Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated Financial Statements
As of December 31, 2013 and 2012

Sigma Alimentos, S. A. de C. V. and subsidiaries
Content
As of December 31, 2013 and 2012

Contents | Page

Report of Independent Auditors .... 1 and 2

Consolidated financial statements:

Consolidated statements of financial position 3

Consolidated statements of income 4

Consolidated statements of comprehensive income 5

Consolidated statements of changes in stockholders' equity 6

Consolidated statements of cash flows 7

Notes to the consolidated financial statements .... 8 to 70

Report of the Independent Auditors

Monterrey, N. L, February 19, 2014

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

We have audited the accompanying consolidated financial statements of Sigma Alimentos, S. A. de C. V. and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

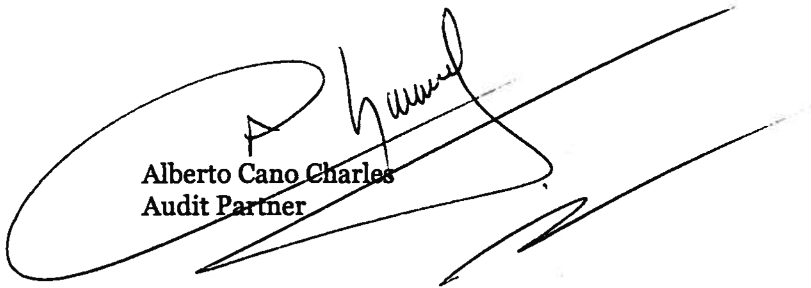
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, S. C., Avenida Rufino Tamayo No. 100, Colonia Valle Oriente, C.P. 66269 Garza García, Nuevo León
T: (81) 8152 2000 F: (81) 8152 2075 www.pwc.com/mx

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sigma Alimentos, S. A. de C. V. and subsidiaries as of December 31, 2013 and 2012, and their financial performance and their cash flows for the years ended December 31, 2013 and 2012, in accordance with International Financial Reporting Standards (IFRS).

PricewaterhouseCoopers, S. C.



Alberto Cano Charles
Audit Partner

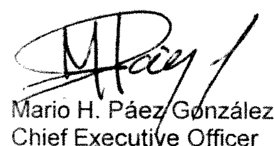
Sigma Alimentos, S. A. de C. V. and subsidiaries

Consolidated statements of financial position
As of December 31, 2013 and 2012

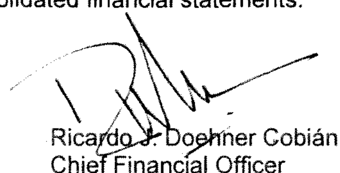
(In thousands of Mexican pesos)

	Note	December 31,	
		2013	2012
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	6	Ps 2,059,334	Ps 2,439,623
Customers and other accounts receivable, net	7	4,830,262	3,828,576
Income tax recoverable		295,260	396,206
Inventories	8	3,454,487	3,349,328
Prepaid expenses		157,726	116,687
Total current assets		10,797,069	10,130,420
NON-CURRENT ASSETS:			
Property, plant and equipment, net	10	10,705,606	10,198,577
Goodwill and intangible assets, net	11	9,986,056	8,899,768
Deferred income tax	15	925,543	1,007,159
Investments accounted for using the equity method and others	12	6,005,463	380,154
Total non-current assets		27,622,668	20,485,658
Total assets		Ps 38,419,737	Ps 30,616,078
Liabilities and Stockholders' equity			
Liabilities			
CURRENT LIABILITIES:			
Current debt	14	Ps 3,810,799	Ps 303,293
Suppliers and other accounts payable	13	5,048,482	5,096,199
Derivative financial instruments	9	-	24,086
Other liabilities	16	244,388	205,265
Total current liabilities		9,103,669	5,628,843
NON-CURRENT LIABILITIES:			
Non-current debt	14	15,375,463	13,368,741
Deferred income tax	15	1,016,526	908,517
Employees' benefits	17	342,340	398,324
Other liabilities	16	163,610	111,498
Total non-current liabilities		16,897,939	14,787,080
Total liabilities		26,001,608	20,415,923
STOCKHOLDERS' EQUITY:			
Capital stock	18	27,081	27,081
Share premium	18	666,988	666,988
Retained earnings	18	11,554,209	9,608,108
Other reserves	18	169,851	(102,022)
Total stockholders' equity		12,418,129	10,200,155
Total liabilities and stockholders' equity		Ps 38,419,737	Ps 30,616,078

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



Mario H. Páez González
Chief Executive Officer



Ricardo J. Doehner Cobián
Chief Financial Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries

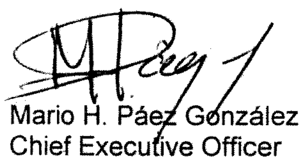
Consolidated Statements of Income

For the years ended December 31, 2013 and 2012

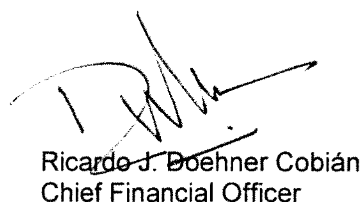
(In thousands of Mexican pesos)

	Note	2013	2012
Net sales		Ps 48,988,770	Ps 45,476,295
Cost of sales	21	(32,630,469)	(30,209,704)
Gross profit		16,358,301	15,266,591
Selling expenses	21	(8,995,927)	(8,611,234)
Administrative expenses	21	(1,940,954)	(1,836,113)
Other expenses, net	22	(144,475)	(37,579)
Operating profit		5,276,945	4,781,665
Financial income	23	305,656	1,329,742
Financial expenses	23	(1,344,537)	(1,275,973)
Financial result, net		(1,038,881)	53,769
Share in income of associates accounted for using the equity method		(4,363)	-
Profit before income tax		4,233,701	4,835,434
Income tax	25	(1,378,779)	(1,164,115)
Net consolidated profit		Ps 2,854,922	Ps 3,671,319
Earnings per basic and diluted share, in pesos		Ps 2.21	Ps 2.84
Weighted average of outstanding shares		1,290,654,555	1,290,654,555

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



Mario H. Páez González
Chief Executive Officer



Ricardo J. Doehner Cobián
Chief Financial Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2013 and 2012

(In thousands of Mexican pesos)

	Note	2013	2012
Net consolidated profit		Ps 2,854,922	Ps 3,671,319
Other comprehensive income for the year, net of tax:			
Items not to be reclassified to the statement of income			
Remeasurement of obligations for employees' benefits	17 and 25	147,195	(154,151)
Items to be reclassified to the statement of income			
Effect of translation of foreign entities	18 and 25	271,873	(725,122)
Total other comprehensive income for the year		419,068	(879,273)
Total comprehensive income for the year		Ps 3,273,990	Ps 2,792,046

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

Mario H. Páez González
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, 2013 and 2012

(In thousands of Mexican pesos)

	Note	Capital stock	Share premium	Retained earnings	Other reserves	Total stockholders' equity
Balances at January 1, 2012		Ps 27,081	Ps 666,988	Ps 6,956,023	Ps 623,100	Ps 8,273,192
Transactions with shareholders:						
Dividends declared	18	-	-	(865,083)	-	(865,083)
Net profit		-	-	3,671,319	-	3,671,319
Total other comprehensive income for the year	18	-	-	(154,151)	(725,122)	(879,273)
Comprehensive income		-	-	3,517,168	(725,122)	2,792,046
Balances at December 31, 2012		27,081	666,988	9,608,108	(102,022)	10,200,155
Transactions with stockholders:						
Dividends declared	18	-	-	(1,026,576)	-	(1,026,576)
Net profit		-	-	2,854,922	-	2,854,922
Total other comprehensive income for the year	18	-	-	147,195	271,873	419,068
Comprehensive income		-	-	3,002,117	271,873	3,273,990
Effects from adoption of new accounting policies	3.v	-	-	(29,440)	-	(29,440)
Balances at December 31, 2013		Ps 27,081	Ps 666,988	Ps11,554,209	Ps 169,851	Ps 12,418,129

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

Mario H. Páez González
Chief Executive Officer

Ricardo J. Doehner Cobián
Chief Financial Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries

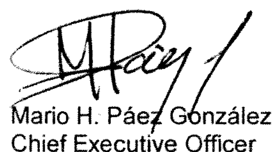
Consolidated Statements of Cash Flows
For the years ended December 31, 2013 and 2012

(In thousands of Mexican pesos)

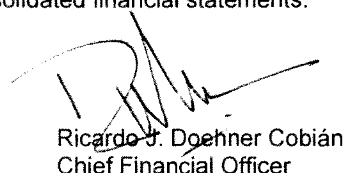
	Note	2013	2012
Cash flows from operating activities			
Profit before income tax		Ps 4,233,701	Ps 4,835,434
Depreciation and amortization	10 and 11	1,353,075	1,422,858
Costs related to seniority premiums and pension plans	17	126,477	50,915
Gain on the sale of property, plant and equipment	22	(5,533)	(28,514)
Effect due to changes in the fair value of derivative financial instruments	23	(769)	(2,704)
Foreign exchange, net		42,129	(955,918)
Interest accrued	23	1,035,925	963,761
Interest income	23	(62,449)	(56,131)
Other operating expenses		122,778	73,321
(Increase) decrease in customers and other accounts receivable		(717,088)	26,537
(Decrease) increase in inventories		290,365	(930,926)
(Decrease) increase in suppliers and other accounts payable		(348,727)	504,566
Income tax paid		(1,083,164)	(996,031)
Net cash generated from operating activities		4,986,720	4,907,168
Cash flows from investing activities			
Business acquisitions, net of cash acquired	2	(1,653,782)	(171,342)
Interest received		49,755	43,786
Acquisition of intangible assets		(140,536)	(44,898)
Investments in associated companies	2	(5,558,458)	(27,994)
Acquisition of property, plant and equipment	10	(1,386,999)	(1,390,859)
Sale of property, plant and equipment	10	5,533	28,514
Other		-	6,763
Net cash used in investing activities		(8,684,487)	(1,556,030)
Cash flows from financing activities			
Proceeds from loans and debt		6,629,718	2,147,178
Payments of loans and debt		(1,294,286)	(2,168,651)
Interest paid		(1,036,681)	(1,055,230)
Dividends paid		(1,040,199)	(865,083)
Net cash provided by (used in) financing activities		3,258,552	(1,941,786)
Net (decrease) increase in cash and cash equivalents		(439,215)	1,409,352
Exchange losses (gains) on cash and cash equivalents		58,926	(67,459)
Cash and cash equivalents at the beginning of the year	6	2,439,623	1,097,730
Cash and cash equivalents at the end of the year	6	Ps 2,059,334	Ps 2,439,623

In 2012 the principal non-cash transaction is the issue of Investment in associated company discussed in note 2-f

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



Mario H. Páez González
Chief Executive Officer



Ricardo J. Doehner Cobián
Chief Financial Officer

(In thousands of Mexican pesos, except where otherwise indicated)

Note 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.

The Company serves the Mexican market through well-known distribution channels: supermarkets, convenience stores, institutions and small grocery stores and employs more than 30,000 people. The Company also has trading operations in the United States of America, Costa Rica, El Salvador, the Dominican Republic, Peru, Guatemala, Honduras, Nicaragua and Panama; as well as manufacturing operations in Mexico, the United States of America, Costa Rica, El Salvador, the Dominican Republic and Peru.

SIGMA is located in Avenida Gómez Morín Avenue Sur No. 1111, Col. Carrizalejo, San Pedro Garza García, Nuevo León, México.

In the following notes to the financial statements references to pesos or "Ps", mean thousands of Mexican Pesos. References to "US$" or "Dollars", mean thousands of dollars from the United States of America.

Note 2 - Acquisitions and other significant events

2013

a. Acquisition of Campofrío

On November 13, 2013, SIGMA, through its subsidiary Sigma Alimentos Exterior, S. L. signed purchase agreements with certain important stockholders of Campofrío Food Group, S. A. (Campofrío), a public company in Spain, through which it acquired 44.5% of that company's capital stock, all in the form of ordinary shares.

This acquisition, in accordance with the applicable regulations in Spain, obligated SIGMA to request authorization from the Spanish National Stock Market Commission ("Commission" or "CNMV" Spanish acronym) to make a public offer to acquire the remaining shares of Campofrío, since its shares are traded on the stock markets of both Madrid and Barcelona. This request was submitted on November 14, 2013, at an offering price of 6.80 euros per share.

Subsequently, on December 23, 2013, before the Commission had authorized the offer to the remaining shareholders, SIGMA reached an agreement with another shareholder owning 36.99% of Campofrío's capital stock, under which that shareholder joined SIGMA in making the proposed offer. As a result of this agreement the request filed with the Commission, as well as the related notifications and approval requests filed with the competition authorities, have had to be amended. In addition, among other effects, the agreement contemplates that the other shareholder will remain as a shareholder of Campofrío with the same percentage shareholding as previously, and also contemplates an increase in the offer share price to 6.90 euros per share.

At December 31, 2013, the public offer had not yet been authorized by the Commission, nor had approval of the acquisition been given by the competition authorities. Consequently, at December 31, 2013 SIGMA had not yet finalized its offer for the remaining outstanding shares.

As mentioned in Note 29, in addition to continuing with the process of preparing the purchase offer, which in accordance with Spanish law must be launched when authorization is received from the Commission, SIGMA has continued to acquire Campofrío shares after December 31, 2013 outside the scope of the proposed offer. At December 31, 2013 SIGMA had increased its shareholding in Campofrío to 45% by making additional purchases outside the scope of the offer.

Campofrío is based in Madrid, Spain. Its principal activity is the manufacture and distribution of all kinds of sausages, processed meats and related products based on pork, beef and other food products. Campofrío operates in Spain and other countries such as France, Belgium, the Netherlands, Portugal, Germany, Italy, the United Kingdom, the United States of America and Romania.

Campofrío is strategic for SIGMA and its acquisition would involve incorporating new operations and best industry practices into the group, as well as accessing other European markets.

Campofrío prepares its consolidated financial information in conformity with International Financial Reporting Standards (IFRS), which have been adopted by the European Union, as well as with the related Spanish regulations applicable to public companies. Campofrío is currently audited by another auditing firm in Spain. The latest audited financial information available to the public is the consolidated financial statements for the year 2012.

Management has carried out a study to determine whether SIGMA has control of Campofrío in accordance with IFRS 10, "Consolidated Financial Statements". The study concluded that at the acquisition date and at December 31, 2013 SIGMA had significant influence over Campofrío, but not control, and that the investment should be treated as an investment in an associated company which in management's opinion is material to the group and should therefore be accounted for by the equity method.

Campofrío reports its financial information to the public annually and quarterly. At the acquisition date and at December 31, 2013 the most recent interim financial information available publicly to investors is as of September 30, 2013. At December 31, 2013 the Company presents its investment in Campofrío at cost, including the consideration paid and the costs directly associated with the purchase of the investment. Due to the limited availability of financial information mentioned previously, it has not been possible to record the effects of the equity method since the acquisition date through to December 31, 2013, nor to determine the fair values of the net assets acquired and any resulting goodwill.

The book value of the investment in Campofrío at December 31, 2013 was Ps5,632,394 the fair value of the shares in Campofrío, owned by SIGMA was Ps5,715,398 (6.90 euros per share).

The following is a summary of the balance sheet of Campofrío included in its interim financial information at September 30, 2013 (unaudited):

	In millions of	
	Euros	Pesos
Cash and cash equivalents	€ 139	Ps 2,507
Other current assets (excluding cash)	571	10,300
Current assets	710	12,807
Non-current assets	1,511	27,257
Total assets	€ 2,221	Ps 40,064
Financial liabilities (excluding accounts payable to suppliers)	€ 71	Ps 1,280
Other current liabilities	755	13,620
Total current liabilities	826	14,900
Financial liabilities	542	9,777
Other non-current liabilities	266	4,798
Total liabilities	1,634	29,475
Stockholders' equity	587	10,589
Total liabilities and stockholders' equity	€ 2,221	Ps 40,064

At December 31, 2013, no information on revenues and expenses has been included, due to the limitation on the financial information.

There are no contingent liabilities related to this investment of Campofrío.

b. Acquisition of Comercial Norteamericana, S. de R.L. de C.V. (ComNor)

On May 31, 2013, SIGMA acquired the total representative shares of the capital stock of ComNor, company dedicated to process and commercialize several types of meat. The company processes and commercializes beef, poultry and pork meat. This acquisition will allow SIGMA to extend the product portfolio and to reinforce its market position in the Food service segment. ComNor is based in Monterrey, where it operates a plant certified by the United States Department of Agriculture (USDA). It also has another plant in Hermosillo, as well as eight distribution centers in Mexico City, Cancún, Hermosillo, Monterrey, Guadalajara, Los Cabos, Puerto Vallarta and León.

The total consideration paid amounts to Ps1,555,613 (US$120,326). This amount was paid in cash. The business acquisition is included in the segment of Mexico, see Note 27.

At December 31, 2013, the Company is in the process of concluding the purchase price allocation of the fair values of acquired assets. Such analysis will be concluded within a maximum period of twelve months since the acquisition date.

The preliminary purchase price allocation carried out in accordance with its estimated fair value at the acquisition date was as follows.

Current assets [(1)]	Ps 590,125
Property, plant and equipment	266,882
Intangible assets (brands)	108,646
Current liability [(2)]	(88,133)
Employees' benefits	(26,729)
Goodwill (Note 11)	704,822
Consideration paid	Ps1,555,613

(1) Current assets consist of cash and cash equivalents of Ps 10,360, accounts receivable of Ps 171,646, inventories of Ps400,043, recoverable taxes of Ps 5,875 and prepayments and other current assets of Ps 2,201.

(2) Current liabilities consist of trade and accounts payable amounting to Ps 66,702, taxes payable of Ps 1,431 and debts of Ps 20,000.

Goodwill consists mainly of market positions obtained through the expanded capabilities of the assets base of the Company. The recorded goodwill is not deductible for tax purposes.

No contingent liabilities have arisen from this acquisition that should be recorded. Neither are there any contingent consideration agreements.

The costs related to the acquisition amounts to Ps3,705 and were recorded in the statement of income under the item of other expenses.

Revenues contributed by the assets of ComNor included in the consolidated statement of income since the acquisition date up to December 31, 2013 amounted to Ps1,037,480 and a net profit of Ps67,825. If the acquisition had occurred on January 1, 2013, the revenues would have increased by Ps741,057 and the net profit would have increased by approximately Ps48,446.

c. Acquisition of Corporación Monteverde, C. R. Sociedad Anónima (Monteverde)

On April 2, 2013, SIGMA acquired all the representative shares of the capital stock of Monteverde, a company engaged in the preparation of cheese, yoghurt and meat processing in Costa Rica. The total consideration paid amounts to Ps112,187 (US$8,993). This amount was paid in cash. The business acquisition is included in the segment of other countries, see Note 27.

At December 31, 2013, the Company is in the process of concluding the purchase price allocation of the fair values of acquired assets. Such analysis will be concluded within a maximum period of twelve months since the acquisition date.

The preliminary purchase price allocation carried out in accordance with its estimated fair value at the acquisition date was as follows.

Current assets [(1)]	Ps 101,582
Property, plant and equipment	111,302
Intangible assets (brands)	6,061
Current liability [(2)]	(196,512)
Goodwill	89,754
Consideration paid	Ps 112,187

(1) Current assets consist of cash and cash equivalents of Ps 3,658, accounts receivable of Ps 30,173, inventories of Ps61,049, recoverable taxes of Ps 3,964, prepayments of Ps 1,928 and other current assets of Ps 810.

(2) Current liabilities consist of trade and accounts payable amounting to Ps 70,179, taxes payable of Ps 1,455 and debts of Ps124,878.

Goodwill consists mainly of market positions obtained through the expanded capabilities of the assets base of the Company. The recorded goodwill is deductible for tax purposes

No contingent liabilities have arisen from this acquisition that should be recorded. Neither are there any contingent consideration agreements.

The costs related to the acquisition amounts to Ps2,216 and were recorded in the statement of income under the item of other expenses.

Revenues contributed by the assets of Monteverde included in the consolidated statement of income since the acquisition date up to December 31, 2013 amounted to Ps209,637 and a net loss of Ps53,974. If the acquisition had occurred on January 1, 2013, the revenues would have increased by Ps69,879 and the net profit would have decreased by approximately Ps17,991.

2012

d. Acquisition of Hidalmex

During the last quarter of 2012, SIGMA completed the acquisition of Empacadora de Carnes Frías Hidalmex, S. A. de C. V. ("Hidalmex"), a company engaged in the import, export and marketing of refrigerated meats and its by-products. This transaction has several significant advantages for SIGMA, among which are the expansion of local markets, mainly the Valle de México. The company operates a manufacturing plant located in Tlanepantla, Estado de México. Effective October 4, 2012, the consolidated financial statements included the assets of Hidalmex. The business acquisition is included in the Mexican segment in Note 27.

The total consideration paid for the business amounted to Ps95,964 in cash. The final purchase price allocation carried out in accordance with its estimated fair value at the acquisition date was as follows:

Current assets (1)	Ps 15,523
Property, plant and equipment	25,871
Intangible assets (Brands)	418
Current liability (2)	(21,352)
Goodwill (Note 11)	75,504
	Ps 95,964

(1) Current assets consist of cash and cash equivalents of Ps 29, accounts receivable of Ps 8,902, inventories of Ps5,789 and prepayments of Ps 803.

(2) Current liabilities consist of trade and accounts payable amounting to Ps 19,520, taxes payable of Ps 314 and Employees' statutory profit sharing of Ps 318 and deferred income taxes of Ps 1,200.

Goodwill consists mainly of market positions obtained through the expanded capabilities of the assets base of the Company. The recorded goodwill is not deductible for tax purposes.

No contingent liability to be registered arose from this acquisition and there was no contingent agreement.

Costs related to the acquisition were Ps 135 and were recognized in the income statement in the other expenses caption.

Revenue contributed by Hidalmex assets included in the consolidated income statement from the date of acquisition to December 31, 2012 was Ps 43,480 and a net loss of Ps437. If the acquisition had taken place on January 1, 2012, income would have increased by Ps130,440 and the net loss by approximately Ps1,311.

e. Acquisition of SUPREMO

On July 31, 2012, SIGMA concluded the acquisition of Empacadora Supremo de Monterrey, S. A. de C. V. ("SUPREMO"), a company engaged in the manufacturing, purchase/sale of frozen meats and dairy products. This transaction has several significant advantages for SIGMA, among which are the expansion in local markets, mainly the north of Mexico. The company operates a manufacturing plant located in San Nicolás de los Garza, Nuevo León, México. Effective July 31, 2012, the consolidated financial statements include SUPREMO's assets. The business acquisition is included in the Mexican segment in Note 27.

The final purchase price allocation was determined during the fourth quarter of the year, in accordance with their fair value at acquisition date. The total consideration paid for the business amounted to Ps92,457 in cash.

The allocation is as follows:

Current assets [1]	Ps 30,903
Property, plant and equipment	37,073
Intangible assets (Brands)	452
Other assets [3]	59,891
Current liability [2]	(29,057)
Provision for labor obligations	(6,805)
	Ps 92,457

(1) Current assets consist of cash and cash equivalents of Ps 3,643, accounts receivable of Ps 17,982 and inventories of Ps9,278.

(2) Current liabilities consist of trade and accounts payable amounting to Ps 26,552, taxes payable of Ps 2,470 and Employees' statutory profit sharing of Ps 35.

(3) Other assets consist of deferred income tax of Ps 39,205, prepayments and security deposits of Ps 1,128 and property improvements of Ps19,558.

The net value of assets acquired was greater than the consideration paid in the acquisition by Ps13,407.
This gain was recognized in the income statement in other income and was primarily due to the recognition of deferred tax assets and accumulated tax losses from the purchase date (see Note 15).

No contingent liability to be registered arose from this acquisition and there was no contingent agreement.

Costs related to the acquisition were Ps105 and were recognized in the income statement in the other expenses caption.

Revenue contributed by SUPREMO assets included in the consolidated income statement from the date of acquisition to December 31, 2012 was Ps 51,246, and a net loss of Ps4,659. If the acquisition had been carried out on January 1, 2012, income would have increased by Ps298,935 and the net loss by Ps6,523 approximately.

f. Subscription of shares of Neoalimentos

On June 15, 2012, the Company subscribed 33% of the shares representing the capital stock of Neoalimentos, S. A. P. I. de C. V. (associated company); the total amount of the transaction amounted to Ps48,990 (See Note 12). At June 15, 2012, the Company paid Ps27,994 and signed promissory notes for the remaining balance these documents were paid on June 14, 2013 (See Note 3.b.).

Note 3 - Summary of significant accounting policies

The accompanying consolidated financial statements and notes were authorized for issuance on February 19, 2014, by officials with the legal power to sign the basic financial statements and accompanying notes.

The following are the most significant accounting policies followed by SIGMA and its subsidiaries, which have been consistently applied in the preparation of their financial information in the years presented, unless otherwise specified:

a. Basis for preparation

The consolidated financial statements of SIGMA have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). IFRS include all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

In accordance with the amendments to the Rules for Mexican Public Companies and Other Securities Market Participants, issued by the National Banking and Securities Commission (CNBV in Spanish acronym) on January 27, 2009, the Company is required to prepare its financial statements as of 2012 using IFRS as its accounting policy framework.

The consolidated financial statements have been prepared under the historical cost basis, except for the derivative financial instruments.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Additionally, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where judgments and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

b. Consolidation

i. Subsidiaries

The subsidiaries are all the entities over which the Company has the power to govern the financial and operating policies of the entity. The Company controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and it is capable of affecting the returns through its power over the entity. Where the Company's participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected recorded as non-controlling interest.

Subsidiaries are consolidated in full from the date on which control is transferred to the Company and up to the date it loses that control.

The method of accounting used by the Company for business combinations is the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquire based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.

The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquire. Any difference between the carrying value of the net assets acquired at the level of the subsidiary and its carrying amount at the level of the Company are recognized in stockholders´ equity.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets and liabilities assured. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

Transactions and intercompany balances and unrealized gains on transactions between SIGMA companies are eliminated in preparing the consolidated financial statements. In order to ensure consistency with the policies adopted by the Company, the accounting policies of subsidiaries have been changed where it was deemed necessary.

At December 31, 2013 and 2012 the principal subsidiary companies of SIGMA were:

	Country [i]	Percentage of Ownership	Functional currency
Alimentos Finos de Occidente, S. A. de C. V. (a)		100	Mexican Peso
Bar-S Foods Co. (a y c)	U. S. A.	100	U. S. Dollar
Bonanza Industrial, S. A. de C. V. (e)		100	Mexican Peso
Braedt, S. A. (a y c)	Perú	100	Peruvian Sol
Carnes Selectas Tangamanga, S. A. de C. V. (a)		100	Mexican Peso
Comercial Hacienda de Cerdos, S. A. (e)	Dominican Republic	100	Dominican Peso
Comercializadora de Embutidos ICO, S. A. de C. V. (a y c)		100	Mexican Peso
Comercializadora Láctica, S. A. de C. V. (c)		100	Mexican Peso
Comercial Norteamericana, S. de R. L. de C. V. (ii) (e)		100	Mexican Peso
Corporación de Empresas Monteverde, S. A. (ii) (a y c)	Costa Rica	100	Colon
Distribuidora y Comercializadora de Lácteos del Norte, S. A. de C. V. (c)		100	Mexican Peso
Empacadora de Carnes Frías Hidalmex, S. A. de C. V. (iii) (a y c)		100	Mexican Peso
Empacadora de Embutidos del Centro, S. A. de C. V. (a y c)		100	Mexican Peso
Empacadora de Carnes Premium, S. de R. L. de C. V.		100	Mexican Peso
Empacadora Supremo de Monterrey, S. A. de C. V. (iii) (a y c)		100	Mexican Peso
Employee Services Unlimited S. de R. L. de C. V. (ii) (b)		100	Méxican Peso
Freedman Logistic, S. de R. L. de C. V. (ii) (b)		100	Mexican Peso
Grupo Chen, S. de R. L. de C. V. and subsidiary (b)		100	Mexican Peso
Industrias Alimentarias del Sureste, S. A. de C. V. (a y c)		100	Mexican Peso
Mexican Cheese Producers, Inc. (a)	U. S. A.	100	U. S. Dollar
Productos Cárnicos, S. A. de C. V. (a)	El Salvador	100	U. S. Dollar
Productos de Importación, S. A. de C. V. (c)	Honduras	100	Lempira
Servilac, S. A. de C. V. (b)		100	Mexican Peso
Sigma Alimentos Centro, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Costa Rica, S. A. (a)	Costa Rica	100	Colon
Sigma Alimentos Comercial, S. A. de C. V. (c)		100	Mexican Peso
Sigma Alimentos Congelados, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Corporativo, S. A. de C. V. (b)		100	Mexican Peso
Sigma Alimentos Dominicana, S. A. (a y c)	Dominican Republic	100	Dominican Peso
Sigma Alimentos Importaciones, S. A. de C. V. (d)		100	Mexican Peso
Sigma Alimentos Lácteos, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Noreste, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Nicaragua, S. A. (c)	Nicaragua	100	Cordoba
Sigma Alimentos Guatemala, S. A. (a)	Guatemala	100	Quetzal
Sigma Alimentos International, Inc. (b)	U. S. A.	100	U. S. Dollar
Sigma Alimentos Prom, S. A. de C. V. (b)		100	Mexican Peso
Sigma Foods, LLC. (c)	U. S. A.	100	U. S. Dollar
Sigma Processed Meats, LLC. (a)	U. S. A.	100	U. S. Dollar

(i) Companies incorporated in Mexico, except as mentioned
(ii) Subsidiaries acquired during 2013
(iii) Subsidiaries acquired during 2012
a) Refrigerated food production.
b) Administrative and human resource services.
c) Commercialization and distribution of refrigerated food.
d) Purchase of raw materials.
e) Process and commercialize several types of meat.

At December 2013 and 2012, there are no significant restrictions for investment in shares of subsidiary companies mentioned above.

ii. Absorption (dilution) of control in subsidiaries

The effect of absorption (dilution) of control in subsidiaries, an increase or decrease in the percentage of control, is recorded in stockholders' equity, directly in retained earnings, 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 before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control the dilution effect is recognized in income.

iii. Sale or disposal of subsidiaries

When the Company ceases to have control any retained interest in the entity is re-measured at fair value, and the change in the carrying amount is recognized in the income statement. The fair value is the initial carrying value for the purposes of accounting for any subsequent retained interest in the associate, joint venture or financial asset. Any amount previously recognized in comprehensive income in respect of that entity is accounted for as if the Company had directly disposed of the related assets and liabilities. This implies that the amounts recognized in the comprehensive income are reclassified to income for the year.

iv. Associates

Associates are all entities over which the Company has significant influence but not control. Generally an investor must hold between 20% and 50% of the voting rights in an investee for it to be an associate. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss.

If the equity in an associate is reduced but significant influence is maintained, only a portion of the amounts recognized in the comprehensive income are reclassified to income for the year, where appropriate.

The Company's share of profits or losses of associates, post-acquisition, is recognized in the income statement and its share in the other comprehensive income of associates is recognized as other comprehensive income. The cumulative movements after acquisition are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its equity in the associate, including unsecured receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

The Company assesses at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes it in "share of loss/profit of associates' recognized by the equity method" in the income statement.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company´s equity in such gains. Unrealized losses are also eliminated unless the transaction provides evidence that the asset transferred is impaired. In order to ensure consistency with the policies adopted by the Company, the accounting policies of associates have been modified. When the Company ceases to have significant influence over an associate, any difference between the fair value of the remaining investment, including any consideration received from the partial disposal of the investment and the book value of the investment is recognized in the income statement.

v. Joint arrangements

Joint arrangements are those where there is joint control since the decisions over relevant activities require the unanimous consent of each one of the parties sharing control.

Investments in joint arrangements are classified in accordance with the contractual rights and obligations of each investor such as: joint operations or joint ventures. When the Company holds the right over assets and obligations for related assets under a joint arrangement, this is classified as a joint operation. When the company holds rights over net assets of the joint arrangement, this is classified as a joint venture. The Company has assessed the nature of its joint arrangements and classified them as joint ventures. Joint ventures are accounted for by using the equity method applied to an investment in associates.

c. Foreign currency translation

i. Functional and presentation currency

The amounts included in the financial statements of each of the Company's subsidiaries and associates should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). In the case of SIGMA, the functional currency is determined to be the Mexican peso. The consolidated financial statements are presented in Mexican pesos, which is the Company's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

iii. Consolidation of foreign subsidiaries with a currency different from the transaction currency

Incorporation of subsidiaries whose functional currency is different from their recording currency

The financial statements of foreign subsidiaries, having a recording currency different from their functional currency were translated into the functional currency in accordance with the following procedure:

a. The balances of monetary assets and liabilities denominated in the recording currency were translated at the closing exchange rates.

b. To the historical balances of monetary assets and liabilities and shareholders' equity translated into the functional currency the movements that occurred during the period were added, which were translated at historical exchange rates. In the case of the movements of non-monetary items recognized at fair value, which occurred during the period, stated in the recording currency, these were translated using the historical exchange rates in effect on the date when the fair value was determined.

c. The income, costs and expenses of the periods, expressed in the recording currency, were translated at the historical exchange rate of the date they were accrued and recognized in the income statement, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.

d. The differences in exchange arising in the translation from the recording currency to the functional currency were recognized as income or expense in the income statement in the period they arose.

Incorporation of subsidiaries whose functional currency is different from their presentation currency

The results and financial position of all the SIGMA entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the balance sheet date.

b) The stockholders' equity of each balance sheet presented is translated at historical rates.

c) Income and expenses for each income statement are translated at average exchange rate (when the average exchange rate is not a reasonable approximation of the cumulative effect of the rates of the transaction, to the exchange rate at the date of the transaction is used); and.

d) All the resulting exchange differences are recognized in comprehensive income.

The goodwill and adjustments to fair value arising at the date of acquisition of a foreign operation so as to measure them at fair value are recognized as assets and liabilities of the foreign entity and translated at the exchange rate at the closing date. Exchange differences arising are recognized in equity.

Listed below are the principal exchange rates in the various translation processes:

		Local currency to Mexican pesos			
		Average exchange rate at the end of December 31,		Average exchange rate at the end of December 31,	
Country	Local currency	2013	2012	2013	2012
United States	U.S. Dollar	Ps 13.076	Ps 13.010	Ps 13.000	Ps 13.02
Peru	Peruvian sol	4.677	5.099	4.678	5.072
Spain	Euro	18.019	17.209	17.916	17.076
Costa Rica	Colon	0.026	0.025	0.026	0.026
El Salvador	U.S. dollar	13.076	13.010	13.000	13.02
Dominican Rep.	Dominican peso	0.306	0.322	0.306	0.335
Guatemala	Quetzal	1.667	1.646	1.662	1.679
Nicaragua	Cordoba	0.517	0.539	0.517	0.559
Honduras	Lempira	0.643	0.653	0.642	0.681

d. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available for operations and other short-term investments of high liquidity with original maturities of three months or less, all of which are subject to insignificant risk of changes in value. Bank overdrafts are presented as other current liabilities.

e. Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables (See Note 3.f), and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Purchases and sales of financial assets are recognized on the settlement date.

Financial assets are written off in full when the right to receive the related cash flows expires or is transferred and the Company has also transferred substantially all risks and rewards of ownership, as well as control of the financial asset.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Gains or losses from changes in fair value of these assets are presented in the income statement as incurred.

ii. Loans and trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are measured initially at fair value plus directly attributable transaction costs and subsequently at amortized cost, using the effective interest method. When circumstances occur that indicate that the amounts receivable will not be collected at the amounts originally agreed or will be collected in a different period, the receivables are impaired.

Financial liabilities

Financial liabilities that are not derivatives are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. Liabilities in this category are classified as current liabilities if expected to be settled within the next 12 months; otherwise, they are classified as non-current.

Trade payables are obligations to pay for goods or services that have been acquired or received from suppliers in the ordinary course of business. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently carried at amortized cost; any difference between the funds received (net of transaction costs) and the settlement value is recognized in the income statement over the term of the loan using the effective interest method.

Offsetting financial assets and liabilities

Assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial instruments

a) Financial assets carried at amortized cost

The Company assesses at the end of each year whether there is objective evidence of impairment of each financial asset or group of financial assets. An impairment loss is recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and provided that the loss event (or events) has an impact on the estimated future cash flows arising from the financial asset or group of financial assets that can be reliably estimated.

Aspects to evaluate by the Company to determine whether there is objective evidence of impairment are:

- Significant financial difficulty of the issuer or debtor.
- Breach of contract, such as late payments of interest or principal.
- Granting a concession to the issuer or debtor, by the Company, as a result of financial difficulties of the issuer or debtor and that would not otherwise be considered.
- There is likelihood that the issuer or debtor is declared in bankruptcy or other type of financial reorganization.
- Disappearance of an active market for that financial asset due to financial difficulties.
- Verifiable information indicates that there is a measurable decrease in the estimated future cash flows related to a group of financial assets after initial recognition, although the decrease cannot yet be identified with the individual financial assets of the Company, including:

(i) Adverse changes in the payment status of borrowers in the group of assets.
(ii) National or local conditions that correlate with defaults of the issuers or debtors of the asset group.

Based on the items listed above, the Company assesses whether there is objective evidence of impairment. Subsequently, for the category of loans and receivables, when impairment exists, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. The carrying amount of the asset is reduced by that amount, which is recognized in the income statement.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Alternatively, the Company could determine the impairment of the asset given its fair value determined on the basis of a current observable market price.

If in a subsequent years, the impairment loss decreases and the decrease can be related objectively to an event occurring after the date on which such impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the loss impairment is recognized in the income statement.

b) Financial assets available for sale

In the case of debt financial instruments, the Company also uses the above-listed criteria to identify whether there is objective evidence of impairment.

Subsequently, in the case of financial assets available for sale, an impairment loss determined by computing the difference between the acquisition cost and the current fair value of the asset, less any impairment loss previously recognized, is reclassified from the other comprehensive income accounts and recorded in the income statement. Impairment losses recognized in the income statement related to equity financial instruments are not reversed through the income statement.

f. Derivative financial instruments

All derivative financial instruments entered into and identified are classified as fair value hedges or cash flow hedges, are included in the balance sheet as assets and/or liabilities at fair value and are measured subsequently at its fair value. The fair value is determined based on recognized market prices and its fair value is determined using valuation techniques accepted in the financial sector.

The derivative financial instruments were privately negotiated with various financial institutions whose strong 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", "Credit Support Annex" and "Confirmation".

The fair value of derivative financial instruments reflected in the financial statements of the Company, is a mathematical approximation of their fair value. It is computed using proprietary models of independent third parties using assumptions based on past and present market conditions and future expectations at the respective balance sheet date.

g. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method. The cost of finished goods and work in progress includes costs of product design, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. The net realizable value is the estimated selling price in the normal course of business, less the applicable variable selling expenses. Costs of inventories include any gain or loss transferred from equity corresponding to raw material purchases that qualify as cash flow hedges.

h. Prepaid expenses

Prepaid expenses represent those expenditures made by the Company which have not been transferred the benefits and risks inherent in the assets to be acquired or the services to be received. Prepaid expenses are recorded at cost and are presented in the Consolidated Statement of Financial Position as current assets or non-current, depending on the category of the target item. Upon receipt of the goods and / or services relating to prepayments, these should be recognized as an asset or as an expense in the income statement for the period, respectively. At 31 December 2013 and 2012, the balance of prepaid expenses is represented mainly by advertising and prepaid insurance.

i. Property, plant and equipment

Items of property, plant and equipment are recorded at cost less the accumulated depreciation and any accrued impairment losses. The costs include expenses directly attributable to the asset acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to SIGMA and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognized. Repairs and maintenance are recognized in the income statement during the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Depreciation is calculated using the straight-line method, considering separately each of the asset's components, except for land, which is not subject to depreciation. The average useful lives of assets families are as follows:

Building and constructions	30 years
Machinery and equipment	5 to 30 years
Transportation equipment	7 to 10 years
Furniture and laboratory and IT equipment	4 years
Tooling	7 to 10 years
Leasehold improvements	20 years

The spare parts to be used after one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

Borrowing costs related to financing of property, plant and equipment whose acquisition or construction requires a substantial period (nine months or more), are capitalized as part of the cost of acquiring such qualifying assets, up to the moment when they are suitable for their intended use or sale.

Assets classified as property, plant and equipment are subject to impairment tests when events or circumstances occur indicating that the carrying amount of the assets may not be recoverable. An impairment loss is recognized in the income statement in other expenses, net, for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

The residual value and useful lives of the assets are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted as a change in accounting estimates.

In case that the carrying value is greater than the estimated recoverable amount, a decrease in the carrying amount of the asset is recognized immediately to its recoverable amount.

Gains and losses on disposal of assets are determined by comparing the value of the sale with the carrying amount and are recognized in other expense or income in the income statement.

j. Leasing

The classification of leases as finance or operating depends on the substance of the transaction rather than the form of the contract.

Leases in which a significant portion of the risks and rewards relating to the leased property are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received by the lessor) are recognized in the income statement based on the straight-line method over the lease period.

At December 31, 2013 and 2012, the company did not have financial leases

k. Intangible assets

Intangible assets are recognized in the balance sheet when they meet the following conditions: they are identifiable, provide future economic benefits and the Company has control over such benefits.

Intangible assets are classified as follows:

i) Indefinite useful life - These intangible assets are not amortized and are subject to annual impairment assessment. To date, no factors have been identified limiting the life of these intangible assets.

ii) Finite useful life. - These assets are recognized at cost less accumulated amortization and impairment losses recognized. They are amortized on a straight line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified.

The estimated useful lives of the intangible assets with finite useful lives are as follows:

Development costs	10 to 22 years
Customer relationships	14 years
Software and licenses	15 to 22 years

(a) Goodwill

Goodwill represents the excess of the acquisition cost of a subsidiary over the Company's equity in the fair value of the identifiable net assets acquired, determined at the date of acquisition, and is not subject to amortization. Goodwill is shown under goodwill and intangible assets and is recognized at cost less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the units or group of cash-generating units that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is distributed represents the lowest level within the Company at which the goodwill is monitored for internal purposes by management. Goodwill is monitored at the operating segment level.

When an intangible asset is acquired in a business combination it is recognized at fair value at the acquisition date. Subsequently, intangible assets acquired in a business combination are recognized at cost less accumulated amortization and the accumulated amount of impairment losses.

(b) Research costs

Research costs are recognized in income as incurred. Expenditures on development activities are recognized as intangible assets when such costs can be reliably measured, the product or process is technically and commercially feasible, potential future economic benefits are obtained and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. Their amortization is recognized in income based on the straight-line method over the estimated useful life of the asset. Development expenditures that do not qualify for capitalization are recognized in income as incurred.

(c) Trademarks and licenses

Trademarks and licenses acquired in a separate transaction are recorded at acquisition cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses that have a defined useful life are presented at cost less accumulated amortization. Amortization is recorded based on the straight-line method over its estimated useful life of 15 to 22 years.

Trademarks that have demonstrated their ability to survive changes in the economic environment over the last 30-40 are not amortized but are subject to annual impairment tests.

Software license acquisitions are capitalized based on costs incurred from acquiring and using the specific software. Costs are amortized based on their useful life of 15 to 22 years.

Software development

Costs associated with the maintenance of software are recorded as expenses as incurred.

Development costs directly related with the design and tests of unique and identifiable software products controlled by the Company are recorded as intangible assets when they fulfill the following criteria:

- Technically, it is possible to complete the intangible asset so that it may be available for its use or sale;
- The intangible asset is completed for use or sale;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset is to generate probable future economic benefits;
- The availability of the adequate technical, financial or other type of resources, to complete the development and to use or sell the intangible asset; and
- The ability to reliably calculate the disbursement attributable to the intangible asset during its development.

The amount initially recognized for an intangible asset generated internally, will be the sum of disbursements incurred from the moment the element fulfills the conditions for recording, as established above. When no intangible asset internally generated may be recognized, the disbursements for development are charged to income in the period they are incurred.

Software development costs recorded as assets, are amortized based on their useful life, which does not exceed twenty years.

l. Impairment of goodwill and long-lived non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not depreciable or amortizable and are subject to annual impairment tests. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

m. Income taxes

The item of income taxes in the income statement represents the sum of the current and deferred income taxes.

The deferred income taxes are determined in each subsidiary by the asset and liability method, applying the rate established by the enacted legislation or substantially enacted at the balance date where SIGMA and its subsidiaries operate and generate taxable income to the total temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and that are expected to apply when the deferred tax asset is realized or deferred tax liability is settled, considering in any case, the tax loss carry forwards to be recoverable. The effect of a change in income tax rates is recognized in income in the period in determining the exchange rate.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only when it is probable that future taxable profits will exist against which the deductions for temporary differences can be taken.

The deferred income tax on temporary differences arising from investments in subsidiaries and associates is recognized, unless the period of reversal of temporary differences is controlled by SIGMA and it is probable that the temporary differences will not reverse in the near future.

Deferred tax assets and liabilities are offset when a legal right exists and when the taxes are levied by the same tax authority.

The statutory income tax rates applicable to foreign subsidiaries were as follows:

Costa Rica	30%
Dominican Republic	29%
El Salvador	30%
Honduras	25%
Guatemala	31%
Nicaragua	30%
Peru	30%
United States of America	35%

n. Employee Benefits

i. Pension plans

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due.

Defined benefit plans:

A defined benefit plans is defined as an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates in conformity with the IAS 19 that are denominated in the currency in which the benefits will be paid, and have maturities that approximate the terms of the pension liability.

Actuarial gains and losses from adjustments and changes in actuarial assumptions are recognized directly in stockholders' equity in other items of the comprehensive income in the year they occur.

The Company determines the net finance expense (income) by applying the discount rate to the liabilities (assets) from net defined benefits.

Past-service costs are recognized immediately in the income statement.

ii. Post-employment medical, benefits

The Company provides medical benefits to retired employees after termination of employment. The right to access these benefits usually depends on the employee´s having worked until retirement age and completing a minimum of years of service. The expected costs of these benefits are accrued over the period of employment using the same criteria as those described for defined benefit pension plans.

iii. Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary termination of employment in exchange for these benefits. The Company recognizes termination benefits in the first of the following dates: (a) when the Company can no longer withdraw the offer of these benefits, and (b) when the Company recognizes the costs from restructuring within the scope of the IAS 37 and it involves the payment of termination benefits. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Any benefits to be paid more than 12 months after the balance sheet date are discounted to their present value.

iv. Short term benefits

The Company provides employee benefits in the short term, which may include wages, salaries, annual compensation and bonuses payable within 12 months. SIGMA recognizes undiscounted provisions when it is contractually obliged or where past practice has created an obligation.

v. Employee participation in profits and bonuses

The Company recognizes a liability and an expense for bonuses and employee profit sharing when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the profit for the year after certain adjustments.

o. Provisions

Liability provisions represent a present legal obligation or constructive obligation as a result of past events where an outflow of resources is probable to comply with the obligation and where the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the value of money over time and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

When there are similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions for legal claims are recognized when the Company has a present obligation (legal or assumed) as a result of past events, it is likely that an outflow of economic resources will be required to settle the obligation and the amount can be reasonably estimated.

A restructuring provision is recorded when the Company has developed a formal detailed plan for the restructure, and a valid expectation for the restructure has been created between the people affected, possibly for having started the plan implementation or for having announced its main characteristics to them.

p. Shared based payments

The Company's compensation plans are based on the market value of its shares in favor of certain senior executives of the Company and its subsidiaries. The conditions for granting such compensation to the eligible executives include among other things, compliance with certain metrics such as the level of profit achieved, remaining in the Company for up to 5 years, etc. The Board of Directors has appointed a technical committee to manage the plan, and it reviews the estimated cash settlement of this compensation at the end of the year. The payment plan is always subject to the discretion of the senior management of ALFA. Adjustments to this estimate are charged or credited to the income statement.

The fair value of the amount payable to employees in respect of share-based payments which are settled in cash is recognized as an expense, with a corresponding increase in liabilities, over the period of service required. The liability is included under other liabilities and is adjusted at each reporting date and the settlement date. Any change in the fair value of the liability is recognized as compensation expense in the income statement.

q. Common stock

SIGMA common shares are classified as capital stock within stockholders' equity. Incremental costs directly attributable to the issue of new shares are included in equity as a deduction from the consideration received, net of tax. The capital stock includes the effect of inflation recognized up to December 31, 1997.

r. Comprehensive income

Comprehensive income is composed of net income plus other capital reserves, net of taxes, which are integrated by the effects of translation of foreign subsidiaries, and other items that for specific requirements are reflected in stockholders' equity and are not contributions, reductions and distribution of capital.

s. Information by segments

Segment information is presented in a manner consistent with the internal reporting provided to the chief executive officer, who is the highest authority in the operational decision making, resource allocation and performance assessment of the operating segments.

t. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the normal course of operations. Revenue is shown net of estimated customer returns, rebates and similar discounts and after eliminating intercompany sales.

The Company grants discounts and incentives to customers, which are recognized as a deduction from income or as selling expenses depending on their nature. These programs include customer discounts for sales of products based on: i) sales volume (usually recognized as a reduction of revenue) and ii) promotions in retail products (usually recognized as selling expenses).

Revenue from the sale of goods and products are recognized when all and each of the following conditions are met:

- The risks and rewards of ownership have been transferred
- The amount of revenue can be reliably measured
- When it is likely that future economic benefits will flow to the Company
- Company retains neither involvement associated with ownership nor effective control of the sold goods
- The costs incurred or to be incurred in respect of the transaction can be measured reasonably

Dividend income from investments is recognized once the rights of shareholders to receive this payment have been established (when it is probable that the economic benefits will flow to the entity and the revenue can be reliably valued).

Interest income is recognized when it is likely that the economic benefits will flow to the entity and the amount of revenue can be reliably valued by applying the effective interest rate.

u. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the shareholders of the parent by the weighted average number of common shares outstanding during the year. There are no dilutive effects from financial instruments potentially convertible into shares.

v. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective at January 1, 2013. The nature and impact of each new standard or modification are described as follows.

- IAS 1 (amended) - "Presentation of Financial Statements". The amendment requires entities to separate the items presented in other comprehensive income in two groups based on whether they can be recycled to the income statement in the future or not. Items that cannot be recycled are presented separately from the items that may be recycled in the future. Entities that decide to present items of other comprehensive income before taxes, should show the taxes related to the two groups separately. For the Company, this amendment became effective on January 1, 2013. The amendment affected the presentation only and had no effect on the Company's financial position or performance.

- IAS 19 (Revised) - "Employee benefits". There are a number of amendments that have been applied retrospectively; these eliminate the option to defer the recognition of actuarial gains and losses in the defined benefit post-employment plans, known as the "corridor method". The Company has not previously applied this option and has recognized the gains and losses in other comprehensive income. Therefore, this change in the standard has no impact on the Company's consolidated financial statements. The expected returns on plan assets are no longer recognized in the statement of income for the year, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in the statement of income, calculated using the discount rate used to measure the defined benefit obligation. This change had no significant impact on the consolidated financial statements of the Company.

Past service cost is recognized in the statement of income in the period of a plan amendment instead of deferring the portion related to unvested benefits. Previously the Company recognized past-service costs immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period), the impact on the Company's net profit for 2012 is not material. As a result of the adoption of the amended IAS 19, the Company adjusted a consolidated unamortized past service cost balance in the aggregate amount of (Ps 40,889) as of January 1, 2013, and recognized a related charge net of income tax to consolidated retained earnings of (Ps 29,440) as of January 1, 2013. The amended IAS19 was adopted prospectively and prior periods were not restated as the effect was not material to the financial position of the Company.

- IFRS 10, "Consolidated financial statements". IFRS 10 was issued in May 2011 and replaces all the guidance on control and consolidation in IAS 27, "Consolidated and separate financial statements', and SIC 12, "Consolidation - Special purpose entities'. Under IFRS 10, subsidiaries are all entities (including the structured entities) over which the Company has control. The Company controls an entity when it has power over an entity, is exposed to, or has rights to variable returns from its interest in the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date when the control is transferred to the Company. They are deconsolidated from the date control ceases. The Company has applied IFRS 10 retrospectively in conformity with transition provisions described in this standard. The aforementioned had no impact on the consolidation of investments held by the Company.

- IFRS 11 "Joint arrangements". The standard focuses on the rights and obligations of the parties to determine whether there is a joint arrangement, over other factors such as the legal form. There are two types of joint arrangements: Joint operations and joint ventures. Joint operations occur when investors have rights to the assets and obligations for the liabilities of an arrangement, a joint operator accounts for his portion of assets, liabilities, revenues and expenses. A joint venture occurs when investors have rights over the net assets of the arrangement, joint ventures are accounted for using the equity method. Proportional consolidation is not allowed under this standard. This change had no effect on the consolidated financial statements of the Company.

- IFRS 12, "Disclosure of Interests in Other Entities" requires an entity to disclose information that enables users of financial information to evaluate the nature and risks associated with its interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities; in addition to the effects of these interests in its financial position and performance, and its cash flows. The Company made the required disclosures in the consolidated financial statements at December 31, 2013.

- IFRS 13, "Fair Value Measurements". The objective of IFRS 13 is to provide a precise definition of fair value and be a single source for the measurement and disclosure requirements for fair value when it is required or permitted by other IFRS, except for transactions within the scope of IFRS 2 "Share-based payments", IAS 17 "Leases", measurements that have similarities to fair value but not considered as such, and the net realizable value under the scope of the IAS 2 "Inventories" or the value in use in IAS 36 "Impairment of long-lived assets". The application of IFRS 13 has not significantly impacted the fair value measurements made by the Company.

- 2011 annual improvements include an improvement to IAS 16 "Property, plant and equipment". Clarifying that main spare parts and maintenance equipment that comply with the definition of Property, plant and equipment, are not part of the inventory, and the improvement to IAS 32 "Financial instruments presentation" clarifies that income taxes derived from distributions to shareholders are accounted for in accordance with IAS 12 "Taxes on gains". These improvements had no effect on the Company.

- IAS 36 "Impairment of assets". In May 2013, the IASB amended IAS 36. This amendment indicates the disclosure of information over the recoverable value of impaired assets if the amount is calculated based on the fair value method less cost of sale. The Company adopted this amendment in advance.

w. New accounting pronouncements not been adopted by the Company

The following sets out the new pronouncements and amendments issued, which are effective from January 1, 2014 that have not been adopted and early adopted by the Company

- IFRS 9, “Financial Instruments”

IFRS 9 was issued in November 2009 and included requirements for classification and measurement of financial assets. Requirements for financial liabilities were included as part of the IFRS 9 in October 2010. IFRS 9 maintains and simplifies two types of measurement models and establishes two main categories of financial assets: at amortized cost and fair value. The classification basis depends on the business model of the Company and the characteristics of contractual cash flows of financial instruments. Most of the requirements for financial liabilities were taken from IAS 39 without any modification. However, some modifications were made on the fair value option for financial liabilities to include the credit risk itself. On December 2011, the IASB modified the IFRS 9 to require it be applied for annual periods starting in or after January 1, 2015; however, in November 2013, modifications issued eliminate the effective application rate of January 1, 2015. The new effective application date will be determined once the classification, measurement and impairment phases of IFRS 9 are concluded.

- IAS 19, “Employee benefits”

In November 2013, the IASB modified the IAS 19 regarding Defined Benefit Plans, and Employee Contributions. The objective of this modification is to provide additional instructions on the accounting of employee or third party contributions to the defined benefit plan. For the Company, this modification is effective as of January 1, 2015.

- IAS 32, "Financial instruments: presentation"

In December 2011, the IASB amended IAS 32. These amendments are in the application guide and clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. For the Company, this amendment is obligatory as from January 01, 2014.

- IAS 39, “Financial Instruments”: Recognition and Measurement"

In June 2013, the IASB amended IAS 39 to clarify that there is no need to suspend hedge accounting when novation of a hedging instrument to a central counter party meets certain requirements. For the Company, this amendment is applicable to annual periods starting on or subsequent to January 1, 2014.

At the date of the financial statements, the Company's management is in the process of quantifying the effects of adoption of the new standards and amendments mentioned above.

There are no additional standards, amendments or interpretations issued but not effective that could have a significant effect on the company.

Note 4 - Financial risks management:

4.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, interest rate risk on cash flows, and interest rate risk on fair values), credit risk and liquidity risk and inputs and products risk. The overall risk management program of the Company focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments to hedge certain risk exposures.

The objective is to protect the financial health of the business considering the volatility associated to exchange rates and interest rates.

The parent company of SIGMA has a Risk Management Committee (RMC), constituted by the Committee's Chairman, the General Director, the Financial Director of the parent company and a top Risk Management officer of the parent company acting as technical secretary. The RMC supervises derivative transactions proposed by the subsidiaries of ALFA, among which is SIGMA, in which a worst case scenario analysis surpasses US$1 million. This committee supports both the Chairman and the President of the parent company. All new derivative transactions which the Company proposes to enter into, as well as the renewal or cancellation of derivative arrangements, are required to be approved both by the subsidiary company, as well as by ALFA Company and the parent company according to the following schedule of authorizations:.

	Maximum Possible Loss US$ millions	
	Cumulative Transaction	Annual Individual Transactions
Chief Executive Officer of SIGMA	1	5
ALFA Risk Management Committee	30	100
Finance Committee	100	300
ALFA Board of Directors	>100	>300

The proposed transactions must meet certain criteria, including that the hedges are lower than exposures, and that they are the result of a fundamental analysis and properly documented. Sensitivity analyses and other risk analyses should be performed before the operation is carried out.

(a) Market risk

(i) Exchange risk

The Company operates internationally and is exposed to foreign exchange risk, primarily with respect to Mexican Pesos and with currencies different from the functional currency used for the subsidiaries' transactions. The Company is exposed to foreign exchange risk arising from future commercial transactions in foreign currency assets and liabilities in foreign currencies.

The respective exchange rates of the Mexican Pesos and the U.S. dollar, are very important factors for SIGMA by the effect they have on their performance. Moreover, in its determination, SIGMA has no interference. On the other hand, SIGMA estimated that 30% of its revenues are denominated in foreign currency, either because they come from products that are exported from Mexico, or because of products that are manufactured and sold abroad.

For this reason, in the past, in times when the Mexican Peso has appreciated in real terms against other currencies such as the dollar, SIGMA profit margins have been increased. On the other hand, when the Mexican Peso has lost value, SIGMA profit margins have been reduced. However, although this factor correlation has appeared on several occasions in the close past, there is no assurance that it will happen again if the exchange rate between the Mexican Peso and other currencies fluctuate again.

The Company depends on imported inputs and has a debt in US dollars; therefore, its costs are exposed to exchange variation risks. A depreciation of the Mexican peso would negatively affect production costs, the service cost of debt and/or sales prices.

The cost of imported goods, denominated in US dollars, represent 52% of the production cost in Mexico. In this sense, a depreciation of the Mexican peso would increase the productions cost, affecting operation results of the Company. On the one hand, if the increase in production cost is absorbed, the operating margin would be reduced; on the other hand, if the consumer is transferred the increase in the production cost, sales would suffer a negative effect.

The Company has certain investments in foreign operations, the net assets of which are exposed to foreign currency exchange risk. The exposure of the currency arising from net assets from the Company's foreign transactions is mainly managed through loans denominated in the corresponding foreign currency.

The Company participates in derivative financial instrument transactions over exchange rates in order to maintain the total comprehensive financing expense of its loans and volatility associated with exchange rates under control. Based on the exposure of the exchange rate in general at December 31, 2012, a hypothetical variation of 5% in the exchange rate MXN/USD and maintaining all other variables constant, it would result in an impact on the statement of income amounting Ps6,677.

(ii) Price risk

The Company acquires inputs for its manufacturing process; therefore, its costs are exposed to variations in the prices of such inputs and services. Considerable increases in their prices would negatively affect operating margin and/or sales. On the one hand, if the increase is absorbed by the production cost, the operating margin would be reduced; on the other hand, if this increase exceeds the final price, sales would suffer a negative impact.

Prices of the most important inputs for the Company, such as the chicken, turkey and swine pasta, dairy and fuel, are subject to international prices. The price of the pasta depends on the price of cereals, since these are used as food for cattle. When the price of cereals increases, the price of meat increases; therefore, the Company's inputs do too.

At December 31, 2012, the Company had no input price hedging for their manufacturing process. Based on the exposure of inputs in general at December 31, 2013 and 2012, a hypothetical increase (decrease) of 10% in prices of inputs and all other variable constant, such as exchange rates, the increase (decrease) would affect the statements of income in the amount of Ps2,735,016 and Ps2,508,415, respectively.

(iii) Interest rate and cash flow risk

The interest rate risk arises from the Company's long-term loans. Loans issued at variable rates expose the Company to interest rate risk on cash flows that are partially offset by cash held at variable rates. Loans issued at fixed rates expose the Company to interest rate risk at fair value.

With the objective of controlling the total comprehensive cost of its financing and the volatility of interest rates, the Company has hired interest rate swaps to convert certain variable rate loans to fixed rates.

At December 31, 2013 and 2012, if interest rates on variable rate loans were increased or decreased by 10%, in interest expense would change results in Ps4,931 and Ps6,010, respectively.

(b) Credit risk

Credit risk is managed on a group basis, except for the credit risk related to accounts receivable balances. Each subsidiary is responsible for managing and analyzing credit risk for each of its new customers before setting the terms and conditions of payment. Credit risk is generated from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including receivables and committed transactions. If clients are independent qualified wholesaling, these scores are used. If there is no independent rating, risk control of SIGMA evaluates the creditworthiness of the customer, taking into account their financial position, past experience and other factors.

Individual risk limits are determined based on internal and external ratings in accordance with limits set by the Board. The use of credit risk is monitored regularly. Sales to retail customers are using cash or credit cards.

During 2013 and 2012, the credit limits were not exceeded and Management does not expect impairment losses recognized in excess of the corresponding periods.

The impairment provision for doubtful accounts represents estimated losses resulting from the inability of customers to make required payments. In determining the allowance for the impairment provision for doubtful accounts, significant estimates are required. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by a review of their current credit information. In addition, the Company considers a number of factors to determine the size and adequate time for recognition and the amount of reserves, including historical collection experience, customer base, current economic trends and the age of the accounts receivable portfolio.

(c) Liquidity risk

The projected cash flows are performed at each operating entity of the Company and subsequently, the finance department consolidates this information. The finance department of the Company continuously monitors the cash flow projections and liquidity requirements of the Company ensuring maintaining sufficient cash and investment with immediate implementation to meet operational needs, as well as to

maintain some flexibility through open credit lines committed and uncommitted unused. The Company regularly monitors and makes decisions considering not violating the limits or covenants set forth in debt contracts. The projections consider financing plans of the Company, compliance with covenants, compliance with minimum liquidity ratios and internal legal or regulatory requirements.

The treasury of the Company invests those funds in short-term bank deposits, whose maturities or liquidity allows flexibility to meet the cash needs of the Company. At December 31, 2013 and 2012 , the Company has short-term time deposits of Ps319,893, and Ps1,837,298, respectively, estimated to allow manage liquidity risk.

The table analyzes the financial liabilities and the derivative financial instruments of the Company, grouped according to their maturity, as of the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are required to understand the timing of cash flows of the Company. The amounts disclosed in the table are contractual undiscounted cash flows.

The details of financial liabilities maturities at December 31, 2013 and 2012, are as follows (1):

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
At December 31, 2013				
Suppliers and other accounts payable	Ps 5,048,482	Ps -	Ps -	Ps -
Bank loans	2,027,538	788,035	3,942,162	-
Senior Notes	79,752	-	5,824,297	3,192,719
Stock certificates	1,703,509	-	1,628,250	-
Accrued interest payable from bank Loans, Senior Notes and stock certificates	737,317	1,468,864	1,380,903	194,901
Other current and non-current liabilities (2)	87,048	64,338	22,636	76,636
At December 31, 2012				
Suppliers and other accounts payable	Ps 5,096,199	Ps -	Ps -	Ps -
Bank loans	303,293	1,175,362	3,913	-
Senior Notes	-	-	-	8,949,080
Stock certificates	-	1,635,000	-	1,605,386
Accrued interest payable from bank loans, Senior Notes and stock certificates	751,993	1,450,891	1,335,597	792,047
Derivative financial instruments	24,086	-	-	-
Other current and non-current liabilities (2)	36,968	41,407	16,719	53,372

(1) The amounts included are undiscounted contractual cash flows; therefore, they differ from the amounts included in the consolidated financial statement and in Note 16.

(2) These amounts include employees' benefits balances based on shares, accounts payable to related parties and notes payable, see Note 16.

SIGMA expects to meet its obligations with cash flows generated by operations. Additionally SIGMA has access to credit lines with various banks to meet the possible requirements.

At December 31, 2013, the Company has unused credit lines for up to a total of Ps9,122,815 (US$698,531). The credit line is used by the Company to complete the acquisition of Campofrío Food Group, S.A. ("Campofrío"), see Notes 2.a and 14.

4.2 Capital Risk Management

The Company's objectives when managing capital are the safeguard the Company's ability to continue as a going concern business, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and also to maintain an optimal capital structure to reduce the cost of capital.

SIGMA monitors capital based on the degree of leverage. This percentage is calculated by dividing the total liabilities by total capital.

The total liabilities / total capital ratio (expressed in times multiple) amounts to 2.09 and 2.00 as of December 31, 2013 and 2012, respectively.

4.3 Estimation of Fair Value

Below is an analysis of financial instruments measured at fair value by the valuation method. Three different levels were used as presented below:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and valuations through models where all significant inputs are observable in active markets.
- Level 3: Valuations made through techniques in which one or more of its significant data are not observable.

At December 31, 2013 SIGMA has no assets or liabilities measured at fair value.

The following table presents the liabilities of SIGMA that are measured at fair value at December 31, 2013:

	Level 2
Financial liabilities at fair value with changes in income	
- Trading derivatives	Ps 24,086

There are no transfers between Levels 1 and 2, or between Levels 2 and 3 in the reported periods.

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is considered active if quoted prices are clearly and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent market transactions currently and regularly at arm's length. The trading price used for financial assets held by SIGMA is the current bid price.

Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data when available and relies as little as possible on estimates specific to the Company. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is classified at Level 2.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is categorized in Level 3.

Specific valuation techniques used to value financial instruments include:

- Market quotations or offers from retailers for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of forward exchange contracts is determined using the exchange rates at the balance sheet date, with the resulting value discounted to present value.
- Other techniques, such as the analysis of discounted cash flows, which is used to determine fair value for the remaining financial instruments.

Note 5 - Critical accounting estimates and judgments:

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance to the accounting policy stated (see Note 11). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. If income before taxes increases/decreases by 5%, income tax will be increased/decreased by Ps63,505.

(c) Pension benefits

The present value of the pension obligations depends on the number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest according to IAS 19 "Employees' benefits" that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

(d) Long-lived assets

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. Were technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the value of the assets. The Company reviews assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the value in books may not be recovered during the remaining useful life of the assets.

To evaluate the impairment, the Company uses cash flows, which consider the administrative estimates for future transactions, including estimates for revenues, costs, operating expenses, capital expenses and debt service. In according with IFRS, if an assessment is required, future discounted cash flows associated to an asset, would be compared to the value in books of the asset to determine if an assets is impaired. In this case, the asset is reduced to its fair value. Based on the analysis of Company's cash flow, there was no impairment at December 31, 2013 and 2012.

5.2 Critical judgments in the application of accounting policies of the entity

(a) Revenue recognition

The Company has recognized revenues of Ps 48,988,770 from the sale of goods to third parties during 2013. The clients have the right to return the products if not satisfied. The Company believes that, based on previous experience in similar sales, the dissatisfaction rate and maturity shall not exceed 1%. Consequently, the Company has recognized revenues from this transactions with the corresponding provision against revenues from the estimate of returns. If the estimate changes by 10%, the revenues will be decreased/increased by Ps 48,988.

Note 6 - Cash and cash equivalents:

Cash and cash equivalents shown in the statement of the financial position, are comprised as follows:

	At December 31,	
	2013	2012
Cash at bank and on hand	Ps 1,739,441	Ps 602,325
Short term bank deposits	319,893	1,837,298
Cash and cash equivalents (excluding bank overdrafts)	Ps 2,059,334	Ps 2,439,623

For purposes of the cash flow statement the cash and cash equivalents include the following items:

	December 31,	
	2013	2012
Cash and cash equivalents	Ps 2,059,334	Ps 2,439,623
Bank overdrafts (classified as debt in current liabilities) (Note 16)	(540)	-
Cash and cash equivalents at end of year	Ps 2,058,794	Ps 2,439,623

Note 7 - Trade and other accounts receivable - Net:

	At December 31,	
	2013	2012
Trade	Ps 3,460,829	Ps 2,840,170
Accounts receivable from brokerage	138,029	122,915
Provision for impairment of trade receivables	(79,822)	(93,013)
Clients, net	3,519,036	2,870,072
Accounts receivable from related parties (Note 26)	46	-
Value-added tax recoverable	1,158,592	841,614
Interest receivable	476	474
Other debtors:		
Short-term notes receivable	11,481	5,436
Sundry debtors	140,631	110,980
	Ps 4,830,262	Ps 3,828,576

Trade and other receivables include due balances unimpaired of Ps492,812 and Ps264,556 at December 31, 2013 and 2012, respectively.

The aging analysis of balances due from trade and other receivables not impaired is as follows:

	At December 31,	
	2013	2012
1 to 30 days	Ps 376,893	Ps 211,329
30 to 90 days	93,715	46,639
90 to 180 days	15,892	2,278
More than 180 days	6,312	4,310
	Ps 492,812	Ps 264,556

At December 31, 2013 and 2012, trade and other accounts receivable of Ps3,671,670 and Ps2,986,962, respectively have an impairment provision (represented by customers and sundry debtors). The amount of the impairment provision at December 31, 2013 and 2012 amounts to Ps79,822 and Ps93,013, respectively. Trade and other accounts receivable impaired correspond mainly to companies going through difficult economic situations. Part of the impaired accounts are expected to be recovered Movements in the provision for customer impairment and other receivables are analyzed as follows: Movements in the provision for impairment of customers and other receivables are analyzed as follows:

	2013	2012
Opening balance (January 1)	Ps 93,013	Ps 73,608
Provision for impairment of trade receivables	14,494	39,372
Trade receivables written-off during the year	(27,685)	(19,967)
Ending balance (December 31)	Ps 79,822	Ps 93,013

Increases in the provision for impairment of customers and other receivables are recorded in the statement of income under sales expenses.

Note 8 - Inventories:

	At December 31,	
	2013	2012
Finished goods	Ps 1,312,669	Ps 1,099,689
Raw material and other consumable	1,974,175	2,153,521
Work in progress	167,643	96,118
	Ps 3,454,487	Ps 3,349,328

The cost of inventories recognized as an expense and included in "cost of sales" amounted to Ps27,350,164 and Ps25,084,157 for 2013 and 2012, respectively.

In the years ended on December 31, 2013 and 2012, damaged, slow-moving and obsolete inventory was charged to cost of sales in the amount of Ps4,988 and Ps2,986, respectively.

At December 31, 2013 and 2012, there were no inventories pledged.

Note 9 - Financial instruments:

a. Financial instruments by category

	At December 31, 2013
	Accounts receivable and liabilities at amortized cost
Financial assets:	
Cash and cash equivalents	Ps 2,059,334
Trade and other receivable	3,671,670
Other non-current asset	289,127
	Ps 6,020,131

	At December 31, 2013
	Accounts receivable and liabilities at amortized cost
Financial liabilities:	
Debt (Note 14)	Ps19,186,262
Suppliers and other accounts payable	5,048,482
Other non-current liability	250,658
	Ps24,485,402

	At December 31, 2012		
	Accounts receivable and liabilities at amortized cost	Financial assets and liabilities at fair value through profit and loss	Total
Financial assets:			
Cash and cash equivalents	Ps 2,439,623	Ps -	Ps 2,439,623
Trade and other receivable	2,986,962	-	2,986,962
Other non-current asset	291,849	-	291,849
	Ps 5,718,434	Ps -	Ps 5,718,434
Financial liabilities:			
Debt (Note 14)	Ps13,672,034	Ps -	Ps13,672,034
Suppliers and other accounts payable	5,096,199	-	5,096,199
Derivative financial instruments		24,086	24,086
Other non-current liability	148,466	-	148,466
	Ps18,916,699	Ps24,086	Ps18,940,785

b. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	At December 31,	
	2013	2012
Counterparties with external credit rating		
"A"	Ps 849,430	Ps 707,756
Other categories	89,212	85,062
	Ps 938,642	Ps 792,818
Counterparties without external credit rating		
"Clients type Y"	Ps 2,733,028	Ps 2,194,144
Total accounts receivable not impaired	Ps 3,671,670	Ps 2,986,962

	At December 31,	
	2013	2012
Cash and cash equivalents, Except for petty cash		
"A"	Ps 120,232	Ps 27,034
"A-"	-	13,486
"BBB"	1,402,973	42,928
Other categories	259,112	2,236,016
Not rated	277,017	120,159
	Ps 2,059,334	Ps 2,439,623

Group Y - clients/current related parties (less than 6 months) with no past lack of compliance.

Other categories - Mainly Grupo Financiero Banorte, S. A. B. de C. V. and local Banks of foreign entities.

c. Fair value of financial assets and liabilities

The amount of cash and cash equivalents, trade and other receivables, other current assets, suppliers and other payables, outstanding debt, provisions and other current liabilities approximate their fair value due to their short maturity. The carrying value of these accounts represents the expected cash flow.

The carrying value and estimated fair value of financial assets and financial liabilities carried at amortized cost are as follows (in millions of Mexican pesos):

	At December 31, 2013		At December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Related parties and long-term notes receivable	Ps 236	Ps 255	Ps 259	Ps 291
Financial liabilities:				
Non-current debt	15,375	16,676	13,369	15,067

At December 31, 2013 and 2012, the weighted average discount rate to determine the fair value of financial assets amounted to 5.35% and 6.5%, respectively.

The estimated fair values were determined based on discounted cash flows. These fair values do not consider the current portion of financial assets and liabilities due the current portion approximates their fair value.

d. Derivative financial instruments

Notional amounts related to derivative financial instruments reflect the hired reference volume; however, these do not reflect the amounts in risk concerning the future flows. The amounts in risk are generally limited to the profit or loss unrealized by market valuation of such instruments, which may vary according to changes in the market value of the underlying asset, its volatility and the credit quality of the counterparties.

The principal obligations which the Company is subject to depend on the type of contract and the conditions established in each one of the derivative financial instruments in force at December 31, 2012.

Trading derivatives are classified as current assets or liabilities.

(a) Forward exchange contracts

At December 31, 2012								
		Value of underlying asset			Maturity per year			
Type of derivative, value or contract	Notional amount	Units	Reference	Fair value	2012	2013	2014+	Collateral / warranty
With trading purposes:								
USD/MXN (CCS)	(Ps 266,434)	Peso / Dollar	13.01	(Ps 5,586)	Ps -	(Ps 5,586)	Ps -	

(a) Interest rate swaps

At December 31, 2012								
		Value of underlying asset			Maturity per year			
Type of derivative, value or contract	Notional amount	Units	Reference	Fair value	2012	2013	2014+	Collateral / warranty
With trading purposes:								
Over Libor	Ps 1,301,010	% per year	0.39	(Ps 18,500)	Ps -	(Ps18,500)	Ps -	

Note 10 - Property, plant and equipment, net:

	Land	Buildings and constructions	Machinery and equipment	Transportation equipment	Furniture, Lab equipment and information technology	Tooling and spare parts	Construc-tion in process	Leasehold improvements	Other fixed assets	Total
For the year ended December 31, 2012										
Opening net book value	Ps 1,044,613	Ps 2,848,583	Ps 4,728,496	Ps 975,131	Ps 242,725	Ps 57,310	Ps 204,909	Ps 196,034	Ps 5,244	Ps 10,303,045
Exchange differences	(20,074)	(82,221)	(89,726)	(15,162)	(2,222)	(959)	(1,855)	(81)	(371)	(212,671)
Additions	3,904	41,160	214,672	14,121	15,622	10,496	1,289,989	2,386		1,592,350
Additions from business combinations	1,641	7,436	9,925	2,832	1,113	-	91	-	-	23,038
Disposals	(18,574)	(1,648)	(53,783)	(19,740)	(34,750)	(8,102)	(66,580)	9,575	(3,757)	(197,359)
Write off of fixed assets recorded in the year	-	-	(10,742)	-	-	-	-	-	-	(10,742)
Transfers	12,093	28,039	649,035	284,469	87,951	12,068	(1,099,084)	25,429	-	-
Depreciation charges of the year	-	(145,674)	(803,305)	(233,037)	(96,153)	-	-	(20,915)	-	(1,299,084)
Final balances at December 31, 2012	1,023,603	2,695,675	4,644,572	1,008,614	214,286	70,813	327,470	212,428	1,116	10,198,577
At December 31, 2012										
Cost	1,023,603	3,861,990	9,282,595	2,398,828	786,005	70,813	327,470	425,072	1,133	18,177,509
Accumulated depreciation	-	(1,166,315)	(4,638,023)	(1,390,214)	(571,719)	-	-	(212,644)	(17)	(7,978,932)
Net balances at December 31, 2012	Ps 1,023,603	Ps 2,695,675	Ps 4,644,572	Ps 1,008,614	Ps 214,286	Ps 70,813	Ps 327,470	Ps 212,428	Ps 1,116	Ps 10,198,577
For the year ended December 31, 2013										
Opening net book value	Ps 1,023,603	Ps 2,695,675	Ps 4,644,572	Ps 1,008,614	Ps 214,286	Ps 70,813	Ps 327,470	Ps 212,428	Ps 1,116	Ps 10,198,577
Exchange differences	(2,645)	(655)	(9,564)	(1,142)	(463)	(459)	(7)	(9)	(2)	(14,946)
Additions	48,297	61,294	330,133	365,869	68,181	9,100	766,134	34,454	-	1,683,462
Additions from business combinations	136,379	118,713	94,589	23,436	5,067	-	-	-	-	378,184
Disposals	(1,152)	(7,215)	(86,769)	(40,187)	(1,756)	(13,084)	(148,517)	(3,743)	(512)	(302,935)
Write off of fixed assets recorded in the year	-	(100)	(4,262)	(27)	-	(572)	(4,087)	(292)	-	(9,340)
Transfers	13,804	22,634	211,753	8,322	25,562	(11,131)	(282,573)	11,650	(21)	-
Depreciation charges of the year	-	(149,670)	(717,685)	(244,514)	(94,839)	-	-	(20,409)	(279)	(1,227,396)
Balances at December 31, 2013	1,218,286	2,740,676	4,462,767	1,120,371	216,038	54,667	658,420	234,079	302	10,705,606
At December 31, 2013										
Cost	1,218,286	4,072,362	9,644,131	2,564,732	791,685	54,667	658,420	463,421	997	19,468,701
Accumulated depreciation	-	(1,331,686)	(5,181,364)	(1,444,361)	(575,647)	-	-	(229,342)	(695)	(8,763,095)
Net balances at December 31, 2013	Ps 1,218,286	Ps 2,740,676	Ps 4,462,767	Ps 1,120,371	Ps 216,038	Ps 54,667	Ps 658,420	Ps 234,079	Ps 302	Ps 10,705,606

At December 31, 2013 and 2012 there are acquisitions of property, plant and equipment that provided no cash flows, since they were made on credit amounting to Ps296,463 and Ps201,491, respectively.

From depreciation expense, Ps 1,227,396 and Ps 1,299,084, have been charged in cost of sales Ps 723,439 and Ps 766,695, in sales expense Ps 407,551 and Ps437,400, and in administrative expenses Ps96,406 and Ps94,989, in 2013 and 2012, respectively.

Property, plant and equipment in the amount of US$ 1,243 thousand, (US$1,658 thousand in 2012) has the liens and guarantees bank loans as described in Note 14.

At December 31, 2013 and 2012, the Company has no capitalization of costs from loans.

Note 11 - Goodwill and intangible assets:

	Finite life				indefinite life		
	Development Cost	Customer relationships	Other	Goodwill	Trademarks	Other	Total
Cost							
At January 1, 2012	Ps 439,586	Ps 1,252,652	Ps 109,376	Ps5,195,087	Ps 2,636,519	Ps -	Ps 9,633,220
Exchange differences	-	(49,218)	(27,186)	(222,370)	-	-	(298,774)
Additions due to business combinations	-	-	-	75,504	870	-	76,374
Additions	-	-	44,898	-	-	-	44,898
At December 31, 2012	Ps 439,586	Ps 1,203,434	Ps 127,088	Ps 5,048,221	Ps 2,637,389	Ps -	Ps 9,455,718
Exchange differences	(1,168)	6,753	(7,593)	144,897	-	-	142,889
Additions due to business combinations	-	-	-	794,576	114,707	-	909,283
Additions	36,252	-	21,603	-	-	82,681	140,536
At December 31, 2013	Ps 474,670	Ps 1,210,187	Ps 141,098	Ps 5,987,694	Ps 2,752,096	Ps 82,681	Ps10,648,426
Accumulated amortization							
At January 1, 2012	(297,396)	(82,176)	(22,928)	-	-	-	(402,500)
Amortization	(36,381)	(87,251)	8,833	-	-	-	(114,799)
Exchange differences	-	(30,594)	(8,057)	-	-	-	(38,651)
At December 31, 2012	(Ps 333,777)	(Ps 200,021)	(Ps 22,152)	Ps -	Ps -	Ps -	(Ps 555,950)
Amortization	(16,379)	(85,506)	(3,706)	-	-	-	(105,591)
Exchange differences	1,085	(1,913)	(1)	-	-	-	(829)
At December 31, 2013	(Ps 349,071)	(Ps 287,440)	(Ps 25,859)	Ps -	Ps -	Ps -	(Ps 662,370)
Net book value							
Cost	439,586	1,203,434	127,088	5,048,221	2,637,389	-	9,455,718
Accumulated amortization and impairment	(333,777)	(200,021)	(22,152)	-	-	-	(555,950)
At December 31, 2012	Ps 105,809	Ps 1,003,413	Ps 104,936	Ps5,048,221	Ps 2,637,389	Ps -	Ps 8,899,768
Cost	474,670	1,210,187	141,098	5,987,694	2,752,096	82,681	10,648,426
Accumulated amortization and impairment	(349,071)	(287,440)	(25,859)	-	-	-	(662,370)
At December 31, 2013	Ps 125,599	Ps 922,747	Ps 115,239	Ps5,987,694	Ps 2,752,096	Ps 82,681	Ps 9,986,056

Other intangible assets consist of: Software, licenses and use rights.

From amortization expense, Ps 105,591 and Ps 114,799, have been charged in cost of sales Ps 4,502 and Ps13,132, in sales expense Ps 86,237 and Ps77,998, in administrative expenses Ps14,852 and Ps23,669, in 2013 and 2012, respectively.

Goodwill was increased in 2013 due business acquisitions of ComNor and Monteverde.

Impairment testing of goodwill

Goodwill is allocated to operating segments that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquire entity are assigned to those units or groups of units, as follows:

	December 31,	
	2013	2012
México	Ps 1,617,817	Ps 912,995
USA	3,951,130	3,806,233
Other segments	418,747	328,993
	Ps 5,987,694	Ps 5,048,221

The estimated gross margin has been budgeted for based on past performance and on market development expectations. The growth rate used is consistent with the projections included in industry reports. The discount rate used is before taxes and reflects the specific risks related to the Company's operations.

The amount of recovery of the operating segments has been determined based on the calculations of the values in use. These calculations use cash flow projections based on pretax financial budgets approved by management covering a period of five years.

The key assumptions used in calculating the value in use in 2013 and 2012 are as follows:

	2013		
	México	USA	Other segments
Estimated gross margin	35.3%	23.9%	29.5%
Growth rate	13.5%	4.4%	8.6%
Discount rate	9.8%	8.3%	10.9%

	2012		
	México	USA	Other segments
Estimated gross margin	37.5%	22.8%	28.5%
Growth rate	7.7%	4.3%	5.4%
Discount rate	9.0%	8.0%	11.0%

Regarding the calculation of the value in use of the operating segments, SIGMA Management considers that a possible change in the key assumptions used, would not cause the carrying value of the operating segments to materially exceed its value in use.

Note 12 - Investments accounted for using the equity method and others:

	December 31,	
	2013	2012
Long-term related parties (Note 26)	Ps 236,210	Ps 224,026
Long-term notes receivable	21,277	34,646
Investment in shares of associates	5,716,336	88,305
Other non-current asset	31,640	33,177
Total other non-current assets	Ps 6,005,463	Ps 380,154

Investment in associates

The financial information of the most important associated company of the Company (Campofrío), acquired in the last quarter of 2013 is disclosed in Note 2.a.

The change in investment in shares of associates is as follows:

	2013	2012
Balance at January 1,	Ps 88,305	Ps 39,315
Equity method	(4,363)	-
Acquisitions (Note 2.a y 2.f, respectively)	5,632,394	48,990
Balance at December 31,	Ps 5,716,336	Ps 88,305

There are no contingent liabilities related to the investment of the group in the associates.

Note 13 - Suppliers and other accounts payable:

	At December 31,	
	2013	2012
Trade	Ps 3,734,364	Ps 3,800,272
Taxes and withholdings payable	533,546	435,899
Annual performance liabilities	22,832	131,502
Other accounts payable	757,740	728,526
	Ps 5,048,482	Ps 5,096,199

Note 14 - Debt:

	At December 31,	
	2013	2012
Bank loans (1)	Ps 843,060	Ps 83,411
Current portion of non-current debt	2,967,739	219,882
Current debt	Ps 3,810,799	Ps 303,293

	2013	2012
Non-current:		
In dollars:		
Senior Notes (b)	Ps 9,096,863	Ps 9,027,920
Unsecured bank loans (a)	5,906,910	1,171,880
In Mexican pesos:		
Unsecured bank loans (d)	-	67,548
Unsecured stock certificates (c)	3,331,759	3,308,308
In Peruvian Soles:		
Secured bank loans	7,670	12,967
	18,343,202	13,588,623
Less: Current portion of non-current debt	(2,967,739)	(219,882)
Non-current debt (2)	Ps 15,375,463	Ps 13,368,741

(1) At December 31, 2013 and 2012, bank loans and current notes payable caused interest at an average rate of 0.99% and 4.78%, respectively.

The fair value of bank loans and current notes payable approximate their current book value, as the impact of discounting is not significant.

(2) The carrying amounts, terms and conditions of non-current debt are as follows:

Description	Currency	Balance at December 31, 2013	Balance December 31, 2012	Maturity date DD/MM/YYYY	Interest rate	Interest effective rate
Market (b)	USD	Ps 5,894,933	Ps 5,846,072	14/12/2018	5.625%	5.764%
Market (b)	USD	3,201,930	3,181,848	16/12/2019	6.087%	6.352%
Total Senior Notes		9,096,863	9,027,920			
Bank loans	Sol	7,670	12,967	01/03/2016	7.38%	7.38%
Total secured bank loans		7,670	12,967			
Syndicated loan (d)	MXN	-	67,014	26/04/2013	5.33%	5.33%
Syndicated loan	USD	261,698	260,400	15/09/2014	1.59%	1.59%
Syndicated loan	USD	457,972	455,700	08/09/2014	1.57%	1.57%
Syndicated loan	USD	458,109	455,780	15/09/2014	1.57%	1.57%
Syndicated loan (a)	USD	392,468	-	20/06/2016	1.47%	1.47%
Syndicated loan (a)	USD	392,484	-	20/06/2016	1.47%	1.47%
Syndicated loan (a)	USD	3,944,179	-	13/11/2018	1.47%	1.47%
Syndicated loan	MX	-	534	25/05/2016	19.00%	19.00%
Total unsecured bank loans		5,906,910	1,239,428			

Description	Currency	Balance at December 31, 2013	Balance December 31, 2012	Maturity date DD/MM/YYYY	Interest rate	Interest effective rate
SIGMA 07-02 (c)		643,662	638,242	08/12/2014	8.75%	8.75%
SIGMA 08 (c)		1,047,264	1,046,979	12/07/2018	10.25%	10.25%
SIGMA 07 (c)		1,002,438	1,002,940	08/12/2014	5.04%	5.04%
SIGMA 08U (c)		638,395	620,147	12/07/2018	5.32%	5.32%
Total unsecured stock certificates (c)		3,331,759	3,308,308			
TOTAL		Ps18,343,202	Ps 13,588,623			

At December 31, 2013, the annual maturities of non-current debt are as follows:

	2015	2016	2017	2018 onwards	Total
Bank loans	Ps 3,176	Ps784,859	Ps1,971,081	Ps 1,971,081	Ps 4,730,197
Senior Notes	-	-	-	9,017,016	9,017,016
Stock certificates	-	-	-	1,628,250	1,628,250
	Ps 3,176	Ps784,859	Ps1,971,081	Ps 12,616,347	Ps 15,375,463

Covenants:

Most existing debt agreements contain restrictions for the Company, primarily with respect to compliance with certain financial ratios, including:

a) Interest coverage ratio: which is defined as EBITDA for the period of the last four complete quarters divided by financial expenses, net or gross as appropriate, for the last four quarters, which shall not be less than 3.0 times.

b) Leverage ratio: which is defined as consolidated debt at that date, being the gross debt or net debt appropriate, divided by EBITDA for the period of the last four complete quarters, which shall not be more than 3.5 times.

During 2013 and 2012, financial ratios were calculated according to the formulas set out in the loan agreements.

Currently, the Company is in compliance with the obligations of do's and don'ts contained in credit agreements of our subsidiaries; such obligations, among other conditions and subject to certain exceptions, require or limit the ability of our subsidiaries to:

- Provide certain financial information;
- Maintain books and records;
- Maintain assets in appropriate conditions;
- Comply with applicable laws, rules and regulations applicable;
- Incur additional indebtedness;
- Pay dividends;
- Grant liens on assets;
- Enter into transactions with affiliates;
- Perform a consolidation, merger or sale of assets, and
- Carry out sale and lease-back operations

At December 31, 2013 and the date of issuance of these financial statements, the Company and its subsidiaries complied satisfactorily with such covenants and restrictions.

Assets placed as collateral:

At December 31, 2013 and 2012, there are liabilities for a total amount of Ps 7,670 and Ps13,500, respectively guaranteed with property, machinery and equipment for US$ 1,243 (thousand) in 2013 and US$1,658 (thousand) in 2012.

Relevant debt transactions:

(a) On November 13, 2013, SIGMA obtained a syndicated loan with the Bank of Tokyo-Mitsubishi UFJ, Ltd. as global coordinator and administrative agent together with a group of banks (the "Syndicated Loan") for the amount of up to US$1,000,000 maturing on November 13, 2018, with four equal repayments in May 2017, November 2017, May 2018 and November 2018 (US$301,469 had been used as at December 31, 2013). Syndicated Loan interest will be payable monthly at LIBOR plus 1.250% of surtax. The proceeds of the syndicated loan are being used by the Company to complete the acquisition of Campofrío Food Group, SA ("Campofrío"). As of December 31, 2013, the balance amounted to Ps 3,944,179.

On June 20, 2013, the Company entered into an unsecured loan with Rabobank Nederland for an amount of U.S.$30,000. The loan accrues interest monthly based on LIBOR plus 1.20% annually, maturing on June 20, 2016. As of December 31, 2013, the balance amounted to Ps. 392,468.

On June 21, 2013, the Company entered into an unsecured loan with The Bank of Tokyo-Mitsubishi UFJ, Ltd. for an amount of U.S.$30,000. The loan accrues interest monthly based on LIBOR plus 1.20% annually, maturing on June 17, 2016. As of December 31, 2013, the balance amounted to Ps. 392,484.

(b) On April 14, 2011 SIGMA completed the issuance of Senior Notes for a nominal amount of USPs450 million (US$250 million in 2009) with a single maturity at December 14, 2018 (and at December 16, 2019 for the first issuance). Interests from the Senior Notes will be payable half-yearly at annual 5.625% (6.875% for the first issuance) starting October 14, 2011 onwards.

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 an unsubordinated basis by certain subsidiaries of SIGMA joint obligation.

The Senior Notes were initially issued at a price equivalent equal to 99.163% (98.059% in 2009) of their nominal value to produce a yield to the investor of 5.73% (7.10% for 2009). At December 31, 2013 and 2012, the balance of the Senior Notes amounts to US$700 million in both years (Ps9,078,825 and Ps8,948,630 in 2013, 2012, respectively). The net resources received from the Senior Notes amounted to US$446.2 million (US$245.1 million in 2009) net of the unamortized discount in the amount of US$3.8 million and (US$4.9 million in 2009). Additionally, the issuance of Senior Notes originated issuance costs and expenses in the amount of approximately US$3.6 million (US$3.4 million in 2009). Issuance costs and expenses, including the discount from placement of Senior Notes, are shown net of debt and amortized together with the loan based on the effective rate method.

The Senior Notes can be paid in advance at the Company's option, total or partially at any time, at a price of amortization equal to the greatest of any of the following: (i) 100% of the principal amount; or (ii) the sum of the net present value of each payment of principal and interest payable (excluding interest accrued at the amortization date) discounted at the amortization date half-yearly at a rate equal to the sum of the rate of the US treasury plus 0.40%, (0.50% in 2009) plus the accrued interest unpaid at the amortization date. In case of a change in the control structure of the Company together with a reduction in the international credit rating under the investment degree, the holders of the Senior Notes will have the right to demand from the Company the repurchase of obligations at a price equal to 101% of the principal amount plus unpaid interest accrued.

The proceeds from the issuance of Senior Notes were fully used by the Company to pay in advance the short and long-term bank loans.

Costs and expenses, including the premium, prizes and discounts from the placement of this new issuance, which at December 31, 2013 and 2012 amounted to Ps 61,809 and Ps71,948, respectively, with the loan based on the effective rate method.

(c) On December 17, 2007, SIGMA issued debt certificates of Ps1,000,000 and Ps635,000 with maturity in 2014 at a monthly Interbank Equilibrium Interest Rate ("TIIE") plus 20 basis points and fixed biannual rate of 8.75% respectively, primarily to liquidate the short-term debt. The UDI's are instruments stated in Mexican pesos that automatically adjust the principal value of an obligation with the inflation rate published officially by the Bank of Mexico.

On July 24, 2008, SIGMA issued debt certificates of Ps1,000,000 and 500,000 UDIs (Investment Units) with a maturity in 2018, at a fixed interest rates of 10.25% and 5.32%, respectively.

(d) On April 26, the Company held a syndicated loan amounting Ps1,700 million. This loan accrues monthly interest based on the TIIE plus annual .020% with maturity on April 26, 2013. At year end the balance amounts to Ps66,666.

Note 15 - Deferred taxes:

The analysis of the deferred tax asset and deferred tax liability is as follows:

	At December 31,	
	2013	2012
Deferred tax asset:		
- To be recovered after more than 12 months	Ps 74,557	Ps 8,039
- To be recovered within 12 months	850,986	999,120
	925,543	1,007,159
Deferred tax liabilities:		
- To be recovered after more than 12 months	(Ps 89,544)	(Ps 82,348)
- To be recovered within 12 months	(926,982)	(826,169)
	(1,016,526)	(908,517)
Deferred tax (liabilities) asset, net	(Ps 90,983)	Ps 98,642

The gross movement on account of deferred income tax is as follows:

	2013	2012
At January 1	Ps 98,642	Ps 106,960
(Charge) credit to the income statement	(187,674)	(88,742)
Exchange differences	61,142	20,476
Tax creditable/(payable) related to component of other comprehensive income (Note 25)	(63,093)	59,948
At December 31	(Ps 90,983)	Ps 98,642

Temporary differences requiring recognition of deferred income tax assets and liabilities are as follows:

	(Assets)	
	At December 31,	
	2013	2012
Inventories	Ps 31,330	Ps 42,104
Customers	11,142	14,494
Advanced payments	(22,853)	(13,240)
Intangible asset	3,072	(4,599)
Property, plant and equipment	(51,889)	(44,523)
Advance payments from clients	822,904	694,631
Liabilities from retirement benefits	39,847	27,296
Employees' profit sharing and accrued expenses payable	40,444	73,686
Tax loss carryforwards	284,112	355,656
Other temporary differences, net	(232,556)	(138,346)
Deferred tax asset	925,543	1,007,159

	Liabilities	
	At December 31,	
	2013	2012
Inventories	Ps 1,019	Ps 1,127
Customers	5,518	5,403
Advanced payments	(11,356)	(8,368)
Intangible asset	(420,833)	(321,954)
Derivative financial instruments	-	6,744
Property, plant and equipment	(730,180)	(759,106)
Liabilities from retirement benefits	62,855	84,236
Reserves	86,752	-
Tax loss carryforwards	-	6,854
Other temporary differences, net	(10,301)	76,547
Deferred tax liability	(1,016,526)	(908,517)
Deferred tax liability, net	(Ps 90,983)	Ps 98,642

Net movements in timing differences for the years were as follows:

	Balances at December 31, 2012	(Charged) credited to statement of income	(Charged) credited to other comprehensive income	Balances at December 31, 2013
Inventories	Ps 42,104	(Ps 10,774)	-	Ps 31,330
Customers	14,494	(3,352)	-	11,142
Advanced payments	(13,240)	(9,613)	-	(22,853)
Intangible asset	(4,599)	7,671	-	3,072
Property, plant and equipment	(44,523)	(7,366)	-	(51,889)
Advance payments from clients	694,631	128,273	-	822,904
Net liability employee retirement	27,296	13,503	(952)	39,847
Employees' profit sharing and accrued expenses payable	73,686	(33,242)	-	40,444
Tax loss carryforwards	355,656	(71,544)	-	284,112
Other temporary differences, net	(138,346)	(94,220)	-	(232,566)
Deferred tax asset	1,007,159	(80,664)	(952)	925,543
Inventories	1,127	(108)	-	1,019
Customers	5,403	115	-	5,518
Advanced payments	(8,368)	(2,988)	-	(11,356)
Intangible asset	(321,954)	(98,879)	-	(420,833)
Derivative financial instruments	6,744	(6,744)	-	-
Property, plant and equipment	(759,106)	28,926	-	(730,180)
Net liability employee retirement	84,236	40,760	(62,141)	62,855
Amortization of foreign tax losses.	-	86,752	-	86,752
Tax loss carryforwards	6,854	(6,854)	-	-
Other temporary differences, net	76,547	(88,848)	-	(10,301)
Deferred tax liability	(908,517)	(45,868)	(62,141)	(1,016,526)
Deferred tax liability, net	Ps 98,642	(Ps126,532)	(Ps63,093)	(Ps 90,983)

	Balances at January 1, 2012	(Charged) credited to statement of income	(Charged) credited to other comprehensive income	Balances at December 31, 2012
Inventories	Ps 133,992	(Ps 91,888)	-	Ps 42,104
Customers	-	14,494	-	14,494
Advanced payments	(4,220)	(9,020)	-	(13,240)
Intangible asset	(222,532)	217,933	-	(4,599)
Derivative financial instruments	36,204	(36,204)	-	-
Property, plant and equipment	(37,628)	(6,895)	-	(44,523)
Advance payments from clients	683,827	10,804	-	694,631
Net liability employee retirement	17,450	2,340	7,506	27,296
Employees' profit sharing and accrued expenses payable	32,328	41,358	-	73,686
Tax loss carryforwards	258,585	97,071	-	355,656
Other temporary differences, net	54,732	(193,078)	-	(138,346)
Deferred tax asset	952,738	46,915	7,506	1,007,159
Inventories	1,049	78	-	1,127
Customers	6,375	(972)	-	5,403
Advanced payments	(6,591)	(1,777)	-	(8,368)
Intangible asset	(16,567)	(305,387)	-	(321,954)
Derivative financial instruments	-	6,744	-	6,744
Property, plant and equipment	(779,883)	20,777	-	(759,106)
Net liability employee retirement	32,444	(650)	52,442	84,236
Amortization of foreign tax losses.	(98,330)	98,330	-	-
Tax loss carryforwards	26,275	(19,421)	-	6,854
Other temporary differences, net	(10,550)	87,097	-	76,547
Deferred tax liability	(845,778)	(115,181)	52,442	(908,517)
Deferred tax liability, net	Ps 106,960	(Ps 68,266)	Ps 59,948	Ps 98,642

Deferred income tax asset is recorded as tax loss carryforwards as the realization of the tax benefit related through future tax profits becomes probable. Tax losses amount to Ps 947,041 in 2013, Ps1,270,141 in 2012.

Tax losses at December 31, 2013 and 2012, expire in the following years:

Year loss incurred	2013	2012	Year of expiration
2007 and earlier	Ps 28,475	Ps 189,754	2017
2008	23,622	161,676	2018
2009	131,819	139,834	2019
2010	338,798	340,977	2020
2011	391,524	394,382	2021
2012	23,258	43,518	2022
2013	9,545	-	2023
	Ps 947,041	Ps 1,270,141	

New Mexican Income Tax Law

On December 11, 2013 the decree for the new Income Tax Law was published (new LISR) becoming effective on January 1, 2014, repealing the LISR published as of January 1, 2002 (former LISR). The new LISR maintains the essence of the former LISR; however, it makes significant amendments among which the most important are:

i. Limiting deductions in contributions to pension and exempt salary funds, automobile leases, restaurant consumption and social security fees; it also eliminates the immediate deduction in fixed assets.

ii. Amending the mechanics to accumulate revenues derived from the term alienation and generalizing the procedure to determine the gain in alienation of shares.

iii. Amending the procedure to determine the taxable basis for the Employees' Profit Sharing (PTU Spanish acronym), establishing the mechanics to determine the initial balance of the capital contribution account (CUCA Spanish acronym) and the Net Tax Profit Account (CUFIN Spanish acronym) and establishing new mechanics for the recovery of Asset Tax (IA Spanish acronym)

iv. Establishing an ISR rate applicable for 2014 and the following years of 30%. In contrast to the LISR above that established a 30%, 29% and 28% rate for 2013, 2014 and 2015, respectively.

The Company has reviewed and adjusted the deferred tax balance at December 31, 2013, considering in the determination of temporary differences, the application of these new provisions, the impacts of which are detailed in the reconciliation of the effective rate as follows show in Note 25, within the rate difference effect item of the year for Ps 10,128. However, the effects in deduction limitations and others indicated previously will be applied as from 2014 and will mainly affect the tax incurred as of such year.

Note 16 - Other liabilities:

	At December 31,	
	2013	2012
Current portion		
Income taxes payable	Ps 77,274	Ps 93,117
Employees' profit sharing payable	80,066	75,180
Bank overdrafts (Note 6)	540	-
Employees' benefits based on shares (Note 20)	8,713	18,297
Notes payable	8,680	-
Accounts payable to affiliated company	69,115	18,671
Total other current liabilities	Ps 244,388	Ps 205,265
Non-current portion		
Notes payable and others	Ps 77,653	Ps 46,240
Employees' benefits based on shares (Note 20)	85,957	65,258
Total other non-current liabilities	163,610	111,498
Total other liabilities	Ps 407,998	Ps 316,763

Note 17 - Employee Benefits:

The valuation of employee benefits for retirement plans (covering approximately 80% of workers in 2013 and 80% in 2012) and is based primarily on their years of service, current age and estimated salary at retirement date.

The principal subsidiaries of the Company have established funds for the payment of retirement benefits through irrevocable trusts.

The employee benefit obligations recognized in the statement of financial position, by country, are shown below:

	At December 31,	
Country	2013	2012
México	Ps 341,874	Ps 398,045
Honduras and Nicaragua	466	279
Total	Ps 342,340	Ps 398,324

The following summarizes key financial data of such benefits to employees:

	At December 31,	
	2013	2012
Obligation in the balance sheet:		
Pension benefits	Ps 335,986	Ps 393,910
Post-employment medical benefits	6,354	4,414
Liability in balance sheet	342,340	398,324
Charge in the income statement:		
Pension benefits	(Ps 125,975)	(Ps 50,586)
Post-employment medical benefits	(502)	(329)
	(Ps 126,477)	(Ps 50,915)
Actuarial gain (loss) recognized in the statement of other comprehensive income for the period	Ps 210,288	(Ps 214,099)
Cumulative actuarial gain (loss) recognized in other comprehensive income	Ps 40,169	(Ps 170,119)

Pension benefits

The Company operates defined benefit pension plans based on employee's pensionable remuneration and length of service. Most plans are externally funded. Plan assets are held in trusts, foundations or similar entities, governed by local regulations and practice in each country, as is the nature of the relationship between the Company and the respective trustees (or equivalent).

Amounts recognized in the balance sheet are determined as follows:

	At December 31,	
	2013	2012
Present value of funded obligations	Ps1,078,691	Ps 1,109,856
Fair value of plan assets	(742,705)	(676,291)
Present value of unfunded obligations	335,986	433,565
Unrecognized past service costs	-	(39,655)
Liability in the balance sheet	Ps 335,986	Ps 393,910

At December 31, 2013 and 2012, the integration of plan assets calculated at fair value, is as follows:

	December 31,	
	2013	2012
Fixed rent short and long term securities	Ps 445,201	Ps 394,342
Shares	297,504	281,949
Fair value of plan assets	Ps 742,705	Ps 676,291

The movement in the defined benefit obligation during the year is as follows:

	2013	2012
At January 1	Ps 1,109,856	Ps 773,061
Current service costs (Nota 24)	108,451	54,640
Interest cost	60,970	52,779
Remeasurements:		
Financial actuarial (gains) losses	(181,313)	266,684
Exchange differences	102	46
Benefits paid	(39,893)	(44,058)
Liabilities acquired in business combination	26,729	9,583
Reducing losses	(6,211)	(2,879)
At December 31	Ps 1,078,691	Ps 1,109,856

The movement in the fair value of plan assets of the year is as follows:

	2013	2012
At January 1	(Ps 676,291)	(Ps 553,380)
Remeasurements - expected return on plan assets excluding interest income	(37,235)	(53,954)
Actuarial remeasurements	(29,179)	(68,957)
At December 31	(Ps 742,705)	(Ps 676,291)

The amounts recognized in the income statement are as follows:

	2013	2012
Current service cost	(Ps 108,451)	(Ps 54,640)
Financial (costs) revenues, net	(23,735)	1,175
Reducing losses	6,211	2,879
Total included in staff costs	(Ps 125,975)	(Ps 50,586)

Total recognized in other comprehensive income items described below:

	2013	2012
Cumulative balance at beginning of year	(Ps 170,119)	Ps 43,980
Employees´ benefits remeasurements	210,288	(214,099)
Accumulated balance at end of year	Ps 40,169	(Ps 170,119)

The main actuarial assumptions were as follows:

	At December 31,	
	2013	2012
Discount rate	6.75	5.50
Inflation rate	4.25	4.25
Growth rate of wages	5.25	5.25
Future salary increase	4.25	5.25
Future pension increase	7.50	7.50
Medical inflation rate		

The average life of defined benefit obligations is 20.5 and 21.1 years at December 31, 2013 and 2012, respectively.

The sensitivity analysis of the main assumptions for defined benefit obligations were as follows:

	Effect in defined benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rates	+1%	Decreases by 12%	Increases by 14%

Post-employment medical benefits

The Company operates post-employment medical benefits schemes mainly in Mexico. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes. Most of these plans are not being funded.

Amounts recognized in the balance sheet are determined as follows:

	At December 31,	
	2013	2012
Present value of funded obligations	Ps 6,354	Ps 5,648
Past service cost not recognized	-	(1,234)
Liabilities in the balance sheet	Ps 6,354	Ps 4,414

Movements in defined benefit obligations are as follows:

	2013	2012
At January 1	Ps 5,648	Ps 2,890
Current service cost	191	91
Cost of interest	311	238
Financial actuarial remeasurements	204	2,429
At December 31	Ps 6,354	Ps 5,648

The amounts recognized in the income statement are as follows:

	2013	2012
Current service costs	(Ps 191)	(Ps 91)
Interest cost	(311)	(238)
Total included in staff costs	(Ps 502)	(Ps 329)

The sensitivity analysis of the main assumptions for defined benefit obligations were as follows:

	Effect in defined benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Medical inflation rate	+1%	Increases by Ps1,429	Decreases by Ps1,100

Note 18 - Stockholders' equity:

At December 31, 2013 and 2012, the capital stock is variable, with a fixed minimum to withdraw Ps27,081 represented by 1,290,654,555 shares Series "B", without par value, fully subscribed and paid.

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 the fifth part of the capital stock. At December 31, 2013 and 2012, the amount of the legal reserve amounted to Ps 5,416, which is included in other capital reserves.

In SIGMA's General Ordinary Meeting held on February 28, 2013, the stockholders agreed to declare dividends in cash for a total amount of Ps 1,026,576 (Ps 0.79 dividends per share in pesos), which were paid during 2013, and are derived fully from the Net Tax Profit Account (CUFIN).

In SIGMA's General Ordinary Meeting held on February 14, 2012, the stockholders agreed to declare dividends in cash for a total amount of Ps 865,083 (Ps0.67 dividends per share in pesos), which were paid during 2012, and are derived fully from CUFIN.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN). Any dividends paid in excess of this account will cause a tax equivalent to 30%if they are paid in 2013. This tax is payable by the Company and may be credited against its income tax in the same year or the following two years or, if applicable, against the flat tax of the period. Dividends paid from profits which have previously paid income tax are not subject to tax withholding or to any 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.

Movements in other reserves for 2013 and 2012 are presented below:

	Effect of foreign currency translation	Legal reserve	Total
At January 1, 2012	Ps 617,684	Ps 5,416	Ps 623,100
Losses on foreign currency translation	(725,122)	-	(725,122)
At December 31, 2012	(107,438)	5,416	(102,022)
Losses on foreign currency translation	271,873	-	271,873
At December 31, 2013	Ps 164,435	Ps 5,416	Ps 169,851

Foreign currency translation

The foreign exchange differences arising from the translation of financial statements of foreign subsidiaries are recorded.

Note 19 - Foreign currency position:

At February 19, 2014, the issuance date of these financial statements, the exchange rate was 13.19 nominal pesos per dollar.

The figures below are expressed in millions of dollars, being the prevailing foreign currency for business use.

At 31 December 2013 and 2012, the Company has the following assets and liabilities in foreign currencies:

	At December 31, 2013				
	Dollars (USD)		Other currencies		
	Thousands of USD	Thousands of Mexican pesos	Thousands of USD	Thousands of Mexican pesos	Thousands of Mexican pesos total
Monetary assets	Ps 76,106	Ps 995,188	Ps 146,154	Ps 1,911,179	Ps 2,906,377
Liabilities					
Current	(350,040)	(4,577,298)	(44,972)	(588,070)	(5,165,368)
Non-current	(1,056,966)	(13,821,421)	(263)	(3,445)	(13,824,866)
Currency monetary position	(Ps1,330,900)	(Ps 17,403,521)	Ps 100,919	Ps 1,319,664	(Ps 16,083,857)
Non-monetary assets	Ps 442,354	Ps 5,784,437	Ps 118,355	Ps 1,544,790	Ps 7,329,227

	At December 31, 2012				
	Dollars (USD)		Other currencies		
	Thousands of USD	Thousands of Mexican pesos	Thousands of USD	Thousands of Mexican pesos	Thousands of Mexican pesos total
Monetary assets	Ps 73,596	Ps 957,490	Ps 56,643	Ps 736,935	Ps 1,694,425
Liabilities					
Current	(222,167)	(2,890,413)	(22,979)	(298,956)	(3,189,369)
Non-current	(781,370)	(10,165,697)	(642)	(8,361)	(10,174,058)
Currency monetary position	(Ps 929,941)	(Ps 12,098,620)	Ps 33,022	Ps 429,618	(Ps 11,669,002)
Non-monetary assets	Ps 454,458	Ps 5,912,542	Ps 131,543	Ps 1,711,391	Ps 7,623,933

Nonmonetary assets of Mexican subsidiaries are those the manufacturing of which are made outside of Mexico and are expressed on the bases described in Note 3.

Note 20 - Shared-based payments:

SIGMA has a compensation scheme referenced to the value of its own share for Directors. According to the terms of the plan, eligible executives will receive a cash payment conditional on the achievement of quantitative and qualitative metrics from the following financial measures:

- Improved stock price
- Improvement in net income
- Continuance of the Directors in the Company

The program is to determine a number of shares the Directors shall be entitled to, which will be paid in cash in the next five years, i.e. 20% each year and will be paid at the average price of the share at the end of each year. The average price per share in 2013 and 2012 is Ps 38.8 and Ps27.8 Mexican pesos, respectively.

At December 31, 2013 and 2012 the liability for share-based payments amounted to Ps 94,670, Ps83,555, respectively.

The short-term and long-term liability is comprised as follows:

	December 31,	
	2013	2012
Short term	Ps 8,713	Ps 18,297
Long term	85,957	65,258
Total carrying value	Ps 94,670	Ps 83,555

Note 21 - Expenses by nature:

Cost of sales and selling and administrative expenses classified by nature are as follows:

	2013	2012
Changes in inventory of finished goods and in progress	(Ps 27,350,163)	(Ps25,084,157)
Human resources expense (Note 24)	(7,553,003)	(7,072,483)
Maintenance	(1,242,569)	(1,173,360)
Depreciation and amortization	(1,353,075)	(1,422,858)
Freight expenses	(435,431)	(395,931)
Advertising expenses	(1,187,490)	(1,156,436)
Energy and fuel consumption	(639,800)	(618,014)
Traveling expenses	(278,114)	(284,607)
Operating lease expenses	(273,207)	(203,418)
Technical assistance, professional fees and administrative services	(765,429)	(722,529)
Other	(2,489,069)	(2,523,258)
Total	Ps 43,567,350	(Ps40,657,051)

Note 22 - Other expenses, net:

	2013	2012
Expenses related to acquisitions	(Ps 5,921)	(Ps 240)
Advisory services for potential acquisition projects	(27,674)	-
Loss from sales of containers and platforms	(47,532)	(32,037)
Reorganization expenses (*)	(3,481)	(8,500)
Write off from removal of fixed and intangible assets	(79,837)	(23,388)
Gain from business acquisition	-	13,407
Gain (loss) on sale of assets	5,533	28,514
Other	14,437	(15,335)
Total other expenses	(Ps 144,475)	(Ps 37,579)

(*) Expenses refer to an organizational structure during 2011 within which part of the staff was laid off.

Note 23 - Comprehensive financial expense, net:

	2013	2012
Financial income:		
- Interest income on short-term bank deposits	Ps 44,792	Ps 39,444
- Expected return on plan assets	-	938
- Other financial income	4,964	4,341
- Interest rate swaps	769	2,704
- Interest on accounts receivable	12,693	14,207
Financial income, excluding foreign exchange gain	63,218	61,634
Gain on foreign exchange	242,438	1,268,108
Total financial income	Ps 305,656	Ps 1,329,742
Financial expenses:		
- Interest expense on bank loans	(Ps 108,359)	(Ps 53,748)
- Interest expense, stock certificates and Senior Notes	(873,406)	(864,978)
- Financial expense from sale of portfolio	(32,151)	(29,165)
- Financial expense from employees' benefits	(24,046)	-
- Other financial expenses	(22,009)	(15,892)
Interest expense, excluding foreign exchange loss	(1,059,971)	(963,783)
Foreign exchange loss	(284,566)	(312,190)
Total financial expenses	(Ps1,344,537)	(Ps 1,275,973)
Financial income (loss), net	(Ps1,038,881)	Ps 53,769

Note 24 - Employee benefit expenses:

	2013	2012
Salaries, wages and benefits	Ps 5,950,441	Ps 5,384,489
Contributions to social security	788,215	732,708
Employees' benefits (Note 17)	108,451	54,640
Other contributions	705,896	900,646
Total	Ps 7,553,003	Ps 7,072,483

Note 25 - Income tax of the year:

	2013	2012
Current:		
Current income tax	(Ps 1,176,293)	(Ps 1,077,023)
Adjustment to prior years provision	(14,812)	1,650
Total current income tax	(1,191,105)	(1,075,373)
Deferred:		
Origination and reversal of temporary differences	(187,674)	(88,742)
Total deferred income tax	(187,674)	(88,742)
Income tax expense	(Ps 1,378,779)	(Ps 1,164,115)

The reconciliation between the statutory and effective income tax rates for the years ended on December 31, 2013 and 2012 is as follows:

	2013	2012
Income before income tax	Ps 4,233,701	Ps 4,835,434
Statutory tax rate	30%	30%
Income tax at statutory rate	(1,270,110)	(1,450,630)
Tax rate difference effect	10,228	10,161
(Add) deduct tax effect of:		
Income from dividends	(1,309)	44
Inflationary tax adjustment	(164,273)	(133,300)
Non-deductible expenses	(16,275)	(11,819)
Derivative financial instruments	-	30,969
Reserves	(47,920)	(23,783)
Differences in accounting/tax depreciation and amortization	101,231	82,187
Sale, write-off and capitalization of fixed assets and deferred charges	(10,844)	15,339
Tax losses valuation allowance	-	287,204
Restatement of receivable tax balances	3,212	6,299
Income from accident recovery	15,752	-
Uncollected income from simplified regime activity	9,315	-
Amortization in excess of cost over book value	-	4,022
Other permanent differences, net	7,026	17,542
Provision relating to the operations of the year	(1,363,967)	(1,165,765)
Tax return prior years and other	(14,812)	1,650
Total provision for income taxes charged to income	(Ps 1,378,779)	(Ps 1,164,115)
Effective rate	33%	24%

SIGMA and its Mexican subsidiaries file consolidated income tax returns together with ALFA. 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 a change in current income tax rates is recognized in income of the year in which the rate change is enacted. In accordance with the decree published in the Federal Official Gazette on December 11, 2013, the Flat Tax Law is repealed.

The charge/(credit) tax charge related to components of other comprehensive income is as follows:

	2013			2012		
	Before tax	Tax charged (credited)	After tax	Before tax	Tax charged (credited)	After tax
Actuarial losses /gains	Ps 210,288	(Ps 63,093)	Ps 147,195	(Ps 214,099)	Ps 59,948	(Ps 154,151)
Exchange effect of foreign entities	271,873	-	271,873	(745,598)	20,476	(725,122)
Other items of comprehensive income	Ps 482,161	(Ps 63,093)	Ps 419,068	(Ps 959,697)	Ps 80,424	(Ps 879,273)

Note 26 - Related party transactions:

Transactions with related parties for the years ended December 31, 2013 and 2012, which were held as if conditions were equal to similar transactions with independent parties, were as follows:

	December 31,	
	2013	2012
Income (Affiliates)		
Leases	Ps 4,858	Ps 5,004
Interest	11,435	12,346
Expenses (Affiliates)		
Administrative services	Ps 172,812	Ps 144,572
Leases and other	143,845	99,082
Dividends paid to ALFA	1,040,199	865,083

For the year ended December 31, 2013, wages and benefits received by top officials of the Company were Ps269,564 (Ps237,987 in 2012), an amount comprising base salary, law benefits and benefits law and supplemented mainly by a variable compensation program governed primarily based on the results of the Company and the market value of its stock.

At December 31, 2013 and 2012, the balances with related parties are as follows:

	Nature of the transaction	December 31, 2013	December 31, 2012
Receivable:			
Affiliates	Loan	Ps 236,210	Ps 224,026
Affiliates	Services	46	-
Payable:			
Affiliates	Services	Ps 68,590	Ps 18,671
Affiliates	Interest	525	-

On November 25, 2011, the Company and ALFA Subsidiarias, S. A. de C. V. agreed to change the maturity of the open credit line agreement dated November 28, 2010. Such changes allow the Company to extend the credit agreement until November 28, 2016. The loan accrues interest at an annual TIIE rate plus 3.0%.

The Company and its subsidiaries declared not to have had significant transactions with other related parties or conflicts of interest to disclose.

Note 27 - Segment Reporting:

Segment information is presented consistently with the internal reports provided to the chief executive officer (Chief Operating Decision Maker "CODM") who is the highest authority in the operational decision making, resource allocation and performance assessment of the operating segments.

An operating segment is defined as a component of an entity on which separate financial information is regularly being evaluated. Inter-segment revenue from the sale of products and services are based on the approximate market price. The CODM considers the business from a geographic perspective. The geographies monitored by the CODM are defined as the Company's operating segments. Geographically the CODM considers the performance in Mexico, United States and Other countries.

SIGMA controls and assesses its continued operations through segments that have been defined as established above; these segments are managed on a central level, even though markets are different, products offered in each one of the segments are similar and correspond to processed meat, dairy products and other refrigerated products.

The operations between operating segments are performed at market value and the accounting policies with which the financial information by segments is prepared, are consistent with those described in Note 3.

The Company evaluates the performance of each of the operating segments based on income before financial results, income taxes, depreciation, amortization, write-off from removal of fixed and intangible assets and excess/deficit in the investment value ("EBITDA"), whereas this indicator is a good measure to evaluate operating performance and ability to meet principal and interest obligations with respect to indebtedness, and the ability to fund capital expenditures and working capital requirements. Nevertheless, EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income as a measure of operating performance or cash flows as a measure of liquidity.

The Company has defined the adjusted EBITDA as the calculation of adding the operating profit minus, depreciation and amortization and write-off from removal of fixed and intangible assets.

The operation results are not significantly affected due to the seasonal nature, even when the Company generally has sales of products during the final festive season of the year and in the case of the subsidiary Bar-S, the higher sales are recorded during the summer months.

Following is the condensed financial information of these operative segments in millions of Mexican pesos:

For the year ended December 31, 2013 (amounts in millions of Mexican pesos)

	Mexico	EEUU	Other countries	Total
Total income by segment	Ps 34,428	14,577	4,024	Ps 53,029
Intersegment income	(720)	(3,215)	(105)	(4,040)
Income with external clients	33,708	11,362	3,919	48,989
Adjusted EBITDA	5,355	1,213	142	6,710
Depreciation and amortization	810	445	98	1,353
Comprehensive financing expense, net	(1,031)	-	(8)	(1,039)
Cancellation of deferred charges	-	-	(50)	50
Write-off of property, plant and equipment	30	-	(1)	29
Gain before tax	2,948	878	408	4,234
Capital expenditures (Capex):				
Property, plant and equipment	Ps 1,307	Ps 145	Ps 70	Ps 1,522
Non-current assets:				
Property, plant and equipment	Ps 7,986	Ps 1,543	Ps 1,177	Ps 10,706
Intangible asset	2,802	922	275	3,999
Goodwill	1,722	-	4,265	5,987
Total non-current assets	Ps 12,510	Ps 2,465	Ps 5,717	Ps 20,692

	Mexico	EEUU	Other countries	Total
Unallocated				
Deferred income tax				925
Other non-current assets				6,006
Total non-current assets				Ps 27,623
Total liability	Ps 24,295	Ps 1,118	Ps 589	Ps 26,002

For the year ended on December 31, 2012 (amounts in millions of Mexican pesos)

	Mexico	EEUU	Other countries	Total
Total income by segment	Ps 31,205	14,544	3,817	Ps 49,566
Intersegment income	(627)	(3,361)	(101)	(4,089)
Income with external clients	30,578	11,183	3,716	45,477
Adjusted EBITDA	4,777	1,220	217	6,214
Depreciation and amortization	784	544	94	1,422
Comprehensive financing expense, net	61	-	(7)	54
Cancellation of deferred charges	13	-	-	13
Write-off of property, plant and equipment	7	4	-	11
Gain before tax	3,875	649	311	4,835
Capital expenditures (Capex):				
Property, plant and equipment	Ps 1,020	Ps 247	Ps 151	Ps 1,418
Non-current assets:				
Property, plant and equipment	Ps 7,399	Ps 1,717	Ps 1,083	Ps 10,199
Intangible asset	2,584	1,003	264	3,851
Goodwill	1,017	-	4,032	5,049
Total non-current assets	Ps 11,000	Ps 2,720	Ps 5,379	Ps 19,099
Unallocated				
Deferred income tax				1,007
Other non-current assets				380
Total non-current assets				Ps 20,486
Total liability	Ps 18,829	Ps 1,065	Ps 522	Ps 20,416

The reconciliation between the Adjusted EBITDA and income before taxes for the years ended December 31, is as follows (in millions of Mexican pesos):

	2013	2012
Adjusted EBITDA	Ps 6,710	Ps 6,214
Depreciation and amortization (Note 21)	(1,354)	(1,422)
Gain from business acquisition (Note 22)	-	13
Write-off from removal of fixed and intangible assets (Note 22)	(79)	(24)
Operating profit	5,277	4,781
Associates equity method	(4)	-
Financial income (loss) (Note 23)	(1,039)	54
Profit before taxes	Ps 4,234	Ps 4,835

These assets are assigned based on operations in segments and physical location of the assets.

Revenue from external Customers by products:	2013	2012
Processed meat (1)	Ps 31,673	Ps 30,307
Dairy products (2)	14,270	13,213
Other refrigerated products (3)	3,046	1,957
Total	Ps 48,989	Ps 45,477

(1) Ham, sausage, and other lunch meat.
(2) Cheese, yogurt, cream, margarine and others
(3) Others include prepared meals, refrigerated products, desserts and beverages.

SIGMA's customers are commercial establishments classified into supermarkets, convenience stores, institutions and small grocery stores. In 2013 and 2012, sales of its major customer represented 12% and 12%, respectively, of total sales.

Note 28 - Contingencies and commitments:

At December 31, 2012, the Company had the following contingencies:

In the normal course of its business, the Company is involved in disputes and litigation. While the results of the disputes cannot be predicted, the Company does not believe that there are actions pending application or threat, claims or legal proceedings against or affecting the Company which, if determined adversely to it, would damage significantly individual or overall results of its operations or financial position.

At December 31, 2013, the Company and its subsidiaries had the following commitments:

a. Various subsidiaries contracts with suppliers and customers, for the acquisition of raw materials used in the manufacture of products. The contracts are effective for less than a year, and do not stipulate significant restrictions or guarantees for the parties.

b. Regarding operational expansion projects, a subsidiary held various agreements related to the acquisition of engineering licenses and own design of production lines. These contracts provide various confidentiality restrictions on the engineering used and monthly royalty payments determined under certain monthly production level.

Note 29 - Subsequent events:

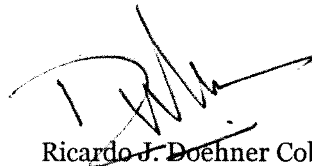
In preparing the financial statements the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2013 and through February 19, 2014 (date of issuance of the financial statements), and has identified the following subsequent events.

Acquisition of Campofrío

As described in Note 2 the Company has continued to purchase Campofrío shares outside the framework of the public purchase offer. Subsequent to December 31, 2013, the Company has acquired an additional 0.33% of Campofrío's ordinary shares amounting to Ps42,276.

At the date of these financial statements, the Spanish Stock Market Commission has still not authorized the public offer to purchase the remaining outstanding shares and the European competition authorities have not yet issued the resolutions relating to the amended application filed by the Company together with another shareholder, (see Note 2.a). Also the Company and the other shareholder have initiated the process of applying for authorization from the Ministry of Commerce of the People's Republic of China. Consequently, SIGMA had not yet finalized its offer for the remaining outstanding shares.

Mario H. Páez González
Chief Executive Officer


Ricardo J. Doehner Cobián
Chief Financial Officer