOR FIXED ASSETS OF FOREIGN ORIGIN, RESTATED ACQUISITION COST EXPRESSED IN THE CURRENCY OF THE COUNTRY OF ORIGIN IS CONVERTED INTO MEXICAN PESOS AT THE MARKET EXCHANGE RATE IN EFFECT AT THE BALANCE SHEET DATE.

DEPRECIATION:

DEPRECIATION IS CALCULATED ACCORDINGLY WITH THE RESTATED VALUE OF THE ASSETS AND IS CALCULATED BASED ON UNITS PRODUCED IN THE PERIOD IN RELATION TO THE TOTAL ESTIMATED PRODUCTION OF THE ASSETS OVER USEFUL LIFE, FROM 23 TO 40 YEARS.

STOCKHOLDERS EQUITY:

CAPITAL STOCK, STOCK SALE PREMIUM, STATUTORY LEGAL RESERVE AND RETAINED EARNINGS, INCLUDE THE RESTATED EFFECT, ACCORDING WITH THE NATIONAL CONSUMER PRICE INDEX (NCPI) FROM THE DATE THE CAPITAL WAS CONTRIBUTED AND FROM THE YEAR THE RESULTS AND PREMIUMS WERE DETERMINED RESPECTIVELY. THE RESTATED AMOUNTS REPRESENT THE REQUIRED AMOUNT TO MAINTAIN THE CONTRIBUTIONS AND ACCUMULATED RESULTS IN CONSTANT PESOS AS OF SEPTEMBER 30st,2005.

FIXED AND VARIABLE EQUITY COMPONENTS:

	AMOUNT	NUMBER OF SHARES
FIXED PORTION	982,074	65,419,089
VARIABLE PORTION	678,873	45,222,022
	-----	-----

Edgar Filing: CORPORACION DURANGO S.A .DE C.V. - Form 6-K

1,660,947

110,641,111

DEFERRED TAXES:

AS OF JANUARY 1st.,2000, WITH THE ISSUANCE OF BULLETIN D-4 ("DEFERRED TAXES" THE COMPANY RECOGNIZED TO THAT DATE (JANUARY 1st.,2000) THE INITIAL EFFECT OF DEFERRED TAXES DERIVED FROM TEMPORARY DIFFERENCES AS A GAIN OR A LOSS, IN SUBSEQUENT PERIODS THE COMPANY IS IN COMPLIANCE WITH THE BULLETIN. IN ORDER TO RECOGNIZE THE DEFERRED INCOME TAX, THE HOLDING COMPANY AND ITS SUBSIDIARIES USE THE INTEGRAL ASSETS AND LIABILITIES METHOD, WHICH CALCULATES SUCH TAX, USING THE APPLICABLE STATUTORY TAX RATE TO THE TEMPORARY DIFFERENCES BETWEEN BOOK AND TAX VALUES OF THE ASSETS AND LIABILITIES AS OF THE END OF THE PERIOD.

INTERNAL CONTROL:

THE COMPANY HAS STARTED IMPLEMENTATION OF THE SARBANES OXLEY ACT WITH ADVISE FROM EXPERT ADVISORS.

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. CORPORACION DURANGO, S.A. DE C.V.

Date: November 15, 2005

By /s/ Mayela Rincon de Velasco

Name: Mayela Rincon de Velasco

Title: Chief Financial Officer