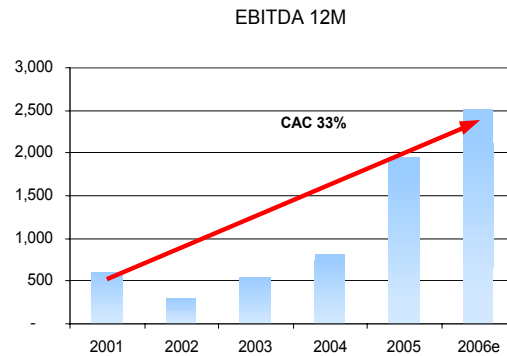
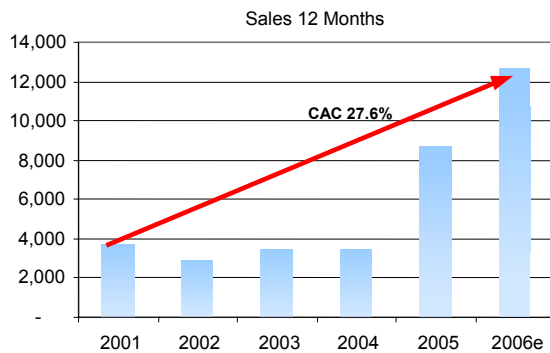


 <b>MEXICHEM</b>	Information on the stock	Mexican Stock Exchange ticker:	MEXICHEM*
	Contact:	Investor Relations: Enrique D. Ortega Prieto eortega@mexichem.com.mx phone (52) 555251 5998	
www.mexichem.com.mx			

**Consolidated Results**

Consolidated Million Pesos	THIRD QUARTER			January - September		
	2006	2005	%Var.	2006	2005	% Var.
<b>Net Sales</b>	3,035	2,244	35%	8,994	6,850	31%
<b>Gross Profit</b>	807	620	30%	2,334	1,863	25%
<b>Net Majority Income</b>	256	-186	238%	813	428	90%
<b>Operating cash flow (EBITDA)</b>	616	520	19%	1,827	1,553	18%
<b>Free cash flow</b>	345	460	-25%	1,117	1,405	-20%

Records of the behavior of sales and consolidated EBITDA show Mexichem’s extraordinary growth including estimates for 2006.



**Volumen and Prices**

**Total Volumen**

**Average Price pesos**

**THIRD QUARTER**

**10.7%**

**5.2%**

**DEBT**

**Net Debt**

**Net Debt/EBITDA**

**Interest coverage**

**Average number of shares**

**P\$**

**THIRD QUARTER**

2006	2005
1,755	1,892
0.78	1.05
10.39	7.02
490,000,000	426,489,016

## **Mexichem highlights**

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### **Regarding Growth**

During the third quarter of 2006, consolidated sales grew 35% compared to the same period last year, to settle at \$3.035 billion; year to date, sales have reached \$8.994 billion, 31.3% higher than in 2005. The increase is mainly due to the group's expansion strategy through the acquisition of Dermet on November 30, 2005, and the merger on March 31, 2006 with Grupo Pochteca—both of which reported sales of \$1.472 billion in 3Q06—as well as the Bayshore acquisition in March, 2006, which reported accrued sales for a total of \$202 million year to date.

EBITDA increased 19% to \$616 million; operating profit rose 20%, compared to the same quarter in 2005; year to date, operating profit in 2006 rose to \$1.476 billion, 22% greater than in 2005. EBITDA reached \$1.827 billion, 18% higher than in 2005. These excellent results are mainly attributed to the fact that the industry's cycle remains stable; to full capacity utilization in the plants; and to cost savings due to operating efficiencies in the plants, as well as a reduction in fixed costs through the implementation of synergies in all our subsidiaries.

Net consolidated revenue grew 238% compared to the same quarter in 2005, totaling P\$256 million; year to date, the figure is \$813 million, 90% above 2005's reading. The \$385 million growth is due to the fact that profits in 2005 include net income as a discontinued operation from the sale of the cable business for P\$268 million, and expenses from an extraordinary item derived from the anticipated amortization of convertible obligations in the sum of P\$652 million.

### **Regarding Costs**

#### **Net financial cost**

In 2006, net financial cost rose 2.6%; this was mainly due to an F/X loss in the sum of \$70 million, a \$109 million gain from interest income, and a \$30 million reduction in monetary gains.

#### **Income tax and employee profit sharing**

Income tax and EPS summed \$484 million, 135% above 2005's figure.

### **Regarding Debt**

Financial debt decreased \$670 million, as a consequence of the net effect of the anticipated amortization of part of the debt from 2005, and the net payment of quarterly amortizations (both these concepts add up to \$1.209 billion), as well as of credits for Dermet and Pochteca in the sum of \$362 million, and US\$16 million for the acquisition of Bayshore. By September 30, 2006, 33% of debt was in US dollars; average maturity is 5 years.

### **Dividends**

In November, 2005, the payment of dividends in the sum of P\$196 million was decreed, to be made throughout 2006 and in compliance with the policy of 10% of the year's EBITDA. This dividend stands for P\$0.40 per share and is equivalent to a 3.0% dividend yield on the closing price of the second quarter, 2006<sup>2</sup>. The first three of the four payments on this dividend, totaling P\$0.30 per share, were made in January, April, and July.

### **Other Important Events**

In March 2006, the purchase of all of the stock of Bayshore was completed; this US-based company produces and sells compounds for the plastic industry. The acquisition price was US\$16 million. Below is a summary of the balance sheet up to the acquisition date:

Total assets worth \$42 million

Total liabilities worth \$42 million

On March 31, 2006, Tenedora Pochteca was merged into Dermet de México. Below is a summary of Pochteca's balance sheet up to the date of the merger:

Total assets worth \$339 million  
 Total liabilities worth \$256 million  
 Capital worth \$83 million

In May, 2006 Mexichem Fluor's two large projects were completed: the expansion of the San Luis Potosi mine where the floating capacity has been doubled, and the conclusion of the fluorite purifier in Matamoros with a total investment of US\$22 million.

Through this investment, Mexichem Fluor will be able to use fluorite from its own mine as of 2Q06, considerably impacting its production costs; likewise, this capacity expansion will make it possible to supply one of its main clients with 125 thousand annual tons in addition to the current contract.

## Operating Cash Flow and Free Cash Flow

	Third Quarter			January - September		
	2006	2005	% Var.	2006	2005	% Var.
<b>Operating cash flow and Free cash flow</b>						
Operating profit	491	409	20	1,476	1,212	22%
+ Depreciation and amortization	125	111	13	351	340	3%
EBITDA	616	520	19	1827	1553	18%
-Investment in fixed assets	271	60.1	351	710	148	380%
Free cash flow	345	460	-25	1,117	1,405	-20%

Free cash flow decreased by P\$115 million in the third quarter, compared to the same quarter in 2005, due to the increase in fixed asset investments from the new projects which have begun operations and are starting to be reflected in the company's results.

## Debt

	P\$	THIRD QUARTER	
		2006	2005
<b>DEBT</b>			
Net Debt		1,755	1,892
Net Debt/EBITDA 12 M		0.78	1.05
Interest coverage		10.39	7.02
Average number of shares		490,000,000	490,000,000

Net debt at the end of September totaled \$1.755 billion vs. \$1.892 billion in the same period in 2005. This is due to the net effect of the anticipated amortization of part of the 2005, debt and the net payment of quarterly amortizations.

## Operating Results by Chain

### Vinyl-Chlorine Chain

	THIRD QUARTER			January - September		
	2006	2005	%Var.	2006	2005	%Var.
<b>Chlorine- vinyl Chain</b>						
<b>Net Sales</b>	2,007	1,911	5%	6,167	5,739	7%
<b>Operating cash flow (EBITDA)</b>	420	426	-1%	1,290	1,228	5%

Volumen and Prices	THIRD QUARTER
<b>Total Volumen</b>	2%
<b>Average Price pesos</b>	4%

Sales in this chain totaled \$2.007 billion in 3Q06, 5% above 3Q05. Sales volume rose 2% YOY. EBITDA reached \$420 million, remaining practically unchanged from 2005. Year to date, sales reached \$6.167 billion, 7% above 2005. Sales volume amounted to 991 thousand tons, 2% higher than in 2005. EBITDA settled at \$1.290 billion, 5% greater than in 2005.

The main products in this chain are: chlorine, soda, PVC resins, compounds and plasticizers. The chain is integrated by 2 divisions: Chlorine-soda and vinyl.

With regard to the performance of PEMEX, chlorine consumption by PEMEX in this period was greater than last year, going from 32,737 tons to 65,598 tons in 2006; that is, a 100% increase. This made it possible to have a better price mix with a positive effect on operating profit.

The average price in pesos in this chain rose 4% YOY, as oil price increases continue to result in hikes in plastics prices.

### Fluorine Chain

	THIRD QUARTER			January - September		
	2006	2005	%Var.	2006	2005	%Var.
<b>Fluorine Chain</b>						
<b>Net Sales</b>	475	333	43%	1,336	1,111	20%
<b>Operating cash flow (EBITDA)</b>	201	128	57%	578	427	35%

Volumen and Prices	THIRD QUARTER
Total Volumen	26%
Average Price pesos	16%

Sales totaled \$475 million, a 43% increase on 2005's figures. EBITDA was \$201 million, representing a 57% increase above 2005. The development of the hydrofluoric acid purifier was completed, enabling the use of the company's own fluorite as of May, 2006, and thus, solving the issue of supplying fluorite which is the essential raw material. It is important to note that this project is being carried out with proprietary technology by Mexichem's Research and Development department (CID). Sales up to September totaled \$1.336 billion, a 20% increase above 2005. Volumes totaled 659 thousand tons, 7% more than in 2005. EBITDA reached \$578 million, 35% higher than in 2005. Prices in this chain rose 16% YOY as a result of the change in product mix due to the mine's floating capacity expansion and current market conditions.

### Distribution Chain

Distribution Chain	Third Quarter		January - September	
	2006	2005	2006	2005
Net Sales	553	0	1,490	0
Operating cash flow (EBITDA)	21.4	0	39	0

Within our distribution chain, Dermat de México reported sales worth P\$553 million in the third quarter and EBITDA of P\$21.4 million. To September, sales totaled P\$1.490 billion and EBITDA was P\$39 million. Currently, Dermat is in the process of a financial and operative restructure which is beginning to show good results in its operating figures, as can be seen in the increase in the EBITDA to sales margin, which doubled in the quarter.

### Outlook

Throughout the remainder of the year, the growth and efficiency projects which we have previously announced will continue to materialize in our 2 production chains and our distribution chain.

The Fluorine Chain in 2006 will work at full capacity, thanks to the signing of medium-term contracts with important US and European clients. Through the use of the fluorite purifier, we will achieve the integration of the largest mine and the second largest HF producer in the world, thus becoming the only HF producer integrated with its main raw material in America.

Within the Vinyl-Chlorine Chain, through the integration achieved in the acquisition of Primex, we have become the largest Mexican integrated producer. The acquisition of a compound plant in the US (Bayshore Group) spreads our business scheme into the largest market in the world and marks the start of the projects to expand into the US. The technology reconversion projects which we are carrying out in the Santa Clara plant will keep us among the five lowest cost producers in North America.

Margins will improve significantly through the synergies achieved with our products, as well as our operating and administrative processes throughout the whole value chain, resulting from the acquisitions we have performed.

## Investments

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Within our investment plans for the next 36 months, we have considered investing US\$400 million, US\$120 million of which are being invested this year.

The projects that have already come into being this year are: the expansion and integration of the Vinyl-Chlorine Chain through the acquisition of Bayshore; the floating capacity expansion of the mine; the fluorite purifier; the merger of Dermet and Pochteca; and we will continue to carry out the projects we have announced, including those to achieve a proper geographical diversification, basically throughout North and Latin America, in addition to efficiency projects which will result in operating improvements and cost reductions.

## Financial Information

### Consolidated Balance Sheet

#### Mexichem S.A de C.V

In thousands of pesos of September 30, 2006

Balance Sheet	To September 30, 2006		
	2005	2004	Variación
<b>Total Assets</b>	<b>9,721,240</b>	<b>8,247,026</b>	<b>18%</b>
Cash and temporary investments	138,733	614,115	-77%
Accounts receivable	2,491,123	1,788,681	39%
Inventory	1,070,579	532,513	101%
Other current assets	147,165	374,032	-61%
Long-term assets	5,873,640	4,937,685	19%
<b>Total Liabilities</b>	<b>5,195,030</b>	<b>5,410,318</b>	<b>-4%</b>
Current liabilities	3,249,435	2,380,837	36%
Long-term liabilities	1,945,595	3,029,481	-36%
<b>Consolidated Equity</b>	<b>4,526,210</b>	<b>2,836,708</b>	<b>60%</b>
Minority Equity	181,920	0	
Majority Equity	4,344,290	2,836,708	53%

### Consolidated Income Statement

#### Mexichem S.A de C.V

In thousands of pesos of September 30, 2006

INCOME STATEMENT	January - September			Third Quarter		
	2006	2005	Variación	2006	2005	Variación
Net Sales	8,994,010	6,849,877	31%	3,035,286	2,244,067	35%
COGS	6,659,807	4,986,864	34%	2,228,175	1,623,639	37%
<b>Gross Profit</b>	<b>2,334,203</b>	<b>1,863,013</b>	<b>25%</b>	<b>807,111</b>	<b>620,428</b>	<b>30%</b>
Operating Expenses	857,755	650,786	32%	315,784	211,345	49%
<b>Operating Income</b>	<b>1,476,448</b>	<b>1,212,227</b>	<b>22%</b>	<b>491,327</b>	<b>409,083</b>	<b>20%</b>
Net Financial (Cost) Revenue	163,332	159,230	3%	36,101	65,514	-45%
Other Expenses, Net	21,315	649,711	-97%	13,060	646,358	-98%
<b>Profit before Taxes and E.P.S.</b>	<b>1,291,801</b>	<b>403,286</b>	<b>220%</b>	<b>442,166</b>	<b>-302,789</b>	<b>246%</b>
Provisions for Taxes and E.P.S.	483,568	206,136	135%	178,525	-156,500	214%
Income from continuing operations	808,233	197,150	310%	263,641	-146,289	280%
Discontinued operations	-5,059	-268,383	-98%	-5,058	2,024	-350%
Cumulative effect of a change in accounting principle	0	37,673		0	37,673	
<b>Consolidated Net Income</b>	<b>813,292</b>	<b>427,860</b>	<b>90%</b>	<b>268,699</b>	<b>-185,986</b>	<b>244%</b>
Net Minority Income	454			12,795		
<b>Net Majority Income</b>	<b>812,838</b>	<b>427,860</b>	<b>90%</b>	<b>255,904</b>	<b>-185,986</b>	<b>238%</b>
<b>EBITDA</b>	<b>1,827,389</b>	<b>1,552,687</b>	<b>18%</b>	<b>616,223</b>	<b>519,876</b>	<b>19%</b>

Some figures in US dollars

Consolidated Million Dollars	Third Quarter			January - September		
	2006	2005	% Var.	2006	2005	% Var.
Net Sales	276	213	30	818	651	26
Gross Profit	73	59	25	212	177	20
Net Majority Income	23	-18	232	74	41	82
Operating cash flow (EBITDA)	56	49	13	166	148	13
Free cash flow	31	44	-28	102	133	-24

Main Indicators Million us dollars	3Q06 (1)	3Q05 (2)	Change (1)/(2)	2006 (3)	2005 (4)	Change (3)/(4)
Net Revenue	\$ 276	213	29.5%	790	336	134.95%
EBITDA	\$ 56	49	13.5%	178	78	128.48%
EBITDA MARGIN	20.30%	23.17%	-12.4%	22.50%	23.13%	-2.75%

DEBT US MILLION DOLLARS	Third Quarter	
	2006	2005
Net Debt	\$ 160	180
Net Debt/EBITDA	0.90	2.31
Interest coverage	10.39	7.02
Average number of shares	490,000,000	426,489,016

Million dollars	Third Quarter			January - September		
Chlorine- vinyl Chain	2006	2005	% Var.	2006	2005	% Var.
Net Sales	183	182	1	561	545	3
Operating cash flow (EBITDA)	38	40	-6	117	117	1

Million dollars	Third Quarter			January - September		
Fluorine Chain	2006	2005	% Var.	2006	2005	% Var.
Net Sales	43	32	37	122	106	15
Operating cash flow (EBITDA)	18	12	51	53	41	30



Million dollars	Third Quarter		January - September	
	2006	2005	2006	2005
Distribution Chain				
Net Sales	50	0	136	0
Operating cash flow (EBITDA)	2	0	4	0

Million dollars	Third Quarter			January - September		
	2006	2005	% Var.	2006	2005	% Var.
Operating cash flow and Free cash flow						
Operating profit	45	39	15	134	115	17
+ Depreciation and amortization	11.4	10.5	8	31.9	32.3	-1
EBITDA	56	49	13	166	148	13
-Investment in fixed assets	25	6	332	65	14	359
Free cash flow	31	44	-28	102	133	-24