

TELEFONOS DE MEXICO S A DE C V
Form 6-K
July 27, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of July 2005

Commission File Number: 333-13580

Teléfonos de México, S.A. de C.V.

(Exact Name of the Registrant as Specified in the Charter)

Telephones of Mexico

(Translation of Registrant's Name into English)

Parque Vía 190

Colonia Cuauhtémoc

México City 06599, México, D.F.

(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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant 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-

TELÉFONOS DE MÉXICO, S.A. DE C.V.

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

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MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-01

CONSOLIDATED BALANCE SHEETS

AT JUNE 30, 2005 & 2004

(Thousand Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---------------------------------|--------------------------------------|--------------|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| | | 1 | TOTAL ASSETS | 254,942,236 | 100 |
| 2 | CURRENT ASSETS | 62,317,543 | 24 | 38,345,309 | 20 |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 28,263,215 | 11 | 6,932,349 | 4 |
| 4 | ACCOUNTS RECEIVABLE, NET | 22,847,263 | 9 | 19,031,974 | 10 |
| 5 | OTHER ACCOUNTS RECEIVABLE, NET | 7,912,857 | 3 | 4,181,585 | 2 |
| 6 | INVENTORIES | 1,029,379 | 0 | 1,006,474 | 1 |

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| | | | | | |
|----|--|-------------|-----|-------------|-----|
| 7 | OTHER CURRENT ASSETS | 2,264,829 | 1 | 7,192,927 | 4 |
| 8 | LONG - TERM | 1,016,595 | 0 | 1,495,694 | 1 |
| 9 | ACCOUNTS RECEIVABLE, NET | 0 | 0 | 0 | 0 |
| 10 | INVESTMENT IN SHARES OF SUBSIDIARIES AND AFFILIATES NON-CONSOLIDATED | 957,764 | 0 | 1,442,806 | 1 |
| 11 | OTHER INVESTMENTS | 58,831 | 0 | 52,888 | 0 |
| 12 | PLANT, PROPERTY AND EQUIPMENT, NET | 148,555,904 | 58 | 128,016,277 | 65 |
| 13 | PROPERTY | 0 | 0 | 0 | 0 |
| 14 | MACHINERY AND INDUSTRIAL EQUIPMENT | 415,775,237 | 163 | 331,247,879 | 169 |
| 15 | OTHER EQUIPMENTS | 0 | 0 | 0 | 0 |
| 16 | ACCUMULATED DEPRECIATION | 274,044,584 | 107 | 204,711,873 | 104 |
| 17 | CONSTRUCTIONS IN PROGRESS | 6,825,251 | 3 | 1,480,271 | 1 |
| 18 | DEFERRED ASSETS, NET | 16,896,528 | 7 | 1,945,928 | 1 |
| 19 | OTHER ASSETS | 26,155,666 | 10 | 26,275,113 | 13 |
| | | | | | |
| 20 | TOTAL LIABILITIES | 143,095,708 | 100 | 108,024,568 | 100 |
| | | | | | |
| 21 | CURRENT LIABILITIES | 50,307,533 | 35 | 36,175,238 | 33 |
| 22 | SUPPLIERS | 0 | 0 | 0 | 0 |
| 23 | BANK LOANS | 5,109,124 | 4 | 14,188,767 | 13 |
| 24 | STOCK MARKET LOANS | 12,726,910 | 9 | 886,720 | 1 |
| 25 | TAXES PAYABLE | 3,632,172 | 3 | 3,447,258 | 3 |
| 26 | OTHER CURRENT LIABILITIES | 28,839,327 | 20 | 17,652,493 | 16 |
| 27 | LONG - TERM LIABILITIES | 74,581,249 | 52 | 50,192,564 | 46 |
| 28 | BANK LOANS | 38,163,549 | 27 | 13,545,991 | 13 |
| 29 | STOCK MARKET LOANS | 36,417,700 | 25 | 36,646,573 | 34 |
| 30 | OTHER LOANS | 0 | 0 | 0 | 0 |
| 31 | DEFERRED CREDITS | 16,335,332 | 11 | 21,656,766 | 20 |
| 32 | OTHER LIABILITIES | 1,871,594 | 1 | 0 | 0 |
| | | | | | |
| 33 | CONSOLIDATED STOCKHOLDERS' EQUITY | 111,846,528 | 100 | 88,053,753 | 100 |
| | | | | | |
| 34 | MINORITY INTEREST | 11,518,988 | 10 | 154,109 | 0 |
| 35 | MAJORITY INTEREST | 100,327,540 | 90 | 87,899,644 | 100 |

| | | | | | |
|----|---|--------------|------|--------------|------|
| 36 | CONTRIBUTED CAPITAL | 46,546,155 | 42 | 48,302,988 | 55 |
| 37 | CAPITAL STOCK (NOMINAL) | 286,903 | 0 | 302,971 | 0 |
| 38 | RESTATEMENT OF CAPITAL STOCK | 27,349,781 | 24 | 29,090,546 | 33 |
| 39 | PREMIUM ON SALES OF SHARES | 18,909,471 | 17 | 18,909,471 | 21 |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 | 0 |
| 41 | CAPITAL INCREASE (DECREASE) | 53,781,385 | 48 | 39,596,656 | 45 |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE | 107,460,577 | 96 | 95,031,842 | 108 |
| 43 | RESERVE FOR REPURCHASE OF OWN SHARES | 0 | 0 | 0 | 0 |
| 44 | EXCESS (SHORTFALL) FROM RESTATEMENT OF STOCKHOLDERS' EQUITY | (66,509,505) | (59) | (65,767,545) | (75) |
| 45 | NET INCOME | 12,830,313 | 11 | 10,332,359 | 12 |

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-02

CONSOLIDATED BALANCE SHEETS

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|--|--------------------------------------|----------------------------------|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| | | 3 | CASH AND SHORT- TERM INVESTMENTS | 28,263,215 | 100 |
| 46 | CASH | 1,935,743 | 7 | 1,088,791 | 16 |
| 47 | SHORT-TERM INVESTMENTS | 26,327,472 | 93 | 5,843,558 | 84 |
| 18 | DEFERRED ASSETS, NET | 16,896,528 | 100 | 1,945,928 | 100 |
| 48 | AMORTIZED OR REDEEMED EXPENSES | 4,053,363 | 24 | 803,114 | 41 |
| 49 | GOODWILL | 6,918,228 | 41 | 1,142,814 | 59 |
| 50 | DEFERRED TAXES | 5,924,937 | 35 | 0 | 0 |
| 51 | OTHERS | 0 | 0 | 0 | 0 |
| 21 | CURRENT LIABILITIES | 50,307,533 | 100 | 36,175,238 | 100 |
| 52 | FOREIGN CURRENCY LIABILITIES | 17,036,034 | 34 | 13,368,300 | 37 |
| 53 | MEXICAN PESOS LIABILITIES | 33,271,499 | 66 | 22,806,938 | 63 |
| 24 | STOCK MARKET SHORT-TERM SECURITIES | 12,726,910 | 100 | 886,720 | 100 |
| 54 | COMMERCIAL PAPER | 0 | 0 | 0 | 0 |
| 55 | MEDIUM-TERM NOTES | 0 | 0 | 0 | 0 |
| 56 | CURRENT MATURITIES OF SECURITIES | 12,726,910 | 100 | 886,720 | 100 |
| 26 | OTHER CURRENT LIABILITIES | 28,839,327 | 100 | 17,652,493 | 100 |
| 57 | OTHER CURRENT LIABILITIES WITH COST | 0 | 0 | 0 | 0 |
| 58 | OTHER CURRENT LIABILITIES WITHOUT COST | 28,839,327 | 100 | 17,652,493 | 100 |
| 27 | LONG - TERM LIABILITIES | 74,581,249 | 100 | 50,192,564 | 100 |
| 59 | FOREIGN CURRENCY LIABILITIES | 67,481,249 | 90 | 41,951,283 | 84 |
| 60 | MEXICAN PESOS LIABILITIES | 7,100,000 | 10 | 8,241,281 | 16 |
| 29 | STOCK MARKET LONG-TERM SECURITIES | 36,417,700 | 100 | 36,646,573 | 100 |
| 61 | BONDS | 36,417,700 | 100 | 36,646,573 | 100 |

| | | | | | |
|----|--|--------------|------|--------------|------|
| 62 | MEDIUM-TERM NOTES | 0 | 0 | 0 | 0 |
| | | | | | |
| | OTHER LOANS | 0 | 100 | 0 | 100 |
| 63 | OTHER LOANS WITH COST | 0 | 0 | 0 | 0 |
| 64 | OTHER LOANS WITHOUT COST | 0 | 0 | 0 | 0 |
| | | | | | |
| 31 | DEFERRED CREDITS | 16,335,332 | 100 | 21,656,766 | 100 |
| 65 | GOODWILL | 0 | 0 | 0 | 0 |
| 66 | DEFERRED TAXES | 16,335,332 | 100 | 21,656,766 | 100 |
| 67 | OTHERS | 0 | 0 | 0 | 0 |
| | | | | | |
| 32 | OTHER LIABILITIES | 1,871,594 | 100 | 0 | 100 |
| 68 | RESERVES | 1,871,594 | 100 | 0 | 0 |
| 69 | OTHERS LIABILITIES | 0 | 0 | 0 | 0 |
| | | | | | |
| 44 | EXCESS (SHORTFALL) FROM RESTATEMENTS OF STOCKHOLDERS' EQUITY | (66,509,505) | 100 | (65,767,545) | 100 |
| 70 | ACCUMULATED MONETARY POSITION INCOME | (13,705,882) | (21) | (13,705,882) | (21) |
| 71 | RESULT FROM HOLDING NON-MONETARY ASSETS | (52,803,623) | (79) | (52,061,663) | (79) |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-03

CONSOLIDATED BALANCE SHEETS

- OTHER CONCEPTS -

(Thousand Pesos)

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--------------------------------------|--|
| | | Amount | Amount |
| 72 | WORKING CAPITAL | 12,010,010 | 2,170,071 |
| 73 | PENSIONS FUND AND SENIORITY PREMIUMS | 1,871,594 | 0 |
| 74 | EXECUTIVES (*) | 123 | 124 |
| 75 | EMPLOYEES (*) | 26,818 | 11,233 |
| 76 | WORKERS (*) | 51,054 | 49,989 |
| 77 | OUTSTANDING SHARES (*) | 22,952,276,050 | 24,237,719,908 |
| 78 | REPURCHASE OF OWN SHARES (*) | 676,628,260 | 763,075,000 |
| | | | |
| | | | |
| (*) | THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS. | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-04

CONSOLIDATED STATEMENTS OF INCOME

- FROM JANUARY 01 TO JUNE 30, 2005 & 2004 -

(Thousand Pesos)

| REF R | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|--|-----------------------|-----|------------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 79,253,718 | 100 | 62,291,803 | 100 |
| 2 | COST OF SALES AND SERVICES | 43,095,432 | 54 | 32,784,135 | 53 |
| 3 | GROSS INCOME | 36,158,286 | 46 | 29,507,668 | 47 |
| 4 | OPERATING COSTS | 13,554,847 | 17 | 9,319,734 | 15 |
| 5 | OPERATING INCOME | 22,603,439 | 29 | 20,187,934 | 32 |
| 6 | COMPREHENSIVE FINANCING COST | 1,412,019 | 2 | 1,758,192 | 3 |
| 7 | INCOME AFTER COMPREHENSIVE FINANCING COST | 21,191,420 | 27 | 18,429,742 | 30 |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 0 | 0 | 0 |
| 9 | INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING | 21,191,420 | 27 | 18,429,742 | 30 |
| 10 | PROVISIONS FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 7,925,633 | 10 | 8,055,114 | 13 |
| 11 | INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING | 13,265,787 | 17 | 10,374,628 | 17 |
| 12 | EQUITY IN RESULTS OF SUBSIDIARIES AND AFFILIATES | (42,965) | 0 | (42,269) | 0 |
| 13 | INCOME FROM CONTINUOUS OPERATIONS | 13,222,822 | 17 | 10,332,359 | 17 |
| 14 | INCOME FROM DISCONTINUOUS OPERATIONS, NET | 0 | 0 | 0 | 0 |
| 15 | NET INCOME BEFORE EXTRAORDINARY ITEMS | 13,222,822 | 17 | 10,332,359 | 17 |
| 16 | EXTRAORDINARY ITEMS NET EXPENDITURES (REVENUES) | 0 | 0 | 0 | 0 |
| 17 | NET EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0 | 0 | 0 |
| 18 | NET INCOME | 13,222,822 | 17 | 10,332,359 | 17 |
| 19 | MINORITY INTEREST | 392,509 | 0 | 0 | 0 |
| 20 | MAJORITY INTEREST | 12,830,313 | 16 | 10,332,359 | 17 |
| | | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-05

CONSOLIDATED STATEMENTS OF INCOME

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|-------------------------------------|-----------------------|------|------------------------|------|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 79,253,718 | 100 | 62,291,803 | 100 |
| 21 | DOMESTIC | 58,397,255 | 74 | 59,897,249 | 96 |
| 22 | FOREIGN | 20,856,463 | 26 | 2,394,554 | 4 |
| 23 | TRANSLATION INTO DOLLARS (***) | 1,923,531 | 2 | 201,146 | 0 |
| | | | | | |
| 6 | COMPREHENSIVE FINANCING COST | 1,412,019 | 100 | 1,758,192 | 100 |
| 24 | INTEREST EXPENSE | 3,332,087 | 236 | 2,910,824 | 166 |
| 25 | EXCHANGE LOSS | 865,564 | 61 | 703,472 | 40 |
| 26 | INTEREST INCOME | 2,089,265 | 148 | 1,105,917 | 63 |
| 27 | EXCHANGE GAIN | 0 | 0 | 0 | 0 |
| 28 | INCOME DUE TO MONETARY POSITION | (696,367) | (49) | (750,187) | (43) |
| 42 | RESTATEMENT OF UDIS'S LOSS | 0 | 0 | 0 | 0 |
| 43 | RESTATEMENT OF UDIS'S PROFIT | 0 | 0 | 0 | 0 |
| | | | | | |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 100 | 0 | 100 |
| 29 | OTHER INCOME AND EXPENSES, NET | 0 | 0 | 0 | 0 |
| 30 | LOSS (PROFIT) ON SALE OF OWN SHARES | 0 | 0 | 0 | 0 |
| 31 | | 0 | 0 | 0 | 0 |

| | LOSS (PROFIT) ON SALE OF SHORT-TERM INVESTMENTS | | | | |
|-------|--|-------------|------|-----------|-----|
| 10 | PROVISION FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 7,925,633 | 100 | 8,055,114 | 100 |
| 32 | INCOME TAX | 7,540,678 | 95 | 6,961,757 | 86 |
| 33 | DEFERRED INCOME TAX | (1,347,131) | (17) | (403,734) | (5) |
| 34 | EMPLOYEE PROFIT SHARING | 1,732,086 | 22 | 1,497,091 | 19 |
| 35 | DEFERRED EMPLOYEE PROFIT SHARING | 0 | 0 | 0 | 0 |
| | | | | | |
| | | | | | |
| (***) | THOUSAND DOLLARS | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-06

CONSOLIDATED STATEMENTS OF INCOME

- OTHER CONCEPTS -

(Thousand Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|-------------------------|--------------------------------------|--|
| | | Amount | Amount |
| 36 | TOTAL REVENUES | 79,253,717 | 62,291,802 |
| 37 | NET INCOME | 0 | 0 |
| 38 | OPERATING REVENUES (**) | 158,152,955 | 126,537,182 |
| 39 | OPERATING INCOME (**) | 46,438,108 | 41,907,966 |

| | | | |
|------|---------------------------------------|------------|------------|
| 40 | NET INCOME OF MAJORITY INTEREST (**) | 30,225,525 | 21,979,795 |
| 41 | NET INCOME (**) | 30,959,605 | 21,979,795 |
| | | | |
| | | | |
| (**) | INFORMATION OF THE PAST TWELVE MONTHS | | |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-07

CONSOLIDATED STATEMENTS OF INCOME

- FROM JANUARY 01 TO JUNE 30, 2005 & 2004 -

(Thousand Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|-----------|--|--------------------------------------|-----|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 40,174,038 | 100 | 31,708,458 | 100 |
| 2 | COST OF SALES AND SERVICES | 22,122,086 | 55 | 16,920,360 | 53 |
| 3 | GROSS INCOME | 18,051,952 | 45 | 14,788,098 | 47 |
| 4 | OPERATING COST | 7,082,388 | 18 | 4,693,964 | 15 |
| 5 | OPERATING INCOME | 10,969,564 | 27 | 10,094,134 | 32 |
| 6 | COMPREHENSIVE FINANCING COST | 573,053 | 1 | 1,719,906 | 5 |
| 7 | INCOME AFTER COMPREHENSIVE FINANCING COST | 10,396,511 | 26 | 8,374,228 | 26 |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 0 | 0 | 0 |
| 9 | | 10,396,511 | 26 | 8,374,228 | 26 |

| | | | | | |
|----|---|-----------|----|-----------|----|
| | INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING | | | | |
| 10 | PROVISIONS FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 3,652,558 | 9 | 3,769,950 | 12 |
| 11 | INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING | 6,743,953 | 17 | 4,604,278 | 15 |
| 12 | EQUITY IN RESULTS OF SUBSIDIARIES AND AFFILIATES | (23,654) | 0 | (12,524) | 0 |
| 13 | INCOME FROM CONTINUOUS OPERATIONS | 6,720,299 | 17 | 4,591,754 | 14 |
| 14 | INCOME FROM DISCONTINUOUS OPERATIONS, NET | 0 | 0 | 0 | 0 |
| 15 | NET INCOME BEFORE EXTRAORDINARY ITEMS | 6,720,299 | 17 | 4,591,754 | 14 |
| 16 | EXTRAORDINARY ITEMS NET EXPENDITURES (REVENUES) | 0 | 0 | 0 | 0 |
| 17 | NET EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0 | 0 | 0 |
| 18 | NET INCOME | 6,720,299 | 17 | 4,591,754 | 14 |
| 19 | MINORITY INTEREST | 189,071 | 0 | 0 | 0 |
| 20 | MAJORITY INTEREST | 6,531,228 | 16 | 4,591,754 | 14 |
| | | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-08

CONSOLIDATED STATEMENTS OF INCOME, FOURTH QUARTER

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----------|---|-----------------------|------|------------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 40,174,038 | 100 | 31,708,458 | 100 |
| 21 | DOMESTIC | 29,209,183 | 73 | 30,090,487 | 95 |
| 22 | FOREIGN | 10,964,855 | 27 | 1,617,971 | 5 |
| 23 | TRANSLATION INTO DOLLARS (***) | 1,048,680 | 3 | 134,475 | 0 |
| | | | | | |
| 6 | COMPREHENSIVE FINANCING COST | 573,053 | 100 | 1,719,906 | 100 |
| 24 | INTEREST EXPENSE | 1,454,429 | 254 | 1,534,239 | 89 |
| 25 | EXCHANGE LOSS | 292,889 | 51 | 1,034,111 | 60 |
| 26 | INTEREST INCOME | 957,772 | 167 | 803,502 | 47 |
| 27 | EXCHANGE GAIN | 0 | 0 | 0 | 0 |
| 28 | INCOME DUE TO MONETARY POSITION | (216,493) | (38) | (44,942) | (3) |
| 42 | RESTATEMENT OF UDI'S LOSS | 0 | 0 | 0 | 0 |
| 43 | RESTATEMENT OF UDI'S PROFIT | 0 | 0 | 0 | 0 |
| | | | | | |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 100 | 0 | 100 |
| 29 | OTHER INCOME AND EXPENSES, NET | 0 | 0 | 0 | 0 |
| 30 | LOSS (PROFIT) ON SALE OF OWN SHARES | 0 | 0 | 0 | 0 |
| 31 | LOSS (PROFIT) ON SALE OF SHORT-TERM INVESTMENTS | 0 | 0 | 0 | 0 |
| | | | | | |
| 10 | PROVISION FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 3,652,558 | 100 | 3,769,950 | 100 |
| 32 | INCOME TAX | 3,371,064 | 92 | 3,085,434 | 82 |
| 33 | DEFERRED INCOME TAX | (411,884) | (11) | (61,371) | (2) |
| 34 | EMPLOYEE PROFIT SHARING | 693,378 | 19 | 745,887 | 20 |
| 35 | DEFERRED EMPLOYEE PROFIT SHARING | 0 | 0 | 0 | 0 |
| | | | | | |
| | | | | | |
| (***) | THOUSANDS OF DOLLARS | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-09

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

- FROM JANUARY 01 TO JUNE 30, 2005 & 2004 -

(Thousand Pesos)

Final printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|---|--|---|
| | | Amount | Amount |
| 1 | NET INCOME | 13,222,822 | 10,332,359 |
| 2 | ADD (DEDUCT) ITEMS NOT REQUIRING THE USE OF RESOURCES | 11,200,812 | 10,563,504 |
| 3 | CASH FLOW FROM NET INCOME FOR THE YEAR | 24,423,634 | 20,895,863 |
| 4 | CASH FLOW FROM CHANGES IN WORKING CAPITAL | (1,341,175) | 6,646,853 |
| 5 | RESOURCES PROVIDED BY OPERATING ACTIVITIES | 23,082,459 | 27,542,716 |
| 6 | CASH FLOW FROM OUTSIDE FINANCING | 2,655,829 | (8,075,777) |
| 7 | CASH FLOW FROM OWN FINANCING | (11,298,112) | (4,970,321) |
| 8 | RESOURCES PROVIDED BY FINANCING ACTIVITIES | (8,642,283) | (13,046,098) |
| 9 | RESOURCES PROVIDED BY INVESTMENT ACTIVITIES | (6,848,156) | (18,372,321) |
| 10 | NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS | 7,592,020 | (3,875,703) |
| 11 | CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD | 20,671,195 | 10,808,052 |

| | | | |
|----|--|------------|-----------|
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD | 28,263,215 | 6,932,349 |
| | | | |

MEXICAN STOCK EXCHANGE

Index

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-10

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--|---|
| | | Amount | Amount |
| 2 | ADD (DEDUCT) ITEMS NOT REQUIRING THE USE OF RESOURCES | 11,200,812 | 10,563,504 |
| 13 | (+)DEPRECIATION AND AMORTIZATION FOR THE YEAR | 12,406,578 | 10,924,967 |
| 14 | +(-) NET INCREASE (DECREASE) IN PENSIONS FUND AND SENIORITY PREMIUMS | 0 | 0 |
| 15 | +(-) NET LOSS (PROFIT) IN MONEY EXCHANGE | 0 | 0 |
| 16 | +(-) NET LOSS (PROFIT) IN ASSETS AND LIABILITIES ACTUALIZATION | 0 | 0 |
| 17 | +(-) OTHER ITEMS | 0 | 0 |
| | | | |

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| | | | |
|----|---|--------------|--------------|
| 40 | (+) OHTER ITMES NOT CONSIDERED FOR EBITDA CALCULATION | (1,205,766) | (361,463) |
| | | | |
| 4 | CASH FLOW FROM CHANGES IN WORKING CAPITAL | (1,341,175) | 6,646,853 |
| 18 | +(-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE | 1,889,795 | (708,415) |
| 19 | +(-) DECREASE (INCREASE) IN INVENTORIES | (222,890) | (52,376) |
| 20 | +(-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE AND OTHER ASSETS | 1,011,540 | 5,509,668 |
| 21 | +(-) INCREASE (DECREASE) IN SUPPLIERS ACCOUNT | 0 | 0 |
| 22 | +(-) INCREASE (DECREASE) IN OTHER LIABILITIES | (4,019,620) | 1,897,976 |
| | | | |
| 6 | CASH FLOW FROM OUTSIDE FINANCING | 2,655,829 | (8,075,777) |
| 23 | + SHORT-TERM BANK FINANCING AND DEBT SECURITIES | 20,803,861 | 16,293,255 |
| 24 | + LONG-TERM BANK FINANCING AND DEBT SECURITIES | 139,104 | 0 |
| 25 | + DIVIDEND RECEIVED | 0 | 0 |
| 26 | + OTHER FINANCING | 1,036,036 | 0 |
| 27 | (-) BANK FINANCING AMORTIZATION | (13,783,918) | (23,563,862) |
| 28 | (-) DEBT SECURITIES AMORTIZATION | (1,407,007) | (220,499) |
| 29 | (-) OTHER FINANCING AMORTIZATION | (4,132,247) | (584,671) |
| | | | |
| 7 | CASH FLOW FROM OWN FINANCING | (11,298,112) | (4,970,321) |
| 30 | +(-) INCREASE (DECREASE) IN CAPITAL STOCK | (600,350) | 18,235 |
| 31 | (-) DIVIDENS PAID | (4,172,208) | (4,094,336) |
| 32 | + PREMIUM ON SALE OF SHARES | 0 | 6,805,180 |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL INCREASES | (6,525,554) | (7,699,400) |
| | | | |
| 9 | RESOURCES PROVIDED BY INVESTMENT ACTIVITIES | (6,848,156) | (18,372,321) |
| 34 | +(-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF PERMANENT NATURE | (3,480,443) | (4,939,480) |
| 35 | | (8,907,548) | (5,936,878) |

| | | | |
|----|--|-----------|-------------|
| | (-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT | | |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN PROCESS | 0 | 0 |
| 37 | + SALE OF OTHER PERMANENT INVESTMENTS | 0 | 0 |
| 38 | + SALE OF TANGIBLE FIXED ASSETS | 0 | 0 |
| 39 | +(-) OTHER ITEMS | 5,539,835 | (7,495,963) |

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FI-01

RATIOS

- CONSOLIDATED INFORMATION -

(Thousand Pesos)

Final printing

| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|--|--|-------|---|---|
| | | | YIELD | | |
| 1 | NET INCOME TO OPERATING REVENUES | 16.68 | % | 16.59 | % |
| 2 | NET INCOME TO STOCKHOLDERS' EQUITY (**) | 30.13 | % | 25.01 | % |
| 3 | NET INCOME TO TOTAL ASSETS (**) | 12.14 | % | 11.21 | % |
| 4 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 15.05 | % | 17.18 | % |

| | | | | | |
|------|---|---------|-------|-------|-------|
| 5 | INCOME DUE TO MONETARY POSITION TO NET INCOME | 5.27 | % | 7.26 | % |
| | ACTIVITY | | | | |
| 6 | OPERATING REVENUES TO TOTAL ASSETS (**) | 0.62 | times | 0.65 | times |
| 7 | OPERATING REVENUES TO FIXED ASSETS (**) | 1.06 | times | 0.99 | times |
| 8 | INVENTORIES ROTATION (**) | 60.41 | times | 56.09 | times |
| 9 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 45 | days | 48 | days |
| 10 | INTEREST PAID TO TOTAL LIABILITIES WITH COST (**) | 7.42 | % | 8.94 | % |
| | LEVERAGE | | | | |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS | 56.13 | % | 55.09 | % |
| 12 | TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY | 1.28 | times | 1.23 | times |
| 13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES | 59.06 | % | 51.21 | % |
| 14 | LONG-TERM LIABILITIES TO FIXED ASSETS | 50.20 | % | 39.21 | % |
| 15 | OPERATING INCOME TO INTEREST EXPENSE | 6.78 | times | 6.94 | times |
| 16 | OPERATING REVENUES TO TOTAL LIABILITIES (**) | 1.11 | times | 1.17 | times |
| | LIQUIDITY | | | | |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.24 | times | 1.06 | times |
| 18 | CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES | 1.22 | times | 1.03 | times |
| 19 | CURRENT ASSETS TO TOTAL LIABILITIES | 0.44 | times | 0.35 | times |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 56.18 | % | 19.16 | % |
| | STATEMENT OF CHANGES IN FINANCIAL POSITION | | | | |
| 21 | CASH FLOW FROM NET INCOME TO OPERATING REVENUES | 30.82 | % | 33.55 | % |
| 22 | CASH FLOW FROM CHANGES IN WORKING CAPITAL TO OPERATING REVENUES | (1.69) | % | 10.67 | % |
| 23 | RESOURCES PROVIDED BY OPERATING ACTIVITIES TO INTEREST EXPENSES | 6.93 | times | 9.46 | times |
| 24 | OUTSIDE FINANCING TO RESOURCES PROVIDED BY FINANCING ACTIVITIES | (30.73) | % | 61.90 | % |
| 25 | OWN FINANCING TO RESOURCES PROVIDED BY FINANCING ACTIVITIES | 130.73 | % | 38.10 | % |
| 26 | ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO RESOURCES PROVIDED BY INVESTMENT ACTIVITIES | 130.07 | % | 32.31 | % |
| | | | | | |
| (**) | INFORMATION OF THE PAST TWELVE MONTHS | | | | |

MEXICAN STOCK EXCHANGE

Index

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FI-02

DATA PER SHARE

- CONSOLIDATED INFORMATION -

(Thousand Pesos)

Final printing

| REF D | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--|--------|--|--------|
| | | Amount | | Amount | |
| 1 | BASIC INCOME PER ORDINARY SHARE (**) | 1.31 | \$ | 0.91 | \$ |
| 2 | BASIC INCOME PER PREFERENT SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 3 | INCOME PER DILUTED SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 4 | INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 1.31 | \$ | 0.91 | \$ |
| 5 | EFFECT OF DISCONTINUOUS OPERATIONS ON INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 6 | EFFECT OF EXTRAORDINARY INCOME ON INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 7 | EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES ON INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 8 | CARRYING VALUE PER SHARE | 4.37 | \$ | 3.63 | \$ |
| 9 | ACUMULATED CASH DIVIDEND PER SHARE | 0.18 | \$ | 0.17 | \$ |
| 10 | SHARE DIVIDENDS PER SHARE | 0.00 | shares | 0.00 | shares |
| 11 | MARKET PRICE TO CARRYING VALUE | 2.23 | times | 2.79 | times |
| | | | | | |

| | | | | | |
|------|---|------|-------|-------|-------|
| 12 | MARKET PRICE TO BASIC INCOME PER ORDINARY SHARE (**) | 7.45 | times | 11.14 | times |
| 13 | MARKET PRICE TO BASIC INCOME PER PREFERENT SHARE (**) | 0.00 | times | 0.00 | times |
| | | | | | |
| (**) | INFORMATION OF THE PAST TWELVE MONTHS | | | | |

MEXICAN STOCK EXCHANGE

Index

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 1

CHIEF EXECUTIVE OFFICER REPORT

Consolidated

Final printing

Highlights second quarter

- The main difference in second quarter and first half results is due to the consolidation of Embratel that began in the third quarter of 2004.
- Notwithstanding the improvement in margins of the subsidiaries in Latin America, consolidated EBITDA and operating margins were lower than last year.
- Despite of the lack of revenue growth in TELMEX Mexico due to price reductions (16% in local service, 44% in DLD and 34% in ILD in the last 5 years) and increased competition in traditional telephone services, the EBITDA and operating margins were maintained at the same levels as a result of operating efficiencies and lower operating costs.

- In the second quarter, data revenues increased 7.9% in Mexico, demonstrating the strength of broadband and corporate networks services. Consolidated data revenues represented 18.5% of the company's total revenues.
- For the six months, the consolidated investment was 798 million dollars in the expansion and modernization of the telecommunications platform. In particular, 64.8% were invested in Mexico, 29.7% in Embratel and 5.5% in Latin America.
- The company's consolidated net debt (4) increased to the equivalent of approximately 1.447 billion dollars, or 32.4%, to 5.907 billion dollars.
- For the six months, consolidated free cash flow (5) was 8,979 million pesos.
- Earnings per share in the quarter were 0.28 pesos and 0.52 dollars per ADR, an annual increase of 47.4% and 62.5%, respectively.

(4) Net debt defined as short-term liabilities plus long-term debt, less cash and equivalents.

(5) Free cash flow is calculated by resources provided by operating activities resulting from variations in working capital, investment in the telephone plant and inventories for the operation.

Consolidated

Income Statements

The second quarter 2005 analysis presented here includes the results of the subsidiaries in Latin America including Embratel. Results for the second quarter of 2004 relate to operations in Mexico and, recognize the assets acquired from AT&T Latin America.

Revenues

: At June 30, revenues from Telefonos de Mexico and its subsidiaries in Mexico and Latin America rose to 40,174 million pesos, an increase of 26.7% compared with the same period of 2004. The increase primarily was due to the incorporation of the new subsidiaries that were not included in the second quarter of 2004, mainly Embratel. Of total consolidated revenues, voice revenues represented 78.7% and data transmission revenues represented 18.5%. For the six months, consolidated revenues totaled 79,254 million pesos, an increase of 27.2% compared with the same period of last year.

Costs and expenses:

Costs and expenses totaled 29,204 million pesos, 35.1% higher than the second quarter of the previous year due to the incorporation of the new subsidiaries. In particular, transport and interconnection costs increased 114.6% representing the highest increase in the quarter, in spite of the fact that in Mexico, the calling party pays rate decreased. Of total costs and expenses, transport and interconnection costs represented 26.2%, cost of sales and services represented 29% and commercial, administrative and general expenses represented 24.3%. For the six months, costs and expenses increased 34.5% totaling 56,650 million pesos.

EBITDA and operating income:

EBITDA (1) rose to 16,984 million pesos in the second quarter, 7.9% higher than the same period of 2004, producing an EBITDA margin of 42.3%. Operating income totaled 10,970 million pesos, an increase of 8.7% compared with the previous year, and the margin was 27.3% in the quarter. For the six months, EBITDA and operating income were 35,011 and 22,604 million pesos, producing margins of 44.2% and 28.5%, respectively.

Comprehensive financing cost:

Comprehensive financing cost was positive by 573 million pesos in the quarter. This result was due to a net interest charge of 496 million pesos, with an exchange loss of 293 million pesos, a decrease of 71.7% compared with the same period of last year, resulting from the appreciation of the peso to the US dollar and the appreciation of the Brazilian real to the US dollar, and to the hedges that the company made, partially offset by a net monetary gain of 216 million pesos. For the six months, comprehensive financing cost was 1,412 million pesos, 19.8% lower than the same period of last year.

Majority net income:

Majority net income rose to 6,530 million pesos in the second quarter, 42.2% higher than the same period of the previous year. Earnings per share for the second quarter, based on the number of shares outstanding at period end, were 0.28 pesos, and earnings per ADR were 0.52 dollars.

Investments:

During the six months, 798 million dollars were invested. In Mexico, 518 million dollars were invested with special emphasis in the data and Internet businesses. In Embratel, investments totaled 237 million dollars, of which approximately 99 million dollars were used for their satellite business. In the rest of the operations in Latin America, close to 44 million dollars were used for the development of the infrastructure of the various companies.

Stock split

The Extraordinary Shareholders' Meeting held on April 28, 2005, approved the two-for one stock split; of Series "AA", "A" and "L" shares since May 25, 2005 that gave shareholders' the right to receive two new shares for each previous share that they owned.

Dividends:

On April 28, 2005 the Annual Shareholders' Meeting approved the payment of a cash dividend of \$0.76 Mexican pesos per outstanding share in four equal payments of \$0.19 Mexican pesos per share, resulting from the net tax profit account. Due to the approval of the stock split, the cash dividend will be \$0.38 Mexican pesos per share in four equal payments of \$0.095 Mexican pesos per share.

Repurchase of shares

During the quarter, the company used 3,495 million pesos to repurchase 359,169,700 of its own shares. For comparable purposes, it is important to consider the 2 for 1 stock split that was carried out on May 25, 2005.

Debt:

Total debt rose to the equivalent of 8.523 billion dollars compared with 5.482 billion dollars at June 30, 2004. The increase of 3.041 billion dollars or 55.5% is mainly explained by TELMEX's indebtedness related to the placement of bonds for 1.750 billion dollars as well as for the consolidation of Embratel's debt of 507 million dollars. Of total debt, 19.3% is short-term, 91% is in foreign currency (19.9% considering hedges) and 52.3% carries a fixed rate (67.9% considering swaps). At June 30, TELMEX carried out interest rate swaps for 14,390 million pesos, producing a new fixed rate of 9.3%, and currency hedges for 6.056 billion dollars, of which 96.8% is related to hedges of pesos to dollars and the rest to hedges of reais and other currencies to dollars.

During the second quarter, TELMEX repurchased in the market 326 million dollars (nominal value) of its 1.5 billion dollars Senior Notes due in January 2006.

At June 30, 2005, the company's consolidated net debt (4) increased to the equivalent of 1.447 billion dollars totaling 5.907 billion dollars.

Free cash flow (5)

For the six months, resources provided by operating activities were 21,380 million pesos resulting from variations in working capital, investment in the telephone plant and inventories for the operation, generated free cash flow of 8,979 million pesos.

Highlights

EMBRATEL'S RIGHTS OFFERING

On May 3, 2005, the leftover rounds concluded for the rights offering placement in the Sao Paulo Stock Exchange (BOVESPA) and the financial amount subscribed was 1,823 million reais. With this transaction, TELMEX's participation rose to 95.1% of common shares, 45.4% of preferred shares and 63.9% of the total capital.

NET

TELMEX directly and indirectly acquired

an equity interest in Net Serviços de Comunicação (Net), S.A. As a result, TELMEX holds 37.1% of the total capital.

MCI

On April 9, 2005, TELMEX and other related entities entered into an agreement to sell MCI shares to Verizon Communications, Inc. (Verizon). The sale agreement provides that Verizon will pay 25.72 dollars in cash per share of MCI common stock. On May 17, the transaction was closed between a subsidiary of TELMEX and other related entities and a subsidiary of Verizon Communications Inc. for an aggregate cash consideration of approximately US\$1.1 billion. In addition, these selling shareholders also have the right to receive from Verizon an additional cash payment to the extent the trading value of Verizon's common stock is greater than US\$35.52 during a measurement period ending immediately prior to April 9, 2006. In TELMEX's financial statements, an extraordinary income of 659 million dollars was recognized in May 2005 as a result of the sale of those shares.

Mexico Operating Results

Lines in service

From April to June, net line gain was 316 thousand lines, as a result of 485 thousand connections and 169 thousand disconnections. At June 30, TELMEX had 17 million 852 thousand lines in service, an annual increase of 8.4%. For the six months, 679 thousand lines were added as a result of 986 thousand connections and 307 thousand disconnections.

Of the additions during the quarter, the prepaid system generated 53.4%, bringing the total of Multifon lines to 1 million 541 thousand.

Local traffic

During the quarter, 6,622 million local calls were made, a decrease of 1.3% compared with the same period of the previous year. For the six months, local calls totaled 13,263 million, 1.5% lower than the same period of last year. The decrease was mainly due to wireless competition as well as for higher Internet use.

Long distance traffic

In the second quarter, domestic long distance (DLD) traffic totaled 4,501 million minutes, 8.2% higher than the same period of 2004. In the first half, DLD traffic totaled 8,798 million minutes, an increase of 7.5%. International long distance (ILD) outgoing minutes increased 7%, totaling 444 million minutes. Incoming ILD minutes totaled 1,184 million minutes, 5.9% higher than the same period of 2004. The incoming-outgoing ratio was 2.7. For the six months, ILD outgoing minutes totaled 881 million minutes and ILD incoming minutes were 2,424 million minutes, an increase of 5.6% and 13.2%, respectively.

Interconnection

Interconnection traffic totaled 8,812 million minutes during the quarter, 17.5% more than in the same period of the previous year. Traffic originated by the cellular system and terminated on TELMEX's network totaled 1,455 million minutes and represented 16.5% of total interconnection traffic. Interconnection traffic generated by local and long

distance operators totaled 5,660 million minutes and represented 64.2% of total interconnection traffic.

Corporate networks

The corporate market of data transmission added 65 thousand 64 Kbps billed line equivalents during the second quarter. At June 30, TELMEX had 1.7 million billed line equivalents, 31.6% more than the same period of 2004. Ports equivalents related to the corporate networks market totaled 482 thousand units, an annual increase of 102.3%. In the quarter, 118 thousand services were added.

Internet

At June 30, there were approximately 1.9 million Internet access accounts, an annual increase of 24.2%. During the quarter, 72 thousand accounts were added and 186 thousand accounts in the six months. Of this total, ADSL accounts totaled 772 thousand at the end of June, an annual increase of 127.4%. In the second quarter, 106 thousand Infinitum (ADSL) accounts were added and 211 thousand in the first half.

Mexico Financial Results

Revenues

: In the second quarter, total revenues from operations in Mexico totaled 29,918 million pesos, 3.9% lower than the same period of the previous year. Revenues from corporate networks and Internet access increased 7.9% and continue with the highest growth rate. For the six months, the company's revenues decreased 2.6% totaling 59,908 million pesos.

- **Local**

: Local revenues decreased 5.6% due to the decrease of local traffic and local rates in real terms. For the first half, these revenues decreased 4.3%.

- **DLD**

: Revenues decreased 1.1% due to the rate reduction in real terms that were not offset by higher traffic volume. For the six months, the annual decrease was 2.9%.

- **ILD**

: Revenues decreased 6.9% compared with last year's second quarter. ILD billed traffic totaled 1,575 million pesos in the quarter, 4.7% lower than the same period of 2004. International settlement revenues totaled 764 million pesos, a

decrease of 11.1% compared with the same quarter of the previous year. In both cases, lower revenues were because incoming and outgoing traffic did not offset the rate reduction per minute in real terms. For the six months, total ILD revenues, billed traffic revenues and international settlement revenues decreased 2.3%, 1.8% and 3.2%, respectively compared with the same period of last year.

- **Interconnection**

: In the second quarter, traffic from fixed lines to cellular subscribers increased 3.3% but interconnection revenues decreased 9.4%. Nevertheless, interconnection traffic generated by long distance, local and cellular operators partially offset the rate reduction of calling party pays. For the six months, total interconnection revenues decreased 7.1%.

- **Corporate networks**

: Revenues from services related to data transmission and private and managed networks increased 1.5% due to the increase in line equivalents in operation and port equivalents access. For the first half, these revenues increased 3.3%.

- **Internet:**

Revenues of services related to the Internet platform rose 17.6% due to the increase in the number of high-speed users (Infinitum). These revenues continue with the highest growth rate. From January to June, Internet revenues increased 17%.

Costs and expenses:

In the second quarter, costs and expenses from the operations in Mexico totaled 19,454 million pesos, a decrease of 7.1% compared with the same period of 2004. This decrease was due to lower costs of sales and services, lower interconnection costs related to the reduction of the calling party pays rate and lower depreciation and amortization.

- **Cost of sales and services:**

Cost of sales and services decreased 5.2% mainly due to the change in the accounting policy for PC costs related to Internet services since January 2005, under which costs will be booked over the life of the customer contract rather than taken when the company purchases the PC, as was the practice in 2004, as well as for lower charges in pensions and seniority premiums, travel expenses, costs of directories, insurance and settlement cost.

- **Commercial, administrative and general:**

Commercial, administrative and general expenses increased 3.4% in the quarter due to third party services for the maintenance and growth of the telephone plant.

- **Transport and interconnection:**

Transport and interconnection costs decreased 9.1% due to the reduction of the calling party pays rate, the main component of this item.

- Depreciation and amortization:

Depreciation and amortization decreased 17.2% due to a lower level of assets to be depreciated and to the impact of the exchange and inflation rates.

EBITDA and operating income:

EBITDA (1) totaled 14,996 million pesos in the second quarter, 4.3% lower than the same period of 2004. The EBITDA margin was 50.1%; similar to last year's second quarter. Operating income totaled 10,464 million pesos; an increase of 2.6% compared with the previous year and the operating margin was 35% in the quarter, an increase of 2.3 percentage points compared with the same period of the previous year. For the first half, EBITDA decreased 0.3% totaling 30,921 million pesos producing a margin of 51.6%. The operating margin for the six months was 35.8% reaching operating income of 21,468 million pesos, an annual increase of 5.6%.

Investments:

In Mexico, 518 million dollars were invested in the six months, of which 32.8% were used for the development and expansion of new generation services platforms like broadband Internet access and services related to access the public data network and technological convergence. Additionally, 45.2% was invested in basic access and expansion of the telephone plant and 5.9% in social telephony projects in Mexico.

Debt:

Debt rose to the equivalent of 7.967 billion dollars, of which 18.7% is short-term, 90.9% is in foreign currency (17.3% considering hedges), and 51.5% carries a fixed rate (68.2% considering interest rate swaps).

Net indebtedness (4) in Mexico increased 27% to 5.680 billion dollars, related to new debt of 1.750 billion dollars offset by the repurchase of 326 million dollars of Senior Notes due January 2006.

Latin America Financial Results

The financial information presented here is calculated in the currency of the country in which each Latin America subsidiary operates, according to that country's generally accepted accounting principles, and is based on continuing operations.

Brazil

Revenues from the operations in Brazil during the second quarter totaled 1,899 million reais, 2.9% higher than the same period of 2004. The increase of 1.5% in revenues was mainly due to the long distance business representing 62.9% of total revenues in the country. Data services represented 24.4% of total revenues and increased 1.1%. Local service revenues increased 8.1%. Costs and expenses in the quarter totaled 1,741 million reais, 3.1% lower than in

2004. Costs of sales and services increased 2.4% and totaled 187 million reais. Transport and interconnection costs increased 5.5% and represented 52.2% of total costs and expenses. Commercial, administrative and general expenses decreased 17.5% in the quarter. Operating income in the quarter was 158 million reais, producing an operating margin of 8.3%. EBITDA (1) totaled 433 million reais, 22.6% higher than the same period of 2004, with a margin of 22.8%.

Chile

Revenues from the operations in Chile during the second quarter totaled 15,968 million Chilean pesos, 14.4% higher than the previous year. The corporate networks and Internet businesses represented 31.2% of total revenues and increased 6.2%. The voice business represented 66.2% of total revenues and increased 15.9%. Its improved performance reflected higher domestic and international long distance rates. Costs and expenses were 15,458 million Chilean pesos in the quarter, 4.5% lower than in 2004. Transport and interconnection increased 17.2%, offset by a 29% decline in commercial, administrative and general expenses. Operating income totaled 510 million Chilean pesos compared with an operating loss of 2,227 million Chilean pesos in the same period of 2004. The operating margin for the quarter was 3.2%. EBITDA (1) totaled 3,085 million Chilean pesos, up 19.4 percentage points, producing a margin of 19.3%.

Argentina

Revenues from the operations in Argentina during the second quarter totaled 68 million Argentinean pesos, 31.9% higher than in 2004. The corporate networks and Internet businesses that represented 47.7% of total revenues increased 34.6% due to the addition of several corporate customers. The voice business that represented 51.8% of total revenues increased 29.9% due to higher interconnection revenues. Operating costs and expenses increased 8.1% and totaled 67 million Argentinean pesos in the quarter. Transport and interconnection cost reflected the highest increase that was 24%, and represented 48.1% of total cost and expenses. In the quarter, operating income totaled 1 million Argentinean pesos compared with an operating loss of 10 million Argentinean pesos in last year's second quarter. The operating margin was 1.8%, an increase of 21.8 percentage points compared with the same period of the previous year. EBITDA (1) totaled 9 million Argentinean pesos, compared with 2 million Argentinean pesos in the same period of 2004.

Colombia

Revenues from these operations during the second quarter totaled 24,199 million Colombian pesos, 22.1% higher than in 2004. Most of the revenues in Colombia are comprised of services related to data transmission; therefore the increase in revenues was due to the higher number of line equivalents for data transmission. Costs and expenses decreased 2.3%. Among total costs and expenses, 27.6% corresponded to transport and interconnection and reflected an increase of 19.7%. Commercial, administrative and general expenses increased 17% and represented 23.1% of total costs and expenses. Depreciation in the quarter decreased 30.6% in the quarter. Operating income for the quarter totaled 3,272 million Colombian pesos compared with an operating loss of 1,604 million Colombian pesos in the same period of last year. The operating margin was 13.5%, 21.6 percentage points higher than the same period of 2004. EBITDA (1) totaled 8,730 million Colombian pesos in the quarter, 39.6% more than the same period of last year, and produced a margin of 36.1%, 4.5 percentage points higher than last year's second quarter.

Peru

Revenues from operations in Peru during the second quarter totaled 44 million new soles, 9.3% higher than the previous year. The voice business, which represented 66.4% of total revenues, increased 20.3% due to growth in telephone traffic, mainly from the increase in digital trunks serving the corporate market as well as interconnection traffic growth. Costs and expenses in the quarter increased 5% due to the increase of 30.1% in transport and

interconnection costs, which represented 43.7% of total costs and expenses. Depreciation increased 3.6% as a result of the capitalization of assets, including some from previous years. These items were partially offset by cost control initiatives that produced an 18.5% decrease in commercial, administrative and general expenses and by a 10.6% decrease in cost of sales and services. The operating loss in the quarter totaled 3 million new soles. EBITDA (1) totaled 9 million new soles, producing a margin of 19.5%, an increase of 2.9 percentage points compared with last year's second quarter.

Mexico Local and Long Distance Accounting Separation

Based on Condition 7-5 of the Amendments of the Concession Title of Telefonos de Mexico, the commitment to present the accounting of the local and long distance services is presented below for the second quarter of 2005 and 2004.

Mexico Local Service Business

Income Statements

[million of Mexican constant pesos as of June 2005]

| | 2Q 2005 | | 2Q 2004 | | % Inc. | 6 months 2005 | | 6 months 2005 | | % Inc. |
|--|---------|---------------|---------|---------------|---------------|------------------|---------------|------------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| Access, rent and measured service | Ps. | 13,554 | Ps. | 14,350 | (5.5) | Ps. | 27,202 | Ps. | 28,392 | (4.2) |
| Recovery of LADA special projects | | - | | 629 | NA | | - | | 1,173 | NA |
| LADA interconnection | | 1,022 | | 1,189 | (14.0) | | 2,048 | | 2,218 | (7.7) |
| Interconnection with operators | | 380 | | 374 | 1.6 | | 818 | | 664 | 23.2 |
| Interconnection with cellular | | 3,914 | | 4,380 | (10.6) | | 7,827 | | 8,656 | (9.6) |
| Other | | 2,161 | | 2,385 | (9.4) | | 4,243 | | 4,637 | (8.5) |
| Total | | 21,031 | | 23,307 | (9.8) | | 42,138 | | 45,740 | (7.9) |
| Costs and expenses | | | | | | | | | | |
| Cost of sales and services | | 5,434 | | 5,423 | 0.2 | | 10,450 | | 10,338 | 1.1 |
| Commercial, administrative and general | | 3,851 | | 4,050 | (4.9) | | 7,524 | | 7,791 | (3.4) |
| Interconnection | | 2,977 | | 3,289 | (9.5) | | 5,908 | | 6,541 | (9.7) |
| Depreciation and amortization | | 3,011 | | 3,710 | (18.8) | | 6,288 | | 7,169 | (12.3) |
| Total | | 15,273 | | 16,472 | (7.3) | | 30,170 | | 31,839 | (5.2) |
| Operating income | Ps. | 5,758 | Ps. | 6,835 | (15.8) | Ps. | 11,968 | Ps. | 13,901 | (13.9) |

| | | | | | | | | | | |
|----------------------|-----|-------|-----|--------|--------|-----|--------|-----|--------|--------|
| EBITDA (1) | Ps. | 8,769 | Ps. | 10,545 | (16.8) | Ps. | 18,256 | Ps. | 21,070 | (13.4) |
| EBITDA margin (%) | | 41.7 | | 45.2 | (3.5) | | 43.3 | | 46.1 | (2.8) |
| Operating margin (%) | | 27.4 | | 29.3 | (1.9) | | 28.4 | | 30.4 | (2.0) |

Mexico Long Distance Service Business

Income Statements

[millions of Mexican constant pesos as of June 2005]

| | | 2Q 2005 | 2Q 2004 | % Inc. | 6 months 2005 | 6 months 2005 | % Inc. | | | |
|--|-----|---------|---------|-----------|------------------|------------------|-----------|-----|--------|--------|
| Revenues | | | | | | | | | | |
| Domestic long distance | Ps. | 4,073 | Ps. | 4,094 | (0.5) | Ps. | 8,055 | Ps. | 8,270 | (2.6) |
| International long distance | | 2,053 | | 2,236 | (8.2) | | 4,183 | | 4,333 | (3.5) |
| Total | | 6,126 | | 6,330 | (3.2) | | 12,238 | | 12,603 | (2.9) |
| Costs and expenses | | | | | | | | | | |
| Cost of sales and services | | 1,360 | | 1,541 | (11.7) | | 2,686 | | 2,917 | (7.9) |
| Commercial, administrative and general | | 1,253 | | 1,231 | 1.8 | | 2,501 | | 2,498 | 0.1 |
| Interconnection to the local network | | 896 | | 1,047 | (14.4) | | 1,805 | | 2,015 | (10.4) |
| Cost of LADA special projects | | - | | 548 | NA | | - | | 1,055 | NA |
| Depreciation and amortization | | 597 | | 773 | (22.8) | | 1,265 | | 1,494 | (15.3) |
| Total | | 4,106 | | 5,140 | (20.1) | | 8,257 | | 9,979 | (17.3) |
| Operating income | Ps. | 2,020 | Ps. | 1,190 | 69.7 | Ps. | 3,981 | Ps. | 2,624 | 51.7 |
| EBITDA (1) | Ps. | 2,617 | Ps. | 1,963 | 33.3 | Ps. | 5,246 | Ps. | 4,118 | 27.4 |
| EBITDA margin (%) | | 42.7 | | 31.0 | 11.7 | | 42.9 | | 32.7 | 10.2 |
| Operating margin (%) | | 33.0 | | 18.8 | 14.2 | | 32.5 | | 20.8 | 11.7 |

MEXICAN STOCK EXCHANGE

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousand Pesos)

Consolidated

Final printing

S 12 PLANT, PROPERTY AND EQUIPMENT (NET)

Following, is provided the breakdown for the fixed assets included for the second quarter of 2005 by the specific index method and the NCPI ("Mexican National Consumer Price Index"), starting with the appraised values at December 31, 1996 (NCPI 5th. Document).

| CONCEPT | INDEX | NCPI 5 th . DOCUMENT |
|--|--------------------|------------------------------------|
| Investment | Ps. 415,775,237 | Ps. 471,364,999 |
| Accumulated Depreciation | (274,044,584) | (321,953,373) |
| Construction in process and advances to equipment suppliers | 6,825,251 | 6,834,537 |
| Total | 148,555,904 | 156,246,163 |
| Results | 11,958,778 | 13,331,620 |

S 18 DEFERRED ASSETS

At June 30, 2005, deferred assets rose to Ps.

16,896,528 that is comprised mainly by Ps. 557,391, that correspond to the acquisition of concessions to operate radio spectrum frequency bands to provide fixed wireless telephony service in Mexico, that will be amortized in 20 years; Ps. 2,612,837 for deferred assets of Latin America, that are being amortized in periods from 5 to 29 years; Ps. 6,918,228 that corresponds to goodwill that is caused by the share acquisitions of the foreign subsidiaries Embrapar, Techtel, Metrored, Chilesat and the foreign affiliated Net and Ps. 5,924,937 for receivable deferred income tax D-4 of foreign subsidiaries.

S 19 OTHER ASSETS

This item rose to

\$ 26,155,666 and \$ 26,275,113 at June 30, 2005 and 2004, respectively, and is comprised by the following concepts:

| | 2005 | 2004 |
|----------------------------|------------------|------------------|
| Inventories | Ps. 2,423,668 | Ps. 1,796,223 |
| Projected net Asset D-3 | 23,731,998 | 24,478,890 |

INVENTORIES

They are used for the operation of the telephone plant and are valued by the average cost method and are updated based on the specific index method, without exceeding their market value.

PROJECTED NET ASSET (D-3):

At

June 30, 2005 and 2004, the market value of the established pensions and seniority premium fund was greater than the Accumulated Benefit Obligation (ABO) in Mexico, accordingly with Bulletin D-3 "Labor Obligations" issued by the Mexican Institute of Public Accountants, it is not recognized neither any additional liability nor the related intangible asset and effect of labor obligations on stockholders' equity. As a result of the foregoing, the balance sheet presents a projected net asset.

S 23 AND S 28 BANK LOANS

In this item, supplier's credits are included in bank credits. The supplier's credits are reclassified to bank loans because in this document, sific/ics, long-term opening to supplier's does not exist.

On July 15, 2004 Telmex entered-into a Syndicated Loan Agreement for the aggregate amount of US\$ 2,425 million, which was divided in two tranches, the first one for the amount of US\$ 1,525 million, with maturity in three years at an interest rate of Libor plus 0.45% and the second tranche for the amount of US\$ 900 million, with maturity in five years at an interest rate of Libor plus 0.525%.

S 24 AND S 29 STOCK MARKET LOANS

During 2001, TELMEX issued senior notes for U.S.\$1,500 million, maturing in 2006 and bearing 8.25% annual interest payable semi-annually. During the first half of 2005, TELMEX repurchased in the market a portion of these senior notes in the amount of U.S. \$326.2 million (nominal value). The difference between the repurchase price and the nominal value of the bonds is US\$ 14.5 million.

On November 19, 2003 TELMEX issued a bond for U.S. \$1,000 million due 2008, with an annual interest of 4.5%. Interest will be paid every six months.

On January 27, 2005 TELMEX placed senior notes in aggregate principal amount of US\$1.3 billion in two issuances of US\$650 million each, the first one maturing in 2010 and bearing interest at 4.75% and the second one maturing in 2015 and bearing interest at 5.50%. Interest will be paid every six months. On February 22, 2005 there was a reopening of this transaction and the amounts of such issuances increased to US \$950 and US \$800 million, respectively.

S 26 OTHER CURRENT LIABILITIES

At June 30, 2005 and 2004, this item rose to Ps.

28,839,327 and Ps. 17,652,493 respectively and is comprised by the following concepts:

| | 2005 | 2004 |
|-------------------------|-------------------|------------------|
| A c c o u n t s payable | Ps. 16,943,411 | Ps 12,398,896 |

| | | |
|------------------------------|-----------|-----------|
| A c c r u e d liabilities | 9,764,340 | 3,914,093 |
| D e f e r r e d credits | 2,131,576 | 1,339,504 |

Short-term deferred credits consist of not accrued accounts receivable and advanced payments from customers and others.

S 29 STOCK MARKET LOANS (LONG-TERM)

At June 30, 2005 and 2004, this item rose to \$

36,417,700 and \$ **36,646,573**, respectively and is comprised by the following:

| | 2005 | 2004 |
|--------------------------|--------------|------------------|
| Domestic Senior Notes | Ps 6,600,000 | Ps. 6,885,120 |
| Bonds | 29,817,700 | 29,761,453 |

S 31 DEFERRED CREDITS

At June 30, 2005 and 2004, this item rose to Ps.

16,335,332 and Ps. **21,656,766**, respectively and corresponds to deferred taxes in Mexico, based on the requirements of Bulletin D-4, issued by the Mexican Institute of Public Accountants.

S 32 OTHER LIABILITIES

At June 30, 2005 this item rose to Ps.

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1,871,594 (that corresponds to Embratel), and represents the liability for pensions and seniority premiums based on the requirements of Bulletin D-3 "Labor Obligations".

S 42 RETAINED EARNINGS AND CAPITAL RESERVES

At June 30, 2005 and 2004, this item rose to Ps.

107,460,577 and Ps. 95,031,842, respectively and is comprised by the following concepts:

| | 2005 | 2004 |
|--|-------------------|-------------------|
| Legal reserve | Ps. 18,341,356 | Ps. 17,646,114 |
| Unappropriated earnings of prior years | 89,119,221 | 77,385,728 |

From January to June 30 2005, the Company acquired

673.5 million Series "L" shares for Ps 6,850,198 (historical cost of Ps. 6,840,226) and 3.1 million Series "A" shares for Ps. 31,936 (historical cost of Ps. 31,898).

From January to June 30, 2004 the Company acquired

761.4 million Series "L" shares for Ps. 7,664,262 (historical cost of Ps. 7,325,186) and 1.7 million Series "A" shares for Ps. 16,990 (historical cost of Ps. 16,229).

For comparative purposes, there was applied retroactively a two-for-one stock split effect, as approved by the Extraordinary Shareholders Meeting as of April 28, 2005 and effective as of May 25, 2005, to the shares acquired in both years.

The Company's repurchased shares are applied to unappropriated retained earnings in the amount the corresponding shares purchased exceeded capital stock.

S 44 EXCESS (SHORTFALL) IN RESTATEMENT OF STOCKHOLDERS EQUITY

At June 30, 2005 and 2004, this item rose to Ps. (

66,509,505) and Ps. (65,767,545), respectively and is comprised in the following manner:

| | 2005 | 2004 |
|---|---------------------|---------------------|
| Accumulated monetary position loss | Ps. (13,705,882) | Ps. (13,705,882) |
| Result from holding non-monetary assets | (52,803,623) | (52,061,663) |

S 73 PENSION FUND AND SENIORITY PREMIUMS

The Company grants pensions and seniority premiums that are established in defined pension plans that cover substantially all employees in Mexico.

Pension benefits are determined on the basis of compensation to employees in their final year employment, their seniority, and their age at the time of retirement.

The Company established an irrevocable trust fund to cover the payment of these obligations and has the policy of making annual contributions to such fund. These contributions are deductible for Mexican corporate income tax purposes.

The transition liability, past services and variations in assumptions are being amortized over a period of twelve years, that is the estimated average remaining working-life of the Company's employees.

COMPREHENSIVE INCOME

At June 30, 2005 and 2004 this item rose to Ps14,451,958 and Ps9,357,843, respectively by the application of Bulletin B-4 comprehensive income; and is comprised by the following:

| | 2005 | 2004 |
|--|----------------|----------------|
| Net income for the period | Ps. 13,222,822 | Ps. 10,332,359 |
| Result from holding non-monetary assets, net of deferred taxes | (358,215) | 1,829,335 |
| Market value of Swaps effect, net of deferred taxes | 289,551 | 0 |
| Effect of instruments available for sale | 1,114,157 | (2,803,851) |
| Conversion effect | 183,643 | 0 |
| | | |
| Comprehensive Income | 14,451,958 | 9,357,843 |

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

R 33 DEFERRED INCOME TAX

At June 30, 2005 and 2004, Telmex Group recognized a net income of Ps.

(1,347,131) and Ps. (403,734), respectively, for the application of Bulletin D-4 "Accounting treatment of income tax, asset tax and employee profit sharing".

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

C 39 OTHER ITEMS

Includes inventories for operation of the telephone plant, as well as decreases of fixed assets.

RATIOS

P 08 INVENTORY TURNOVER RATE-COST

The SIFI/ICS system automatically calculates the inventory turnover rate-cost by dividing the cost of sales and services (Ref. R 2) by the inventory of goods for sale (Ref. S 6), fact that affects the actual turnover.

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 3

SHARE INVESTMENTS

Consolidated

Final printing

| COMPANY NAME | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP % | TOTAL AMOUNT (Thousand Pesos) | | |
|--------------|---|--|----------------|----------------------------------|---------------|------------|
| | | | | ACQUISITION COST | PRESENT VALUE | |
| SUBSIDIARIES | | | | | | |
| 1 | Consertel, S.A. de C.V. | Investments in all types of businesses | 28,444,797,340 | 100.00 | 16,374,507 | 31,217,429 |
| 2 | Cía. de Teléfonos y Bienes Raíces, S.A. de C.V. | Real estate acquisition & leasing | 1,034,000,000 | 100.00 | 1,040,903 | 7,515,272 |
| 3 | Alquiladora de Casas, S.A. de C.V. | Real estate acquisition & leasing | 686,001,490 | 100.00 | 702,096 | 3,291,490 |
| 4 | Construcciones y Canalizaciones, S.A. de C.V. | Construction & maint. of telephone network | 28,369,000 | 100.00 | 28,636 | 539,163 |
| | | | | | | |

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| | | | | | | |
|----|---|--|---------------|--------|-----------|-----------|
| 5 | Empresa de Limpieza Mexicana, S.A. de C.V. | Cleaning Service Company | 50 | 100.00 | 49 | 60 |
| 6 | Renta de Equipo, S.A. de C.V. | Equipment, vehicles & real estate leasing | 769,595,000 | 100.00 | 769,645 | 887,650 |
| 7 | Multicomunicación Integral, S.A. de C.V. | Trunking, installation & sales services | 186,000,000 | 100.00 | 137,877 | 172,263 |
| 8 | Teleconstructora, S.A. de C.V. | Construction & maint. of telephone network | 19,400,000 | 100.00 | 19,397 | 121,966 |
| 9 | Anuncios en Directorios, S.A. de C.V. | Sale of advertising space in yellow pages | 1,081,750 | 100.00 | 1,240 | 71,041 |
| 10 | Operadora Mercantil, S.A. de C.V. | Marketing services | 50,000 | 100.00 | 54 | 1,424 |
| 11 | Impulsora Mexicana de Telecomunicaciones, S.A. | Network projects | 4,602,225 | 100.00 | 4,602 | 30,517 |
| 12 | Fuerza y Clima, S.A de C.V. | Air conditioning installation & maint. | 4,925,000 | 100.00 | 4,944 | 76,747 |
| 13 | Teléfonos del Noroeste, S.A. de C.V. | Telecommunications services | 110,000,000 | 100.00 | 75,279 | 930,125 |
| 14 | Aerocomunicaciones, S.A. de C.V. | Aeronautic radiocom. mobile serv. | 89,024,750 | 99.99 | 89,025 | 95,775 |
| 15 | Tecmarketing, S.A. de C.V. | Telemarketing services | 6,850,000 | 100.00 | 138,972 | 197,396 |
| 16 | Comertel Argos, S.A. de C.V. | Personnel services | 6,000 | 100.00 | 13 | 2,866 |
| 17 | Telmex International, Inc. | Holding Company in the U S A. | 5 | 100.00 | 220,153 | 266,164 |
| 18 | Instituto Tecnológico de Teléfonos de México, A.C | Training & research services | 1,000 | 100.00 | 1 | 4 |
| 19 | Buscatel, S.A. de C.V. | Paging services | 111,645 | 100.00 | 142,445 | 271,458 |
| 20 | Consortio Red Uno, S.A. de C.V. | Design & integrated telecom. Services | 167,691,377 | 100.00 | 360,533 | 579,161 |
| 21 | Uninet, S.A. de C.V. | Data transmission services | 67,559,613 | 100.00 | 6,755,961 | 7,520,570 |
| 22 | Aerofrisco, S.A. de C.V. | Air Taxi services | 4,666,076,200 | 100.00 | 635,575 | 899,709 |
| 23 | Grupo Técnico de Administración, S.A. de C.V. | Management, consulting & org. Services | 61,952 | 100.00 | 62 | 72 |
| 24 | Teninver, S.A. de C.V. | | 10,717,043 | 100.00 | 794,461 | 1,928,910 |

| | | | | | | |
|----|--|--|---------------|--------|------------|------------|
| | | Management of yellow pages | | | | |
| 25 | Latam Telecomunicaciones, L.L.C. | Telecommunications services | 100 | 100.00 | 23,631,509 | 24,079,437 |
| 26 | Telcoser, S.A. de C.V. | Investments in all types of businesses | 5,474,494 | 100.00 | 5,474,494 | 5,911,531 |
| 27 | Fintel Holdings, L.L.C. | Investments in all types of businesses | 100 | 100.00 | 112 | 115 |
| 28 | Servicios Administrativos Tecmarketing, S.A. de C.V. | Software development, sales & management | 25,132,317 | 100.00 | 25,132 | 25,191 |
| 29 | Financial Ventures, L.L.C. | Investments in all types of businesses | 1,000 | 100.00 | 583,259 | 1,975,959 |
| | Other Subsidiaries () No. Subsidiaries () | | | | | |
| | TOTAL INVESTMENT IN SUBSIDIARIES | | | | 58,010,936 | 88,609,465 |
| | ASSOCIATES | | | | | |
| 1 | Grupo Telvista, S.A. de C.V. | Telemarketing in Mexico and USA | 450 | 45.00 | 510,138 | 336,450 |
| 2 | Centro Histórico de la Ciudad de México, SA de CV | Real estate services | 80,020,000 | 21.77 | 80,020 | 109,387 |
| 3 | TM & MS, LLC | Internet portal (TIMSN) | 1 | 50.00 | 29,621 | 25,818 |
| 4 | Net Serviços de Comunicação, S.A. | Cable TV operator | 1,430,297,508 | 37.11 | 3,515,336 | 486,109 |
| | Other Associates () No. Associates () | | | | | |
| | TOTAL INVESTMENT IN ASSOCIATES | | | | 4,135,115 | 957,764 |
| | OTHER PERMANENT INVESTMENTS | | | | | 58,831 |
| | TOTAL | | | | | 89,626,060 |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 5

CREDITS BREAKDOWN

(Thousand Pesos)

Consolidated

Final printing

| Amortization Date | Rate of Interest | Denominated in Pesos | | Amortization of Credits in Foreign Currency With National Entities (Thousands Of Pesos) | | | | | | Amortization of Credits in Foreign Currency (Thousands Of Pesos) | | | | |
|-------------------|------------------|----------------------|------------------|---|--------------|---------------|---------------|---------------|-----------------------|--|--------------|---------------|---------------|--|
| | | Until 1 Year | More Than 1 Year | Time Interval | | | | | | Time Interval | | | | |
| | | | | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | Until 5 Years or more | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | |
| | | | | | | | | | | | | | | |
| 2/2005 | 4.71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,214 | 0 | 0 | | |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,949 | 1,949 | 1,949 | | |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,018 | 1,019 | 1,019 | | |
| 2/2007 | 4.46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 87,210 | 87,210 | 174,419 | 87,210 | |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,478 | 2,478 | 2,478 | | |
| 2/2009 | 3.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,319 | 15,319 | 30,638 | 18,638 | |
| 4/2006 | 3.96 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55,709 | 20,029 | 0 | | |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,236 | 12,236 | 12,236 | | |
| 2/2005 | 4.71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46,957 | 0 | 0 | | |

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| | | | | | | | | | | | | | | |
|--------|-------|---------|---------|---------|---------|--------|---|---|---|---|-----------|---------|---------|---------|
| | | | | | | | | | | | | | | |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38,473 | 38,473 | 38,473 | |
| 7/2007 | 4.16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,535, |
| 7/2009 | 4.24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,439, |
| 2/2014 | 4.71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 134,154 | 134,154 | 268,308 | 230, |
| 4/2009 | 4.26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 181,279 | 155,960 | 169,272 | 33, |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 520 | 520 | 520 | |
| 0/2011 | 4.59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 464,701 | 464,701 | 929,401 | 929, |
| 3/2022 | 2.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,700 | 9,700 | 19,399 | 19, |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,144 | 2,144 | 2,144 | |
| 2/2006 | 4.52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,026 | 2,026 | 2,027 | |
| 5/2007 | 4.46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,051 | 763 | 88 | |
| 0/2006 | 4.61 | 0 | 0 | 61,590 | 62,513 | 63,449 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0/2005 | 4.71 | 0 | 0 | 121,342 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8/2005 | 9.99 | 800,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1/2006 | 4.52 | 0 | 0 | 6,379 | 6,378 | 6,378 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5/2007 | 10.10 | 0 | 500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6/2006 | 4.59 | 0 | 0 | 146,650 | 149,461 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2/2006 | 4.52 | 0 | 0 | 12,482 | 12,482 | 12,482 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6/2013 | 5.14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,024,420 | 127,307 | 372,741 | 175, |
| 8/2027 | 8.79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 281,621 | 282,680 | 713,823 | 2,155, |

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| | | 800,000 | 500,000 | 348,443 | 230,834 | 82,309 | 0 | 0 | 0 | 2,371,179 | 1,358,668 | 2,738,935 | 22,625,000 |
|--------------------------------------|-------|------------|-----------|---------|---------|--------|---|---|---|-----------|------------|-----------|------------|
| | | | | | | | | | | | | | |
| 1/2006 | 8.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,726,910 | 0 | |
| 1/2008 | 4.50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 1/2015 | 5.50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 1/2010 | 4.75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 2/2007 | 10.55 | 0 | 1,650,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 5/2012 | 11.05 | 0 | 1,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0/2007 | 10.65 | 0 | 3,250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 6,600,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,726,910 | 0 | |
| LIABILITIES AND OTHER CREDITS | | | | | | | | | | | | | |
| LIABILITIES AND | | 28,839,327 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LIABILITIES | | 28,839,327 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 29,639,327 | 7,100,000 | 348,443 | 230,834 | 82,309 | 0 | 0 | 0 | 2,371,179 | 14,085,578 | 2,738,935 | 22,625,000 |

NOTES:

A.- Interest rates:

The credits breakown is presented with an integrated rate as follows:

1. Libor plus margin
2. Fixed Rate
3. TIIE
4. TIIE plus margin
5. CETES plus margin
6. Local rate plus margin

B.- The following rates were considered:

1. Libor

at 6 months in U S dollars is equivalent to 3.7100 at June 30, 2005

- TIE

at 28 days is equivalent to 9.9850 at June 30, 2005

- TIE

at 91 days is equivalent to 10.0200 at June 30, 2005

- CETES

at 182 days is equivalent to 9.7500 at June 30, 2005

C.- The suppliers' Credits are reclassified to Bank Loans because in this document, SIFIC/ICS, Long-Term opening to Suppliers' does not exist.

D.- Liabilities in foreign currency were exchanged at the prevailing exchange rate at the end of the reporting period, which at

June 30, 2005 were as follows:

| CURRENCY | AMOUNT | E.R. |
|----------------------|-----------|---------|
| DOLLAR (U.S.) | 7,688,278 | 10.8428 |
| EURO (EUR) | 53,787 | 13.1046 |
| BRAZILIAN REAL (BRL) | 20,822 | 4.6159 |

E.- There are other liabilities in foreign currency for an equivalent amount of

P. 353,911 thousand pesos.

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 6

FOREIGN EXCHANGE MONETARY POSITION

(Thousand Pesos)

Consolidated

Final printing

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

| TRADE BALANCE | DOLLARS | | OTHER CURRENCIES | | TOTAL |
|---------------------------|-------------|--------------|------------------|------------|--------------|
| | THOUSAND | THOUSAND | THOUSAND | THOUSAND | THOUSAND |
| | DOLLARS | PESOS | DOLLARS | PESOS | PESOS |
| TOTAL ASSETS | 1,531,959 | 16,610,729 | 1,191,051 | 12,914,331 | 29,525,060 |
| LIABILITIES | 7,842,945 | 85,039,483 | 1,215,898 | 13,183,738 | 98,223,221 |
| SHORT-TERM LIABILITIES | 1,695,536 | 18,384,357 | 1,139,707 | 12,357,615 | 30,741,972 |
| LONG-TERM LIABILITIES | 6,147,409 | 66,655,126 | 76,191 | 826,123 | 67,481,249 |
| NET BALANCE | (6,310,986) | (68,428,754) | (24,847) | (269,407) | (68,698,161) |

NOTES:

Assets and Liabilities in foreign currency were exchanged at the prevailing exchange rate at the end of the reporting period.

At the end of the quarter the exchange rates were as follows:

| CURRENCY | E.R. |
|---------------------|---------|
| DOLLAR (U.S.) | 10.8428 |
| EURO | 13.1046 |
| CHILEAN PESO | 0.0188 |
| ARGENTINEAN PESO | 3.7473 |
| BRAZILIAN REAL | 4.6159 |
| PERUVIAN SOL | 3.3317 |
| COLOMBIAN PESO | 0.0047 |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 7

CALCULATION OF MONETARY POSITION

(Thousand Pesos)

Consolidated

Final printing

| MONTH | MONETARY ASSETS | MONETARY LIABILITIES | (ASSET) LIABILITIES MONETARY POSITION | MONTHLY INFLATION | MONTHLY (EFFECT) (ASSET) LIABILITIES |
|------------------|-----------------|----------------------|---------------------------------------|-------------------|--------------------------------------|
| JANUARY | 59,076,268 | 143,756,134 | 84,679,866 | 0.15 | 127,020 |
| FEBRUARY | 70,031,940 | 153,506,183 | 83,474,243 | 0.11 | 91,822 |
| MARCH | 75,769,334 | 156,380,922 | 80,611,588 | 0.46 | 370,813 |
| APRIL | 73,789,066 | 156,465,715 | 82,676,649 | 0.32 | 264,565 |
| MAY | 71,937,614 | 152,286,007 | 80,348,393 | 0.10 | 80,348 |
| JUNE | 64,710,478 | 143,129,438 | 78,418,960 | (0.30) | (235,257) |
| ACTUALIZATION : | 0 | 0 | 0 | 0.00 | 1,020 |
| CAPITALIZATION : | 0 | 0 | 0 | 0.00 | 0 |
| FOREIGN CORP. : | 0 | 0 | 0 | 0.00 | 0 |
| OTHER | 0 | 0 | 0 | 0.00 | (3,964) |
| TOTAL | | | | | 696,367 |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 8

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BONDS AND/OR MEDIUM-TERM NOTES LISTED IN STOCK MARKET

Consolidated

Final printing

| FINANCIAL COVENANTS UNDER ISSUANCE DEED AND/OR TITLE | | | | |
|--|--|--|--|--|
| DOES NOT APPLY | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| CURRENT SITUATION OF FINANCIAL COVENANTS | | | | |
| DOES NOT APPLY | | | | |
| | | | | |
| | | | | |
| | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 9

PLANTS, - COMMERCIAL, DISTRUBUTION AND/OR SERVICE CENTERS -

Consolidated

Final printing

| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY (1) | USAGE (%) |
|-----------------|-------------------|--------------------|-----------|
| NOT AVAILABLE | | 0 | 0 |
| | | | |

| | | | |
|--------|--|--|--|
| NOTES: | | | |
|--------|--|--|--|

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 10

RAW MATERIALS

Consolidated

Final printing

| DOMESTIC | MAIN SUPPLIERS | IMPORT | MAIN SUPPLIERS | DOM. SUBS. | PRODUCTION COST (%) |
|---------------|----------------|--------|----------------|------------|---------------------|
| | | | | | |
| NOT AVAILABLE | | | | | |
| | | | | | |
| NOTES : | | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 11

DOMESTIC SALES - MAIN SERVICES -

(Thousand Pesos)

Consolidated

Final printing

| MAIN PRODUCTS | TOTAL PRODUCTION | | NET SALES | | MARKET (%) | MAIN | |
|-----------------------|------------------|--------|-----------|------------|------------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKS | CUSTOMERS |
| LOCAL SERVICE | | | | 27,257,298 | | | |
| LONG DISTANCE SERVICE | | | | 11,646,957 | | | |
| INTERCONNECTION | | | | 8,676,006 | | | |
| CORPORATE NETWORKS | | | | 4,949,305 | | | |
| INTERNET | | | | 3,786,544 | | | |
| OTHERS | | | | 2,081,145 | | | |
| TOTAL | | | | 58,397,255 | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 11b

FOREIGN SALES - MAIN SERVICES -

(Thousand Pesos)

Consolidated

Final printing

| MAIN PRODUCTS | TOTAL PRODUCTION | | NET SALES | | DESTINATION | MAIN | |
|-----------------------|------------------|--------|-----------|------------|-------------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKS | CUSTOMERS |
| | | | | | | | |
| NET SETTLEMENT | | | | 1,660,284 | | | |
| LOCAL SERVICE | | | | 1,242,296 | | | |
| LONG DISTANCE SERVICE | | | | 10,719,463 | | | |
| INTERCONNECTION | | | | 1,425,626 | | | |
| CORPORATE NETWORKS | | | | 4,162,605 | | | |
| INTERNET | | | | 1,353,191 | | | |
| OTHERS | | | | 292,998 | | | |
| TOTAL | | | | 20,856,463 | | | |
| NOTES: | | | | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 13

PROJECT INFORMATION

(Thousand Pesos)

Consolidated

Final printing

| | |
|------|------------------------|
| | Thousand Mexican Pesos |
| ITEM | |

| | 2nd. Quarter 05 Apr-Jun | % of Advance | Amount used 2005 | Budget 2005 | % of Advance |
|---|----------------------------|-----------------|------------------------|-------------------|-----------------|
| DATA | 864,954 | 24.1 | 1,226,262 | 3,582,437 | 34.2 |
| INTERNAL PLANT | 539,999 | 22.9 | 681,209 | 2,353,009 | 29.0 |
| OUTSIDE PLANT | 1,229,508 | 30.0 | 2,279,736 | 4,100,839 | 55.6 |
| TRANSMISSION NETWORK | 320,372 | 8.8 | 444,094 | 3,637,066 | 12.2 |
| SYSTEMS | 50,269 | 6.6 | 73,666 | 757,258 | 9.7 |
| OTHERS | 774,458 | 19.0 | 1,009,039 | 4,072,902 | 24.8 |
| TOTAL INVESTMENT TELMEX MEXICO | 3,779,560 | 20.4 | 5,714,006 | 18,503,511 | 30.9 |
| LATINOAMERICA | 2,005,349 | 28.6 | 3,193,542 | 7,015,003 | 45.5 |
| TOTAL INVESTMENT | 5,784,909 | 22.7 | 8,907,548 | 25,518,514 | 34.9 |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 14

TRANSACTIONS IN FOREIGN CURRENCY AND EXCHANGE OF FINANCIAL STATEMENTS FROM
FOREIGN OPERATIONS

Consolidated

Final printing

Basis of translation of financial statements of foreign subsidiaries

The financial statements of the subsidiaries located abroad were translated into Mexican pesos in conformity with Mexican Accounting Principles Bulletin B-15, *Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations*, issued by the Mexican Institute of Public Accountants (MIPA), as follows:

The financial statements as reported by the subsidiaries abroad were adjusted to conform to accounting principles accepted in Mexico. Such conversion includes, among other areas, the recognition of the effects of inflation as required by Mexican Accounting Principles Bulletin B-10, *Accounting Recognition of Effects of Inflation on Financial Information*, issued by the MIPA, using restatement factors of each country.

All balance sheet amounts, except for stockholders' equity, were translated at the prevailing exchange rate at year-end; stockholders' equity accounts were translated at the prevailing exchange rate at the time capital contributions were made and earnings were generated. The statement of income amounts were translated at the prevailing exchange rate at the end of the reporting period.

Translation differences are included in the caption *Effect of translation of foreign entities* and are included in stockholders' equity as part of the caption *Other comprehensive income items*.

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

INTEGRATION OF PAID CAPITAL STOCK

Consolidated

Final printing

| SERIES | NOMINAL VALUE | VALID CUPON | NUMBER OF SHARES | | | | CAPITAL STOCK | |
|---|----------------|-------------|------------------|------------------|---------------|---------------------|------------------|----------|
| | | | FIXED PORTION | VARIABLE PORTION | MEXICAN | PUBLIC SUBSCRIPTION | (Thousand Pesos) | |
| | | | | | | | FIXED | VARIABLE |
| A | 0.01250 | | 490,853,608 | 0 | | 490,853,608 | 6,136 | |
| AA | 0.01250 | | 8,126,834,552 | 0 | 8,126,834,552 | 0 | 101,585 | |
| L | 0.01250 | | 14,334,587,890 | 0 | | 14,334,587,890 | 179,182 | |
| TOTAL | 0.01250 | | 22,952,276,050 | 0 | 8,126,834,552 | 14,825,441,498 | 286,903 | 0 |
| TOTAL NUMBER OF SHARES REPRESENTING CAPITAL STOCK ON THE REPORTING DATE OF THE INFORMATION: | | | | | | | | |
| | 22,952,276,050 | | | | | | | |
| SHARES PROPORTION BY: | | | | | | | | |

| | | | | | | | | |
|--------------------------|--------|-------------|---------------------------|--|------------|--|--|--|
| CPO'S : | | | | | | | | |
| T.VINC.: | | | | | | | | |
| ADRS's : | | | | | | | | |
| GDRS's : | | | | | | | | |
| ADS's : | | | | | | | | |
| GDS's : | | | | | | | | |
| | | | | | | | | |
| REPURCHASE OF OWN SHARES | | | | | | | | |
| | | | | | | | | |
| | | NUMBER OF | MARKET VALUE OF THE SHARE | | | | | |
| | SERIES | SHARES | AT REPURCHASE | | AT QUARTER | | | |
| | | | | | | | | |
| | A & L | 676,628,260 | 10.1564 | | 9.7660 | | | |
| | | | | | | | | |

Notes:

The theoretical nominal value of the outstanding shares is Ps. 0.0125, which consider the two-for one stock split effect, approved since May 25, 2005.

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

GENERAL INFORMATION

Consolidated

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ISSUER GENERAL INFORMATION

| | |
|----------|-----------------------------------|
| COMPANY: | TELEFONOS DE MEXICO, S.A. DE C.V. |
|----------|-----------------------------------|

| | |
|----------------|---------------------------------|
| ADDRESS: | PARQUE VIA 198, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 12 12 |
| FAX: | |
| E-MAIL: | |
| INTERNET PAGE: | www.telmex.com |

ISSUER FISCAL INFORMATION

| | |
|-----------------------|---------------------------------|
| TAX PAYER FEDERAL ID: | TME 840315KT6 |
| FISCAL ADDRESS: | PARQUE VIA 198, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |

PAYMENT RESPONSIBLE

| | |
|------------|--|
| NAME: | C.P. EDUARDO ROSENDO GIRARD |
| ADDRESS: | PARQUE VIA 198 - 5 TH FLOOR OFFICE 501, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | erosendo@telmex.com |

OFFICERS INFORMATION

| | |
|---------------|-------------------------------|
| POSITION BMV: | CHAIRMAN OF THE BOARD |
| POSITION: | CHAIRMAN OF THE BOARD |
| NAME: | LIC. CARLOS SLIM DOMIT |
| ADDRESS: | CALVARIO NUM 100 COL. TLALPAN |
| ZIP: | 14000 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 53 25 98 01 |
| FAX: | 55 73 31 77 |
| E-MAIL: | slimc@sanborns.com |

| | |
|---------------|---|
| POSITION BMV: | CHIEF EXECUTIVE OFFICER |
| POSITION: | CHIEF EXECUTIVE OFFICER |
| NAME: | ING. JAIME CHICO PARDO |
| ADDRESS: | PARQUE VIA 190 - 10 TH . FLOOR OFFICE 1001, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 55 46 15 46 & 52 22 51 52 |
| FAX: | 57 05 00 39 |
| E-MAIL: | |

| | |
|---------------|---|
| POSITION BMV: | CHIEF FINANCIAL OFFICER |
| POSITION: | CHIEF FINANCIAL OFFICER |
| NAME: | ING. ADOLFO CEREZO PEREZ |
| ADDRESS: | PARQUE VIA 190 - 10 TH . FLOOR OFFICE 1016, COL. CUAUHEMOC |
| ZIP: | 06599 |

| | |
|------------|---------------------------|
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 57 80 & 52 22 51 44 |
| FAX: | 52 55 15 76 |
| E-MAIL: | acerezo@telmex.com |

| | |
|---------------|---|
| POSITION BMV: | QUATERLY FINANCIAL INFORMATION RESPONSIBLE |
| POSITION: | SUBDIRECTOR OF FINANCE |
| NAME: | C.P. EDUARDO ROSENDO GIRARD |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 501, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | erosendo@telmex.com |

| | |
|---------------|---|
| POSITION BMV: | RESPONSIBLE FOR SENDING INFORMATION THROUGH EMISNET |
| POSITION: | SHAREHOLDER SERVICES MANAGER |
| NAME: | LIC. MIGUEL ANGEL PINEDA CATALAN |
| ADDRESS: | PARQUE VIA 198 - 2 ND . FLOOR OFFICE 202, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 22 |
| FAX: | 55 46 21 11 |
| E-MAIL: | mpineda@telmex.com |

| | |
|---------------|----------------|
| POSITION BMV: | LEGAL DIRECTOR |
|---------------|----------------|

| | |
|------------|--|
| POSITION: | LEGAL DIRECTOR |
| NAME: | LIC. SERGIO F. MEDINA NORIEGA |
| ADDRESS: | PARQUE VIA 190 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 14 25 & 52 22 57 42 |
| FAX: | 55 46 43 74 |
| E-MAIL: | smedinan@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | SECRETARY OF BOARD OF DIRECTORS |
| POSITION: | SECRETARY OF BOARD OF DIRECTORS |
| NAME: | LIC. SERGIO F. MEDINA NORIEGA |
| ADDRESS: | PARQUE VIA 190 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 14 25 & 52 22 57 42 |
| FAX: | 55 46 43 74 |
| E-MAIL: | smedinan@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | RESPONSIBLE OF PROVIDE INFORMATION TO INVESTORS |
| POSITION: | INVESTORS RELATIONS MANAGER |
| NAME: | ING. RUY ECHAVARRIA AYUSO |
| ADDRESS: | PARQUE VIA 198 - 7 TH . FLOOR OFFICE 701, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 57 03 39 90 |
| FAX: | 55 45 55 50 |

| | |
|---------|--|
| E-MAIL: | rechavar@telmex.com & ri@telmex.com |
|---------|--|

| | |
|---------------|--|
| POSITION BMV: | RESPONSIBLE FOR SENDING FINANCIAL INFORMATION THROUGH EMISNET |
| POSITION: | SUBDIRECTOR OF FINANCE |
| NAME: | C.P. EDUARDO ROSENDO GIRARD |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 501, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | erosendo@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | RESPONSIBLE FOR SENDING RELEVANT INFORMATION THROUGH EMISNET |
| POSITION: | INVESTORS RELATIONS MANAGER |
| NAME: | ING. RUY ECHAVARRIA AYUSO |
| ADDRESS: | PARQUE VIA 198 - 7 TH . FLOOR OFFICE 701, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 57 03 39 90 |
| FAX: | 55 45 55 50 |
| E-MAIL: | rechavar@telmex.com & ri@telmex.com |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

BOARD OF DIRECTORS

Consolidated

Final printing

| POSITION | NAME | | | |
|-----------------------|-------|---------------|--------------|------------|
| HONORARY BOARD MEMBER | ING. | CARLOS | SLIM | HELU |
| CHAIRMAN OF THE BOARD | LIC. | CARLOS | SLIM | DOMIT |
| VICEPRESIDENT | ING. | JAIME | CHICO | PARDO |
| VICEPRESIDENT | C.P. | JUAN ANTONIO | PEREZ | SIMON |
| BOARD PROPIETORS | SR. | EMILIO | AZCARRAGA | JEAN |
| BOARD PROPIETORS | ING. | ANTONIO | COSIO | ARIÑO |
| BOARD PROPIETORS | SRA. | LAURA | DIEZ BARROSO | DE LAVIADA |
| BOARD PROPIETORS | MTRA. | AMPARO | ESPINOSA | RUGARCIA |
| BOARD PROPIETORS | ING. | ELMER | FRANCO | MACIAS |
| BOARD PROPIETORS | LIC. | ANGEL | LOSADA | MORENO |
| BOARD PROPIETORS | SR. | ROMULO | O FARRIL JR. | |
| BOARD PROPIETORS | LIC. | FERNANDO | SENDEROS | MESTRE |
| BOARD PROPIETORS | LIC. | MARCO ANTONIO | SLIM | DOMIT |
| BOARD PROPIETORS | SR. | RAYFORD | WILKINS JR. | |
| BOARD PROPIETORS | SR. | RICHARD | P. | RESNICK |
| BOARD PROPIETORS | SR. | ROBERT | L. | HENRICHS |
| BOARD PROPIETORS | C.P. | RAFAEL | KALACH | MIZRAHI |
| BOARD PROPIETORS | LIC. | RICARDO | MARTIN | BRINGAS |
| BOARD ALTERNATES | LIC. | PATRICK | SLIM | DOMIT |

| | | | | |
|------------------------------------|------|---------------|------------------|-------------|
| BOARD ALTERNATES | LIC. | ARTURO | ELIAS | AYUB |
| BOARD ALTERNATES | C.P. | JOSÉ HUMBERTO | GUTIERREZ-OLVERA | ZUBIZARRETA |
| BOARD ALTERNATES | LIC. | JORGE C. | ESTEVE | RECOLONS |
| BOARD ALTERNATES | ING. | ANTONIO | COSIO | PANDO |
| BOARD ALTERNATES | SR. | EDUARDO | TRICIO | HARO |
| BOARD ALTERNATES | SRA. | ANGELES | ESPINOSA | YGLESIAS |
| BOARD ALTERNATES | ING. | AGUSTIN | FRANCO | MACIAS |
| BOARD ALTERNATES | SR. | JAIME | ALVERDE | GOYA |
| BOARD ALTERNATES | C.P. | ANTONIO | DEL VALLE | RUIZ |
| BOARD ALTERNATES | LIC. | JOSE | KURI | HARFUSH |
| BOARD ALTERNATES | LIC. | FERNANDO | SOLANA | MORALES |
| BOARD ALTERNATES | LIC. | EDUARDO | VALDES | ACRA |
| BOARD ALTERNATES | LIC. | CARLOS | BERNAL | VEREA |
| BOARD ALTERNATES | LIC. | FEDERICO | LAFFAN | FANO |
| BOARD ALTERNATES | SR. | JORGE A. | CHAPA | SALAZAR |
| BOARD ALTERNATES | ING. | BERNARDO | QUINTANA | ISAAC |
| BOARD ALTERNATES | C.P. | FRANCISCO | MEDINA | CHAVEZ |
| | | | | |
| STATUTORY AUDITOR | C.P. | ALBERTO | TIBURCIO | CELORIO |
| | | | | |
| ALTERNATE STATUTORY AUDITOR | C.P. | FERNANDO | ESPINOSA | LOPEZ |
| | | | | |
| SECRETARY OF BOARD OF DIRECTORS | LIC. | SERGIO | MEDINA | NORIEGA |
| | | | | |
| ASISTANT SECRETARY | LIC. | RAFAEL | ROBLES | MIAJA |
| | | | | |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 2 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

DECLARATION BY THE COMPANY'S OFFICERS THAT ARE RESPONSIBLE FOR THE INFORMATION

Consolidated

Final printing

I (We) hereby swear, in the scope of my (our) functions, that I (we) prepared the financial information related with the Issuer's Quarter Report supplied herein, which, to my (our) knowledge, reasonably reflect the situation of the Issuer. I (We) also hereby swear that I (we) have no knowledge of any relevant information that has been omitted or falsely represented in this Quarter Report, or that such report contains information that could mislead the investors.

ING. ADOLFO CEREZO PEREZ
CHIEF FINANCIAL OFFICER

C.P. EDUARDO ROSENDO GIRARD
.SUBDIRECTOR OF FINANCE

MEXICO CITY,

JULY 26, 2005.
