

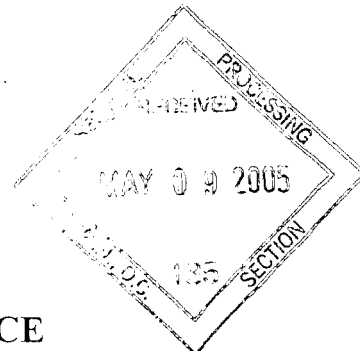


**GRUPO
HERDEZ.**



82-3818

May 05th, 2005.



**SECURITIES AND EXCHANGE COMMISSION.
DIVISION OF CORPORATION FINANCE.
OFFICE OF INTERNATIONAL CORPORATE FINANCE
STOP 3-2
450 FIFTH STREET, N.W.
WASHINGTON, D.C. 20549**

SUPPL

Dear Sirs.:

Attached you will find a copy of Consolidated Financial Statement corresponding to the 4th Quarter 2004, as of December 31, 2004 and 2003. This information was sent to the Mexican Stock Exchange too.

Please send a copy of this letter back sign or seal Mexico, city. **FAX NUMBER 52 01 57 97**

If you have any questions, please let me know.

Regards.

ERNESTO RAMOS ORTIZ.

PROCESSED

MAY 13 2005

THOMSON
FINANCIAL

Handwritten initials and date: JW 5/12

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED BALANCE SHEET					
AS OF DECEMBER 31, 2004 AND 2003					
(Thousands of Pesos)					
REF S	CONCEPTS	2004		2003	
		Amount	%	Amount	%
1	TOTAL ASSETS	4,405,287	100	4,772,889	100
2	CURRENT ASSETS	2,201,397	50	2,412,913	51
3	CASH AND SHORT TERM INVESTMENTS	51,799	1	70,403	1
4	ACCOUNTS RECEIVABLE (NET)	737,857	17	917,840	19
5	OTHER RECEIVABLES (NET)	241,830	5	264,666	6
6	INVENTORIES	1,102,811	25	1,002,472	21
7	OTHER CURRENT ASSETS	67,100	2	157,532	3
8	LONG-TERM	165,591	4	164,710	3
9	ACCOUNTS AND DOCUMENTS RECEIVABLE (NET)	-	-	-	-
10	INVESTMENT IN COMMON STOCK OF ASSOCIATED COMPANIES	165,591	4	164,710	3
11	OTHER INVESTMENTS	-	-	-	-
12	PROPERTY, PLANT AND EQUIPMENT (NET)	1,765,982	40	1,919,263	40
13	PROPERTY	881,635	20	913,409	19
14	MACHINERY AND INDUSTRIAL EQUIPMENT	1,652,212	38	1,768,743	37
15	OTHER EQUIPMENT	203,805	5	183,238	4
16	ACCUMULATED DEPRECIATION	1,041,643	24	1,124,799	24
17	CONSTRUCTION IN PROGRESS	69,973	2	178,672	4
18	DEFERRED ASSETS (NET)	272,317	6	276,003	6
19	OTHER ASSETS	-	-	-	-
20	TOTAL LIABILITIES	2,268,120	100	2,607,279	100
21	CURRENT LIABILITIES	963,326	42	956,198	37
22	TRADE ACCOUNTS PAYABLE	495,362	22	359,832	14
23	BANK LOANS	372,382	16	492,321	19
24	STOCK MARKET LOANS	-	-	-	-
25	TAXES PAYABLE	13,007	1	12,872	0
26	OTHER CURRENT LIABILITIES	82,575	4	91,173	3
27	LONG-TERM LIABILITIES	997,735	44	1,278,773	49
28	BANK LOANS	997,735	44	1,278,773	49
29	STOCK MARKET LOANS	-	-	-	-
30	OTHER LOANS	-	-	-	-
31	DEFERRED LOANS	280,431	12	351,088	13
32	OTHER LIABILITIES	26,628	1	21,220	1
33	CONSOLIDATED STOCKHOLDERS' EQUITY	2,137,167	100	2,165,610	100
34	MINORITY INTEREST	586,868	27	519,604	24
35	MAJORITY INTEREST	1,550,299	73	1,646,006	76
36	CONTRIBUTED CAPITAL	1,051,833	49	1,049,683	48
37	COMMON STOCK (NOMINAL)	422,715	20	421,392	19
38	RESTATEMENT OF COMMON STOCK	431,031	20	430,204	20
39	ADDITIONAL PAID-IN CAPITAL	198,087	9	198,087	9
40	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	-	-	-	-
41	CAPITAL INCREASE (DECREASE)	498,466	23	596,323	28
42	RETAINED EARNINGS AND CAPITAL RESERVE	2,514,757	118	2,454,891	113
43	REPURCHASE FUND OF SHARES	179,722	8	175,772	8
44	DEFICIT FROM RESTATEMENT	(2,183,118)	(102)	(2,094,207)	(97)
45	NET INCOME FOR THE YEAR	(12,895)	(1)	59,867	3

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED BALANCE SHEET					
BREAKDOWN OF MAIN CONCEPTS					
AS OF DECEMBER 31, 2004 AND 2003					
(Thousands of Pesos)					
REF S	CONCEPTS	2004		2003	
		Amount	%	Amount	%
3	CASH AND SHORT TERM INVESTMENTS	51,799	100	70,403	100
46	CASH	-	-	-	-
47	SHORT-TERM INVESTMENTS	51,799	100	70,403	100
18	DEFERRED ASSETS (NET)	272,317	100	276,003	100
48	AMORTIZED OR REDEEMED EXPENSES	-	-	-	-
49	GOODWILL	210,459	100	212,236	100
50	DEFERRED TAXES	-	-	-	-
51	OTHERS	61,858	100	63,767	100
21	CURRENT LIABILITIES	963,326	100	956,198	100
52	FOREIGN CURRENCY LIABILITIES	54,088	6	117,976	12
53	MEXICAN PESOS LIABILITIES	909,238	94	838,222	88
24	STOCK MARKET LOANS	-	100	-	100
54	COMMERCIAL PAPER	-	-	-	-
55	CURRENT MATURITIES OF MEDIUM TERM NOTES	-	-	-	-
56	CURRENT MATURITIES OF BONDS	-	-	-	-
26	OTHER CURRENT LIABILITIES	82,575	100	91,173	100
57	OTHER CURRENT LIABILITIES WITH COST	-	-	-	-
58	OTHER CURRENT LIABILITIES WITHOUT COST	82,575	100	91,173	100
27	LONG-TERM LIABILITIES	997,735	100	1,278,773	100
59	FOREIGN CURRENCY LIABILITIES	279,985	28	334,173	26
60	MEXICAN PESOS LIABILITIES	717,750	72	944,600	74
29	STOCK MARKET LOANS	-	100	-	100
61	BONDS	-	-	-	-
62	MEDIUM TERM NOTES	-	-	-	-
30	OTHER LOANS	-	100	-	100
63	OTHER LOANS WITH COST	-	-	-	-
64	OTHER LOANS WITHOUT COST	-	-	-	-
31	DEFERRED LOANS	280,431	100	351,088	100
65	NEGATIVE GOODWILL	-	-	-	-
66	DEFERRED TAXES	280,431	100	351,088	100
67	OTHERS	-	-	-	-
32	OTHER LIABILITIES	26,628	100	21,220	100
68	RESERVES	26,628	100	21,220	100
69	OTHERS LIABILITIES	-	-	-	-
44	DEFICIT FROM RESTATEMENT	(2,183,118)	100	(2,094,207)	100
70	ACCUMULATED INCOME DUE TO MONETARY POSITION	-	-	-	-
71	INCOME FROM NON-MONETARY POSITION ASSETS	(2,183,118)	100	(2,094,207)	100

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED INCOME STATEMENT					
YTD DECEMBER 2004 vs YTD DECEMBER 2003					
(Thousands of Pesos)					
REF R	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
		Amount	%	Amount	%
1	NET SALES	5,449,471	100	5,361,973	100
2	COST OF SALES	3,419,895	63	3,254,902	61
3	GROSS PROFIT	2,029,576	37	2,107,071	39
4	OPERATING EXPENSES	1,609,663	30	1,762,523	33
5	OPERATING INCOME	419,913	8	344,548	6
6	COMPREHENSIVE FINANCING COST	82,821	2	109,651	2
7	INCOME AFTER COMPREHENSIVE FINANCING COST	337,092	6	234,897	4
8	OTHER EXPENSE (INCOME)	(16,285)	(0)	12,036	0
9	INCOME BEFORE TAXES AND PROFIT SHARING	353,377	6	222,861	4
10	RESERVE FOR INCOME TAXES AND PROFIT SHARING	119,201	2	77,293	1
11	NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING	234,176	4	145,568	3
12	EQUITY IN EARNINGS OF ASSOCIATED COMPANIES	10,546	0	9,788	0
13	CONSOLIDATED NET INCOME OF CONTINUOUS OPERATIONS	244,722	4	155,356	3
14	INCOME OF DISCONTINUOUS OPERATIONS	-	-	-	-
15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	244,722	4	155,356	3
16	EXTRAORDINARY ITEMS, NET EXPENSES (INCOME)	42,000	1	-	-
17	NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES	90,850	2	-	-
18	NET INCOME	111,872	2	155,356	3
19	MINORITY INCOME	124,767	2	95,489	2
20	MAJORITY INCOME	(12,895)	(0)	59,867	1

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED INCOME STATEMENT					
BREAKDOWN OF MAIN CONCEPTS					
YTD DECEMBER 2004 vs YTD DECEMBER 2003					
(Thousands of Pesos)					
REF R	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
		Amount	%	Amount	%
1	NET SALES	5,449,471	100	5,361,973	100
21	DOMESTIC	5,096,740	94	5,014,104	94
22	FOREIGN	352,731	6	347,869	6
23	TRANSLATED INTO DOLLARS (***)	30,854	1	32,290	1
6	COMPREHENSIVE FINANCING COST	82,821	100	109,651	100
24	INTEREST EXPENSE	127,951	154	128,717	117
25	FOREING EXCHANGE LOSS	-	-	13,854	13
26	INTEREST INCOME	3,261	4	5,815	5
27	FOREING EXCHANGE GAIN	4,527	5	-	-
28	MONETARY POSITION GAIN	(37,342)	(45)	(27,105)	(25)
42	UDIS RESTATEMENT LOSS	-	-	-	-
43	UDIS RESTATEMENT GAIN	-	-	-	-
8	OTHER EXPENSE (INCOME)	(16,285)	100	12,036	100
29	OTHER NET EXPENSES (INCOME), NET	(16,285)	100	12,036	100
30	(PROFIT) LOSS ON SALE OF OWN SHARES	-	-	-	-
31	(PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS	-	-	-	-
10	RESERVE FOR INCOME TAXES AND PROFIT SHARING	119,201	100	77,293	100
32	INCOME TAX	116,761	98	127,070	164
33	DEFERRED INCOME TAX	540	0	(49,777)	(64)
34	WORKERS' PROFIT SHARING	1,900	2	-	-
35	DEFERRED WORKERS' PROFIT SHARING	-	-	-	-

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED INCOME STATEMENT					
OTHER CONCEPTS					
YTD DECEMBER 2004 vs YTD DECEMBER 2003					
(Thousands of Pesos)					
REF R	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
		Amount		Amount	
36	TOTAL SALES	6,005,776		5,932,208	
37	NET INCOME OF THE YEAR	353,821		380,915	
38	NET SALES (**)	5,449,471		5,361,973	
39	OPERATING INCOME (**)	419,913		344,548	
40	MAJORITY NET INCOME (**)	(12,895)		59,867	
41	NET INCOME (**)	111,872		155,356	
	(**) LAST TWELVE MONTHS				

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION					
YTD DECEMBER 2004 vs YTD DECEMBER 2003					
(Thousands of Pesos)					
REF C	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
		Amount		Amount	
1	NET INCOME	111,872		155,356	
2	+(-) NON-CASH ITEMS	202,416		86,549	
3	CASH FLOW FROM NET INCOME OF THE YEAR	314,288		241,905	
4	CASH FLOW FROM CHANGES IN WORKING CAPITAL	163,076		(236,491)	
5	NET RESOURCES PROVIDED BY OPERATING ACTIVITIES	477,364		5,414	
6	CASH FLOW FROM EXTERNAL FINANCING	(396,450)		269,838	
7	CASH FLOW FROM INTERNAL FINANCING	(46,535)		(178,398)	
8	NET RESOURCES PROVIDED BY (USED IN) FINANCING ACTIVITIES	(442,985)		91,440	
9	CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES	(52,983)		(193,517)	
10	NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(18,604)		(96,663)	
11	CASH AND SHORT TERM INVESTMENTS AT THE BEGINNING OF PERIOD	70,403		167,066	
12	CASH AND SHORT TERM INVESTMENTS AT THE END OF PERIOD	51,799		70,403	

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION					
BREAKDOWN OF MAIN CONCEPTS					
YTD DECEMBER 2004 vs YTD DECEMBER 2003					
(Thousands of Pesos)					
REF C	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
		Amount		Amount	
2	+(-) NON-CASH ITEMS	202,416		86,549	
13	DEPRECIATION AND AMORTIZATION	114,099		128,206	
14	+ (-) NET INCREASE (DECREASE) IN PENSIONS FUND AND SENIORITY PREMIUMS	5,409		4,055	
15	+ (-) FOREIGN EXCHANGE LOSS (GAIN)	(4,527)		13,854	
16	+ (-) NET LOSS (PROFIT) IN ASSETS AND LIABILITIES RESTATEMENT	-		-	
17	+ (-) OTHER ITEMS	(24,115)		(59,566)	
40	+ (-) OTHER ITEMS NOT RELATED TO EBITDA	111,550		-	
4	CASH FLOW FROM CHANGES IN WORKING CAPITAL	163,076		(236,491)	
18	+ (-) DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	182,818		(59,919)	
19	+ (-) DECREASE (INCREASE) IN INVENTORIES	(237,239)		(133,894)	
20	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLE	90,431		72,755	
21	+ (-) INCREASE (DECREASE) IN TRADE ACCOUNTS PAYABLE	135,530		33,711	
22	+ (-) INCREASE (DECREASE) IN OTHER LIABILITIES	(8,464)		(149,144)	
6	CASH FLOW FROM EXTERNAL FINANCING	(396,450)		269,838	
23	+ SHORT-TERM BANK AND STOCK MARKET FINANCING	(119,260)		123,210	
24	+ LONG-TERM BANK AND STOCK MARKET FINANCING	(277,190)		146,628	
25	+ DIVIDEND RECEIVED	-		-	
26	+ OTHER FINANCING	-		-	
27	(-) BANK FINANCING AMORTIZATION	-		-	
28	(-) STOCK MARKET LOANS AMORTIZATION	-		-	
29	(-) OTHER FINANCING AMORTIZATION	-		-	
7	CASH FLOW FROM INTERNAL FINANCING	(46,535)		(178,398)	
30	+ (-) PURCHASES OF COMPANY'S COMMON STOCK	6,100		(2,015)	
31	(-) DIVIDENDS PAID	(52,635)		(176,383)	
32	+ ADDITIONAL PAID-IN CAPITAL	-		-	
33	+ CONTRIBUTION FOR FUTURE CAPITAL INCREASES	-		-	
9	CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES	(52,983)		(193,517)	
34	+ (-) INVESTMENTS IN COMMON STOCK	-		(34,351)	
35	(-) PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	(23,619)		(74,813)	
36	(-) INCREASE IN CONSTRUCTIONS IN PROGRESS	(29,364)		(76,497)	
37	+ SALE OF OTHER PERMANENT INVESTMENTS	-		-	
38	+ SALE OF PROPERTY, PLANT AND EQUIPMENT	-		-	
39	+ (-) OTHER ITEMS	-		(7,856)	

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
RATIOS					
CONSOLIDATED					
REF P	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
	YIELD				
1	NET INCOME TO NET SALES	2.05	%	2.90	%
2	NET INCOME TO STOCKHOLDERS' EQUITY (**)	-0.83	%	3.64	%
3	NET INCOME TO TOTAL ASSETS (**)	2.54	%	3.25	%
4	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	87.91	%	43.98	%
5	INCOME DUE TO MONETARY POSITION TO NET INCOME	33.38	%	17.45	%
	ACTIVITY				
6	NET SALES TO NET ASSETS (**)	1.24	times	1.12	times
7	NET SALES TO FIXED ASSETS (**)	3.09	times	2.79	times
8	INVENTORIES ROTATION (**)	3.10	times	3.25	times
9	ACCOUNTS RECEIVABLE IN DAYS OF SALES	42	days	54	days
10	INTEREST EXPENSE TO TOTAL LIABILITIES WITH COST (**)	9.34	%	7.27	%
	LEVERAGE				
11	TOTAL LIABILITIES TO TOTAL ASSETS	51.49	%	54.63	%
12	TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY	1.06	times	1.20	times
13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	14.73	%	17.34	%
14	LONG-TERM LIABILITIES TO FIXED ASSETS	56.50	%	66.63	%
15	OPERATING INCOME TO INTEREST EXPENSE	3.28	times	2.68	times
16	NET SALES TO TOTAL LIABILITIES (**)	2.40	times	2.06	times
	LIQUIDITY				
17	CURRENT ASSETS TO CURRENT LIABILITIES	2.29	times	2.52	times
18	LIABILITIES	1.14	times	1.48	times
19	CURRENTS ASSETS TO TOTAL LIABILITIES	0.97	times	0.93	times
20	AVAILABLE ASSETS TO CURRENT LIABILITIES	5.38	%	7.36	%
	CASH FLOW				
21	CASH FLOW FROM NET INCOME TO NET SALES	5.77	%	4.51	%
22	CASH FLOW FROM CHANGES IN WORKING CAPITAL TO NET SALES	2.99	%	-4.41	%
23	CASH GENERATED (USED) IN OPERATING ACTIVITIES TO INTEREST EXPENSE	3.73	times	0.04	times
24	EXTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING ACTIVITIES	89.50	%	295.10	%
25	INTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING ACTIVITIES	10.50	%	-195.10	%
26	ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES	44.58	%	38.66	%
	(**) LAST TWELVE MONTHS				

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
DATA PER SHARE					
REF D	CONCEPTS	YTD DECEMBER 2004		YTD DECEMBER 2003	
		Amount		Amount	
1	BASIC PROFIT PER ORDINARY SHARE (**)	(\$0.03		\$ 0.14	
2	BASIC PROFIT PER PREFERENT SHARE (**)	-		-	
3	DILUTED PROFIT PER ORDINARY SHARE (**)	-		-	
4	CONTINUOUS OPERATING PROFIT PER COMMON SHARE(**)	\$ 0.58		\$ 0.37	
5	EFFECT OF DISCONTINUOUS OPERATING ON CONTINUOUS OPERATING PROFIT PER SHARE (**)	-		-	
6	EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUOUS OPERATING PROFIT PER SHARE (**)	\$ 0.10		-	
7	EFFECT BY CHANGES IN ACCOUNTING PRINCIPLES ON CONTINUOUS OPERATING PROFIT PER SHARE (**)	\$ 0.22		-	
8	BOOK VALUE PER SHARE	\$ 3.67		\$ 3.91	
9	CASH DIVIDEND ACCUMULATED PER SHARE	-		\$ 0.16	
10	STOCK DIVIDEND PER SHARE	-	shares	-	shares
11	MARKET PRICE TO BOOK VALUE	1.44	times	1.02	times
12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE (**)	(173.63)	times	28.11	times
13	MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (**)	-	times	-	times
(**) USING LAST TWELVE MONTHS NET INCOME					

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED INCOME STATEMENT					
4TH. QUARTER 2004 vs 4TH. QUARTER 2003					
(Thousands of Pesos)					
REF T	CONCEPTS	4TH. QUARTER 2004		4TH. QUARTER 2003	
		Amount	%	Amount	%
1	NET SALES	1,573,005	100	1,676,611	100
2	COST OF SALES	984,302	63	1,017,847	61
3	GROSS PROFIT	588,703	37	658,764	39
4	OPERATING EXPENSES	453,873	29	566,530	34
5	OPERATING INCOME	134,830	9	92,234	6
6	COMPREHENSIVE FINANCING COST	18,962	1	16,366	1
7	INCOME AFTER COMPREHENSIVE FINANCING COST	115,868	7	75,868	5
8	OTHER EXPENSE (INCOME)	(26,545)	(2)	15,206	1
9	INCOME BEFORE TAXES AND PROFIT SHARING	142,413	9	60,662	4
10	RESERVE FOR INCOME TAXES AND PROFIT SHARING	34,053	2	19,010	1
11	NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING	108,360	7	41,652	2
12	EQUITY IN EARNINGS OF ASSOCIATED COMPANIES	6,450	0	8,247	0
13	CONSOLIDATED NET INCOME OF CONTINUOUS OPERATIONS	114,810	7	49,899	3
14	INCOME OF DISCONTINUOUS OPERATIONS	-	-	-	-
15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	114,810	7	49,899	3
16	EXTRAORDINARY ITEMS, NET EXPENSES (INCOME)	42,000	3	-	-
17	NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES	-	-	-	-
18	NET INCOME	72,810	5	49,899	3
19	MINORITY INCOME	50,804	3	24,473	1
20	MAJORITY INCOME	22,006	1	25,426	2

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS					
CONSOLIDATED INCOME STATEMENT					
BREAKDOWN OF MAIN CONCEPTS					
4TH. QUARTER 2004 vs 4TH. QUARTER 2003					
(Thousands of Pesos)					
REF T	CONCEPTS	4TH. QUARTER 2004		4TH. QUARTER 2003	
		Amount	%	Amount	%
1	NET SALES	1,573,005	100	1,676,611	100
21	DOMESTIC	1,494,060	95	1,582,741	94
22	FOREIGN	78,945	5	93,870	6
23	TRANSLATED INTO DOLLARS (***)	7,277	0	10,265	1
6	COMPREHENSIVE FINANCING COST	18,962	100	16,366	100
24	INTEREST EXPENSE	37,738	199	28,164	172
25	FOREING EXCHANGE LOSS	-	-	2,549	16
26	INTEREST INCOME	1,209	6	271	2
27	FOREING EXCHANGE GAIN	4,284	23	-	-
28	MONETARY POSITION GAIN	(13,283)	(70)	(14,076)	(86)
8	OTHER EXPENSE (INCOME)	(26,545)	100	15,206	100
29	OTHER NET EXPENSES (INCOME), NET	(26,545)	163	15,206	126
30	(PROFIT) LOSS ON SALE OF OWN SHARES	-	-	-	-
31	(PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS	-	-	-	-
10	RESERVE FOR INCOME TAXES AND PROFIT SHARING	34,053	100	19,010	100
32	INCOME TAX	(10,018)	(29)	59,516	313
33	DEFERRED INCOME TAX	42,171	124	(40,506)	(213)
34	WORKERS' PROFIT SHARING	1,900	6	-	-
35	DEFERRED WORKERS' PROFIT SHARING	-	-	-	-

February 23, 2005

Dear Board Members:

During the fourth quarter of 2004 we obtained important advances in the reestablishment of our operating margins, since expense reductions overtook raw and packaging material increases, compensating in excess the pressures on production costs.

However, we could not surpass the historical level of sales obtained in the fourth quarter of 2003, mainly due to the short supply of sea and agricultural products, which also affected our exports.

Our total net sales during the quarter amounted \$1,573.0 million, a 6.2% reduction in real terms when compared to the same period of the year before. Units sold varied from 13.4 to 11.5 million cases, a fall of 14.7% partially influenced by changes in pasta presentations. Measured in tons, the reduction was of 11.0%.

Average prices per ton showed a 5.3% and 1.9% recovery in the quarter and in the year, respectively.

Operating profit for the quarter reached \$134.8 million, a 46.2% increase with respect to the same period of the previous year. Likewise, this profit represented 8.6% of sales, 3.1 percentage points more than the margin of the fourth quarter of 2003 due to a 19.9% reduction in operating expenses, which compensated gross profit margin erosion.

EBITDA rose to \$156.9 million, a 23.7% increase, while EBITDA margin expanded 240 basis points from 7.6% to 10.0% of sales.

According to our initiatives to improve profitability, we registered one-time charges of \$42.0 million net of taxes, related to the suspension of agricultural operations and a foreign subsidiary.

On the other hand, the recognition of Bulletin C-15 "Impairment of the Value of Long-Lived Assets and their Disposal" resulted in a \$21.0 million gain after income taxes, thus reflecting a final extraordinary net amount of \$21.0 million during the quarter. It is important to mention that these charges did not require cash flow.

As result of the one-time items, net income for the quarter reached \$22.0 million, 13.5% less than the amount earned in the fourth quarter of 2003.

Total net sales at December 2004 reached \$5,449.5 million, a 1.6% increase with respect to the previous year. Units sold diminished 1.4% while ton sales remained practically the same.

On a cumulative basis, operating income rose to \$419.9 million, a 21.9% increase when compared to full year 2003 results. Operating margin represented a 7.7% of sales, 1.3 percentage points more than the margin registered a year ago.

As in the quarter, these improvements were driven by an 8.7% reduction in operating expenses, which compensated raw material price increases.

In consequence, EBITDA for the year reached \$534.0 million, a 13.0% increase with respect to the year 2003. Consolidated net income before extraordinary items was \$224.7 million, exceeding by \$89.4 million or 57.5% last year's figure.

The final net result for 2004 was a \$12.9 million loss derived from extraordinary items and the recognition of bulletin C-15 mentioned previously, both totalizing \$111.9 million pesos.

Without considering these non-recurrent charges, majority net income would have been \$99.0 million, in other words, an amount 65.3% higher than the figure recorded during 2003.

Bank loans at December 31, 2004 were \$1,370.1 million, \$314.0 million less than last year's balance, representing an 18.6% reduction in nominal terms.

Of total debt, 27.2% has short-term maturities and 72.8% has long-term maturities. Interest bearing debt maintains an adequate proportion, since 22.8% is denominated in foreign currency while the remaining 77.2% is in Mexican currency.

With no doubts, 2004 was a challenging year.

Weather factors reduced agricultural supply and affected negatively our tuna and sardine activities. The price of most of our commodities such as grains, energy, steel and aluminum, among others, rose significantly; lacking the possibility of passing some of this effect to the market.

Nevertheless, we achieved the original stated objectives, which consisted in increasing operating income and reducing bank loans to improve Grupo Herdez' financial ratios in a considerable way.

These significant advances would have not been possible without the dedication of our people, the support of our suppliers, the trust of our clients, partners and shareholders, but above all, without the preference of our consumers.

Sincerely,

Héctor Hernández-Pons Torres
President and CEO

GRUPO HERDEZ, S. A. DE C. V.

NOTES TO THE CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

Figures stated in thousands of Mexican pesos
of December 31, 2004 purchasing power
(except change rates)

NOTE 1 - BASIS FOR CONSOLIDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The main activities of the company are the establishment, organization, acquisition and promotion of all types of businesses and manufacturing concerns. The company has not employees. The consolidated financial statements include those of Grupo Herdez, S. A. de C. V. (Grupher) and the following subsidiaries:

<u>Company</u>	<u>%</u>	<u>Activity</u>
Herdez, S. A. de C. V. (Herdez)	100%	Manufacture, production, purchase and sale of canned foods and cosmetics, importation and exportation of goods and services, rendering of administrative, accounting, distribution and real estate services. Additionally, it is the majority shareholder of Arpons, S. A. de C. V. (Arpons)
100%,		Herimex, S. A. de C. V. (Herimex) 51%, Herport, S. A. de C. V. (Herport) 50%, Hersail, S. A. de C. V. (Hersail) 50%, Grupo Inmobiliario (real estate companies) 100% and Herdez Europa 90%.
Grupo Búfalo, S. A. de C. V. (Grupo Búfalo)	100%	Incorporation, organization, acquisition and promotion of all type of businesses and manufacturing concerns, as well as the purchase and sale of foodstuffs.
Yavaros Industrial, S. A. de C. V. (Yavaros)	100%	Fishing and marine trapping, gathering of agricultural products, industrialization, processing and marketing of marine and agricultural products.

<u>Company</u>	<u>%</u>	<u>Activity</u>
Compañía Comercial Herdez, S. A. de C. V.	(1)	Purchase and sale of canned foods, cosmetics and importation and exportation of goods.
Alimentos Deshidratados del Bajío, S. A. de C. V. (ADB)	100%	Manufacturing, sale and distribution of onion, garlic, vegetable and dehydrated products and holds the 24% of Fórmula Alimenticia, S. A. de C. V.
Almacenadora Herpons, S. A. de C. V. (Almacenadora Herpons)	100%	Construction, acquisition and organization of offices and warehouses for the storage of all kind of goods.
Hersea, S. A. de C. V. (Hersea)	100%	Tuna fishing.
Miel Carlota, S. A. de C. V. (Miel Carlota)	95%	Purchase and sale of honey and related products.
Hormel Alimentos, S. A. de C. V. (Hormel Alimentos)	50%	Purchase, sale, production, distribution, importation and exportation of canned foods.
McCormick de México, S. A. de C. V. (McCormick)	50%	Production of canned foods.
Sociedad de Desarrollo Agrícola H. P., S. A. de C. V. (SDA)	95%	Agricultural, agribusiness and forestry.
Barilla México, S. A. de C. V. (Barilla México)	50%	Purchase, importation, sale and distribution of pasta.
Fábrica de Envases del Pacífico, S. A. de C. V. (FEPSA)	50%	Manufacture, production and sale of cann food

(1) The company incorporated on December 1, 2004 as a result of the spin-off from Herdez on that same date. The capital stock is \$32,667.

The financial statements have been prepared by applying accounting principles generally accepted in Mexico, and include the following significant accounting policies, including concepts, methods and criteria relative to the recognition of effects of inflation on the financial information.

- a. The financial statements are stated in thousands of Mexican pesos (Ps) of constant purchasing power as of December 31, 2004.
- b. All significant intercompany transactions are eliminated for consolidation purposes. The individual financial statements of Grupher as of December 31, 2004 and 2003 are included, in which the investment in subsidiaries (eliminated from consolidation against stockholders' equity of the subsidiaries) is valued by the equity method. Consolidation was carried out on the basis of the audited financial statements of the subsidiaries.
- c. Up to December 31, 2003, Grupher and subsidiaries recorded the net book value of acquired shares by means of systematic charges to income for the period over a term of 15 years. However, as from 2004, they opted for advance application of the provisions of Statement B-7, "Business Acquisitions", which establish the purchase method as the only valuation rule for the acquisition of a business. Statement B-7 modifies the accounting treatment of goodwill, eliminating amortization as from the date on which the statement went into effect, and subjecting it to annual impairment rules. Likewise, it provides specific rules for the acquisition of a minority interest and the transfer of assets or the exchange of shares between entities belonging to the same interest group.
- d. Marketable securities are stated at cost, which approximates market value.
- e. Inventories are expressed at the last purchase price or production cost, which does not exceed market. Cost of sales is determined by the last-in first-out method.
- f. Property, plant and equipment and the related accumulated depreciation are restated by applying the National Consumer Price Index (NCPI) in accordance with the Fifth Series of Amendments to Statement B-10 of the Mexican Institute of Public Accountants (MIPA), in the specific case of some fixed asset, they are restated limited to their market value.

The value of those assets is subject to an annual impairment evaluation. (See Notes 1g. and 5.)

- g. Grupher and subsidiaries adopted the provisions of Statement C-15, "Impairment in the value of long-lived assets and their disposal", issued by the Mexican Institute of Public Accountants, which establishes criteria for the identification and, when applicable, the recording of impairment losses or the reduction in value of long-lived tangible and intangible assets, including goodwill. The Grupher and subsidiaries calculations resulting from adoption for the guidelines of that statement at January 1 and December 31, 2004 gave rise to an initial tax effect of Ps90,850, charged to income for the period. Additionally, at the end of the period, a credit effect on income for the period was determined as a result of a reversal, whose effect was Ps21,300. (See Note 5).

- h. Up to December 31, 2003, Grupher and subsidiaries recorded trademark rights by restating them on the basis of NCPI factors, and amortized them at annual rates. At December 31, 2004 and 2003, they are shown under other assets in the balance sheet. As from the period ended on December 31, 2004, Grupher and subsidiaries adopted the guidelines established in Statement C-8, "Intangible Assets", and no longer amortized intangible assets corresponding to the trademarks, which were subjected to impairment studies based on expectations for future economic benefits. As a result of those studies, at December 31, 2004, there was no effect to be recorded in income for the period.
- i. The company's liabilities and liability provisions recorded in the balance sheet represent present obligations whose settlement is likely to require the use of economic resources. Those provisions have been entered into the accounting records as per management's best reasonable estimation to cover the present obligations. However, actual results could differ from the provisions recorded.
- j. Income tax is recorded by the comprehensive method of assets and liabilities, which, in principle, recognizes deferred income tax on all differences between the book and tax values of assets and liabilities.
- k. Seniority premiums to which employees are entitled upon termination of employment after 12 years of service, in accordance with the collective labor contract, are recognized as expenses for the year in which the corresponding services are rendered, through contributions to an irrevocable trust fund, based on actuarial studies.

The aforementioned plans are calculated based on the projected unit credit method. Below there is a summary of the main financial data for said plans at December 31, 2004 and 2003.

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Projected benefit obligation	(Ps75,627)	(Ps70,413)
Plan assets at market value	16,059	11,830
Unamortized prior service cost	29,093	31,559
Unamortized variation in assumptions and actuarial adjustments	<u>3,846</u>	<u>5,805</u>
Projected net liability	<u>(Ps26,629)</u>	<u>(Ps21,219)</u>
Accumulated benefit obligation	<u>(Ps58,009)</u>	<u>(Ps53,142)</u>
Unamortized transition liability	<u>(Ps31,380)</u>	<u>(Ps31,923)</u>
Net cost for the period	<u>Ps 10,177</u>	<u>Ps 9,751</u>

The transition liability is amortized by the straight-line method over the average remaining useful lives of the employees expected to receive the benefits approximately 16 years.

Other compensations based on length of service to which employees may be entitled in the event of dismissal or death, in accordance with the Federal Labor Law, are charged to income in the year in which they become payable.

- l. Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are stated at the Mexican peso equivalents resulting from applying the year-end rates. Exchange differences arising from fluctuations in the exchange rates between the dates on which transactions are entered into and those on which they are settled, or the balance sheet dates, are charged or credited to income.
- m. The gain or loss on net monetary position represents the effects of inflation, as measured in terms of the NCPI, on monthly net monetary assets and liabilities during the year.
- n. The capital stock, subscription premiums and retained earnings represent the value of these items in purchasing power at the end of the year, as measured in terms of the NCPI.

The premium on share subscription represents the difference between the payment for subscribed shares and the nominal value of those shares.

- o. The deficit in the restatement of capital is represented by the cumulative result on net monetary position and the result from holding non monetary assets which represents the amount by which the increase in the restated value of these assets, applying specific costs, exceeded or fell short of inflation, measured in terms of the NCPI.
- p. Net income per share is determined based on the weighted average of shares in circulation in accordance with Statement B-14 issued by the MIPA.
- q. Comprehensive income is represented by the net income plus the gain or loss from holding non-monetary assets, the translation adjustment arising in connection with foreign subsidiaries, and items required by specific accounting standards to be reflected in stockholders' equity but which do not constitute capital contributions, reductions or distributions. It is restated on the basis of NCPI factors.

Comprehensive income for the years ended December 31, 2004 and 2003, is analyzed as follows:

	<u>December 31, 2004</u>			
	<u>Retained earnings</u>	<u>Deficit in the restatement of capital</u>	<u>Minority interest</u>	<u>Comprehensive income</u>
Net (loss) income	(Ps12,895)		Ps 124,767	Ps 111,872
Loss from holding nonmonetary assets	_____	(Ps88,913)	(4,869)	(93,782)
	<u>(Ps12,895)</u>	<u>(Ps88,913)</u>	<u>Ps 119,898</u>	<u>Ps 18,090</u>

December 31, 2003

	<u>Retained earnings</u>	<u>Deficit in the restatement of capital</u>	<u>Minority interest</u>	<u>Comprehensive income</u>
Net income	Ps 59,865	.	Ps 95,489	Ps 155,354
Loss from holding nonmonetary assets	_____	(Ps 74,137)	(4,723)	(78,860)
	<u>Ps 59,865</u>	<u>(Ps 74,137)</u>	<u>Ps 90,766</u>	<u>Ps 76,494</u>

NOTE 2 - FOREIGN CURRENCY:

At December 31, 2004, the exchange rate was Ps11.15 to the US dollar (Ps11.23 at December 31, 2003). At February 4, 2005, date of issuance of the audited financial statements the exchange rate was Ps11.16.

The information which follows is expressed in thousands of US dollars, since this is the currency in which most of the company's and subsidiaries' foreign currency transactions are carried out.

At December 31, 2004 and 2003, the company and its subsidiaries had the following US dollar monetary assets and liabilities:

	<u>Consolidated</u>		<u>Grupher</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Assets	US 6,481	US 11,602	US 39	US 46
Liabilities	(29,963)	(38,263)	(20,000)	(9,900)
Net short position	<u>(US 23,482)</u>	<u>(US 26,661)</u>	<u>(US 19,961)</u>	<u>(US 9,854)</u>

At December 31, 2004 and 2003, the company and its subsidiaries had the following position with respect to nonmonetary assets of foreign origin or whose replacement cost can be determined only in dollars:

	<u>Consolidated</u>		<u>Grupher</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Inventories	US 6,822	US 5,337		
Machinery and equipment	100,772	103,012	US 1,938	US 1,938
	<u>US 107,594</u>	<u>US 108,349</u>	<u>US 1,938</u>	<u>US 1,938</u>

Following is a summary of items exported and imported by the subsidiaries (excluding machinery and equipment for their own use), together with the related income and expenses, in dollars:

	Year ended <u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Exports of merchandise	US30,854	US32,290
Imports of finished goods	(14,978)	(13,395)
Technical services and royalties	(8,908)	(8,886)
Interest expenses	(626)	(978)
Royalty income	<u>917</u>	<u>832</u>
Net	<u>US 7,259</u>	<u>US 9,863</u>

NOTE 3 - ANALYSIS OF BALANCES AND TRANSACTIONS WITH RELATED PARTIES:

Following are shown the main balances and transactions with the parent company and subsidiaries at December 31, 2004 and 2003.

	<u>Consolidated</u>		<u>Grupher</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Accounts receivable (payable):</u>				
Hechos con Amor, S. A. de C. V.	(Ps 3,829)	Ps16,943	Ps 3,002	Ps 8,383
Créame, S. A. de C. V.	(308)	1,084		
Herdez Corporation	1,709	1,574		
Herimex Corporation	1,246	1,273		
Empresas H. P., S. A. de C. V.	202	1,145		
Yavaros Industrial, S. A. de C. V.			30,634	70,902
Herdez, S. A. de C. V.			156,519	378
Corporativo Cinco, S. A. de C. V.	282	(1,792)		
McCormick and Company, Inc.	(19,459)	(17,590)	559	593
Herflot, S. A. de C. V.	(3,661)	(521)		
Herflot Tijuana, S. A. de C. V.	71	2,762		
Barilla Alimentare	(4,560)	(14,562)		
Others - Net	<u>41,392</u>	<u>21,909</u>	<u>(1,810)</u>	<u>(2,073)</u>
	<u>Ps13,085</u>	<u>Ps12,225</u>	<u>Ps188,904</u>	<u>Ps78,183</u>

Year ended
December 31,

	<u>Consolidated</u>		<u>Grupper</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Transactions:</u>				
Sale (purchase) of fixed assets	(Ps 8,500)	Ps 2,307		
Interest gain	2,313	1,298	Ps 9,727	Ps 4,096
Interest expense		(4)	(8,842)	(2,718)
Service income	18,459	17,899	3,865	946
Rent expense	(38,172)	(39,675)		
Contract work income	(5,920)	(5,905)		
Administrative services	(129,267)	(143,652)		
Freight services	(18,973)	(15,812)		
Packaging services	(18,352)	(18,370)		
Purchase of labels and others materials	<u>(76,656)</u>	<u>(73,213)</u>	<u> </u>	<u> </u>
	<u>(Ps 275,068)</u>	<u>(Ps 275,127)</u>	<u>(Ps 4,750)</u>	<u>(Ps 2,324)</u>

At December 31, 2004 and 2003, the total amounts above-mentioned represent 5% and 6% of overall income and overall assets, respectively.

NOTE 4 - ANALYSIS OF INVENTORIES:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Finished goods	Ps 535,100	Ps 448,409
Work in process	12,848	16,302
Raw and packaging materials	229,359	227,902
Inventory in the hands of consignee	280,783	269,315
Spare parts	<u>44,721</u>	<u>40,544</u>
	<u>Ps 1,102,811</u>	<u>Ps 1,002,472</u>

NOTE 5 - ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT:

	<u>Consolidated</u>		<u>Grupper</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Buildings	Ps 664,503	Ps 653,369		
Machinery and equipment	1,652,211	1,768,743	Ps22,395	Ps22,395
Furniture and fixtures	76,699	68,923		
Transportation and stowing equipment	69,795	63,337		
Electronic equipment	57,311	47,019	6,996	7,356
Beehives		3,959		
	<u>2,520,519</u>	<u>2,605,350</u>	<u>29,391</u>	<u>29,751</u>
Less - Accumulated depreciation	<u>(1,041,643)</u>	<u>(1,124,800)</u>	<u>(22,514)</u>	<u>(20,635)</u>
	1,478,876	1,480,550	6,877	9,116
Land	217,133	260,042		
Constructions in progress, machinery in transit and advances to suppliers	<u>69,973</u>	<u>178,672</u>		
	<u>Ps 1,765,982</u>	<u>Ps 1,919,264</u>	<u>Ps 6,877</u>	<u>Ps 9,116</u>

At December 31, 2004, as a result of adopting the provisions of Statement C-15, "Impairment in the value of long-lived assets and their disposal", Grupper and subsidiaries recognized and recorded an initial effect of Ps129,786 for impairment in the fixed assets. Additionally, at the end of the period, a reversal of Ps30,000 before income tax was recognized and recorded.

Below are the above-mentioned effects, by cash-flow-generating entity:

	<u>Value of assets</u>	<u>Impairment loss</u>	<u>Reversal (loss) of the impairment</u>	<u>Value of assets at December 31, 2004</u>
Buildings	\$ 689,106	(\$ 55,603)	\$31,000	\$ 664,503
Machinery and equipment	1,683,324	(36,505)	5,392	1,652,211
Furniture and fixtures	76,699			76,699
Transportation and slowing equipment	69,795			69,795
Electronic equipment	57,311			57,311
Land	261,203	(37,678)	(6,392)	217,133
Construction in progress, machinery in transit and advance to suppliers	<u>69,973</u>			<u>69,973</u>
	<u>\$2,907,411</u>	<u>(\$129,786)</u>	<u>\$30,000</u>	<u>\$2,807,625</u>

Recognition of the initial loss from impairment was the result of the significant reduction in the market value of the assets. Additionally, the reversal presented in the calculations at the year-end closing are almost entirely due to the fact that as from the second quarter of 2004, Grupper management modified the mix of its investments in advertising and promotion for the following year, but increased its participation and activity in different points-of-sale, which had a favorable effect on studies of future cash flows.

At December 31, 2004, three ships are under straight leasing agreements. Rent payments for two of the ships are 270,844 dollars, and 144,580 dollars for the third ship. Payments are made on a quarterly basis, and the lease agreement expired in May and November 2007 and 2010, respectively.

NOTE 6 - INVESTMENT IN SUBSIDIARIES AND ASSOCIATED COMPANIES:

<u>Company (1)</u>	<u>Equity</u>	<u>Total</u>	<u>Goodwill</u>
Consolidated subsidiaries:			
Herdez	100%	Ps 215,642	
Compañía Comercial Herdez	100%	429,908	
McCormick	50%	372,055	
Yavaros	100%	1,323	
Grupo Búfalo	100%	115,128	Ps 116,903
ADB	100%	34,759	15,512
Almacenadora Herpons	100%	63,830	23,132
Miel Carlota	95%	16,612	20,047
Hormel Alimentos	50%	66,625	531
Hersea	100%	17,193	
SDA	95%	24,884	
Barilla Mexico	50%	151,507	
Associated companies		<u>79,319</u>	<u>39,644</u>
		<u>Ps 1,588,785</u>	<u>Ps 215,769</u>
Associated companies of the subsidiaries		<u>Ps 7,146</u>	<u>Ps 1,526</u>

(1) The financial statements of these companies have been examined by external auditors.

NOTE 7 - BANK LOANS:

Bank loans at December 31, 2004 are analyzed as follows:

<u>Maturity</u>	<u>Average interest rate</u>	<u>Consolidated</u>	<u>Grupper</u>
<u>2006</u>			
Mexican pesos	9.86%	Ps 12,500	
<u>2007</u>			
Mexican pesos	10.16%	280,000	
Dollars	4.91%	33,449	Ps 100,000
<u>2008</u>			
Mexican pesos	8.78%	425,250	
Dollars	3.63%	<u>246,536</u>	<u>222,990</u>
Total long-term loan		<u>Ps 997,735</u>	<u>Ps 322,990</u>

Some loan agreements contain certain obligations for one of the subsidiaries. At December 31, 2004, the subsidiary is in compliance with those covenants.

NOTE 8 - FINANCIAL INFORMATION BY SEGMENT:

Group management issues internal financial information that is used as a base for evaluations and decision-making. Below is the information on sales made abroad, by geographical segment:

	<u>December 31,</u>			
	<u>2004</u>		<u>2003</u>	
	<u>Mexico</u>	<u>USA</u>	<u>Mexico</u>	<u>USA</u>
Net sales	Ps 5,097	Ps 353	Ps 4,989	Ps 377
Operating income	392	28	321	17
Net income	(13)	0	55	4
Depreciation and amortization	107	7	119	78
EBITDA	499	35	442	730
Total assets	4,321	84	4,472	300
Total liabilities	2,121	147	2,496	164

NOTE 9 - STOCKHOLDERS' EQUITY:

At the General Ordinary Stockholders' meeting held on March 19, 2003, it was agreed to pay dividends amounting to Ps68,373 (Ps63,247 nominal value).

Dividends are free from income tax if paid from the after-tax earnings account (CUFIN) and are subject to tax of from 4.62% to 7.69% if they arise from the reinvested CUFIN. Dividends exceeding the CUFIN are subject to tax equivalent to 49.25%, 42.85%, 40.84% and 38.91% if paid in 2004, 2005, 2006 and 2007, respectively. The tax is payable by the company and may be credited against its income tax in the same year or the following two years. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payment.

In capital reductions, the excess of capital stock over capital contributions, the latter restated in accordance with the procedures specified in the IT Law, are accorded the same tax treatment as dividends.

Below are the nominal value and restatement increment of stockholders' equity components other than capital stock:

	<u>Nominal value</u>	<u>Restatement increment</u>
Retained earnings	<u>Ps1,251,019</u>	<u>Ps1,430,565</u>
Subscription premiums	<u>Ps 43,572</u>	<u>Ps 154,515</u>

During 2004 and 2003, the company repurchased 22,300 and 1,384,400 shares, respectively, of current shares which it had on the Mexican Stock Market for Ps111 (Ps107 nominal value) and Ps5,192 (Ps4,777 nominal value), respectively, which means that Ps23 (Ps22 nominal value) and Ps1,504 (Ps1,385 nominal value), were reduced from the capital stock at December 2004 and 2003.

The capital stock subscribed and paid amounts to Ps422,715 plus a restatement increment of Ps431,031 to express it in Mexican pesos of purchasing power as of December 31, 2004, and is represented by 422,446,363 registered common shares with no par value.

NOTE 10 - INCOME TAX (IT), ASSET TAX (AT), EMPLOYEES' STATUTORY PROFIT SHARING (ESPS) AND TAX LOSS CARRYFORWARDS:

The company and its subsidiaries have been authorized by the Treasury Department to file consolidated IT and AT returns.

The IT and ESPS are not proportional to the results before these entries, due basically to permanent differences which mostly arise from recognition of the effects of inflation on different bases for accounting and tax purposes, nondeductible expenses and depreciation on revaluation values.

As a result to the amendments to the IT Law approved on November 13, 2004, the IT rate will be 30%, 29% and 28% in 2005, 2006 and 2007, respectively.

At December 31, 2004 and 2003, the main temporary differences on which deferred IT is recorded are as follows:

	2004		2003	
	<u>Consolidated</u>	<u>Grupher</u>	<u>Consolidated</u>	<u>Grupher</u>
Estimation for valuing assets and liabilities	(Ps 2,646)	(Ps22,491)	(Ps 42,440)	(Ps22,491)
Inventories	(1,079,760)		(922,756)	
Fixed assets - Net	(604,343)	(3,436)	(719,961)	(4,730)
Advance expenses	(63,567)		(149,067)	
Excess in cost of shares	115,678	137,479	115,586	137,478
Royalties payable abroad	20,966		19,617	
Unamortized tax losses	315,564	10,138	376,351	12,970
Others	<u>25,069</u>		<u>10,466</u>	
	(1,273,039)	121,690	(1,312,204)	123,227
IT rate	<u>29%</u>	<u>29%</u>	<u>33%</u>	<u>33%</u>
	(369,181)	35,290	(433,027)	40,665
Recoverable AT	<u>106,840</u>	<u>2,181</u>	<u>86,206</u>	<u>2,607</u>
Deferred tax	(262,341)	37,471	(346,821)	43,272
Deferred tax arising from reinvested tax profit	<u>(18,091)</u>		<u>(4,267)</u>	
Total deferred taxes	<u>(Ps 280,432)</u>	<u>Ps 37,471</u>	<u>(Ps 351,088)</u>	<u>Ps 43,272</u>

The company determined tax losses of Ps9,382 and Ps12,970, for the years ended December 31, 2004 and 2003, respectively.

The company incurred in individual AT of Ps2,181 in the year ended December 31, 2004.

NOTE 11 - COLLATERAL GRANTED:

At December 31, 2004 and 2003, Grupher and a subsidiary are guaranteeing bank loans of certain subsidiary and affiliated companies amounting to Ps1,370,117 and Ps1,771,093, respectively.

NOTE 12 - EXTRAORDINARY ITEMS:

As a result of the steps taken by Grupher management in order to make operations and future economic results more efficient, certain operations were identified in 2004, which, after a number of analyses, were considered not to be generating the originally expected results. Management therefore decided to suspend and/or cancel those operations, which are shown in the statement of income as extraordinary items, in view of the fact that they are not considered usual or frequent. Below are extraordinary items net of income tax:

Cancellation of agricultural operations	Ps 40,000 (1)
Effect of suspending subsidiary operations	<u>20,000 (2)</u>
	60,000
Income tax rate	<u>30%</u>
Income tax	<u>Ps 18,000</u>
Extraordinary item net of income tax	<u>Ps 42,000</u>

- (1) Corresponds to recognition of the cancellation of operations pertaining to fruit plantations, since those operations failed to generate generally expected results. It was therefore decided to discontinue those operations.
- (2) Management decided to suspend the operations of the subsidiary Herdez Europa, S. A., due to the low level of activities.

RELATIONS OF SHARES INVESTMENTS						
ANNEX 3						
COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	OWNERSHIP	ACQUISITION COST	PRESENT VALUE	
SUBSIDIARIES						
HERDEZ, S.A. DE C.V.	PRODS ALIMENT ENVAS	300,000,000	100	58,642	215,641	
COMPAÑIA COMERCIAL HERDEZ S.A. DE C.V.	COMERCIALIZ. PRODS ALIMENT ENVAS	326,672,310	100	425,355	429,907	
MCCORMICK DE MEXICO, S.A. DE C.V.	PRODS ALIMENT ENVAS	450,000,000	50	163,603	372,054	
GRUPO BUFALO, S.A. DE C.V.	PRODS ALIMENT ENVAS	37,000,063	100	38,465	115,128	
MIEL CARLOTA, S.A. DE C.V.	PROD MIEL DE ABEJA	135,000,000	95	12,427	16,611	
YAVAROS INDUSTRIAL, S.A. DE C.V.	CAPTURA DE ESPECIES MARINAS	33,281,111	100	73,575	1,323	
HORMEL ALIMENTOS, S.A. DE C.V.	IMPORT DE PRODS ALIM	1,000,000	50	29,782	66,624	
ALMACENADORA HERPONS, S.A. DE C.V.	ALMACENES Y BODEGAS	120,500	100	11,060	63,828	
ALIMENTOS DESHIDRATADOS DEL BAJIO, S.A. DE C.V.	PROD VEGET DESHIDRAT	5,388,187	100	35,459	34,758	
HERSEA, S.A. DE C.V.	PESCA Y COMERCIALIZACION DE PROD MAR	40,050	100	40,000	17,193	
SOCIEDAD DE DESARROLLO AGRICOLA, S.A. DE C.V.	PRODUCC AGROPECUARIA, FORESTAL Y APIC	4,550,000	95	39,775	24,885	
BARILLA MEXICO, S.A. DE C.V.	IMPORT DE PASTAS Y SALSAS	117,748,096	50	88,874	151,506	
TOTAL INVESTMENT IN SUBSIDIARIES				1,017,017	1,509,458	
OTHER AFFILIATES						
		1	0	53,292	165,591	
				53,292	165,591	
T O T A L				1,070,309	1,675,049	

MONETARY POSITION IN FOREIGN CURRENCY						
ANNEX 6						
FOREIGN MONETARY POSITION	DOLLARS		OTHER CURRE.		TOTAL	
	TH. DOLL.	TH. PESOS	TH. O.C.	TH. PESOS	TH. PESOS	TH. PESOS
TOTAL ASSETS	4,078	45,472	2,402	26,787	72,259	
TOTAL LIABILITIES	23,984	267,409	5,979	66,665	334,074	
SHORT TERM	984	10,970	3,867	43,118	54,088	
LONG TERM	23,000	256,439	2,112	23,547	279,986	
NET BALANCE	-19,906	-221,937	-3,577	-39,878	-261,815	
THE EXCHANGE RATE FOR 1 DOLLAR IS \$11.1495						
THE EXCHANGE RATE FOR 1 EURO IS \$15.2717						

INTEGRATION AND CALCULATION OF MONETARY POSITION						
ANNEX 7						
Month	Monetary Assets	Monetary Liabilities	Monetary Position	Monthly Inflation	Monthly Result	
January	2,338,146	3,003,572	-665,425	0.01	4,126	
February	2,084,775	2,812,715	-727,941	0.01	4,295	
March	1,876,196	2,679,039	-802,843	0.01	2,649	
April	1,990,937	2,666,484	-675,547	0.01	1,013	
May	2,063,413	2,846,728	-783,315	-0.01	-1,958	
June	2,007,470	2,732,951	-725,480	0.01	1,161	
July	1,986,189	2,693,194	-707,005	0.01	1,838	
August	1,936,409	2,694,552	-758,144	0.01	4,625	
September	2,010,784	2,719,010	-708,226	0.01	5,807	
October	2,063,251	2,773,887	-710,635	0.01	4,903	
November	1,647,110	2,315,796	-668,685	0.01	5,684	
December	1,614,717	3,214,263	-1,599,546	0.01	3,199	
Actualization:					0	
Capitalization:					0	
Foreign Corp.:					0	
Other					0	
T O T A L					37,342	

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS			
ANNEX 9			
PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT CAPACITY	UTILIZATION %
PLANTA MÉXICO	FAB MAY, MOST, JUGOS Y MERM	11,500	77
PLANTA S.L.P. LA PAZ	FAB MAY, MOST, ESPECIAS, TES	5,000	82
PLANTA S.L.P. INDUSTRIAS	FAB MOLES, SALSAS, FRUTAS	5,500	70
PLANTA S.L.P. DUQUE DE HERDEZ	FAB PASTAS	19,260	85
PLANTA VERACRUZ	FAB CHILES, FRUTAS, JUGOS	6,000	50
PLANTA ENSENADA	FAB SALSAS, ACEITUNAS	1,500	58
PLANTA YAVAROS	ENLATADO DE SARDINA	800	60
PLANTA CHIAPAS	ENLATADO DE ATÚN	1,000	80
PLANTA VALLEJO	FAB DE CREMAS, JABONES	500	30
CENTRO DISTR MÉXICO	DISTR PROD HERDEZ, D MARIA, MCCORMICK	17,272	95
CENTRO DISTR CHIHUAHUA	DISTR PROD HERDEZ, D MARIA, MCCORMICK	3,300	90
CENTRO DISTR S.L.P.	DISTR PROD HERDEZ, D MARIA, MCCORMICK	6,420	90
CENTRO DISTR GUADALAJARA	DISTR PROD HERDEZ, D MARIA, MCCORMICK	4,843	90
CENTRO DISTR MÉRIDA	DISTR PROD HERDEZ, D MARIA, MCCORMICK	1,600	90
CENTRO DISTR TIJUANA	DISTR PROD HERDEZ, D MARIA, MCCORMICK	4,355	90
CENTRO DISTR MONTERREY	DISTR PROD HERDEZ, D MARIA, MCCORMICK	3,204	90
CENTRO DISTR PUEBLA	DISTR PROD HERDEZ, D MARIA, MCCORMICK	5,550	90

MAIN RAW MATERIALS					
ANNEX 10					
DOMESTIC	MAIN SUPPLIERS	FOREIGN	MAIN SUPPLIERS	DOM. SUBST.	COST PRODUCTION %
	GLASS		VITROCRISA		2.21
	BOX		ENVASES Y EMPAQUES DE MEXICO		2.49
	LABEL		LITOPLAS		2.16
	CAP		ALUCAPS MEXICANA		3.49
	TIN PACKAGE		INDUSTRIA METALICA DEL ENVASE		10.81
	BOTTLE		VIDRIERA QUERETARO		10.91
	SEMOLINA		LITOPLAS		0.53
	TETRAPACK		TETRAPAK		0.4
	EGGS		PRORUSA		0.07
	WALL PACKAGE		PAESANO PRINTING		0.4
	SOY OIL		ACEITES CARGILL		9.39

GRUPO HERDEZ, S.A. DE C.V. Y SUBSIDIARIAS

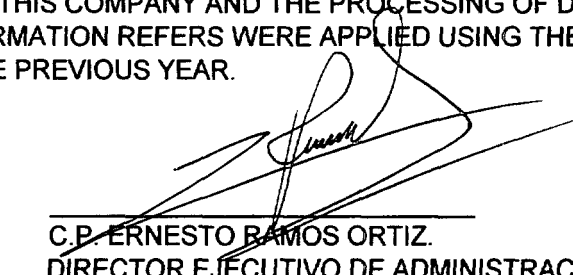
DECLARATION FROM THE COMPANY OFFICIALS RESPONSABLE FOR THE INFORMATION

I HEREBY SWEAR THAT THE FINANCIAL INFORMATION HERE IN SUPPLIED TO THE MARKET STOCK EXCHANGE CORRESPONDING TO THE PERIOD BETWEEN 1 OF JANUARY TO 31 OF DECEMBER OF 2004 AND ITS COMPARATIVE 2003 IS THAT OBTAINED FROM OUR AUTHORIZED ACCOUNTING REGISTERS AND IS RESULT OF THE APPLICATION OF THE ACCOUNTING PRINCIPLES AND NORMS ACCEPTED AND STATED BY MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS AND IN THE PROVISIONS OF THE MEXICAN NATIONAL AND STOCK COMMISSION (COMISION NACIONAL BANCARIA Y DE VALORES).

THE ACCOUNTING PRINCIPLES USED BY THIS COMPANY AND THE PROCESSING OF DATA FOR THE PERIOD WHICH THE SAID INFORMATION REFERS WERE APPLIED USING THE SAME BASIS AS FOR THE SIMILAR OF THE PREVIOUS YEAR.



LIC. HÉCTOR HERNÁNDEZ PONS T.
PRESIDENTE Y DIRECTOR GENERAL.



C.P. ERNESTO RAMOS ORTIZ.
DIRECTOR EJECUTIVO DE ADMINISTRACIÓN
Y FINANZAS.

MÉXICO, D.F. MAY 03 OF 2005.