

Report of Independent Auditors

Tlalhepantla, Mex., February 21, 2012



To the Stockholders of
Grupo Herdez, S. A. B. de C. V. and subsidiaries

1. We have examined the consolidated balance sheets of Grupo Herdez, S. A. B. de C. V. and subsidiaries at December 31, 2011 and 2010 and the corresponding consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on those financial statements based on our audits.
2. We conducted our examinations in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards (MFRS). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the consolidated financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by Management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. As described in Note 2 to the financial statements, as from January 1, 2012, the Company adopted the accounting framework established in the International Financial Reporting Standards (IFRS), in order to comply with the provisions established by the National Banking and Securities Commission and the provisions of Interpretation to the MFRS 19 "Changes resulting from adoption of International Financial Reporting Standards".
4. In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Herdez, S. A. B. de C. V. and subsidiaries at December 31, 2011 and 2010, and the consolidated results of its operations, the changes in its stockholders' equity and its cash flows for the years then ended, in accordance with MFRS.

PricewaterhouseCoopers, S. C.

A handwritten signature in black ink, appearing to read "José Ignacio Toussaint Purón", written over a horizontal line.

C.P.C. José Ignacio Toussaint Purón
Audit Partner

Consolidated Balance Sheets

Grupo Herdez, S. A. B. de C. V. and subsidiaries

December 31, 2011 and 2010

(amounts stated in thousands of Mexican pesos)

December 31,	2011		2010	
Assets				
CURRENT ASSETS:				
Cash and cash equivalents	Ps	1,154,709	Ps	805,507
Trade accounts receivable, net of allowance for doubtful accounts and discounts of Ps39,916 in 2011 and Ps42,770 in 2010		936,136		772,612
Other accounts receivable		36,056		17,788
Value added tax and income tax recoverable		240,847		186,985
Related parties (Note 6)		1,320,801		983,312
		2,533,840		1,960,697
Inventories (Note 7)		1,095,989		963,664
Other current assets (Note 5)		160,703		200,348
Total current assets		4,945,241		3,930,216
PROPERTY, MACHINERY AND EQUIPMENT - Net (Note 8)		2,172,063		1,826,233
PERMANENT INVESTMENTS IN ASSOCIATED COMPANIES (Note 10)		122,752		84,461
INTANGIBLE ASSETS (Note 9)		2,064,220		1,463,975
Total assets	Ps	9,304,276	Ps	7,304,885
Liabilities and Stockholders' Equity				
CURRENT LIABILITIES:				
Notes payable	Ps	4,200	Ps	313,743
Suppliers		843,049		596,860
Other accounts payable and accrued expenses		344,855		213,858
Income tax payable		26,917		58,078
Employees' statutory profit sharing payable		13,883		13,517
Total current liabilities		1,232,904		1,196,056
LONG-TERM LIABILITIES:				
Notes payable (Note 11)		2,219,361		1,204,200
Long-term debt (Note 11)		584,519		293,691
Deferred taxes (Note 15)		429,352		252,117
Employee benefits (Note 13)		30,961		21,443
Total long-term liabilities		3,264,193		1,771,451
Total liabilities		4,497,097		2,967,507
STOCKHOLDERS' EQUITY (Note 14):				
Capital stock		965,541		965,541
Reserve for purchase of shares		321,194		400,000
Retained earnings		2,220,413		1,779,221
Premium on the subscription of shares		220,959		220,959
Financial instruments		(43,856)		12,850
Cumulative translation adjustment		44,907		5,540
Majority stockholders' investment in controlling equity		3,729,158		3,384,111
Non-controlling equity		1,078,021		953,267
		4,807,179		4,337,378
Total liabilities and stockholders' equity	Ps	9,304,276	Ps	7,304,885

The accompanying eighteen notes are an integral part of these consolidated financial statements, which were authorized for issuance on February 21, 2012 by the undersigned officers.



Lic. Héctor Hernández-Pons Torres
Chief Executive Officer



C.P. Ernesto Ramos Ortiz
Administrative and Corporate Practices Director

Consolidated Statements of Income


Grupo Herdez, S. A. B. de C. V. and subsidiaries

December 31, 2011 and 2010

(amounts stated in thousands of Mexican pesos)

Year ended December 31,	2011		2010	
Net sales	Ps	9,697,099	Ps	8,871,260
Cost of sales		6,147,480		5,409,699
Gross profit		3,549,619		3,461,561
Operating expenses:				
Selling		1,351,541		1,205,292
Management		254,481		221,082
Advertising		408,074		403,174
		2,014,096		1,829,548
Operating income		1,535,523		1,632,013
Other expenses - Net (Note 16)		(27,258)		(20,799)
Comprehensive financing result:				
Interest paid - Net		86,198		76,116
Exchange (gain) loss - Net		(79,628)		18,915
		6,570		95,031
Equity share in earnings of associated companies (Note 10)		30,277		24,452
Earnings before income tax		1,531,972		1,540,635
Income tax (Note 15)		479,006		424,897
Earnings before discontinued operations		1,052,966		1,115,738
Net discontinued operations (Note 17)		(3,257)		(12,024)
Consolidated net income for the year	Ps	1,049,709	Ps	1,103,714
Net income corresponding to non controlling equity	Ps	284,762	Ps	313,493
Net income corresponding to holding company stockholders	Ps	764,947	Ps	790,221
Basic income per common share (Note 3s.)	Ps	1.780	Ps	1.854

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Lic. Héctor Hernández-Pons Torres
Chief Executive Officer



C.P. Ernesto Ramos Ortiz
Administrative and Corporate Practices Director

Statement of Changes in Stockholders' Equity

Grupo Herdez, S. A. B. de C. V. and subsidiaries

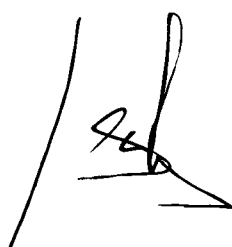
December 31, 2011 and 2010

(amounts stated in thousands of Mexican pesos)

		Capital stock	Reserve for purchase of shares	Retained earnings
Balances at January 1, 2010	Ps	961,048 Ps	219,504 Ps	1,501,510 ⁽¹⁾
Capital decrease from purchase of shares		(14,136)	14,136	
Purchase of outstanding shares			(253,512)	
Capital increase from placement of shares		18,629	(18,629)	
Placement of shares			350,683	
Changes to reserve for purchase of shares			87,818	(87,818)
Payment of dividends				(424,692)
Comprehensive income (Note 3p.)				790,221
Balances at December 31, 2010		965,541	400,000	1,779,221 ⁽¹⁾
Purchase of outstanding shares			(266,656)	
Placement of shares			187,850	
Payment of dividends				(323,755)
Comprehensive income (Note 3p.)				764,947
Balances at December 31, 2011	Ps	965,541 Ps	321,194 Ps	2,220,413 ⁽¹⁾

(1) Includes Ps141,861 of legal reserve in both years.

The accompanying eighteen notes are an integral part of these consolidated financial statements, which were authorized for issuance on February 21, 2012 by the undersigned officers.



Lic. Héctor Hernández-Pons Torres
Chief Executive Officer



C.P. Ernesto Ramos Ortiz
Administrative and Corporate Practices Director

	Premium on subscription of shares	Financial instruments	Cumulative translation adjustment	Controlling equity	Non-controlling equity	Total stockholders' equity
Ps	220,959	Ps	18,195 Ps	2,921,216 Ps	807,643 Ps	3,728,859
				(253,512)		(253,512)
				350,683		350,683
				(424,692)	(190,000)	(614,692)
	Ps	12,850	(12,655)	790,416	335,624	1,126,040
	220,959	12,850	5,540	3,384,111	953,267	4,337,378
				(266,656)		(266,656)
				187,850		187,850
				(323,755)	(143,000)	(466,755)
		(56,706)	39,367	747,608	267,754	1,015,362
Ps	220,959 (Ps	43,856) Ps	44,907 Ps	3,729,158 Ps	1,078,021 Ps	4,807,179