SIGMA ALIMENTOS, S. A. DE C. V.
AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B. de C. V.)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

SIGMA ALIMENTOS, S. A. DE C. V. AND SUBSIDIARIES
(Subsidiaries of Alfa, S. A. B. de C. V.)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

INDEX

CONTENTS	Page

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers, S. C.
Avenida Rufino Tamayo No. 100
Col. Valle Oriente
66269 Garza García, N. L.
Teléfono: (81) 8152 2000
Fax: (81) 8152 2075
www.pwc.com

Report of Independent Auditors

To the Stockholders of
Sigma Alimentos, S.A. de C. V.

Monterrey, N. L., January 27, 2010

We have audited the consolidated balance sheets of Sigma Alimentos, S. A. de C. V. and subsidiaries, at December 31, 2009 and 2008, and the related consolidated income statements, changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the standards of financial information used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of Sigma Alimentos, S. A. de C. V. and subsidiaries, at December 31, 2009 and 2008, and the consolidated results of their operations, changes in their stockholders' equity and their cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers, S. C.

Miguel Angel Puente Buentello
Assurance Partner

SIGMA ALIMENTOS, S. A. DE C. V. AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B., de C. V.)

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2009 AND 2008

Thousands of Mexican Pesos (see Note 3)

Assets	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	Ps 1,169,762	Ps 2,288,256
Restricted cash (Note 9)	-	75,114
Trade accounts receivable, less allowance for doubtful accounts of Ps104,362 in 2009 and Ps 111,483 in 2008	2,243,942	2,174,184
Other accounts receivable	1,314,229	1,176,728
Accounts receivable from affiliated companies (Note 15)	18,398	162,034
Inventories (Note 4)	1,874,584	2,102,450
Total current assets	6,620,915	7,978,766
ACCOUNTS RECEIVABLE DUE FROM AFFILIATED COMPANIES (Note 15)	160,000	-
DERIVATIVE FINANCIAL INSTRUMENTS (Note 9)	-	75,187
PROPERTY, PLANT AND EQUIPMENT (Note 5)	8,330,493	8,530,862
DEFERRED CHARGES (Note 6)	1,339,079	1,389,806
GOODWILL (Note 3. i)	1,640,960	1,656,200
DEFERRED INCOME TAX (Note 14)	633,518	605,568
Total assets	Ps 18,724,965	Ps 20,236,389

Liabilities and Stockholders' Equity	2009	2008
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 8)	Ps 296,694	Ps 193,842
Unsecured bank loans (Note 8)	-	3,488,348
Notes payable	-	270,474
Suppliers	2,422,964	2,484,976
Accounts payable due to affiliated companies (Note 15)	55,965	52,146
Other accounts payable and accrued expenses	893,538	812,683
Total current liabilities	3,669,161	7,302,469
LONG-TERM LIABILITIES:		
Long-term debt (Note 8)	7,591,916	5,319,417
Notes payable	52,665	51,528
Deferred income tax (Note 14)	574,170	571,139
Estimated liability for labor benefits (Note 10)	121,923	124,552
Derivative financial instruments (Note 9)	355,646	802,440
Total long-term liabilities	8,696,320	6,869,076
Total liabilities	12,365,481	14,171,545
STOCKHOLDERS' EQUITY (Note 11):		
Capital stock	183,664	1,200,333
Premium on issuance of capital stock	1,303,657	1,303,657
Contributed capital	1,487,321	2,503,990
Earned surplus	4,872,163	3,381,055
Majority stockholder's equity	6,359,484	5,885,045
Minority interest	-	179,799
Total stockholders' equity	6,359,484	6,064,844
Total liabilities and stockholders' equity	Ps 18,724,965	Ps 20,236,389

The accompanying notes are an integral part of these consolidated financial statements.

Alvaro Fernández Garza
Chief Executive Officer

Ricardo J. Doehner Cobián
Chief Financial Officer

SIGMA ALIMENTOS, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS 2009 AND 2008

Thousands of Mexican Pesos (see Note 3)

	2009	2008
Net sales	Ps 29,663,757	Ps 26,100,558
Cost of sales	(18,671,554)	(16,436,846)
Gross margin	10,992,203	9,663,712
Operating expenses	(8,263,529)	(7,619,178)
Operating income	2,728,674	2,044,534
Other expenses, net (Note 12)	(173,487)	(271,292)
Comprehensive financing expense, net (Note 13)	(813,096)	(2,825,364)
Income (loss) before the following provision	1,742,091	(1,052,122)
Provision for income tax (Note 14)	(610,110)	193,932
Consolidated net income (loss)	Ps 1,131,981	(Ps 858,190)
Net income corresponding to minority interest	Ps 1,717	Ps 14,654
Net income (loss) corresponding to majority interest	Ps 1,130,264	(Ps 872,844)
Earnings (loss) per share, in pesos (Note 3.o)	Ps 0.87	(Ps 0.66)
Weighted average number of outstanding shares	1,290,654,555	1,290,654,555

The accompanying notes are an integral part of these financial statements.

Alvaro Fernández Garza.
Chief Executive Officer

Ricardo J. Doehner Cobián.
Chief Financial Officer

SIGMA ALIMENTOS, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Thousands of Mexican Pesos (see Note 3)

	Contributed capital		Earned surplus						
	Capital stock	Premium on issuance of capital stock	Retained earnings	Deficit on restatement from holding non monetary assets	Cumulative translation adjustment	Derivative financial instruments	Total majority stockholder's equity	Minority stockholder's equity	Total stockholder's
Balances at December 31, 2007	Ps 1,200,333	Ps 1,303,657	Ps 6,804,046	(Ps 2,547,139)	Ps 31,565	(Ps 45,376)	Ps 6,747,086	Ps 241,774	Ps 6,988,860
Changes in 2008:									
Net loss for the year			(872,844)				(872,844)	14,654	(858,190)
Cumulative translation adjustment					495,394		495,394	-	495,394
Loss from holding nonmonetary assets					(105,584)		(105,584)	(76,629)	(182,213)
Effect of valuation changes in hedging instruments						6,146	6,146	-	6,146
Comprehensive loss			(872,844)		389,810	6,146	(476,888)	(61,975)	(538,863)
Dividends declared			(385,153)				(385,153)		(385,153)
Reclassification of the deficit on restatement from holding nonmonetary assets to retained earnings (Note 11)			(2,547,139)	2,547,139				-	-
Balances at December 31, 2008	1,200,333	1,303,657	2,998,910	-	421,375	(39,230)	5,885,045	179,799	6,064,844
Changes in 2009:									
Net income for the year			1,130,264				1,130,264	1,717	1,131,981
Cumulative translation adjustment					(97,912)		(97,912)		(97,912)
Gain from holding nonmonetary assets					2,934		2,934		2,934
Effect of valuation changes in hedging instruments			(4,280)		-	21,376	17,096		17,096
Comprehensive income (loss)			1,125,984		(94,978)	21,376	1,052,382	1,717	1,054,099
Capitalization of losses	(1,016,669)		1,016,669				-		-
Changes in minority interest			(57,896)				(57,896)	(181,516)	(239,412)
Write-off of unamortized pre-operating costs			(10,719)				(10,719)		(10,719)
Dividends declared			(509,328)				(509,328)		(509,328)
Balances at December 31, 2009 (Note 11)	Ps 183,664	Ps 1,303,657	Ps 4,563,620	Ps -	Ps 326,397	(Ps 17,854)	Ps 6,359,484	Ps -	Ps 6,359,484

The accompanying notes are an integral part of these consolidated financial statements.

Alvaro Fernández Garza
Chief Executive Officer

Ricardo J. Doehner Cobián
Chief Financial Officer

SIGMA ALIMENTOS, S. A. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS 2009 AND 2008

Thousands of Mexican Pesos (see Note 3)

		2009		2008
Operations				
Income (loss) before income tax		$ 1,742,091		(Ps 1,052,122)
Items relating to investing activities:				
Depreciation and amortization		976,053		827,577
Employee benefits cost		(1,727)		21,970
Loss on sale of property, plant and equipment		8,294		9,904
Effect of derivative financial instruments		62,020		2,351,913
Interest income		(100,850)		(80,741)
Items relating to financing activities:				
Interest expense		889,534		645,895
Other, net		31,596		(18,405)
Total		3,607,011		2,705,991
Increase in accounts receivable		(75,525)		(551,868)
Affiliated companies, net		1,685		(279,807)
Decrease (increase) in inventories		216,236		(43,323)
(Decrease) increase in suppliers		(123,857)		7,599
Income tax paid		(572,749)		(487,478)
(Decrease) increase in other accounts payable and accrued expenses		(196,478)		41,131
Net resources provided by operating activities		2,856,323		1,392,245
Investment				
Interest income		86,621		80,741
Net assets of subsidiaries acquired, less cash		-		(316,085)
Acquisition of property, plant and equipment		(707,750)		(742,190)
Payments derived from derivative financial instruments		(399,860)		(1,702,545)
Other assets		(38,542)		(337,701)
Net resources used in investing activities		(1,059,531)		(3,017,780)
Exceeding (deficit) cash to apply in financing activities		1,796,792		(1,625,535)
Financing				
Short-term debt and bank loans		246,573		151,314
Long-term loans and debt certificates		5,494,846		5,819,747
		5,741,419		5,971,061
Repayment of debt and bank loans		(7,193,470)		(1,867,000)
Increase (less) in bank financing		(1,452,051)		4,104,061
Interest paid		(948,339)		(530,237)
Dividends paid		(509,328)		(385,153)
Other		(172,361)		8,703
Net resources provided by financing activities		(3,082,079)		3,197,374
Increase in net cash and temporary investments		(1,285,287)		1,571,839
Adjustments to cash flow as a result of changes in exchange rates		91,679		83,542
Cash, cash equivalents and restricted cash at beginning of year		2,363,370		707,989
Composed of:				
Cash and cash equivalents	$1,169,762		$2,288,256	
Restricted cash	-		75,114	
Cash, cash equivalents and restricted cash at end of year		$ 1,169,762		Ps 2,363,370

The accompanying notes are an integral part of these consolidated financial statements.

Alvaro Fernández Garza.
Chief Executive Officer

Ricardo J. Doehner Cobián.
Chief Financial Officer

SIGMA ALIMENTOS, S. A. DE C. V. AND SUBSIDIARIES
(subsidiaries of Alfa, S. A. B. de C. V.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2009 AND 2008

Thousands of Mexican Pesos
(except where otherwise indicated)

1. ACTIVITIES OF SIGMA ALIMENTOS COMPANIES

Sigma Alimentos, S. A. de C. V. ("SIGMA" or the "Company"), subsidiary of Alfa, S. A. B. de C. V. (ALFA) is a company engaged in the production, commercialization and distribution of processed meat, dairy products, and other refrigerated and frozen foods. Its activities are carried out through various subsidiary companies.

In the preparation of the following notes to the financial statements: (i) pesos or Ps refers to Mexican pesos; (ii) dollars or US$ refers to U.S. dollars; and (iii) euros or € refers to the monetary unit adopted by the euro area of the European Union.

2. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

a) Debt refinancing process

During 2009 SIGMA carried out a debt refinancing process through the issuance of a cross border senior notes offering. The Company's senior notes were offered and sold within the United States of America ("U.S.") for and on behalf and benefit of U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act of 1933 and to certain persons outside the U.S. in reliance on Regulation S under such Securities Act. Total proceeds were used to repay in advance short and long-term existing debt.

Following is a summary of the maturity dates stated in U.S. dollars, prior and subsequent to refinancing and placement of debt:

	Subsequent to refinancing	Prior to refinancing
Debt level	USD$ 245,138	USD$262,835
Maturity	2019	2011
Interest rate	7.10%	9.49%
	Unsecured	Guarantee and unsecured

b) Devaluation of the Mexican peso vis à-vis the US dollar and derivative financial instruments in 2009 and 2008

From September 2008 onwards, as a result of the global financial crisis, Mexico experienced depreciation of the peso against the US dollar. This depreciation gave rise to exchange losses in view of the net dollar debt position maintained by the Company.

During 2009 the exchange rate was relatively stable at around Ps13.4 to the U.S. dollar; however, there were important ups and downs through the year.

Since SIGMA operates in several countries and obtains financing in various foreign currencies, it has entered into exchange rate and interest rate derivatives for purposes of reducing the overall cost of such financing and the volatility associated with exchange rates and interest rates.

During the fourth quarter of 2008, SIGMA implemented various strategies that substantially modified its derivative position related to exchange rates and natural gas prices. In general terms, it cancelled or neutralized derivative positions, substantially reducing its exposure to these risks.

The combined effect of exchange losses and loss on valuation of derivative financial instruments represented a charge of Ps91,785 in 2009 and Ps2,344,428 to 2008 income, included in the caption "Comprehensive financing expense, net".

ALFA has had a Risk Management Committee from the fourth quarter of 2008 onwards. This Committee is responsible for authorizing all derivative operations based on the guidelines set by the Board of Directors. In 2009 the Risk Management Committee submitted reports to the Finance Committee and to the Audit and Corporate Practices Committee, as well as to the Board of Directors.

c) Acquisition of Braedt, S. A.

In July 2008, the Company entered into an agreement to acquire the outstanding shares of Braedt, S. A., a Peruvian company engaged in the production and commercialization of cold cuts. This acquisition involved a plant located in the city of Lima. SIGMA consolidated the financial information of this company from August 2008 onwards.

The excess of the purchase price over the fair value of the net assets acquired amounted to Ps197,782. Condensed financial information at the date of acquisition, in thousands of Mexican pesos, is as follows:

	(Unaudited) July 1, 2008
Balance sheet:	
Total assets	Ps 203,057
Total liabilities	150,511
Stockholders' equity	Ps 52,546

d) Acquisition of Longmont brand

In addition, on October 30, 2008, the Company acquired the "Longmont" brand which belonged to Butterball, LLC, the largest producer of turkey products in the United States. The products of the "Longmont" brand are marketed principally in the northwest of Mexico, where this brand has a high recognition and a leadership position, particularly in the states of Baja California, Sonora and Sinaloa. The acquisition of this brand is presented as part of the deferred charges caption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On January 27, 2009, the Company's officers signed the basic financial statements and notes thereto and authorized the issuance of the accompanying consolidated financial statements.

All new MFRS published to be mandatory for accounting periods beginning January 1, 2009, were adopted by the Company; however, these new MFRS did not have any material effect on the Company's financial position and result of operations.

Following is a summary of the most significant accounting policies followed by SIGMA and its subsidiaries, which have been applied on a consistent basis in the preparation of their financial information for the years presented, unless otherwise indicated:

a. Bases for presentation and disclosure

The accompanying consolidated financial statements at December 31, 2009 and 2008 fully meet with the established in the Mexican Financial Reporting Standards (MFRS) to show a fair presentation of the Company's financial position.

SIGMA and its subsidiaries adopted the standards contained in FRS B-3, as a result of applying this new standard, management adopted the criterion of presenting the statement of income based on function, since grouping costs and expenses on this basis allows the various levels of income to be presented. In this connection, for the convenience of the reader, the operating income is presented separately since this caption represents a factor for the analysis of the financial information that SIGMA and its subsidiaries have regularly presented.

On January 1, 2008, FRS B-10 "Effects of inflation" became effective. It sets forth the rules for the recognition of the effects of inflation on the financial information based on the country's inflationary environment. In accordance with this FRS, the effects of inflation on the financial information will not be recognized if inflation does not exceed 26% in the three most recent years (except for subsidiaries in countries having inflation exceeding 26%). Since the accumulated inflation for the years ended December 31, 2008, 2007 and 2006, did not exceed the 26% stipulated, the financial statements at December 31, 2008 have been prepared on the modified historical cost basis (that is, the effects of the transactions carried out until December 31, 2007 are stated in constant pesos of purchasing power as of that date, and the effects of transactions carried out after that date are stated in nominal pesos). The accumulated inflation of the most recent three years in certain countries in which some subsidiaries operate has exceeded this 26%; however, the effects of this on the consolidated financial statements is immaterial.

The inflation rates are shown below:

	December 31	
	2009	2008
Year inflation	3.57%	6.53%
Cumulative inflation in the last three years	14.48%	15.01%

For purposes of recognizing the effects of inflation through December 31, 2007, as described in the preceding paragraph, factors derived from the National Consumer Price Index (NCPI) published by the Banco de México for domestic companies, and from the Consumer Price Index (CPI) of the country of origin of the subsidiaries operating outside Mexico, were used.

On January 1, 2009, MFRS C-8 "Intangible assets" became effective, and as a result management wrote-off unamortized preoperating expenses dating back from 2002 and earlier against retained earnings; the amount so written-off was Ps10,719.

The preparation of the financial information in accordance with FRS requires management to make estimates and assumptions that affect the reported amounts at the date of the financial statements. Actual results could differ from those estimates. The main captions subject to these estimates include the following: net fixed assets, allowances for doubtful accounts, inventory reserve, deferred income tax asset, valuation of financial instruments and labor obligations (assets and liabilities).

The financial statements of the subsidiary companies (foreign currency operations) that maintain a reporting currency other than the functional currency were converted to the functional currency in accordance with the procedures described in FRS B-15 "Conversion of foreign currency".

b. Inclusion of subsidiaries outside Mexico

The accounting records of the subsidiaries outside Mexico are stated in the currency of each country and in accordance with the applicable accounting principles. For purposes of including the individual financial statements of these subsidiaries in the consolidated financial statements of SIGMA they are converted to Mexican FRS based on the economic environment of the subsidiary, as described below:

- Entities with an inflationary economy - The inflationary effects are recognized and the financial statements are subsequently translated to Mexican pesos using the exchange rate prevailing at closing date for both the balance sheet and statement of income; and

- Entities with a non-inflationary environment - (a) Assets and liabilities are converted to Mexican pesos using the exchange rate prevailing at closing date; (b) stockholders' equity is converted by using the historical exchange rate; and (c) the statement of income is converted by using the monthly average exchange rate.

The principal exchange rates used in the various above-mentioned conversion processes were:

Country	Local currency	Local currency to Mexican pesos: 2009 average exchange rate	Local currency to Mexican pesos: Exchange rate at the end of December 31, 2009
Mexico	Mexican peso	$ 1.000	$ 1.000
United States	Dollar	13.57	13.06
Spain	Euro	18.90	18.74
Costa Rica	Colon	0.024	0.023
El Salvador	U.S. dollar	13.57	13.06
Peru	Nuevo Sol	4.308	4.523
Dominican Republic	Dominican peso	0.383	0.361
Guatemala	Quetzal	1.669	1.567
Nicaragua	Cordoba	0.668	0.627

The change in the net investment in subsidiaries outside Mexico resulting from the fluctuation in the exchange rate is included in stockholders' equity under the cumulative translation adjustment.

c. Bases for consolidation

The consolidated financial statements comprise those of SIGMA and all its subsidiaries. Intercompany transactions and balances between SIGMA and its subsidiaries have been eliminated in consolidation.

At December 31, 2009 the principal subsidiary companies of SIGMA were:

	Country (1)	(%) Ownership	Functional Currency
Alimentos Finos de Occidente, S. A. de C. V.		100	Mexican Peso
Bonanza Industrial, S. A. de C. V.		100	Mexican Peso
Braedt, S. A. (Note 2.c.)	Perú	100	Peruvian Sol
Carnes Selectas Tangamanga, S. A. de C. V.		100	Mexican Peso
Comercial Hacienda de Cerdos, S. A.	Dominican Republic	100	Dominican Peso
Comercializadora de Embutidos ICO, S. A. de C. V.		100	Mexican Peso
Distribuidora y Comercializadora de Lácteos del Norte, S. A. de C. V.		100	Mexican Peso
Empacadora de Embutidos del Centro, S. A. de C. V.		100	Mexican Peso
Empacadora de Carnes Premium, S. de R. L. de C. V.		100	Mexican Peso
Grupo Chen, S. de R. L. de C. V. y subsidiarias		100	Mexican Peso
Industrias Alimentarias del Sureste, S. A. de C. V.		100	Mexican Peso
Lácteos Finos Holdings New Zealand Limited, S. A. de C. V.		100	Mexican Peso
Mexican Cheese Producers, Inc.	U. S. A.	100	U. S. Dollar
Productos Cárnicos, S. A. de C. V.	El Salvador	100	U. S. Dollar
Productos de Importación, S. A. de C. V.	Honduras	100	Lempira
Servilac, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Centro, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Costa Rica, S. A.	Costa Rica	100	Colon
Sigma Alimentos Comercial, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Congelados, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Corporativo, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Dominicana, S. A.	Dominican Republic	100	Dominican Peso
Sigma Alimentos Importaciones, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Lácteos, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Noreste, S. A. de C. V.		100	Mexican Peso
Sigma Alimentos Nicaragua, S. A.	Nicaragua	100	Cordoba
Sigma Alimentos Guatemala, S. A.	Guatemala	100	Quetzal
Sigma Alimentos International, Inc.	U. S. A.	100	U. S. Dollar
Sigma Alimentos Prom, S. A. de C. V.		100	Mexican Peso
Sigma Foods, Inc.	U. S. A.	100	U. S. Dollar
Sigma Processed Meats, Inc.	U. S. A.	100	U. S. Dollar

(1) Companies incorporated in Mexico, except as mentioned.

d. Cash and cash equivalents

The Company considers all highly liquid temporary cash investments with original maturities of three months or less, consisting primary of short-term deposits and money markets accounts, as cash equivalents investments.

e. Inventories and cost of sales

At December 31, 2009 and 2008 the inventories are expressed at its historical cost modified determined through the average cost. The inventory coming from 2007 and belong to the December 31, 2009 and 2008 balance, are valued at reposition cost until based on the last purchase or production of such period.

The sales cost recognizes the historical cost, determined under the valuation method described in the paragraph above. Due to the inventory rotation, there is a portion in the sales costs in 2009 and 2008 of inventory coming from 2007 which is expressed at is modified historical cost, because this were valued at indexed values reposition. Values determined like this do not exceed its market value.

The allowance for obsolete and/or slow-moving inventories is considered sufficient to absorb any losses of this type; it is determined in accordance with studies carried out by the Company's management.

f. Investment in shares or associated companies

Permanent investments in associates are valued through the equity method, which consists in adjusting the share acquisition value determined by the proportional portion of the comprehensive profit or loss and the distribution of the equity reimbursement profits subsequent to the acquisition date. Losses in associates are recognized in the corresponding portion, as follows: a) in the permanent investment until leave it in zero; b) if there is any surplus after applying what is described in a) previous, this is recognized in until leave them in zero; c) any surplus is recognized as a liability for the legal obligations or assumed in behalf of the associate; and d) any surplus of the losses is not recognized by the holding.

The other permanent investment on which there is no significant influence for the decision making process, are valued at acquisition cost. The dividends coming from this investments are recognized in the income statement of the period when they are received, except if they correspond to periods previous to the investment purchase, in which case are reduced from the permanent investments.

g. Absorption (dilution) of control in subsidiaries and associated companies

The effect of absorption (dilution) of control in subsidiary and associated companies, reflecting an increase (decrease) in the percentage of control, is recorded in stockholders' equity, directly in the retained earnings account, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment based on the equity before the absorption (dilution) of control against the book value after the relevant event.

In 2009, the Company entered into an agreement to acquire the minority interest held in Empacadora de Carnes Premium, S. de R. L. de C. V. This acquisition was accounted as mentioned above. From this date, onwards, the Company owns 100% of this subsidiary.

h. Property, plant and equipment and depreciation

The property, plant and equipment, including the financial leasing acquisitions, are expressed as follows: i) acquisition subsequent to January 1, 2008 at their historical cost, and ii) acquisitions up to December 31, 2007 from domestic origin at their restated value determined by applying to their acquisition costs of factor derived from the National Index of Consumer Prices (NICP) up to December 31, 2007 and from foreign origin at historical cost expressed in the origin currency, indexed through the application of factors reflecting the origin county inflation at valuation date, translated to Mexican pesos at exchange rate on December 31, 2007. Consequently, property, plant and equipment are stated at modified historical cost.

The acquisition cost of the property, plant and equipment requiring a substantial period to be in usage conditions includes: the acquisition cost and the capitalization of the finance cost (RIF by its Spanish acronym) accrued in such period and attributable at acquisition. The values such determined do not exceed its recovery value.

Depreciation is calculated by the straight line method based on the estimated useful lives of the assets applied to the property, plant and equipment values.

Property, plant and equipment are subject to recognition of impairment, as well as the reversal of such impairment, when appropriate.

i. Business acquisitions, goodwill and other intangible assets

In accordance with the standards in effect at the date of acquisition, SIGMA has adopted the following accounting guidelines for business acquisitions: (a) all acquisitions are accounted for as purchases; the purchase price of assets acquired and related liabilities is allocated based on their fair value at the date of acquisition; (b) intangible assets acquired are subject to identification, valuation and recognition; and (c) goodwill represents the purchase price portion not so allocated.

Goodwill is not amortized and its value is subject to annual tests for impairment.

The intangible assets are recognized in the balance sheet since they meet the following conditions: are identifiable, provide future economic benefits and the company has control over such benefits. The intangible assets are classified as follows:

i) Indefinite useful life, which are not amortized but subject to annual impairment assessment; through December 31, 2009 no circumstances that might affect their useful lives have been identified.

ii) Definite life, are those which are amortized systematically, based on the best estimate of their useful life determined in accordance with the expected future economic benefits, and are subject to impairment tests as this one is identified.

At December 31, 2009 and 2008, these intangible assets with indefinite useful life are expressed as follows: i) as of January 1, 2008, at historical cost, and ii) up to December 31, 2007 at indexed values determined through the application factors derived from the NCPI to its acquisition costs up to that date. Consequently, at December 31, 2009 and 2008, intangible assets were stated at modified historical cost, less accumulated amortization in the case of assets with a finite useful life.

j. Transactions in foreign currency and exchange differences

Transactions in foreign currencies are initially recorded at recording currency applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing on the balance sheet date. Exchange gain or loss arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the period closing are recognized in the income as a component of the finance cost with exception of those exchange differences that, as a part of the eligible assets cost, are capitalized with other components of the finance cost.

k. Provisions

The liabilities' provisions represent present obligations for past events where the outflow of economic resources is possible. These provisions have been recorded based on management's best estimation.

l. Estimated liability for labor benefits

The employee retirement plans (pensions, health-care expenses and seniority premiums), both formal and informal, as well as the benefits payable at termination of employment for causes other than from restructuring, are recognized as a cost of the years in which the services are rendered in accordance with actuarial studies made by independent actuaries.

Actuarial gains and losses arising from retirement benefits in excess of the greater of 10% of the value of defined benefit obligation or 10% of the value of plan assets are amortized over the expected average remaining service lives of the employees expected to receive the benefits.

On January 1, 2008 the standards contained in FRS D-3 "Employee benefits" became effective. These standards require, among other things, a reduction in the amortization period of the items relating to prior service cost, the incorporation of the effects of salary growth in the calculation of the defined benefit obligation, as well as the elimination of the additional liability and corresponding intangible asset, and if applicable, of the amount recorded in stockholders' equity.

From January 1, 2008 onwards the transition liability is amortized over the lesser of the period pending to be amortized or five years. Until December 31, 2007, the actuarial gains and losses and transition liability captions subject to amortization were amortized on the basis of the average estimated service lives of the employees.

m. Derivative financial instruments

All derivative financial instruments entered into and identified and classified as held for trading or as hedge instruments are included in the balance sheet as assets and/or liabilities at fair value. The fair value is determined based on the prices of recognized markets; when no quoted market prices are available, it is determined based on valuation techniques accepted in the financial sector.

The changes in the fair value of derivative financial instruments are recognized in the comprehensive financing income (expense), except when entered into to hedge against risk and comply with all related requirements. Their designation as a hedge is documented at the inception of the transaction, specifying the related objective, initial position, risks to be hedged, type of hedge relationship, characteristics, accounting recognition and how their effectiveness will be assessed. Fair value hedges are stated at fair value and changes in valuation are recorded in income under the same caption as the hedged item. In the case of cash flow hedges, the effective portion is temporarily included in comprehensive income in stockholders' equity and is reclassified to income when the hedged item affects income. Any ineffective portion is recognized immediately in income.

The Company suspends accounting for hedge transactions when the derivative instrument has expired, has been sold, cancelled or exercised, when it has not reached a high effectiveness to offset the changes in the fair value or cash flow of the hedged item, or when its designation as a hedge is cancelled.

Upon suspending accounting for hedge transactions, in the case of cash flow hedges, the amounts accumulated in stockholders' equity forming part of comprehensive income remain in stockholders' equity until the effect of the forecasted transaction or firm commitment affect income. In the event the forecasted transaction or firm commitment seem unlikely to occur, the gains or losses accumulated in comprehensive income are recognized immediately in income. When the hedge of a forecasted transaction is originally effective but later does not comply with the effectiveness test, the effects accumulated in comprehensive income in stockholders' equity are carried to income in proportion as the forecasted asset or liability affects income

Financial risk factors

- The derivative financial instruments were privately negotiated with various counterparties whose sound financial condition was supported by high ratings assigned by securities and credit risk rating agencies. The documentation used to formalize the operations entered into was that commonly used; in general terms, it follows the "Master Agreement" generated by the "International Swaps & Derivatives Association" ("ISDA"), and is accompanied by the annexes commonly known as "Schedule" and "Confirmation".

- The fair value of the financial derivative instruments reflected in the Company's financial statements represents a mathematical estimate of its fair value. It is determined using models belonging to independent experts involving assumptions based on past and current market conditions and future expectations at the corresponding closing date. Some valuations are based on confirmations requested from independent experts and others on confirmations from the counterparties involved.

n. Revenue recognition

The Company and its subsidiaries recognize revenues when merchandise is delivered and billed to customers. The revenues and the accounts receivable are recorded net of allowances for returns and doubtful accounts, respectively.

o. Comprehensive financing income (expense)

This item is determined by grouping in the statement of income all interest and other financial income and expense, exchange gains and losses, and the gain or loss on monetary position.

p. Deferred Employees' Statutory Profit Sharing (ESPS)

The deferred ESPS is recorded under the comprehensive asset-and-liability method, which consists in recognizing a deferred ESPS for all differences between the book and ESPS value of the assets and liabilities in which is likely its payment or recovery. Deferred ESPS identified with other comprehensive items not identified as realized, is presented in stockholders' equity and reclassified to the period income tax as they realize. At December 31, 2009 and 2008, there were no significant differences requiring recognition of assets or liabilities for this concept.

q. Income tax

The income tax included in the consolidated statement of income, represents the income tax currently payable for the year as well as the effect of the deferred income tax, determined in each subsidiary by the comprehensive asset and liability method, applying the income tax rate in effect to total temporary differences resulting from comparing the book and tax amounts of all assets and liabilities, and if applicable, considering tax loss carryforwards expected to be recoverable. The effect of the change in current income tax rates is recognized in income of the year in which the rate change is enacted.

The deferred income tax is recorded based on the comprehensive asset-and-liability method, which consists of recognizing deferred tax on all temporary differences between the book and tax values of assets and liabilities.

r. Earnings per share

Earnings (loss) per share are computed by dividing the net majority income (loss) by the weighted average of common shares outstanding during the year. There are no effects arising from potentially dilutive shares.

s. Comprehensive income (loss)

The comprehensive income [loss] comprises the net income [loss], conversion effects, valuation of financial instruments available for sale effects which is reflected in the capital stock and do not constitutes equity payments, reductions and distributions.

4. INVENTORIES

Consolidated inventories were analyzed as follows:

	2009	2008
Finished goods	Ps 502,767	Ps 654,228
Raw materials and work in process	1,090,731	1,127,872
Spare parts, tools and other	281,086	320,350
Total	Ps 1,874,584	Ps 2,102,450

5. PROPERTY, PLANT AND EQUIPMENT

This caption comprised the following:

	2009	2008
Land	Ps 807,510	Ps 807,266
Depreciable assets	13,355,341	12,876,972
Construction in progress and other assets	516,107	520,758
	14,678,958	14,204,996
Accumulated depreciation	(6,348,465)	(5,674,134)
Total	Ps 8,330,493	Ps 8,530,862

Depreciation charged to income represented annual average rates of 6.7% in 2009 and 5.9% in 2008.

At December 31, 2009 the cost of property, plant and equipment included Ps61,745 of comprehensive financing cost capitalized.

6. DEFERRED CHARGES

At December 31 this caption comprised the following:

	2009	2008
Development cost	Ps 470,946	Ps 470,946
Preoperative cost	-	133,391
Franchises	1,181,577	1,181,577
Capitalized issuance costs	28,507	-
Other	87,134	96,045
	1,768,164	1,881,959
Accrued amortization	(429,085)	(492,153)
	Ps 1,339,079	Ps 1,389,806

Amortization charged to income represented average annual rates of 6.59% in 2009 and 4.80% in 2008.

7. FOREIGN CURRENCY POSITION

At December 31, 2009 and 2008, the exchange rates were 13.05 and 13.54 nominal pesos to the U.S. dollar, respectively. At January 27, 2010, date of issuance of these audited financial statements, the exchange rate was 12.85 nominal pesos to the dollar.

Amounts shown below are expressed in thousands of U.S. dollars (US$), since this is the currency in which most of the companies' foreign currency transactions are carried out.

At December 31, 2009 the companies had the following foreign currency assets and liabilities:

	Mexican subsidiaries	Foreign subsidiaries	Total
Monetary assets	US$ 14,856	US$ 81,118	US$ 95,974
Current liabilities	(67,302)	(97,702)	(165,004)
Long-term liabilities	(245,162)	(6,222)	(251,384)
	(312,464)	(103,924)	(416,388)
Foreign currency monetary position	(US$297,608)	(US$ 22,806)	(US$320,414)
Nonmonetary assets	US$375,956	US$182,537	US$558,493

The nonmonetary assets of the Mexican subsidiaries (inventories, machinery and equipment) mentioned above are those manufactured outside Mexico and are stated in accordance with the basis described in Note 3.

Following is a consolidated summary of the transactions in foreign currency carried out by the Mexican subsidiaries:

	2009	2008
Goods and services:		
Exports	US$ 10,839	US$ 22,069
Imports	(445,533)	(471,181)
	(444,704)	(449,112)
Interest:		
Income	6	341
Expense	(635)	(2,495)
	(629)	(2,154)
Net outflow	(US$ 445,333)	(US$ 451,266)
Imports of machinery and equipment	(US$ 26,654)	(US$ 17,976)

Following is a summary of the combined financial position and results of operations of the foreign subsidiaries located in the United States of America, Central America, the Dominican Republic and Peru in thousands of dollars:

	2009	2008
Assets		
Current assets	US$182,180	US$ 153,779
Property, plant and equipment	143,189	152,818
Other assets	3,410	5,067
Total assets	US$328,779	US$ 311,664
Liabilities and stockholders' equity		
Current liabilities	US$129,524	US$ 118,973
Long-term liabilities	4,110	4,264
Total liabilities	133,634	123,237
Total stockholders' equity	195,145	188,427
Total liabilities and stockholders' equity	US$328,779	US$ 311,664

	2009	2008
Statement of income		
Net sales	US$433,318	US$ 332,910
Cost of sales and operating expenses	(430,244)	(336,855)
Operating income (loss)	3,074	(3,945)
Comprehensive financing income (expense), net	(5,054)	8,279
Other expense, net	(6,940)	(2,356)
(Loss) income before the following provision	(8,920)	1,978
Provision for income tax	(1,586)	(1,557)
Net (loss) income	(US$ 10,506)	US$ 421

8. SHORT-TERM AND LONG-TERM DEBT

a. Short-term debt

At December 31, 2008 the short-term debt of SIGMA and its subsidiaries comprised the following:

	2008	
	Amount	Interest rate(*)
Loans in Peruvian soles		
Secured by the assets acquired	Ps 67,638	8.69%
Loans in U.S. dollars:		
Unsecured	614,730	4.84%
Loans in Mexican currency:		
Unsecured (1)	2,805,980	11.13%
Total Short-term debt	Ps3,488,348	

(*) Nominal weighted average rates effective at December 31, 2008.

(1) During 2008, the Company entered into various promissory notes with different banks bearing interest at market rates ranging from 9.26% to 12.75%

b. Long-term debt

At December 31, 2009 and 2008 the long-term debt of SIGMA and its subsidiaries comprised the following:

	2009	2008	Interest rate (*) 2009
Loans in Peruvian soles:			
Secured by the assets acquired	Ps 42,271	Ps 55,687	7.34%
Loans in U.S. dollars:			
Unsecured	3,201,495	-	7.10%(**)
Loans in Mexican currency:			
Unsecured	1,470,833	2,302,917	4.61%
Debt certificates	3,174,011	3,154,655	7.50%
	7,788,610	5,513,259	
Less - Current maturities	296,694	193,842	
Long-term debt	Ps 7,591,916	Ps 5,319,417	

(*) Nominal weighted average rates effective at December 31, 2009.

(**) Effective interest rate.

On December 16, 2009, SIGMA completed its issuance of US$250,000 senior, unsecured notes ("Senior Notes") maturing on December 16, 2019. These Senior Notes bears interest payable semi-annually at annual 6.875 % starting June 16, 2010.

These Senior Notes were placed in private offerings pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933; these Senior Notes are unconditionally guaranteed on a senior unsecured basis by certain subsidiaries of SIGMA.

These Senior Notes were initially priced at 98.059%, to yield 7.10% to maturity. At December 31, 2009, the outstanding principal amount of the Senior Notes total US$250,000 (3,264,675 thousands of Mexican pesos). Total Senior Notes net proceeds amounted to US$245.1 million, net of unamortized discount of US$4.9 million. In addition, issuance of the Senior Notes originated issuance costs amounting to US$3.1 million. Debt issuance costs, including the unamortized discount, are amortized over the life of the Senior Notes.

The Senior Notes may be redeemed at the Company's option, in whole or part, at any time, or from time to time prior to their maturity at a redemption price equal to the grater of (i) 100% of the principal amount of such Notes and (ii) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of the twelve 30-day months) at the Treasury Rate plus 50 basis point, plus, in each case, any accrued and unpaid interest on the principal amount of the Notes to (but not including) the redemption date. Upon the occurrence of a change of control triggering event, each holder of the Senior Notes will have the right to require the Company to purchase all or portion of the Senior Notes at a purchase price equal to 101% of the principal amount plus any accrued and unpaid interest thereon through the purchase date.

The Senior Notes issuance agreement contain certain covenants, mainly covering the maintenance of certain financial ratios, incurring in additional debt or obtaining loans secured by assets, entering in sale and lease back transactions and merger or transfer of the Company's assets. These covenants are subject to exceptions and requirements as stated in the indenture agreement.

The Senior Notes total proceeds were used to repay in advance short and long-term existing debt.

On July 24, 2008, SIGMA subscribed debt certificates of Ps1,000,000 and 500,000 (the latter stated in UDI's) at a fixed interest rates of 10.25% and 5.32%, respectively, maturing in the year 2018.

On November 27, 2008, SIGMA entered into a loan of Ps160,000 at a TIIE plus 300 monthly interest rate maturing in the year 2011; this loan was paid in advance on December 28, 2009.

At December 31, 2009 long-term debt maturities were as follows:

2011	Ps 494,154
2012	489,813
2013	224,910
2014	1,639,319
2015 onwards	4,743,720
	Ps 7,591,916

The current bank loan agreements contain the usual covenants covering the maintenance of certain financial ratios, payment of dividends and submission of financial information. In the event noncompliance with such ratios is not cured in a time period satisfactory to the creditors, the latter may require immediate payment of the entire indebtedness. At December 31, 2009 SIGMA and its subsidiaries had satisfactorily complied with such covenants and restrictions.

At December 31, 2009, property, plant and equipment of US$3,118 (thousands) were pledged to guarantee liabilities totaling Ps42,271.

9. DERIVATIVE FINANCIAL INSTRUMENTS

a) Exchange rate derivatives

The position of exchange rate derivatives held for trading purposes was summarized as follows:

December 31, 2009

Type of derivative, value or contract	Notional amount	Underlying asset Unit	Underlying asset Reference	Fair value	Maturity 2010	Maturity 2011	Maturity 2012+	Collateral / guarantee
USD/Ps (CCS)	(Ps 347,659)	Peso / Dollar	13.06	(Ps 70,626)	(Ps 9,873)	(Ps20,972)	(Ps39,781)	Ps -

December 31, 2008

Type of derivative, value or contract	Notional amount	Underlying asset Unit	Underlying asset Reference	Fair value	Maturity 2009	Maturity 2010	Maturity 2011+	Collateral / guarantee
USD/Ps (CCS)	(Ps 580,986)	Peso / Dollar	13.54	(Ps 151,750)	(Ps 86,669)	(Ps37,595)	(Ps27,486)	
USD/Ps	(1,741,901)	Peso / Dollar	13.54	(148,824)	(148,824)			Ps 33,346
				(Ps 300,574)	(Ps235,493)	(Ps37,595)	(Ps27,486)	Ps 33,346

b) Interest rate swaps

The position of interest rate swaps was summarized as follows:

December 31, 2009

Type of derivative, value or contract	Notional amount	Underlying asset Unit	Underlying asset Reference	Fair value	Maturity 2010	Maturity 2011	Maturity 2012+	Collateral / guarantee
Trading purposes:								
Libor	Ps3,917,610	annual %	2.06	(Ps267,166)	(Ps169,508)	(Ps85,589)	(Ps12,069)	$ -

December 31, 2008

Type of derivative, value or contract	Notional amount	Underlying asset Unit	Underlying asset Reference	Fair value	Maturity 2009	Maturity 2010	Maturity 2011+	Collateral / guarantee
Hedging purposes:								
TIIE (i)	Ps 850,000	annual %	8.70	(Ps 8,326)	(Ps 8,326)			
Trading purposes:								
Libor	Ps5,415,320	annual %	1.75	(375,469)	(193,726)	(Ps146,418)	(Ps35,325)	Ps 34,871
TIIE	660,400	annual %	8.70	(11,998)	(11,998)			
				(Ps395,793)	(Ps214,050)	(Ps146,418)	(Ps35,325)	Ps 34,871

(i) Fair value hedge

c) Commodities

The position of derivative financial instruments for natural gas was summarized as follows:

December 31, 2009

Type of derivative, value or contract	Notional amount	Underlying asset Unit	Underlying asset Reference	Fair value	Maturity 2010	Maturity 2011	Maturity 2012+	Collateral / guarantee
Trading purposes:								
Natural gas	Ps 17,556	Dollar / BTU	4.40	(Ps 17,854)	-	-	(Ps17,854)	Ps -

December 31, 2008

Type of derivative, value or contract	Notional amount	Underlying asset Unit	Underlying asset Reference	Fair value	Maturity 2009	Maturity 2010	Maturity 2011+	Collateral / guarantee
Trading purposes:								
Natural gas	Ps 18,821	Dollar / BTU	6.94	(Ps30,886)	(Ps 14,024)	-	(Ps16,862)	Ps 6,897
				(Ps30,886)	(Ps 14,024)	-	(Ps16,862)	Ps 6,897

The effectiveness of financial derivative instruments classified as hedge instruments is assessed on a periodical basis. At December 31, 2009, the Company's management had assessed the effectiveness of hedges and estimated that they are highly effective.

The notional amounts related to financial derivative instruments reflect the reference volume contracted.

At December 31, 2008, the net fair value position of the aforementioned financial derivative instruments amounted to Ps355,646; it is included in the consolidated balance sheet as long-term liabilities.

10. ESTIMATED LIABILITY FOR LABOR BENEFITS

The valuation of the liabilities for employee retirement plans, both formal (covering approximately 72.9% of the companies' employees in 2009 and 71.3% in 2008) and informal, covers all employees and is based primarily on their years of service, their present age and their remuneration at date of retirement. Likewise, from January 2005 compensation payable on termination of employment for causes other than for restructuring is recognized as part of the Company's labor liabilities.

Certain SIGMA companies have defined contribution schemes. In accordance with the structure of these plans, the reduction in labor liabilities is reflected progressively.

The principal subsidiaries of SIGMA have established irrevocable trust funds for payment of pensions and seniority premiums. Contributions amounted to Ps54,994 in 2009 (Ps69,917 in 2008).

Following is a summary of the principal consolidated financial data relative to these obligations:

	2009	2008
Defined benefit obligation	Ps 547,789	Ps607,399
Plan assets at market value	(386,120)	(323,870)
Unrecognized prior service costs (transition liability and plan amendments)	(105,272)	(91,592)
Unrecognized actuarial gains and losses	65,526	(67,385)
Estimated liability for labor benefits	Ps 121,923	Ps124,552
Net cost for the period excluding effect of curtailments and settlements	(Ps 155,649)	(Ps190,336)
Effect of curtailments and settlements	(5,110)	(12,391)
Defined contribution component	(35,642)	(25,408)
Net cost for the year	(Ps 196,401)	(Ps228,135)

Prior service cost (transition liability), plan amendment costs and actuarial gains and losses are recorded through charges to income by the straight-line method over the average remaining service life of the employees expected to receive the benefits, From December 2007 onwards prior service cost (transition liability) is amortized over a maximum five-year period.

	2009	2008
Amortization period:		
Transition liability and plan amendment costs	5	6
Unrecognized actuarial gains and losses	20	20
Weighted discount rate (in nominal terms)	9.15 %	8.5%
Estimated return at long term on plan assets (in nominal terms)	10.75 %	11%

11. STOCKHOLDERS' EQUITY

From January 1, 2008 onwards the capital stock, legal reserve and contributions for future increase in capital and retained earnings are stated in modified historical Mexican pesos (see Note 3).

The General Ordinary Stockholders' Meeting held on March 25, 2009; agreed to apply the majority interest net loss for the year ended December 31, 2008 amounting to Ps1,016,669, against the capital stock restatement account.

After the application mentioned above, the capital stock of the Company at December 31, 2009 is as follows:

Shares	**Description**	**Amount**
1,290,654,555	Series "B" representing the fixed portion of the capital stock	Ps 27,081
	Acumulated inflation restatement up to December 31, 2007	156,583
	Capital stock at December 31, 2009	Ps 183,664

At December 31, 2009 and 2008, the fixed minimum capital stock without right of withdrawal, fully subscribed and paid-in amounted to Ps27,081, and was represented by 1,290,654,555 Series "B" common nominative shares, without par value.

The profit for the period is subject to the legal provision requiring at least 5% of the profit for each period to be set aside to increase the legal reserve until it reaches an amount equivalent to 20% of the capital stock.

Retained earnings include Ps5,416 in 2009, appropriated to the legal reserve.

Dividends paid are not subject to income tax if paid from the net tax profit account (CUFIN by its Spanish acronym). Any dividends paid in excess of this account will cause a tax equivalent to 38.89% if they are paid on 2010. The current tax is payable by the Company and may be credited against its income tax in the same year or the following two years or in its case against the Flat tax of the period. Dividends paid coming from profits previously taxed by income tax are not subject to tax withholding or additional tax payment.

In the event of a capital reduction, the provisions of the Income Tax Law arrange any excess of Stockholders' equity over capital contributions, is accounted with the same tax treatment as dividends.

Until December 31, 2007 the surplus on restatement of capital comprised the accumulated gain on initial monetary position and the gain from holding nonmonetary assets stated in pesos as of the end of the period. In accordance with the new guidelines of FRS B-10, this caption was fully resclassified to retained earnings since the items from which it arose have been charged or credited to income.

12. OTHER EXPENSE, NET

This caption comprised the following:

	2009	2008
Loss on sale of fixed assets	(Ps 8,294)	(Ps 9,904)
Employees' profit sharing (1)	(64,897)	(59,143)
Loss on sale of containers and platforms	(31,441)	(41,593)
Operating computer systems expense		
Reorganization expenses and other	(75,479)	(135,229)
Tax expense	6,624	(25,423)
	(Ps 173,487)	(Ps 271,292)

(1) Employees' profit sharing is determined separately in each Mexican subsidiary at the rate of 10% of the taxable income adjusted as prescribed by the Income Tax Law.

13. COMPREHENSIVE FINANCING EXPENSE, NET

This caption comprised the following:

	2009	2008
Financial expense	(Ps 889,534)	(Ps 645,661)
Financial income	104,433	83,928
(Loss) exchange gain, net	(29,765)	7,485
Effect of derivative financial instruments	(62,020)	(2,351,913)
Gain on monetary position	2,045	39,191
	(874,841)	(2,866,970)
Portion capitalized in property, plant and equipment, net	61,745	41,606
	(Ps 813,096)	(Ps 2,825,364)

14. INCOME TAX

The net (charge) credit to income for income tax was as follows:

	2009	2008
Current	(Ps 642,143)	(Ps 507,045)
Deferred	42,307	703,292
	(599,836)	196,247
Adjustment to provision for income tax from prior years derived from gain contingencies	(10,274)	(2,315)
	(Ps 610,110)	Ps 193,932

The reconciliation between the statutory and effective income tax rates is shown below:

	2009	2008
Income (loss) before income tax	Ps 1,742,091	(Ps1,052,122)
Income tax at statutory rate (28%)	(Ps 487,785)	Ps 294,594
Add (deduct) effect of income tax on:		
Nondeductible expenses	(10,514)	(7,474)
Inflationary adjustment	(108,049)	(48,120)
Employees' profit sharing	16,353	19,027
Tax surcharges	2,138	2,340
Taxable income of subsidiaries not subject to income tax	(46,462)	(54,664)
Other, net	34,483	(5,455)
Total income tax provision credited (charged) to income	(Ps 599,836)	Ps 200,248
Effective income tax rate	34%	19%

At December 31 the principal temporary differences requiring recognition of deferred income tax were as follows:

	2009	2008
Inventories	(Ps 224,586)	Ps 37,046
Property, plant and equipment, net	2,412,602	2,383,918
Estimated liability for labor obligations	(121,923)	(124,552)
Trade accounts receivable	(85,944)	(96,235)
Down payment	83,335	38,382
Derivative financial instruments	(355,646)	(727,252)
Deferred Charges	597,608	517,504
Liability provisions, net	(155,220)	(380,533)
Tax loss carry forwards	(1,399,992)	(1,576,782)
Other, net	(781,904)	23,714
	(31,670)	95,210
Income tax at statutory rate applicable to temporary differences	28%	28%
Deferred income tax	(8,868)	26,659
Recoverable asset tax	(50,480)	(61,088)
Deferred income tax asset	633,518	605,568
Deferred income tax liability, net	Ps 574,170	Ps 571,139

The unused tax loss carry forwards, which may be restated for inflation through the date they are applied against future taxable profits, expire in the following years:

2014	Ps 6,139
2018	1,393,853
	Ps 1,399,992

The foregoing amounts include the effect of restatement through December 31, 2009.

The deferred income tax payable recorded at December 31 was credited (charged) to the following accounts:

	2009	2008
Balance from prior year	(Ps 26,659)	(Ps 729,691)
Amount credited (charged) to income for year	42,307	703,292
Deficit on restatement of capital	(6,780)	(260)
Total	Ps 8,868	(Ps 26,659)

In accordance with the changes to the Mexican Income Tax Law published on December 7, 2009, the income tax rate for the years 2010 through 2012 is 30%, for 2013 29% and from 2014 onwards 28%. At December 31, 2009 the aforementioned changes in tax rates gave rise to a net increase in the deferred income tax asset of Ps4,239 with the corresponding effect in income for the year, which was determined based on the estimated reversal of temporary items at the rates which will be in effect. Company's management has concluded that there are not important effects of these changes on the financial position and results of operation of the Company.

15. TRANSACTIONS WITH AFFILIATED COMPANIES

At December 31 the balances with related parties are shown below:

	2009	2008
Receivables:		
Alfa Subsidiarias, S. A. de C. V. (1)	Ps 18,398	Ps162,034
Receivables non-current:		
Alfa Subsidiarias, S. A. de C. V.	Ps 160,000	Ps -
Payable:		
Alfa S. A. B. de C. V.	Ps 29,627	Ps 25,576
Alliax, S. A. de C. V.	15,490	11,481
Alfa Corporativo, S. A. de C. V.	9,283	9,727
Dinámica, S. A. de C. V.	686	717
Gentium, S. A. de C. V.	-	1,044
Inmobiliaria y Desarrollo de Energía Alfa, S. A. de C. V.	-	292
Transportación Aérea del Norte, S. A. de C. V.	879	3,309
	Ps 55,965	Ps 52,146

The Company entered into a loan agreement with ALFA subsidiarias, S. A. de C. V. on November 28, 2008 for a total amount of Ps160,000 at an annual interest rate of TIIE plus 300 basis points, maturing in 1 year.

On December 27, 2009, the Company and ALFA agreed to modify the maturity of the facility credit agreement dated November 28, 2008. Such modification allows the Company to extend the credit agreement until November 28, 2011.

The main transactions carried out with related parties in the years ended December 31, 2009 and 2008, were as follows:

	2009	2008
Income:		
Interest	Ps 14,229	Ps 1,769
Expenses:		
Corporative services	Ps 328,652	Ps 288,556
Administrative services	131,765	100,367
Leases	17,113	15,626
Air transportation services	7,809	8,340
Security services	25,753	30,714
	Ps 511,092	Ps 443,603

In the year ended December 31, 2009 compensation and benefits of the Company's officers amounted to Ps103,534 (Ps98,800 in 2008), consisting of the basic salary and benefits granted by law. Complemented by a variable compensation program which is based mainly on SIGMA's results and the market value of its shares.

SIGMA and its subsidiaries confirm that there were no other significant transactions with related parties or conflicts of interest which should be disclosed.

16. INFORMATION BY BUSINESS SEGMENT

The reported segment of the Company represents the specific types of products that the Company offers and internally analyzes.

The Company has three main line products: processed meats, dairy products and other refrigerated products. The Company's management uses the information by segment to evaluate performance, make general operations decisions and assign resources.

The Company controls and evaluates its continuing operations on a consolidated basis. Its activities are carried out through its subsidiary companies.

	Year ended December 31,	
	2009	2008
a. By line of product:		
Net sales of Processed Meats	Ps 17,814,917	Ps 15,244,227
Net sales of Dairy Products	10,086,945	9,275,122
Net sales of Other Refrigerated Products	1,761,895	1,581,209
Total	Ps 29,663,757	Ps 26,100,558

b. By geographic area:

2009 (Ps)

	México	Outside Mexico
Total assets	Ps 15,431,646	Ps3,293,319
Net sales	23,812,973	5,850,784
Operating income	2,560,900	167,774

2008 (Ps)

	México	Outside Mexico
Total assets	Ps 16,744,902	Ps3,491,487
Net sales	21,908,190	4,192,368
Operating income (loss)	2,112,026	(67,492)

17. CONTINGENCIES

There are various pending or threatened claims, lawsuits and tax, labor and administrative proceedings against the Company or its subsidiaries, arising from the ordinary course of business, which seek remedies or damages. The Company classifies the risk of adverse sentences in the legal suits as "remote", "possible" or "probable". Provisions for losses are recognized by the Company in its financial statements in connection with such proceedings reflecting potential losses that are deemed probable as determined by the Company's management and based on legal advice and for which the amount of probable losses is known or can be reasonably estimated. Although no assurance can be given with respect to the ultimate outcome of these matters, the Company believes that any liability that may finally be determined should not have a material effect on its consolidated financial position, results of operations or cash flow.

18. NEW ACCOUNTING PRONOUNCEMENTS

The Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF) issued, during December 2009, a series of Mexican Financial Reporting Standars (MFRS) and Interpretations (INIF) which become effective as of January 1, 2010, with exception of the INIF 18 which became effective as of December 7, 2009 and the MFRS B-5 and B-9 which will become effective as of january 1, 2011. Such MFRS and interpretations are not considered to have a significant impact in the financial information presented by the Company.

MFRS B-5 "Financial Information by Segments". It establishes the general standards to disclose financial informartion by segments, additionally it allows the user or such information analyze the entity from the same vision as the management and allows to present information by segment more consistent with its financial statements. This standard will leavesthe Bulletin B-5 *Financial Information by Segment* without effect, which will be effective up to December 31, 2010.

MFRS B-9 "Financial Information at Interim Dates". It establishes standards for the determination and presentation of financial information at interim dates for external use where it is required, among other, the presentation of the statement of changes in stockholders' equity and of cash flows, such statements were not required by Bulletin B-9 *Financial Information at interim dates*, which will be effective up to December 31, 2020.

MFRS B-16 "Financial statements of non-profit entities". It establishes which are the core financial statements that the non-profit entities should issue, also it modifies the structure of the activity statement and introduces new terminology for these kind of entities. This standard leaves Bulletin B-16, *Financial statements of non-profit entities* without effect, which was effective until December 31, 2009.

MFRS C-1 "Cash and cash equivalents". It establishes standards on the accounting treatment and disclosure of cash, restricted cash and available for sale investments, it also introduces new terminology to make it consistent with other MFRS previously issued. This standard leaves Bulletin C-1, *Cash* without effect, which was effective up to Decembre 31, 2009.

MFRS E-2 "Donation received or granted by non-profit entities". It establishes the standards for valuation, presentation and disclosure of contributions received or granted by non-profit entities. Also, it establishes other changes, accounting treatment of pieces of art, treasures, colection pieces, goods coming from received contribuitons, etc., and introduces new terminology for this kind of entities. This standards leave Bulletin C-1 *Income and contributions received by non-profit entities, as well as contributions granted by them* without effect, which was effective up to December 31, 2009.

INIF 17 "Service consession contracts". The INIF 17 removes the inconsistency between MFRS D-6 *Capitalization of the comprehensive financial result* and Bulletin D-7 *Contracts of construction and manufacturing of some equity goods*, concerning the accounting treatment of the comprehensive financial result in the event of recognition of an intagible asset during the construction phase, for service consession contracts.

INIF 18 "Recognition of effects of the Tax Reform 2010 in the Income tax". The INIF 18, was issued to give response to diverse cuestionning of the financial information preparators related with the Tax Reform 2010 effects, specialy for the changes established in the tax consolidation regime and modifications to the Income tax rate.

Alvaro Fernández Garza
Chief Executive Officer

Ricardo J. Doehner Cobián
Chief Financial Officer