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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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REPORT OF INDEPENDENT AUDITORS

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

Monterrey, N. L., January 30, 2009

We have audited the consolidated balance sheets of Sigma Alimentos, S. A. de C. V. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income and of changes in stockholders' equity for the years then ended; likewise, we have also audited the consolidated statements of cash flows and of changes in financial position for the years ended December 31, 2008 and 2007, respectively. 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 auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by 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 aforementioned consolidated financial statements present fairly, in all material respects, the financial position of Sigma Alimentos, S. A. de C. V. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and the changes in their stockholders' equity for the years then ended, and their cash flows and the changes in their consolidated financial position for the years ended December 31, 2008 and 2007, respectively, in conformity with Mexican Financial Reporting Standards.

PRICEWATERHOUSECOOPERS

As described in Note 2 to the financial statements, the Company decided to include in the consolidated balance sheet additional information identified as "2008 - restated" (unaudited). This information includes an adjustment to property, plant and equipment, deferred income tax and stockholders' equity resulting from applying appraisal values determined by independent experts to the property, plant and equipment located in Mexico. We have verified that the values determined by these independent experts, together with the related effects on stockholders' equity and deferred income tax were properly included therein. The information included in this column was prepared for purposes of additional analysis; however, such information is not presented in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers

Alejandro Moreno Anaya

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

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2008 AND 2007

Thousands of Mexican Pesos (see Note 3)

Assets	2008	2008 - (restated)	2007
CURRENT ASSETS:			
Cash and temporary investments	Ps 2,288,256	Ps 2,288,256	Ps 707,989
Restricted cash (Note 8)	75,114	75,114	
Trade accounts receivable	2,174,184	2,174,184	1,484,923
Other accounts receivable	1,176,728	1,176,728	1,084,649
Accounts receivable from affiliated companies (Note 14)	162,034	162,034	
Inventories (Note 4)	2,102,450	2,102,450	1,987,158
Total current assets	7,978,766	7,978,766	5,264,719
Derivative financial instruments (Note 8)	75,187	75,187	
PROPERTY, PLANT AND EQUIPMENT (Note 5)	8,530,862	11,081,675	8,081,011
DEFERRED CHARGES (Note 3. f.))	1,389,806	1,389,806	1,105,350
GOODWILL (Note 3. f.)	1,656,200	1,656,200	1,336,653
INTANGIBLE ASSET (Note 9)			144,217
DEFERRED INCOME TAX (Note 13)	605,568	605,568	23,073
Total assets	Ps 20,236,389	Ps 22,787,202	Ps 15,955,023

Liabilities and Stockholders' Equity	2008	2008 - (restated)	2007
CURRENT LIABILITIES:			
Current portion of long-term debt (Note 7)	Ps 193,842	Ps 193,842	Ps 1,201,542
Unsecured bank loans	3,488,348	3,488,348	216,225
Notes payable	270,474	270,474	
Suppliers	2,484,976	2,484,976	2,211,545
Accounts payable to affiliated companies (Note 14)	52,146	52,146	41,789
Other accounts and accrued expenses payable	812,683	812,683	436,391
Derivative financial instruments (Note 8)			24,351
Total current liabilities	7,302,469	7,302,469	4,131,843
LONG-TERM LIABILITIES:			
Long-term debt (Note 7)	5,319,417	5,319,417	3,777,917
Notes payable	51,528	51,528	
Deferred income tax (Note 13)	571,139	1,285,367	697,754
Estimated liability for labor benefits (Note 9)	124,552	124,552	298,970
Derivative financial instruments (Note 8)	802,440	802,440	59,679
Total long-term liabilities	6,869,076	7,583,304	4,834,320
Total liabilities	14,171,545	14,885,773	8,996,163
STOCKHOLDERS' EQUITY (Note 10):			
Nominal capital stock	27,081	27,081	27,081
Restatement of capital stock	1,173,252	1,173,252	1,173,252
	1,200,333	1,200,333	1,200,333
Premium on issuance of capital stock	1,303,657	1,303,657	1,303,657
Contributed capital	2,503,990	2,503,990	2,503,990
Earned surplus	3,381,055	5,217,640	4,243,096
Total majority interest	5,885,045	7,721,630	6,747,086
Minority interest	179,799	179,799	241,774
Total stockholders' equity	6,064,844	7,901,429	6,988,860
Total liabilities and stockholders' equity	Ps 20,236,389	Ps 22,787,202	Ps 15,955,023

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

Mario H. Páez G.
General Director

Felipe Canales T.
Administrative Director

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

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS 2008 AND 2007

Thousands of Mexican Pesos (see Note 3)

	2008	2007
Net sales	Ps 26,100,558	Ps 23,081,626
Cost of sales	(16,436,846)	(14,098,462)
Gross margin	9,663,712	8,983,164
Operating expenses	(7,619,178)	(7,025,342)
Operating income	2,044,534	1,957,822
Comprehensive financing expense, net (Note 11)	(2,825,364)	(163,418)
Other expense, net (Note 12)	(271,292)	(316,824)
(Loss) income before income tax	(1,052,122)	1,477,580
Provision for:		
Income tax (Note 13)	193,932	(406,921)
Consolidated net (loss) income	(Ps 858,190)	Ps 1,070,659
Net income (loss) corresponding to minority interest	Ps 14,654	Ps (2,024)
Net (loss) income corresponding to majority interest	(Ps 872,844)	Ps 1,072,683
(Loss) earnings per share, in pesos (Note 3. o.)	(Ps 0.66)	Ps 0.83
Weighted average number of outstanding shares	1,290,654,555	1,290,654,555

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Mario H. Páez G.
General Director

Felipe Canales T.
Administrative Director

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS 2008 AND 2007

Thousands of Mexican Pesos (see Note 3)

	Contributed capital			Earned surplus						
	Capital stock	Premium on issuance of capital stock	Total	Retained earnings	Deficit on restatement of capital	Cumulative translation adjustment	Total	Total majority interest	Minority interest	Total stockholders' equity
Balances at December 31, 2006	Ps1,200,333	Ps1,303,657	Ps2,503,990	Ps5,480,970	(Ps1,738,939)	(Ps 36,706)	Ps3,705,325	Ps6,209,315	Ps 88,632	Ps6,297,947
Changes in 2007:										
Net income for the year				1,072,683			1,072,683	1,072,683	(2,024)	1,070,659
Cumulative translation adjustment						68,271	68,271	68,271		68,271
(Loss) gain from holding nonmonetary assets					(287,581)		(287,581)	(287,581)	155,166	(132,415)
Effect of valuation changes in hedging instruments					82,859		82,859	82,859		82,859
Comprehensive income				1,072,683	(204,722)	68,271	936,232	936,232	153,142	1,089,374
Dividends declared				(398,461)			(398,461)	(398,461)		(398,461)
Balances at December 31, 2007	1,200,333	1,303,657	2,503,990	6,155,192	(1,943,661)	31,565	4,243,096	6,747,086	241,774	6,988,860
Changes in 2008:										
Net loss for the year				(872,844)			(872,844)	(872,844)	14,654	(858,190)
Cumulative translation adjustment						495,394	495,394	495,394		495,394
Loss from holding nonmonetary assets						(110,143)	(110,143)	(110,143)	(76,629)	(186,772)
Effect of valuation changes in hedging instruments				10,705			10,705	10,705		10,705
Comprehensive loss				(862,139)		385,251	(476,888)	(476,888)	(61,975)	(538,863)
Dividends declared				(385,153)			(385,153)	(385,153)		(385,153)
Reclassification of accumulated (loss) gain from holding nonmonetary assets (Note 10)				(1,943,661)	1,943,661					
Balances at December 31, 2008 (Note 10)	Ps1,200,333	Ps1,303,657	Ps2,503,990	Ps2,964,239	Ps -	Ps416,816	Ps3,381,055	Ps5,885,045	Ps179,799	Ps6,064,844

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

Mario H. Páez G.
General Director

Felipe Canales T.
Administrative Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR 2008

Thousands of Mexican Pesos (see Note 3)

	2008
Operations	
Loss before income tax	(Ps 1,052,122)
Items relating to investing activities:	
Depreciation and amortization	827,577
Estimated liability for labor benefits	21,970
Loss on sale of property, plant and equipment	9,904
Valuation and settlement of derivative financial instruments	2,351,913
Interest income	(80,741)
	2,078,501
Items relating to financing activities:	
Interest expense	645,895
Other, net	(18,405)
Increase in accounts receivable	(551,868)
Affiliated companies, net	(279,807)
Decrease in inventories	(43,323)
Increase in suppliers	7,599
Income tax paid	(487,478)
Other	41,131
Net resources provided by operating activities	1,392,245
Investment	
Net assets of subsidiaries acquired, less cash	(316,085)
Acquisition of property, plant and equipment	(742,190)
Derivative financial instruments and hedge transactions	(1,702,545)
Other assets	(256,960)
Net resources used in investing activities	(3,017,780)
Cash deficit	(1,625,535)
Financing	
Short-term debt and bank loans	151,314
Long-term debt	5,819,747
	5,971,061
Repayment of debt and bank loans	(1,867,000)
Increase in bank financing	4,104,061
Interest paid	(530,237)
Dividends paid by SIGMA	(385,153)
Other changes in capital	8,703
Net resources provided by financing activities	3,197,374
Increase in net cash and temporary investments	1,571,839
Adjustments to cash flow as a result of changes in exchange rates	83,542
Cash, temporary investments and restricted cash at beginning of year	707,989
Cash, temporary investments and restricted cash at end of year	Ps2,363,370

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

Mario H. Páez G.
General Director

Felipe Canales T.
Administrative Director

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

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR 2007

Thousands of Mexican Pesos (see Note 3)

	2007
Operations	
Consolidated net income	Ps1,070,659
Items not affecting resources:	
Depreciation and amortization	715,479
Estimated liability for labor benefits	(64,858)
Deferred income tax	101,299
Other, net	(65,723)
	1,756,856
Changes in working capital other than financing:	
Trade accounts receivable	206,109
Inventories	(424,317)
Suppliers	355,571
Affiliated companies, net	35,215
Other accounts receivable and payable, net	(392,338)
	(219,760)
Resources provided by operations	1,537,096
Investment	
Property, plant and equipment, net	(1,722,449)
Deferred charges	(638,040)
Other assets, net	62,744
Resources used in investment activities	(2,297,745)
Financing	
Short-term loans	2,490,044
Long-term loans	1,637,282
Repayment of loans	(3,053,969)
Increase (decrease) in bank financing, net	1,073,357
Dividends declared	(398,461)
Resources provided by financing activities	674,896
Decrease in cash and temporary investments	(85,753)
Cash and temporary investments at beginning of year	793,742
Cash and temporary investments at end of year	Ps 707,989

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

Mario H. Páez G.
General Director

Felipe Canales T.
Administrative Director

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, 2008 AND 2007

Thousands of Mexican Pesos (see Note 3)
(except where otherwise indicated)

1. ACTIVITIES OF SIGMA ALIMENTOS COMPANIES

Sigma Alimentos, S. A. de C. V. (SIGMA) 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. SIGMA is a subsidiary of Alfa, S. A. B. de C. V. (ALFA). At December 31, 2008 the principal subsidiaries of SIGMA and their ownership interest were:

	Country (1)	Ownership (%)
Alimentos Finos de Occidente, S. A. de C. V.		100
Bonanza Industrial, S. A. de C. V.		100
Braedt, S. A. (Note 2.c.)	Peru	100
Carnes Selectas Tangamanga, S. A. de C. V.		100
Comercial Hacienda de Cerdos, S. A.	Dominican Republic	100
Comercializadora de Embutidos ICO, S. A. de C. V.		100
Distribuidora y Comercializadora de Lácteos del Norte, S. A. de C. V.		100
Empacadora de Embutidos del Centro, S. A. de C. V.		100
Grupo Chen, S. de R. L. de C. V. and subsidiaries		100
Industrias Alimentarias del Sureste, S. A. de C. V. (Note 2.e.)		100
Lácteos Finos Holdings New Zealand Limited, S. A. de C. V.		100
Mexican Cheese Producers, Inc. (Note 2.d.)	U. S. A.	100
Productos Cárnicos, S. A. de C. V.	El Salvador	100
Productos de Importación, S. A. de C. V.	Honduras	100
Servilac, S. A. de C. V.		100
Sigma Alimentos Centro, S. A. de C. V.		100
Sigma Alimentos Costa Rica, S. A.	Costa Rica	100
Sigma Alimentos, Comercial, S. A. de C. V.		100
Sigma Alimentos Congelados, S. A. de C. V.		100
Sigma Alimentos Corporativo, S. A. de C. V.		100

	Country (1)	Ownership (%)
Sigma Alimentos Dominicana, S. A.	Dominican Republic	100
Sigma Alimentos Importaciones, S. A. de C. V.		100
Sigma Alimentos Lácteos, S. A. de C. V.		100
Sigma Alimentos Noreste, S. A. de C. V.		100
Sigma Alimentos Nicaragua, S. A.	Nicaragua	100
Sigma Alimentos El Salvador, S. A.	El Salvador	100
Sigma Alimentos Guatemala, S. A.	Guatemala	100
Sigma Alimentos International, Inc.	U.S.A.	100
Sigma Alimentos Prom, S. A de C. V.		100
Sigma Foods, Inc.	U.S.A.	100
Sigma Processed Meats, Inc.	U.S.A.	100

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

2. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

a) Devaluation of the Mexican peso vis-à-vis the US dollar and derivative financial instruments

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.

Since SIGMA operates in many 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 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 at the end of September. In general terms, it cancelled or neutralized derivative positions, substantially reducing its exposure to these risks.

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

ALFA has recently created a Risk Management Committee composed of senior executives both from the corporate staff and from the operating subsidiaries. This Committee is responsible for authorizing all derivative operations based on the guidelines set by the Board of Directors. The Risk Management Committee will report to the Finance Committee and to the Audit and Corporate Practices Committee of ALFA, as well as to the Board of Directors.

b) Restatement of financial information (unaudited)

In January 2008 various changes to Financial Reporting Standard (FRS) "B-10" became effective. Among the most significant changes is that referring to the valuation of fixed assets of foreign origin for which the specific indexation restatement method may no longer be used.

It is worthwhile mentioning that the majority of SIGMA and subsidiaries' assets of foreign origin located in Mexico were financed with foreign currency loans.

As a result of this situation, the Company's consolidated balance sheet includes a negative effect on stockholders' equity as a result of not recognizing an increase in the value of foreign-origin fixed assets financed with these bank loans.

Therefore, for purposes of additional analysis, the Company has prepared financial information that includes increases in the value of all fixed assets located in Mexico. This information has been calculated based on appraisals made by independent experts and is included in the consolidated balance sheet under the column headed "2008 - restated".

This note also discloses what the effect would have been had the accounting standards abolished in January 2008 been applied (restatement by the specific indexation and general price index methods) to the fixed assets located in Mexico, and the related effect on stockholders' equity.

Following is a summary of the effects of the two restatement methods described above:

	Restatement by appraisal	Restatement by indexation
Book value of property, plant and equipment, net	Ps 8,530,862	Ps 8,530,862
Net restated value	11,081,675	9,518,532
Restatement increment	2,550,813	987,670
Deferred income tax on restatement increment	(714,228)	(276,548)
Net effect on stockholders' equity	1,836,585	711,122
Book value of stockholders' equity	6,064,844	6,064,844
Restated stockholders' equity	Ps 7,901,429	Ps 6,775,966

c) Acquisition of Braedt, S. A. and Longmont

In July 2008, Sigma Alimentos, S. A. de C. V. and Sigma Exterior, S. A. 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. In addition, on October 30, 2008, Sigma Alimentos,

S. A. de C. V. 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.

d) Acquisition of Mexican Cheese Producers, Inc.

In July 2007, Sigma Alimentos, S. A. de C. V. and Sigma Exterior, S. A. entered into an agreement to acquire the outstanding shares of Mexican Cheese Producers, Inc., a U.S. company engaged in the production of cheese and other dairy products. This acquisition involved a plant located in Darlington, Wisconsin, U.S.A. and distribution centers in Chicago, Houston and Atlanta, from which the products are marketed in various areas of the U.S.A. The annual production capacity is approximately 10,000 tons. SIGMA consolidated the financial information of this company from August 2007 onwards.

e) Acquisition of Industrias Alimentarias del Sureste, S. A. de C. V.

In October 2007, Sigma took control of Industrias Alimentarias del Sureste, S. A. de C. V., a company mainly engaged in the production of cold cuts in the southeast of Mexico.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On January 30, 2009, the Company's officers signed the basic financial statements and notes thereto and authorized the issuance of the accompanying consolidated financial statements.

The accompanying consolidated financial statements at December 31, 2008 and 2007 have been prepared in accordance with Mexican Financial Reporting Standards (FRS).

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. The financial statements for the year ended December 31, 2007, presented for comparative purposes, are stated in constant pesos of December 31, 2007 purchasing power, based on 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.

The accumulated inflation of the most recent three years in the countries in which SIGMA and its subsidiaries operate does not exceed the 26% mentioned in the preceding paragraph (with exceptions not significant for purposes of these financial statements).

On January 1, 2008, FRS B-2 "Statement of cash flows" became effective; therefore, management included as part of the basic financial statements the statement of cash flows for the year ended December 31, 2008. This statement reports the cash inflows and cash outflows of the business, representing the resources provided or used during the year, determined by the indirect method; the statement of changes in financial position for the year ended December 31, 2007, is presented separately and in accordance with Statement B-12, which was in effect at that date.

On January 1, 2007, SIGMA and its subsidiaries adopted the standards contained in FRS B-3, which basically stipulates a new structure for the statement of income, eliminating the presentation of extraordinary and special items and classifying income and expense as ordinary or non-ordinary, and modifies the general presentation and disclosure criteria for this statement. 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.

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 financial statements of the foreign subsidiaries are conformed to Mexican financial reporting standards. Until December 31, 2007, the financial statements of the foreign subsidiaries classified as foreign entities included in the consolidation were restated by using the CPI of the country of origin, and were subsequently translated by applying the exchange rate prevailing at the end of the period. From January 1, 2008 onwards the financial statements of the foreign subsidiaries classified as foreign entities located in a non-inflationary economy are converted as follows: (a) assets and liabilities: year-end exchange rate; (b) stockholders' equity: historical exchange rate; (c) revenues, costs and expenses: historical exchange rate (or average in the event of no significant change); and (d) translation adjustment: included on the comprehensive income or loss in stockholders' equity. The effect of the changes in exchange rates is included directly in stockholders' equity under the caption "Cumulative translation adjustment".

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).

In accordance with the foregoing, in order to recognize the effects of inflation on the financial statements for the year ended December 31, 2007, the most important indexes used (NCPI) were: 125.564 and 121.015 at December 31, 2007 and 2006, respectively (second half of June 2002 = 100).

b. <u>Bases for consolidation</u>

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.

c. <u>Temporary investments</u>

These investments include investments in debt and capital securities, and are classified in the following categories in accordance with management's intention at the date of acquisition: investments to be held to maturity, negotiable financial instruments and financial instruments available for sale. They are initially stated at acquisition cost and are subsequently stated as described below:

i. Debt securities to be held to maturity are stated at acquisition cost reduced by amortization of premiums or increased by amortization of discounts, as applicable, based on the unrecovered balance while the investments are in effect. Decrease in value is recognized when appropriate.

ii. Negotiable financial instruments and those available for sale are stated at fair value, which is similar to the market value. The fair value is the amount at which financial assets can be exchanged or financial liabilities can be liquidated between interested and willing parties on an arm's-length basis. The changes in the fair value of negotiable financial instruments are charged or credited directly to income. The changes in the fair value of financial instruments available for sale are included as part of comprehensive income under stockholders' equity until the instruments are sold or are reclassified, at which time the amounts included in comprehensive income are transferred to income for the year.

d. Inventories and cost of sales

In 2008 inventories are stated at historical cost determined by the average cost method. The amounts shown for inventories do not exceed market value. Likewise, the cost of sales is determined based on the historical purchase prices and production costs of the inventories produced and sold during 2008, plus the restated value (replacement cost) of final 2007 inventories sold during the year. Consequently, at December 31, 2008, the cost of sales was stated at modified historical cost, as described.

At December 31, 2007, inventories and related cost of sales were originally recorded at average cost and were subsequently restated at estimated replacement cost, basically at the latest purchase prices and production costs of the year. The amounts shown for inventories do not exceed 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.

e. Property, plant and equipment and depreciation

From January 1, 2008 onwards new acquisitions of property, plant and equipment are stated at historical cost; until December 31, 2007, property, plant and equipment and related accumulated depreciation were stated at cost restated by applying factors derived from the NCPI to the historical cost, except for machinery and equipment of foreign origin, which were stated at cost restated by applying factors derived from the CPI of the country of origin to the corresponding foreign currency amounts and translating those amounts to pesos at the exchange rate prevailing at the end of 2007. Consequently, at December 31, 2008, property, plant and equipment are stated at modified historical cost.

The cost of interest, the exchange gain or loss, the gain or loss on monetary position and other costs relating to financing of fixed assets whose acquisition requires a substantial period of time are capitalized as forming part of the related cost of acquisition or investment. Consequently, the cost of acquisition of certain property, plant and equipment (qualifying assets), includes the comprehensive financing income (expense) incurred to finance their construction.

Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets as determined by the companies.

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

f. Business acquisitions, goodwill, deferred charges and other intangible assets

In accordance with Statement B-7 "Business acquisitions", which is mandatory for those acquisitions carried out from January 1, 2005 onwards, SIGMA has adopted the following accounting guidelines: (a) all acquisitions are accounted for as purchases; (b) the purchase price of assets acquired and related liabilities is allocated based on their fair value at the date of acquisition; (c) goodwill is not amortized and is subject to periodic testing for impairment; (d) intangible assets acquired are subject to identification, valuation and recognition; and (e) goodwill represents the purchase price portion not so allocated.

From January 1, 2008 onwards this caption is stated at modified historical cost (see third paragraph of this Note), less the corresponding accumulated amortization. Until December 31, 2007, this caption was stated at cost restated by applying factors derived from the NCPI to the historical cost, less the corresponding accumulated amortization.

Intangible assets having definite useful lives are amortized by applying the straight-line method. They comprise principally preoperating expenses and costs relative to development and implementation of integral computer systems. Likewise, they also comprise the acquisition of the Longmont brand, which belonged to Butterball, LLC, a U.S. company, and mainly patents and brands that were recognized as part of the acquisition of Mexican Cheese Producers, Inc. and Grupo Chen, S. de R. L. de C. V., which are subject to recognition of impairment, as well as the reversal of such impairment, when appropriate.

Goodwill and other intangible assets having indefinite useful lives are not amortized. They are subject to testing for impairment on an annual basis, or earlier in the event circumstances occur that indicate the existence of a possible impairment.

g. Transactions in foreign currency and exchange differences

Monetary assets and liabilities in foreign currencies, mainly U.S. dollars (US$), are stated in Mexican currency at the rates of exchange in effect at the balance-sheet date. Exchange differences arising from changes in exchange rates between the transaction and settlement dates or the balance-sheet date are charged or credited to comprehensive financing income (expense).

h. 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 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 items pending to be amortized, 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.

i. Absorption (dilution) of control in subsidiary companies

The effect of absorption (dilution) of control in subsidiary 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.

j. 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 risks 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.

k. <u>Revenue recognition</u>

SIGMA 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.

l. 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.

The gain or loss on monetary position represents the effect of inflation, as measured by the NCPI, on the Company's monthly net monetary assets or liabilities during the year.

Until December 31, 2007, it was necessary to calculate the gain or loss on monetary position, which represented the effect of inflation, as measured by the NCPI, on the Company's monthly net monetary assets and liabilities during the year expressed in pesos of the most recent year reported on. In accordance with the standards of FRS B-10 its recognition is not required from January 1, 2008 onwards (see third paragraph of this note).

m. Income tax

SIGMA and its Mexican subsidiaries file consolidated income tax returns in accordance with the applicable regulations. 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.

On October 1, 2007, the Flat Tax Law was published, and was effective from January 1, 2008 onwards. This law is applicable to individuals and corporations having a permanent establishment in Mexico. The flat tax for the period is calculated by applying to income determined on a cash flow basis a 16.5% rate in 2008, a 17% in 2009 and a 17.5% in 2010 and subsequent periods. This tax is applicable only in the event the flat tax exceeds the income tax for the same period. Based on an interpretation covering accounting for the flat tax, published by the Mexican Financial Reporting Standards Board on December 21, 2007, and on the financial and tax projections that were prepared indicating that SIGMA and its subsidiaries in Mexico will basically pay income tax rather than flat tax in the future, no deferred flat tax was recorded at December 31, 2008 and 2007.

In accordance with the current law, from January 1, 2008 onwards the Asset Tax Law is no longer in effect. However, the new law sets forth the methodology applicable to the recovery of asset tax paid in prior years, which was available for recovery in the following ten years to the extent income tax exceeded asset tax in those years.

n. Comprehensive income

The transactions recorded in the various captions relating to earned surplus for the year, other than those carried out with the stockholders, are included in the statement of changes in stockholders' equity under the caption "comprehensive income (loss)".

o. Earnings per share

Earnings per share are computed on the basis of the weighted average number of common shares outstanding during the year. There are no effects arising from potentially dilutive shares.

4. INVENTORIES

At December 31 inventories were analyzed as follows:

	2008	2007
Finished goods	Ps 654,228	Ps 587,331
Raw materials and work in process	1,127,872	1,125,625
Spare parts, tools and other	320,350	274,202
Estimated replacement cost	Ps 2,102,450	Ps 1,987,158

5. PROPERTY, PLANT AND EQUIPMENT

At December 31 this caption comprised the following:

	2008	2007
Land	Ps 807,266	Ps 735,512
Depreciable assets	12,876,972	11,397,401
Construction in progress and other assets	520,758	974,577
	14,204,996	13,107,490
Accumulated depreciation	(5,674,134)	(5,026,479)
Total book value	8,530,862	8,081,011
Restatement adjustment based on appraisals, net (unaudited)	2,550,813	
Total restated (2008 unaudited)	Ps 11,081,675	Ps 8,081,011

Depreciation charged to income represented annual average rates of 5.9% and 5.7% in 2008 and 2007, respectively.

At December 31, 2008, the gross cost of property, plant and equipment included Ps41,606 of comprehensive financing cost capitalized.

6. FOREIGN CURRENCY POSITION

At December 31, 2008 and 2007, the exchange rates were 13.54 and 10.90 nominal pesos to the U.S. dollar, respectively. At January 30, 2009, date of issuance of these audited financial statements, the exchange rate was 14.20 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, 2008 the companies had the following foreign currency assets and liabilities:

	Mexican subsidiaries	Foreign subsidiaries	Total
Monetary assets	US$ 27,204	US$ 66,435	US$ 93,639
Current liabilities	(86,976)	(92,823)	(179,799)
Long-term liabilities		(2,998)	(2,998)
	(86,976)	(95,821)	(182,797)
Foreign currency monetary position	(US$ 59,772)	(US$ 29,386)	(US$ 89,158)
Nonmonetary assets	US$348,507	US$194,620	US$543,127

The nonmonetary assets of the Mexican subsidiaries (inventories, machinery and equipment and other) 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:

	2008	2007
Goods and services:		
Exports	US$ 22,069	US$ 31,759
Imports	(471,181)	(562,165)
	(449,112)	(530,406)
Interest:		
Income	341	92
Expense	(2,495)	(7,944)
	(2,154)	(7,852)
Net outflow	(US$ 451,266)	(US$ 538,258)
Imports of machinery and equipment	(US$ 17,976)	(US$ 22,439)

Following is a summary of the combined financial position of the foreign subsidiaries located in the U.S.A., Central America, the Dominican Republic and Peru:

	2008	2007
Assets		
Current assets	US$ 153,779	US$ 92,069
Property, plant and equipment	152,818	136,765
Other assets	5,067	10,240
Total assets	US$ 311,664	US$ 239,074
Liabilities and stockholders' equity		
Current liabilities	US$ 118,973	US$ 75,177
Long-term liabilities	4,264	3,023
Total liabilities	123,237	78,200
Total stockholders' equity	188,427	160,874
Total liabilities and stockholders' equity	US$ 311,664	US$ 239,074
Statement of income		
Net sales	US$ 332,910	US$ 277,983
Cost of sales and operating expenses	(336,855)	(278,429)
Operating loss	(3,945)	(446)
Comprehensive financing income, net	8,279	1,310
Other expense, net	(2,356)	(4,325)
Income (loss) before the following provision	1,978	(3,461)
Provision for income tax	(1,557)	(1,670)
Net income (loss)	US$ 421	(US$ 5,131)

7. LONG-TERM DEBT

At December 31 the long-term debt comprised the following:

	2008	2007	Interest rate (*) 2008
Loans in Peruvian soles:			
Secured by the assets acquired	Ps 55,687		7.58%
Loans in U.S. dollars:			
Unsecured		Ps 54,331	6.08%
Loans in Mexican currency:			
Unsecured	2,302,917	2,290,128	8.77%
Debt certificates	3,154,655	2,635,000	8.71%
	5,513,259	4,979,459	
Less-Current maturities	193,842	1,201,542	
Long-term debt	Ps 5,319,417	Ps 3,777,917	

On December 17, 2007, SIGMA subscribed debt certificates of Ps1,000,000 and Ps635,000 at a TIE + .20% monthly interest rate and a fixed biannual rate of 8.75%, respectively, maturing in the year 2014. They were subscribed mainly to liquidate short-term debt.

On July 24, 2008, SIGMA subscribed debt certificates of Ps1,000,000 and 500,000 (the latter stated in UDI's) at 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 TIE + 3.00% monthly interest rate maturing in the year 2011.

(*) The liabilities mentioned above bear interest at variable rates; the interest rates shown are the average nominal rates at December 31, 2008.

At December 31, 2008 long-term debt maturities were as follows:

2010	Ps 530,838
2011	661,389
2012	655,255
2013 onwards	3,471,935
	Ps 5,319,417

The current loan agreements contain the usual covenants, such as compliance with certain financial ratios. At December 31, 2008, SIGMA and its subsidiaries had satisfactorily complied with such restrictions and covenants.

At December 31, 2008, property, plant and equipment of US$3,358 were pledged to guarantee liabilities totaling Ps55,687.

8. DERIVATIVE FINANCIAL INSTRUMENTS

a) Exchange rate derivatives

At December 31, 2008, the position of exchange rate derivatives held for trading purposes was summarized as follows:

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

At December 31, 2008, the position of interest rate swaps was summarized as follows:

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)	Ps850,000	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

At December 31, 2008, the position of derivative financial instruments for natural gas was summarized as follows:

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, 2008, 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 Ps727,253; it is included in the consolidated balance sheet as follows:

Non-current asset	Ps 75,187
Long-term liabilities	(802,440)
	(727,253)
Initial valuation position covered	-
Net position (fair value)	(Ps727,253)

Collaterals required for the above-mentioned financial derivative instruments amounted to Ps75,114; they are recorded in the caption "Restricted cash" under current assets, and represent the settlement guarantee for each instrument. They comprise temporary investments and cash in broker accounts.

9. ESTIMATED LIABILITY FOR LABOR BENEFITS

The valuation of the liabilities for employee retirement plans, both formal (covering 71.3% of the companies' employees in 2008 and 2007) and informal, covers all of the companies' 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 Ps69,917 in 2008 (Ps66,343 in 2007).

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

	2008	2007
Accumulated benefit obligation	Ps	Ps 562,072
Unfunded accumulated benefit obligation	Ps	Ps 312,961
Projected benefit obligation	607,399	604,645
Plan assets at market value	(323,870)	(293,484)
Unamortized prior service costs (transition liability)	(91,592)	(177,810)
Unamortized actuarial gains and losses, net	(67,385)	(30,908)
Unfunded accrued labor cost	124,552	102,443
Additional liability		196,527
Estimated liability for labor benefits	Ps 124,552	Ps 298,970
Net cost for the year	(Ps 228,135)	(Ps 113,117)

Prior service cost, 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 is amortized over a maximum five-year period.

	2008	2007
Amortization period:		
Transition liability and plan amendment costs	6	7
Unamortized actuarial gains and losses	20	1
Weighted discount rate (in nominal terms in 2008 and in real terms in 2007)	8.5 %	4.7 %
Estimated return at long term on plan assets (in nominal terms in 2008 and in real terms in 2007)	11 %	7.5 %

10. 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). Until December 31, 2007 capital stock, legal reserve, contributions for future increase in capital and retained earnings were stated at restated cost determined by applying factors derived from the NCPI.

At December 31, 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 retained earnings include Ps5,416, appropriated to the legal reserve.

Dividends paid from retained earnings which have not previously been taxed are subject to an income tax payable by the Company, which may be credited against the normal income tax payable by the Company in the year in which the dividends are paid and in the two following years.

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 reclassified to retained earnings since the items from which it arose have been charged or credited to income.

11. COMPREHENSIVE FINANCING EXPENSE, NET

At December 31 this caption was analyzed as follows:

	2008	2007
Financial expense	(Ps 645,661)	(Ps 502,479)
Financial income	83,928	48,780
Exchange gain, net, and exchange rate derivatives	(2,123,248)	18,196
Comprehensive financing income capitalized	41,606	8,521
Valuation and settlement of hedge instruments	(221,180)	104,294
Gain on monetary position	39,191	159,270
	(Ps2,825,364)	(Ps 163,418)

12. OTHER EXPENSE, NET

At December 31 this caption comprised the following:

	2008	2007
Loss on sale of fixed assets	(Ps 9,904)	(Ps 60,015)
Employees' profit sharing (1)	(59,143)	(68,094)
Loss on sale of containers and platforms	(41,973)	(43,662)
Damage expense	380	(7,562)
Reorganization expenses and other	(135,229)	(128,880)
Tax expense	(25,423)	(8,611)
	(Ps 271,292)	(Ps 316,824)

(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. INCOME TAX

The net charge to income for income tax was as follows:

	2008	2007
Currently payable	(Ps 507,045)	(Ps 404,383)
Deferred	703,292	(101,299)
	196,247	(505,682)
Adjustment to provision for income tax of prior years	(2,315)	98,761
	Ps 193,932	(Ps 406,921)

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

	2008	2007
(Loss) income before income tax	(Ps1,052,122)	Ps1,477,580
Income tax at statutory rate (28%)	Ps 294,594	(Ps 413,722)
Add (deduct) effect of income tax on:		
Nondeductible expenses	(7,474)	(8,696)
Inflationary adjustment	(48,120)	1,640
Employees' profit sharing	19,027	20,283
Other, net	(57,779)	(105,187)
Total income tax provision charged to income	Ps 200,248	(Ps 505,682)
Effective income tax rate	19%	34%

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

	2008	2007
Inventories	Ps 37,046	Ps 277,005
Property, plant and equipment, net	2,383,918	2,392,248
Estimated liability for labor benefits	(124,552)	(154,753)
Other, net	(624,420	(240,818)
Tax loss carryforwards	(1,576,782)	(149,279)
	95,210	2,606,039
Income tax at statutory rate applicable to temporary differences	28%	28%
Deferred income tax	26,659	729,691
Recoverable asset tax	(61,088)	(55,010)
Deferred income tax asset	605,568	23,073
Deferred income tax liability, net	Ps 571,139	Ps 697,754

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

	2008	2007
Balance from prior year	(Ps 729,691)	(Ps 586,208)
Amount credited (charged) to income for year	703,292	(101,299)
Deficit on restatement of capital	(260)	(42,184)
Total	(Ps 26,659)	(Ps 729,691)

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

2011	Ps 9,025
2012	55,283
2013	2,696
2014	19,971
2015 onwards	1,489,807
	Ps1,576,782

The foregoing amounts include the effect of restatement through December 31, 2008.

Asset tax is payable at the rate of 1.25% on the net amount of certain assets and liabilities, but only when the amount of asset tax exceeds the income tax due. Asset tax paid may be recovered in the following ten years to the extent income tax exceeds asset tax in those years.

Asset tax recoverable as mentioned above expires as follows:

2008	Ps	784
2009		821
2010		2,402
2011		3,662
2012		9,332
2013 onwards		44,087
	Ps	61,088

14. TRANSACTIONS WITH AFFILIATED COMPANIES

The consolidated financial statements include services paid to ALFA companies and other related parties amounting to Ps443,603 and Ps404,833 in 2008 and 2007, respectively.

Balances with affiliated companies included in the balance sheet arise from the above-mentioned transactions.

15. INFORMATION BY BUSINESS SEGMENT

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

The information relating to SIGMA operations by geographic area is shown below:

	2008 (%)	
	Mexico	Outside Mexico
Total assets	83	17
Net sales	84	16
Operating income	100	0

	2007 (%)	
Total assets	85	15
Net sales	87	13
Operating income	100	0

16. NEW FINANCIAL REPORTING STANDARDS

The Mexican Financial Reporting Standards Board (CINIF) issued the following FRS in 2008 effective January 1, 2009. The Company's management considers that these FRS will have no significant effect on the financial information presented:

FRS B-7 "Business acquisitions"- It stipulates general valuation and disclosure standards for the initial recognition at the date of acquisition of the net assets acquired in a business acquisition as well as for the minority interest and other items that might result from it, such as goodwill and the gain on acquisition. This standard replaces Statement B-7 "Business acquisitions", in force until December 31, 2008.

FRS B-8 "Combined and consolidated financial statements" - It sets forth the general standards for the preparation and presentation of combined and consolidated financial statements and notes thereon. This FRS supersedes Statement B-8 "Combined and consolidated financial statements and valuation of permanent investments in shares", in force until December 31, 2008.

FRS C-7 "Investments in associated companies and other permanent investments" - It sets forth the standards for the accounting recognition of the investments in associated companies, and other permanent investments in which there is no control, joint control or significant influence.

FRS C-8 "Intangible assets"- It sets forth the valuation, presentation and disclosure standards for the initial and subsequent recognition of the intangible assets acquired on an individual basis or through a business acquisition, or internally generated in the normal course of business. This FRS supersedes Statement C-8 "Intangible assets", effective until December 31, 2008.

FRS D-8 "Share-based payments"- It stipulates the standards for the recognition of share-based payments. This FRS supersedes IFRS-2 "Share-based-payments" issued by the International Financial Reporting Standards Board applicable on a supplementary basis in Mexico.

Mario H. Páez G.
General Director

Felipe Canales T.
Administrative Director