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CORPORACION DURANGO S.A .DE C.V.

Form 6-K

August 09, 2006

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 August, 2006

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.

INDIVIDUAL BALANCE SHEETS

AS OF DECEMBER 31, 2005 AND JUNE 30, 2006 (UNAUDITED)

EXPRESSED IN TERMS OF THE PURCHASING POWER OF MEXICAN PESOS

AS OF JUNE 30, 2006

(Stated in thousands of Pesos and Dollars)

	December 31, 2005	Jun 30, 2006	US\$ DLLS. Jun 30, 2006
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 293,162	\$ 902	80
Due from related parties	97,616	225,262	19,984
Taxes recoverable and other assets	43,132	45,333	4,022
Total current assets	433,910	271,497	24,085
LONG-TERM RELATED PARTIES	8,716,886	9,568,468	848,848
INVESTMENT IN SUBSIDIARIES	3,504,522	3,605,878	319,888

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OTHER ASSETS, net	31,389	27,260	2,418
Total assets	\$ 12,686,707	\$ 13,473,103	1,195,240

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Bank loans and current portion of long-term debt .	149,164	157,091	13,936
Interest payable	234	0	0
Trade accounts payable	876	162	14
Accrued liabilities	209,133	200,685	17,803
Total current liabilities	359,407	357,938	31,754
LONG-TERM DEBT	5,674,541	5,897,536	523,188
LONG-TERM RELATED PARTIES	1,911,900	2,304,310	204,422
Total long term liabilities	7,586,441	8,201,846	727,611
Total liabilities	7,945,848	8,559,784	759,364

STOCKHOLDERS' EQUITY:

Total stockholders' equity	4,740,859	4,913,319	435,875
Total liabilities and stockholders' equi\$	12,686,707	13,473,103	1,195,240

Exchange rate: \$ 11.2723

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 JUNE 30, 2006

(Stated in thousands of Pesos and Dollars)

	Full Year 2005	Acum. Jun 2006	Acum. J US\$ 20
* OPERATING ACTIVITIES:			
Net income (loss)	\$ 180,305	\$ -236,255	-20,
Add (deduct)- Charges (credits) to income which do not require (generate) resources:			
Depreciation and amortization	10,348	0	
Loss in subsidiaries	889,716	288,563	25,
Deferred income taxes	319,128	23,178	2,
Other.....	0	0	
Total items which do not require cash.....	1,219,192	311,741	27,
Net resources generated from income	1,399,497	75,486	6,
Changes in operating assets and liabilities:			
Decrease (Increase) in inventories	4,321	0	
Decrease (Increase) in current assets	36,309	-2,201	-
Decrease (increase) in account receivables, net	-52,673	-127,646	-11,
(Decrease) increase in accounts payable and accrued liabilities	4,528	-9,396	-
Resources generated by operating activities	1,391,982	-63,757	-5,
FINANCING ACTIVITIES:			
Increase (Decrease) in bank loans and others	-4,100,830	-228,503	-20,
Increase (Decrease) in capital	292,617	0	
Gain on shares acquisition	2,993,053	0	
Net resources generated from financing activities	-815,160	-228,503	-20,
INVESTMENT ACTIVITIES:			
Acquisition and sale of property, plant and equipment....	398,728	0	
Investment in subsidiaries	-689,685	0	
Net resources applied to investing activities	-290,957	0	
INCREASE IN CASH AND CASH EQUIVALENTS	285,865	-292,260	-25,

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CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD.....	7,297	293,162	26,
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	293,162\$	902US	

* The exchange rate of 11.2723 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 JUNE 30, 2006

	Thousands of Pesos			Thousands of Dollars	
	2Q 2005	2Q 2006	Var	2Q 2005	2Q 2006
Gain (Loss) in subsidiaries	\$ -124,793	\$ -142,495	14%	-11,229	-12,
Selling and Administrative expenses	2,039	1,836	-10%	183	
Operating income	-126,832	-144,331	14%	-11,412	-12,
FINANCIAL EXPENSE:					
Interest expense	116,668	186,721	60%	10,494	16,
Interest income	-283,744	-208,407	-27%	-25,521	-18,
Exchange (gain) loss, net	-19,315	718	N/A	-1,737	
Gain on monetary position	4,699	-2,796	N/A	423	-
Total financial expense	-181,692	-23,764	-87%	-16,341	-2,
OTHER INCOME (EXPENSES):					
Other income (expense), net	-42,907	-4,445	-90%	-3,859	-
Total other income (expense)	-42,907	-4,445	-90%	-3,859	-
Income (loss) before income and asset t	11,953	-125,012	N/A	1,070	-11,
Provision for deferred income taxes	-21,892	982	N/A	-1,969	
Net income	\$ 33,845	\$ -125,994	N/A	3,039	-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 JUNE 30, 2006

	Thousands of Pesos			Thousands of Dollars	
	Ac 2005	Ac 2006	Var	Ac 2005	Ac 2006
Gain (Loss) in subsidiaries	\$ -1,204,05	\$ -288,563	-76%	-104,826	-26,
Selling and Administrative expenses	3,476	3,168	-9%	308	
Operating income	-1,207,52	-291,731	-76%	-105,134	-26,
FINANCIAL EXPENSE:					
Interest expense	243,787	360,761	48%	21,515	32,
Interest income	-1,538,888	-398,834	-74%	-134,344	-36,
Exchange (gain) loss, net	-21,477	1,128	N/A	-1,925	
Gain on monetary position	-24,437	7,450	N/A	-2,103	
Total financial expense	-1,341,01	-29,495	-98%	-116,857	-2,
OTHER INCOME (EXPENSES):					

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Other income (expense), net	-112,496	49,159	N/A	-9,893	4,
Total other income (expense)	-112,496	49,159	N/A	-9,893	4,
Income (loss) before income and asset t	20,991	-213,077	N/A	1,830	-19,
Provision for deferred income taxes	60,119	23,178	-61%	5,141	2,
Net income	\$ -39,128\$	-236,255	504%	-3,311	-21,

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

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).

AS OF JUNE 1, 2004, THE MEXICAN BOARD FOR RESEARCH AND DEVELOPMENT OF FINANCIAL REPORTING STANDARDS, OR CINIF, ASSUMED THE RESPONSIBILITY OF ESTABLISHING MEXICAN ACCOUNTING AND REPORTING STANDARDS. AS PART OF ITS RESPONSIBILITY, AND AFTER DUE EXPOSURE IN 2004 AND 2005, THE CINIF ISSUED SEVERAL FINANCIAL REPORTING STANDARDS (NORMAS DE INFORMACION FINANCIERA, OR NIFS) THAT BECAME EFFECTIVE ON JANUARY 1, 2006.

THE PRINCIPAL OBJECTIVE OF THE CINIF IN ISSUING THE NIFS IS TO ACHIEVE GREATER CONCURRENCE BETWEEN MEXICAN GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS).

THE STRUCTURE OF THE NIFS IS AS FOLLOWS:

- NEW BULLETINS AND INTERPRETATIONS TO THE BULLETINS ISSUED BY CINIF.
- EXISTING BULLETINS ISSUED BY THE ACCOUNTING PRINCIPLES BOARD OF THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS THAT HAVE NOT BEEN AMENDED, REPLACED OR REPEALED BY THE NEW NIFS.
- IFRSS THAT ARE SUPPLEMENTARY GUIDANCE TO BE USED WHEN MEXICAN GAAP DOES NOT PROVIDE PRIMARY GUIDANCE.

THE CIRCULARS ISSUED BY THE ACCOUNTING PRINCIPLES BOARD WILL CONTINUE TO HAVE THE STATUS OF RECOMMENDATIONS AND WILL BE PART OF THE NIFS UNTIL SUCH TIME AS THEY ARE REPLACED OR REPEALED BY NIFS.

THE NIFS ISSUED TO DATE ARE NOT EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL INFORMATION REPORTING. THEY ARE THE FOLLOWING:

- NIF A-1 "FINANCIAL INFORMATION STANDARDS STRUCTURE".
- NIF A-2 "BASIC PRINCIPLES".
- NIF A-3 "USERS REQUIREMENTS AND FINANCIAL STATEMENTS OBJECTIVES".
- NIF A-4 "FINANCIAL STATEMENTS QUALITATIVE CHARACTERISTICS".
- NIF A-5 "FINANCIAL STATEMENTS BASIC ELEMENTS".
- NIF A-6 "RECOGNITION AND VALUATION".
- NIF A-7 "PRESENTATION AND DISCLOSURE".
- NIF A-8 "SUPPLEMENTARY STANDARDS TO MEXICAN GAAP".
- NIF B-1 "ACCOUNTING CHANGES AND ERROR CORRECTIONS".

1.2 BASIS FOR COMPARISON EFFECTS IN THE FINANCIAL STATEMENTS:

THE UNCONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN PREPARED IN ACCORDANCE WITH MEXICAN GAAP AND REFLECT THE PURCHASING POWER OF THE MEXICAN PESO AS OF THE MOST RECENT REPORTING DATE. FOR COMPARISON PURPOSES, UNCONSOLIDATED FINANCIAL STATEMENTS OF PRIOR YEARS HAVE ALSO BEEN RESTATED TO REFLECT

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IDENTICAL PURCHASING POWER, USING FACTORS DERIVED FROM CHANGES IN THE NATIONAL CONSUMER PRODUCTS INDEX (NCPI) ISSUED BY BANCO DE MEXICO.

1.3 INVESTMENTS IN SUBSIDIARIES:

INVESTMENTS IN AFFILIATED AND ASSOCIATED COMPANIES STOCKS ARE VALUED BY THE PARTICIPATION METHOD. THE ACQUISITION COST OF THE STOCKS IS MODIFIED BY THE PROPORTIONAL PART OF THE CHANGES IN THE CAPITAL STOCK OF AFFILIATED AND ASSOCIATED COMPANIES AFTER THE ACQUISITION DATE. PARTICIPATION OF THE COMPANY IN THE AFFILIATED AND ASSOCIATED COMPANIES' INCOME IS PRESENTED SEPARATELY IN THE STATEMENTS OF OPERATIONS.

1.4 FINANCIAL INSTRUMENTS:

FINANCIAL INSTRUMENTS HELD FOR TRADING OR AVAILABLE FOR SALE ARE VALUED AT FAIR VALUE (WHICH IS SIMILAR TO MARKET VALUE) WITH GAINS OR LOSSES RECOGNIZED IN THE STATEMENT OF OPERATIONS. FAIR VALUE IS THE AMOUNT FOR WHICH A FINANCIAL ASSET CAN BE EXCHANGED OR A FINANCIAL LIABILITY CAN BE PAID IN AN ARM'S-LENGTH TRANSACTION BETWEEN INTERESTED AND WILLING PARTIES.

1.5 RIGHTS AND LIABILITIES VALUATION IN FOREIGN CURRENCY:

FOREIGN CURRENCY TRANSACTIONS ARE RECORDED AT THE APPLICABLE EXCHANGE RATE IN EFFECT AT THE TRANSACTION DATE. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY ARE TRANSLATED INTO MEXICAN PESOS AT THE APPLICABLE EXCHANGE RATE IN EFFECT AT THE BALANCE SHEET DATE. DIFFERENCES DUE TO EXCHANGE RATE FLUCTUATIONS FROM TRANSACTIONS AND PAYMENT DATES OR VALUATIONS AS OF THE MOST RECENT BALANCE SHEET DATE ARE RECOGNIZED IN INCOME. EXCHANGE RATE AS OF JUNE 30st,2006 WAS \$11.2723.

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)	OWNERSHIP PERCENTAGE	ACTIVITY
INDUSTRIAS CENTAURO, S.A. DE C.V.	99%	MANUFACTURING OF PAPER FOR CORRUGATED BOXES
COMPANIA PAPELERA DE ATENQUIQUE, S.A. DE C.V.	98%	MANUFACTURING OF PAPER FOR CORRUGATED BOXES
DURANGO INTERNATIONAL, INC.	100%	MANUFACTURING OF PAPER FOR CORRUGATED BOXES AND CORRUGATED BOXES
EMPAQUES DE CARTON TITAN, S.A. DE C.V.	100%	MANUFACTURING OF CORRUGATED BOXES AND MULTI-WALL SACKS
GRUPO PIPSAMEX, S.A. DE C.V.	100%	MANUFACTURING OF NEWSPRINT AND BOND PAPER
DURANGO INTERNACIONAL, S.A. DE C.V.	100%	ADVISORY, ADMINISTRATIVE AND ORGANIZATION SERVICES
PORTEADORES DE DURANGO, S.A. DE C.V.	100%	HAULING FREIGHT
ADMINISTRACION CORPORATIVA DE DURANGO, S.A. DE C.V.	100%	ADMINISTRATIVE SERVICES
PONDEROSA INDUSTRIAL DE MEXICO, S.A. DE C.V.	100%	MANUFACTURING OF PLYWOOD
COMPANIA FORESTAL DE DURANGO, S.A. DE C.V.	100%	ADMINISTRATIVE SERVICES

STOCKHOLDERS' EQUITY:

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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 JUNE 30st,2006.

FIXED AND VARIABLE EQUITY COMPONENTS:

	AMOUNT	NUMBER OF SHARES
FIXED PORTION	982,074	65,419,089
VARIABLE PORTION	678,873	45,222,022
	-----	-----
	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: Aug 8, 2006

By /s/ Mayela Rincon de Velasco

Name: Mayela Rincon de Velasco
Title: Chief Financial Officer