

SIGMA ALIMENTOS, S. A. DE C. V.
(a subsidiary of Alfa, S. A. B. de C. V.)

INDIVIDUAL FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

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(a subsidiary of Alfa, S. A. B. de C. V.)

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DECEMBER 31, 2007 WITH COMPARATIVE FIGURES FOR 2006

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REPORT OF INDEPENDENT AUDITORS

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

Monterrey, N. L., February 5, 2008

1. We have audited the balance sheet of Sigma Alimentos, S. A. de C. V. (as a separate legal entity) as of December 31, 2007 and 2006, and the related statements of income, of changes in stockholders' equity and of changes in financial position 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 audit.
2. We conducted our audit 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 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 audit provides a reasonable basis for our opinion.
3. As described in Note 1 to the financial statements, in a General Extraordinary Meeting held on November 1, 2007 the stockholders agreed to the merger of the company with Lácteos Finos Holdings, S. A. de C. V. (affiliated company), surviving Sigma Alimentos, S. A. de C. V. as the merging company, effective as of November 1, 2007.
4. The accompanying individual financial statements have been prepared in order to comply with legal requirements in Mexico to which the Company is subject as an independent legal entity. Therefore, the investment in shares of subsidiaries is accounted for by the equity method and they do not include consolidation of their financial statements. Consolidated financial statements of Sigma Alimentos, S. A. de C. V. and subsidiaries have been prepared separately and should be used to evaluate the financial position and results of operations of the economic entity.
5. In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Sigma Alimentos, S. A. de C. V. (as a separate legal entity) at December 31, 2007 and 2006, and the results of its operations, the changes in its stockholders' equity and the changes in its financial position for the years then ended, in conformity with financial reporting standards applicable in Mexico.

PricewaterhouseCoopers


Alejandro Moreno Anaya


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

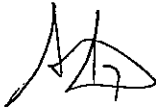
STATEMENT OF INCOME
FOR THE YEARS 2007 AND 2006

Thousands of Mexican Pesos of December 31, 2007 Purchasing Power

	<u>2007</u>	<u>2006</u>
Revenues received from subsidiaries:		
Dividends	Ps 88,561	
Use of brands and administrative services	<u>827,621</u>	<u>Ps 785,912</u>
	916,182	785,912
Operating expenses	<u>(398,913)</u>	<u>(308,572)</u>
Operating income	517,269	477,340
Comprehensive financial expense, net (Note 8)	<u>(60,415)</u>	<u>(190,214)</u>
	456,854	287,126
Other expenses, net	<u>(94,970)</u>	<u>(22,642)</u>
Income before the following provision	361,884	264,484
Provision for income tax (Note 9)	<u>(55,025)</u>	<u>(65,244)</u>
Income before equity in income of subsidiaries	<u>306,859</u>	<u>199,240</u>
Equity in income of subsidiaries:		
Income for the year	<u>765,824</u>	<u>1,050,596</u>
Net income for the year	<u>Ps 1,072,683</u>	<u>Ps 1,249,836</u>

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


Mario H. Páez G.
General Director


Alvaro Madero G.
Administrative Director


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


BALANCE SHEET
AT DECEMBER 31, 2007 AND 2006

Thousands of Mexican Pesos of December 31, 2007 Purchasing Power

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
CURRENT ASSETS:		
Cash and temporary investments	Ps 59,526	Ps 169,989
Accounts receivable from affiliated companies (Note 10)	1,771,257	1,862,925
Other accounts receivable	<u>56,488</u>	<u>12,662</u>
Total current assets	1,887,271	2,045,576
INVESTMENT IN SHARES OF SUBSIDIARY COMPANIES (Notes 1, 2.c. and 3)	11,460,756	9,144,543
DEFERRED CHARGES (Note 2.d.)	560,032	566,654
GOODWILL (Note 2.d.)	148,957	104,808
DEFERRED INCOME TAX (Note 9)		<u>7,735</u>
Total assets	<u>Ps 14,057,016</u>	<u>Ps 11,869,316</u>
<u>Liabilities and stockholders' equity</u>		
SHORT-TERM LIABILITIES:		
Current portion of long-term debt (Note 5)	Ps 1,137,664	Ps 125,837
Accounts payable to affiliated companies (Note 10)	2,320,243	1,785,705
Other accounts and accrued expenses payable	26,904	72,584
Derivative financial instruments (Note 6)	<u>24,351</u>	<u>21,402</u>
Total short-term liabilities	<u>3,509,162</u>	<u>2,005,528</u>
LONG-TERM LIABILITIES:		
Long-term debt (Note 5)	3,689,167	3,478,291
Deferred income tax (Note 9)	51,922	
Derivative financial instruments (Note 6)	<u>59,679</u>	<u>176,182</u>
Total long-term liabilities	<u>3,800,768</u>	<u>3,654,473</u>
Total liabilities	<u>7,309,930</u>	<u>5,660,001</u>
STOCKHOLDERS' EQUITY (Note 7):		
Nominal capital stock	27,081	27,081
Restatement of capital stock	<u>1,173,252</u>	<u>1,173,252</u>
Premium on issuance of capital stock	<u>1,200,333</u>	<u>1,200,333</u>
Contributed capital	2,503,990	2,503,990
Earned surplus	<u>4,243,096</u>	<u>3,705,325</u>
Total stockholders' equity	6,747,086	6,209,315
COMMITMENT (Note 11)		
Total liabilities and stockholders' equity	<u>Ps 14,057,016</u>	<u>Ps 11,869,316</u>

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


Mario H. Páez G.
General Director


Alvaro Madero G.
Administrative Director


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

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS 2007 AND 2006

Thousands of Mexican Pesos of December 31, 2007 Purchasing Power

	Contributed capital			Earned surplus		Total stockholders' equity
	Capital stock	Premium on issuance of capital stock	Total	Retained earnings	Equity in earned surplus of subsidiaries	
Balances at December 31, 2005	Ps 1,176,148	Ps 1,303,657	Ps 2,479,805	Ps 4,281,326	(Ps 1,999,670)	Ps 4,761,461
Changes in 2006:						
Net income for the year				1,249,836		1,249,836
Cumulative translation adjustment					22,684	22,684
Loss from holding nonmonetary assets					(461,384)	(461,384)
Effect of valuation changes in hedging instruments					13,871	13,871
Comprehensive income (loss)				1,249,836	(424,829)	825,007
Increase in capital stock	24,185		24,185	(50,192)		24,185
Dividends declared					648,854	(50,192)
Changes in minority interest						648,854
Balances at December 31, 2006	1,200,333	1,303,657	2,503,990	5,480,970	(1,775,645)	6,209,315
Changes in 2007:						
Net income for the year				1,072,683		1,072,683
Cumulative translation adjustment					68,271	68,271
Loss from holding nonmonetary assets					(287,581)	(287,581)
Effect of valuation changes in hedging instruments					82,859	82,859
Comprehensive income (loss)				1,072,683	(136,451)	936,232
Dividends declared				(398,461)		(398,461)
Balances at December 31, 2007 (Note 7)	Ps 1,200,333	Ps 1,303,657	Ps 2,503,990	Ps 6,155,192	(Ps 1,912,096)	Ps 6,747,086

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


Mario H. Pérez G.
General Director


Alvaro Madero G.
Administrative Director


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

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS 2007 AND 2006

Thousands of Mexican Pesos of December 31, 2007 Purchasing Power

	<u>2007</u>	<u>2006</u>
<u>Operation</u>		
Net income for the year	Ps 1,072,683	Ps 1,249,836
Items not affecting resources:		
Equity in income of subsidiaries	(765,824)	(1,050,596)
Amortization	3,857	
Deferred income tax	37,262	13,243
Others, net	<u>(136,408)</u>	<u>17,214</u>
	<u>211,570</u>	<u>229,697</u>
Changes in working capital other than financing:		
Affiliated companies	626,206	(58,257)
Changes in other accounts receivable and payable, net	<u>(89,507)</u>	<u>68,143</u>
	<u>536,699</u>	<u>9,886</u>
Resources provided by operations	<u>748,269</u>	<u>239,583</u>
<u>Financing</u>		
Short-term loans	2,212,171	586,996
Long-term loans	<u>1,634,124</u>	<u>68,422</u>
	3,846,295	655,418
Repayment of loans	<u>(2,623,914)</u>	<u>(1,672,843)</u>
Increase (decrease) in bank financing	1,222,381	(1,017,425)
Dividends received from subsidiaries	88,561	
Dividends declared	(398,461)	(50,192)
Increase in capital stock		<u>24,185</u>
Resources provided by (used in) financing activities	<u>912,481</u>	<u>(1,043,432)</u>
<u>Investment</u>		
Shares of subsidiaries	(1,788,574)	(422,765)
Other assets	<u>17,361</u>	<u>55,994</u>
Resources used in investment activities	<u>(1,771,213)</u>	<u>(366,771)</u>
Decrease in cash and temporary investments	(110,463)	(1,170,620)
Cash and temporary investments at beginning of year	<u>169,989</u>	<u>1,340,609</u>
Cash and temporary investments at end of year	<u>Ps 59,526</u>	<u>Ps 169,989</u>

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


Mario H. Pérez G.
General Director


Alvaro Madero G.
Administrative Director

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
AT DECEMBER 31, 2007 WITH COMPARATIVE FIGURES FOR 2006

Thousands of Mexican Pesos of December 31, 2006 Purchasing Power
(except where otherwise indicated)

1 - ACTIVITY OF THE COMPANY

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, 2007, the principal subsidiaries of SIGMA and their ownership interest were:

	<u>Country (1)</u>	<u>Ownership (%)</u>
Alimentos Finos de Occidente, S. A. de C. V.		100
Bonanza Industrial, S. A. de C. V.		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. (2)		100
Mexican Cheese Producers, Inc. (3)	U.S.A.	100
Productos Cárnicos, S. A. de C. V.	El Salvador	100
Productos Checo, S. A.	Dominican Republic	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
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 Foods, Inc.	U.S.A.	100

- (1) Companies incorporated in Mexico, except as mentioned.
- (2) In August 2007, SIGMA acquired 100% ownership interest in Industrias Alimentarias del Sureste S. A. de C. V.
- (3) In July 2007, SIGMA acquired 100% ownership interest in Mexican Cheese Producers, Inc.

In a General Extraordinary Meeting held on November 1, 2007 the stockholders agreed to the merger of the company with Lácteos Finos Holdings, S. A. de C. V. (affiliated company), surviving Sigma Alimentos, S. A. de C. V. as the merging company, effective as of November 1, 2007.

The condensed figures of the balance sheet at October 31, 2007 corresponding to the merged company are shown below:

Investment in shares	<u>\$ 346,040</u>
Total assets	<u>\$ 346,040</u>
Capital Stock	\$ 323,951
Earned surplus	<u>22,089</u>
Total stockholders' equity	<u>\$ 346,040</u>

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On February 5, 2008 the issuance of the accompanying financial statements was authorized by the Company's officers signing the basic financial statements. They have been prepared in accordance with Mexican Financial Reporting Standards (FRS), including the standard requiring comprehensive recognition of the effects of inflation on the financial information. Consequently, all financial statements, including those of prior periods 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.

On January 1, 2007, the Company 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 the Company has regularly presented.

In 2007 the adoption of this standard represented no significant change in the presentation and structure of the statement of income compared to that of 2006.

Following is a summary of the most significant accounting policies followed by Sigma Alimentos, S. A. de C. V. in the preparation of their financial information:

a. Bases for presentation and disclosure

The individual financial statements of the Company have been prepared in order to comply with legal requirements in Mexico to which the Company is subject as an independent legal entity. In these financial statements the investment in shares of subsidiaries is accounted for by the equity method. Condensed consolidated financial statements of the Company and its subsidiaries are included in Note 3.

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 most important indexes (National Consumer Price Index - NCPI) used to reflect the effects of inflation on the financial statements were: 125.564, 121.015 and 116.301 at December 31, 2007, 2006 and 2005, respectively (second half of June 2002 = 100).

b. Temporary investments

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 unpaid 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.

c. Investment in shares of subsidiaries

The investment in subsidiary companies is accounted for by the equity method. In accordance with this method, changes in the carrying amount of the shares derive from the changes occurring after the acquisition date in the stockholders' equity accounts of the investees.

The investment in shares of subsidiary companies is subject to recognition of impairment, as well as the reversal of such impairment, when appropriate.

d. 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, the Company has adopted the following accounting guidelines: (a) the purchase method as the only accounting method; (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.

This caption is stated at cost restated by applying factors derived from the NCPI to the historical cost.

Intangible assets having definite useful lives are amortized by applying the straight-line method. They comprise principally expenses for preoperating expenses and costs relative to development and implementation of integral computer systems. Likewise, they include 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.

e. 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 income.

f. Absorption (dilution) of control in subsidiary companies

The effect of absorption (dilution) of control in subsidiary companies comprises an increase (decrease) in the percentage of control and is recorded in the 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.

g. Derivative financial instruments

The Company utilizes derivative financial instruments for purposes of reducing its risk relative to adverse fluctuations in exchange rates and interest rates.

Derivative financial instruments are stated at fair value. Changes in valuation of financial instruments considered as negotiable are carried to income; changes in those used for hedge transactions are carried to income if they are fair value hedges and to capital if they are cash flow hedges.

The effects resulting from hedge transactions are included in income under the same caption as the effects of the item being hedged.

h. 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 and liabilities during the year.

i. 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 the Company 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 tax authorities determine the change.

As of October 1, 2007, date on which the Flat Tax Law was approved, the Company recognized the effects of this new standard, which will be effective from January 1, 2008 onwards. Based on an interpretation covering accounting for the flat tax published by the Mexican Financial Reporting Standards Board (CINIF) on December 21, 2007, and on the financial and tax projections that were prepared indicating that the Company in Mexico will basically pay income tax rather than flat tax in the future, no deferred flat tax was recorded at year end.

j. Comprehensive income

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

3 - INVESTMENT IN SHARES OF SUBSIDIARIES

For the evaluation of the financial position and the results of operation of the economic entity, consolidated financial statements should be used. Below are condensed consolidated financial statements of the Company and its subsidiaries:

	<u>2007</u>	<u>2006</u>
<u>Consolidated balance sheet:</u>		
<u>Asset</u>		
Current assets	Ps 5,264,719	Ps 4,763,041
Property, plant and equipment	8,081,011	6,844,373
Other assets	<u>2,609,293</u>	<u>2,140,386</u>
Total assets	<u>Ps 15,955,023</u>	<u>Ps 13,747,800</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities	Ps 4,131,843	Ps 2,796,421
Long-term debt	3,777,917	3,636,657
Deferred income tax	697,754	581,108
Other liabilities	<u>358,649</u>	<u>435,667</u>
Total liabilities	<u>8,966,163</u>	<u>7,449,853</u>
Contributed capital	2,503,990	2,503,990
Earned surplus	<u>4,243,096</u>	<u>3,705,325</u>
Total majority interest	6,747,086	6,209,315
Minority interest	<u>241,774</u>	<u>88,632</u>
Total stockholders' equity	<u>6,988,860</u>	<u>6,297,947</u>
Total liabilities and stockholders' equity	<u>Ps 15,955,023</u>	<u>Ps 13,747,800</u>
<u>Consolidated statement of income:</u>		
Net sales	Ps 23,081,626	Ps 20,725,642
Cost of sales and operating expenses	<u>(21,123,804)</u>	<u>(18,569,803)</u>
Operating income	1,957,822	2,155,839
Comprehensive financing expense, net	(163,418)	(273,900)
Other expenses, net	<u>(316,824)</u>	<u>(167,581)</u>
Income before the following provisions	1,477,580	1,714,358
Provision for income tax	<u>(406,921)</u>	<u>(436,131)</u>
Consolidated net income	<u>Ps 1,070,659</u>	<u>Ps 1,278,227</u>
Net (loss) income corresponding to minority interest	<u>(Ps 2,024)</u>	<u>Ps 28,392</u>
Net income corresponding to majority interest	<u>Ps 1,072,683</u>	<u>Ps 1,249,836</u>

4 - FOREIGN CURRENCY POSITION

At December 31, 2007 and 2006, the exchange rates were 10.90 and 10.87 nominal pesos to the U.S. dollar, respectively. At February 5, 2008, date of issuance of these audited financial statements, the exchange rate was 10.81 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 Company's foreign currency transactions are carried out.

At December 31 the Company had the following foreign currency assets and liabilities:

	<u>2007</u>	<u>2006</u>
Monetary assets	<u>US\$175,076</u>	<u>US\$37,118</u>
Current liabilities	(16,390)	(10,825)
Long-term liabilities	<u> </u>	<u> (5,000)</u>
	<u>(16,390)</u>	<u>(15,825)</u>
Foreign currency monetary position	<u>US\$158,686</u>	<u>US\$21,293</u>

Following is a summary of significant transactions in foreign currency:

	<u>2007</u>	<u>2006</u>
Financial income	US\$ 92	US\$ 1,209
Financial expense	(7,944)	(1,617)

5 - LONG-TERM DEBT

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

	<u>2007</u>	<u>2006</u>	Interest rate (*) <u>2007</u>
Bank loans in U.S. dollars:			
Unsecured	Ps 54,331	Ps 112,844	6.08%
Bank loans in Mexican currency:			
Unsecured	2,137,500	2,453,694	6.89%
Debt certificates	<u>2,635,000</u>	<u>1,037,590</u>	6.83%
	4,826,831	3,604,128	
Less - Current maturities	<u>(1,137,664)</u>	<u>(125,837)</u>	
Long-term debt	<u>Ps3,689,167</u>	<u>Ps3,478,291</u>	

On December 17, 2007, SIGMA subscribed debt certificates in the amount 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.

(*) The liabilities mentioned above bear interest at variable rates; the interest rates shown are the average nominal rates at December 31, 2007.

At December 31, 2007 long-term debt maturities were as follows:

2009	Ps 83,333
2010	366,667
2011	650,000
2012 onwards	<u>2,589,167</u>
	<u>Ps3,689,167</u>

6 - DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into hedge agreements named “interest rate swaps” and “cross currency swaps”, for purposes of hedging risks on interest rates and exchange rates.

At December 31, 2007, the fair value of the interest rate swaps using the cash flow hedge method resulted in a long-term liability of Ps45,376. Likewise, the estimated fair value of derivative financial instruments considered as negotiable resulted in short-term and long-term liabilities of Ps24,351 and Ps14,303, respectively.

7 - STOCKHOLDERS' EQUITY

At December 31, 2007, 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.

The deficit on restatement of capital comprises principally the loss from holding nonmonetary assets and represents the difference between restating these assets by the specific cost method and restating them based on inflation measured in terms of the NCPI.

8 - COMPREHENSIVE FINANCING INCOME (EXPENSE), NET

This caption was analyzed as follows:

	<u>2007</u>	<u>2006</u>
Financial expense	(Ps654,500)	(Ps548,749)
Financial income	331,721	236,642
Exchange gain (loss), net	96,174	(14,352)
Gain on monetary position	<u>166,190</u>	<u>136,245</u>
	<u>(Ps 60,415)</u>	<u>(Ps190,214)</u>

9 - INCOME TAX

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

	<u>2007</u>	<u>2006</u>
Currently payable	(Ps54,940)	(Ps52,001)
Deferred	<u>(37,262)</u>	<u>(13,243)</u>
	(Ps99,902)	(Ps65,244)
Adjustment to provision for income tax of prior years	<u>37,177</u>	_____
	<u>(Ps55,205)</u>	<u>(Ps65,244)</u>

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

	<u>2007</u>	<u>2006</u>
Income before income tax	<u>Ps361,884</u>	<u>Ps264,484</u>
Income tax at statutory rate (28% and 29%, respectively)	(Ps101,327)	(Ps 76,701)
Add (deduct) effect of income tax on:		
Dividends	24,030	
Inflationary adjustment	1,155	610
Other, net	<u>(16,060)</u>	<u>10,847</u>
Total income tax provision (charged) credited to income	<u>(Ps 92,202)</u>	<u>(Ps 65,244)</u>
Effective income tax rate	<u>25%</u>	<u>25%</u>

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

	<u>2007</u>	<u>2006</u>
Deferred charges	(Ps270,526)	(Ps170,596)
Derivative financial instruments	84,031	197,584
Other, net	<u>1,059</u>	<u>636</u>
	(185,436)	27,624
Income tax applicable to temporary differences	<u>28%</u>	<u>28%</u>
Deferred income tax asset	<u>(Ps 51,922)</u>	<u>Ps 7,735</u>

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

	<u>2007</u>	<u>2006</u>
Balance from prior year	Ps 7,735	Ps21,111
Income for the year	(37,262)	(13,243)
Surplus on restatement of capital	<u>(22,395)</u>	<u>(133)</u>
Total	<u>(Ps51,922)</u>	<u>Ps 7,735</u>

10 - TRANSACTIONS WITH AFFILIATED COMPANIES

The financial statements include the following significant transactions with ALFA companies and other related parties:

	<u>2007</u>	<u>2006</u>
Revenues from use of brands and administrative services	Ps827,621	Ps785,912
Financial income	307,565	193,876
Expense for administrative services	(Ps386,735)	(Ps307,116)
Financial expense	(212,546)	(132,257)

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

11 - COMMITMENT

At December 31, 2007, the Company had guaranteed various loans of up to US\$7,714 entered into by certain subsidiaries.

12 - NEW FINANCIAL REPORTING STANDARDS

In 2007 the CINIF issued the following FRS effective January 1, 2008; the Company's management considers that these FRS will have no significant effect on the financial information presented:

FRS B-2 "Cash flow statement" - It stipulates general standards for the presentation, structure and preparation of the cash flow statement, as well as for the disclosures relating to this basic financial statement.

FRS B-10 "Effects of inflation" - It stipulates the rules for the recognition of the effects of inflation based on the country's inflationary environment; likewise, it includes the following changes, among others: (i) the option of applying either factors derived from the NCPI or values of Investment Units (UDIs); (ii) the elimination of the valuation method for assets of foreign origin; and (iii) the reclassification to retained earnings of the gain or loss from holding nonmonetary assets and the initial gain or loss on monetary position, maintaining in stockholders' equity only the inflation effect corresponding to the items from which it arose, and that have not been charged or credited to income.

FRS B-15 "Conversion of foreign currency" - It sets forth the standards for: (i) the recognition of transactions in foreign currency; (ii) foreign transactions in the financial statements of the reporting company; and (iii) the conversion of its financial information to a currency other than its currency or functional currency. Likewise, it stipulates presentation and disclosure standards.

FRS D-3 "Employees' benefits" - The most significant changes are the reduction to a maximum five-year period to amortize those items pending amortization, the incorporation of the effects of salary growth in the calculation of the Defined benefit obligation (formerly Projected benefit obligation), and the elimination of the accounting treatment for additional liability and its corresponding intangible asset, and if applicable, of the amount recorded in stockholders' equity.

FRS D-4 "Income tax" - It requires the recognition of the asset tax as a tax credit; and consequently, as a deferred income tax asset. The term of permanent difference is eliminated, and it requires the reclassification to retained earnings of the initial effect of deferred income tax included in stockholders' equity, unless the temporary differences, which gave rise to it, have not been realized.



Mario H. Páez G.
General Director



Alvaro Madero G.
Administrative Director