Multiplying a successful formula

2011 Annual Report

Strengthening Operations

Our successful **business model,** focused on adapting quickly and effectively to market dynamics, has led us to obtain a **strong growth in sales** in Mexico and in our International Operations.

Multiplying Products

Our strategy of constantly launching new products under new brands, as well as line extensions under existing brands, has given our brands the ability to keep having **high growth rates** that are above those of the market.

Adding Brands

We have been able to successfully position **our brands** in their respective categories, **those that have been internally developed as well as those that have been acquired,** through the renovation of their **formula and image.**

CORPORATE PROFILE:

We are a Mexican company, young, dynamic, flexible and innovative, busy and preoccupied to find solutions to improve the quality of life and health of all those who benefit from the proper use of our products.

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MISSION:

To improve and preserve the health and well-being of our customers through innovative, safe and effective products, providing development opportunities to our collaborators, profitability to our shareholders and positively impacting our community and environment.

VISION:

To be the leading company in the pharmaceutical and personal care products markets in which we are active; and to be recognized for our positive impact on the health and welfare of people, communities and the environment.

VALUES:

- Integrity
- Innovation
- Creativity
- Efficiency
- Team Work
- Sustainability
- Effectiveness

FINANCIAL **HIGHLIGHTS:**

CONSOLIDATED INCOME STATEMENTS

Million pesos

	2011	2010	Variation
Net Sales	8,074.8	6,263.6	28.9%
Gross Profit	5,612.4	4,449.1	26.1%
SG&A	3,555.2	2,834.3	25.4%
Operating Income	2,057.2	1,614.8	27.4%
EBITDA[1]	2,139.2	1,693.5	26.3%
%Net Sales	26.5%	27.0%	-0.5 pp
Net Income	1,416.0	1,093.0	29.6%
%Net Sales	17.5%	17.4%	0.1 pp
Earnings per Share[2]	1.33	1.02	30.2%

(1) EBITDA is calculated by adding Depreciation and Amortization to the Operating Income.
(2) Earnings per share are for the last 12 months and were calculated using the weighted average of shares outstanding for the period.

CONSOLIDATED BALANCE SHEET

Million pesos

Assets		Liabilities and Shareholder's Equity	
Cash and Equivalents	1,538.5	1,262.3	Suppliers
Accounts Receivable	3,482.6	1,388.8	Other Liabilities
Inventories	1,101.0	970.0	Loans with Financial Institutions
Other Assets	3,071.9	5,572.9	Shareholder's Equity
Total Assets	9,194.0	9,194.0	Total Liabilities and Shareholder's Equity

CASH CONVERSION CYCLE

	2011	2010
Days of Accounts Receivable	155	111
Days of Inventories	161	188
Days of Suppliers	185	192
Cash Conversion Cycle	132	107

OTHER FINANCIAL INFORMATION

	2011	2010	2009	2008
P/E	20.32	29.01	20.02	9.01
FV/EBITDA*	13.00	17.52	12.35	4.85
Debt/EBITDA*	0.45	0.00	0.00	0.00

*Considers EBITDA for the last twelve months

RESULTS

- During 2011 Net Sales increased 28.9%, compared to 2010, reaching $8.07 billion pesos.
- 2011 EBITDA reached $2.14 billion pesos, representing a margin of 26.5% over Net Sales.
- Sales for our International Operations increased 29.4%, compared to 2010, to reach $1.88 billion pesos.
- Net Income during 2011 increased 29.6%, compared to 2010, reaching $1.42 billion pesos.
- Earnings per Share during 2011 were $1.33 pesos, an increase of 30.2%, compared to 2010.
- During 2011 the Company remained as the number one OTC pharmaceutical company in Mexico, increasing its market share in more than 2 percentage points, to reach 13.7%.
- During 2011 we launched 51 products under 14 New Brands and 88 line extensions under existing brands.
- In 2011 we acquired seven brands, three of them, Alert^MR, Nórdiko^MR and Wildroot^MR, from the multinational Colgate-Palmolive^MR.
- Genomma Lab continues to be part of the Mexican Stock Index (IPC) and remains being one of the most liquid companies in Mexico. In addition, in 2011 it became part of the IPC LargeCap Index.

MESSAGE FROM THE CEO AND CHAIRMAN OF THE BOARD

Dear Shareholders:

Genomma Lab reported another strong year of growth in 2011, delivering consistent returns to our shareholders thanks to our dedicated employees, superior business model and the loyalty of our clients.

The company has consolidated as the leading OTC pharmaceutical company and one of the main players in the personal care market, as well as in the branded generics market in Mexico. We have become a key member of the Mexican Stock Index (IPC). With our 2011 results, we are advancing towards our goal of becoming one of the largest OTC pharmaceutical companies in Latin America.

Our products are already familiar to consumers in countries such as Argentina, Brazil, Colombia and the United States, among others. We continue to launch new products to better serve our consumers and expand our footprint and distribution in all of the markets where we operate.

Our customers expect us to deliver new products that meet their needs and we are determined to continue innovating in order to offer them a greater variety of products that meet their needs with the highest quality standards.

In Mexico, we continue to be the OTC market leader. In 2011 we further developed our portfolio of brands by acquiring the Vanart, Pomada de la Campana, Affair, Galaflex, Alert, Nordiko and Wildroot brands, these last three from Colgate-Palmolive^{MR}. These are all well-known and very important brands in Mexico, with a loyal consumer base, and

With our 2011 results, we are advancing towards our goal of becoming one of ***the largest OTC pharmaceutical companies in Latin America.***

we expect that by relaunching them we will serve better the existing consumers and introduce the brands to new ones.

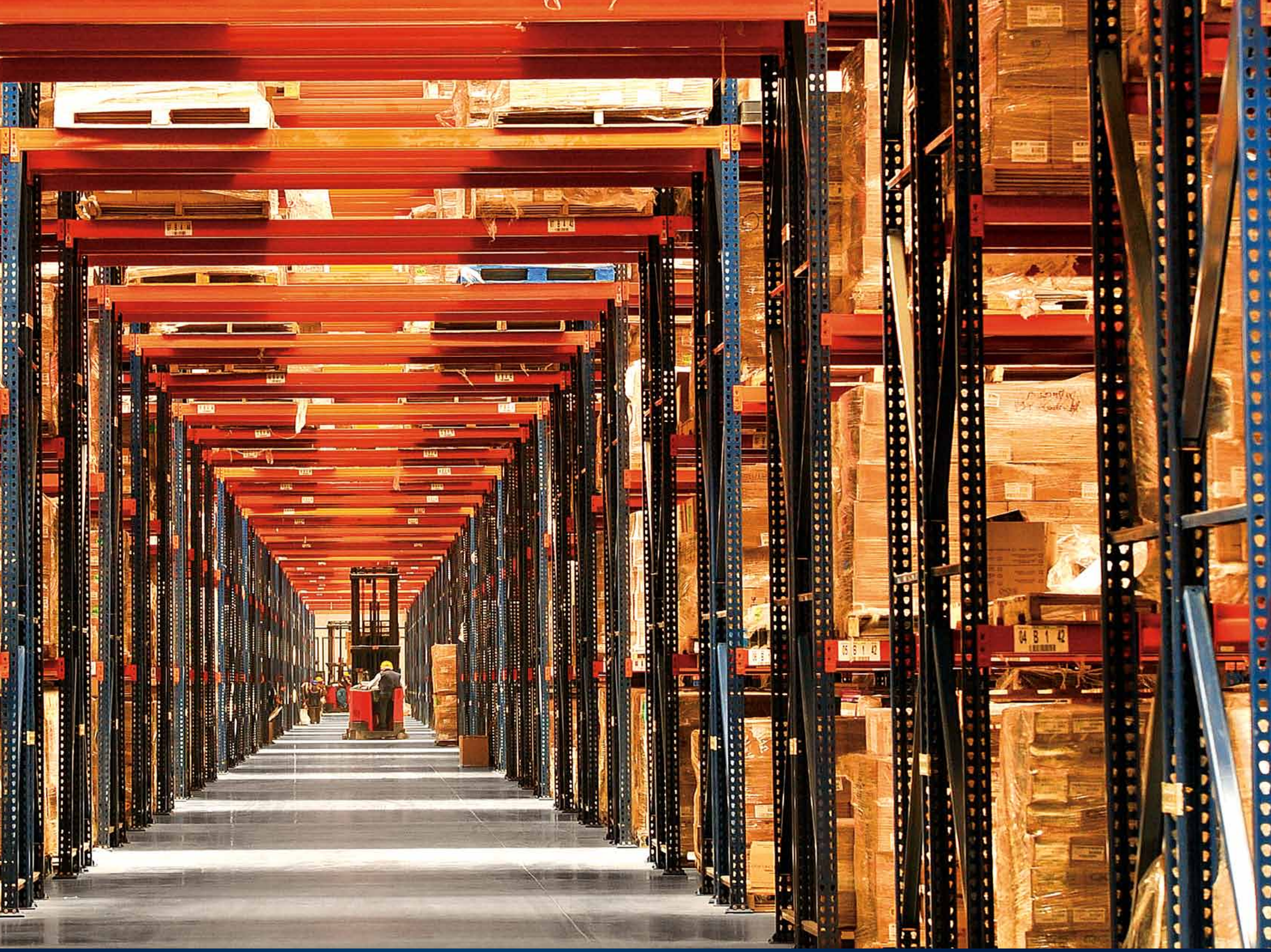
This successful year was based on both organic growth and the acquisition of brands. We expanded our presence in Mexico; in other countries of Latin America and in the United States, offering top of mind brands and products that allow us to reach new consumers every day. We will continue with our traditional strategy of developing and acquiring brands, in order to grow the business and serve our shareholders. We are proud of what we have achieved in recent years and excited about the opportunities and challenges that lie ahead.

We are grateful for the dedication of our employees and suppliers, the trust of our shareholders and the loyalty of our customers. We look forward to continue working with all of them to build the success of 2012 and future years.

Genomma Lab has a bright future and we are confident that 2012 will be another excellent year for the Company.

Sincerely,

Rodrigo Herrera Aspra
CEO and Chairman of the Board
Genomma Lab Internacional S.A.B. de CV



(OPERATIONS)^n

Our innovative business model, focused on adapting quickly to market dynamics, has led us to obtain **excellent results** throughout the years. Part of **our growth strategy consists** in:

- **ADDING CLIENTS:**
  Through our efficient distribution network, we currently reach over 43 thousand points of sale in Mexico and close to 70 thousand in our International Operations, bringing well-being to a higher number of consumers.

Points of Sale in Mexico

CHANNEL	2011	2008	GROWTH
Wholesalers	24,000	18,000	1.3x
Retailers	2,865	1,226	2.3x
Pharmacy Chains	2,671	1,815	1.5x
Others	13,792	136	101.4x
Total	**43,328**	**21,177**	**2.0x**

- **DEVELOPING EMPLOYEES:**
  In Genomma Lab we are concerned about the professional development of each one of our employees, as we know they are a fundamental part of the Company´s success. During 2011, we had the opportunity to create more jobs and provide career opportunities to more people. **Currently, we are more than 1,100 collaboratos.**

- **EXPANDING OUR SUPPLIER NETWORK:**
  Due to the accelerated growth of the Company and to our strategy of constantly launching products and brands, we have achieved a solid and efficient collaborative network through which we are able to offer products of the highest quality. During 2011, **we added important local and multinational suppliers to this network.**

- **OPTIMIZING FACILITIES TO BETTER SERVE OUR CLIENTS:**

  TV Spot Production Facilities: one of our main strengths is the in-house development of marketing and TV spots, which has led us to be the largest TV spot production company in Mexico and Latin America. We have a forum and production and post-production equipment that allow us to make more than **one thousand spots per year.**

  Distribution Center: In 2011 we moved to a new Distribution Center with the objective of satisfying the Company's needs derived from the achieved growth, as well as to be prepared for higher sales in the future.

  Corporate Headquarters: At the beginning of 2011, Genomma Lab changed its corporate offices in order to meet the needs of its collaborators and strengthen the inter-departamental work, achieving better communication. The current corporate offices have 6,000 square meters.

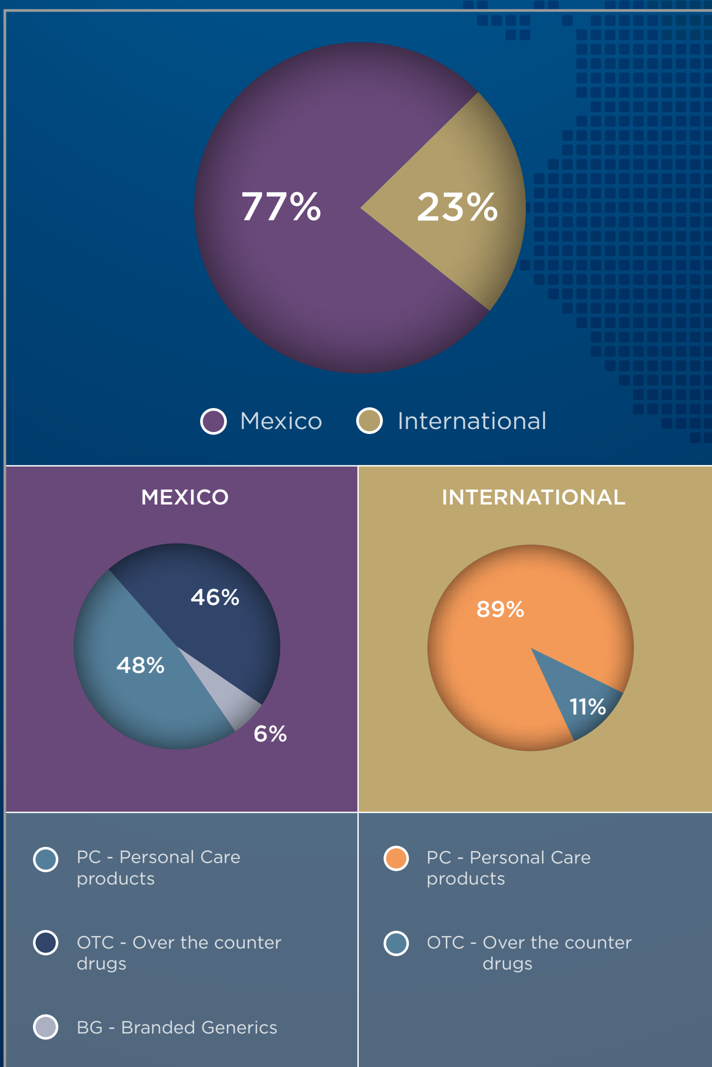
"We have the largest TV spot production house in Mexico and Latin America. In 2011 ***we made more than 1,000 TV spots*** *to increase the sale of our products."*

Claudia Ortega
Marketing Executive Vice-President

(EXPANSION)^n

With presence
in 14 countries
outside Mexico

Sales Segmentation 2011



NORTH AMERICA

United States

CENTRAL AMERICA

Costa Rica
El Salvador
Guatemala
Honduras
Nicaragua
Panama

SOUTH AMERICA

Argentina
Bolivia
Brazil
Colombia
Chile
Ecuador
Peru

*"**Genomma Lab's** main asset is its human capital. The sum of abilities and the teamwork of all its employees is what has taken the Company to be **the leading OTC pharmaceutical company in Mexico.**"*

Renata Herrera
Executive Vice-President and Chief Operating Officer

PRODUCTS

One of the main pillars of our business model is the **Innovation and Development area**, which focuses on constantly launching products under new brands, as well as line extensions under existing brands, in order to increase the constant growth of our Company. **During 2011, in Mexico we launched 51 products under New Brands and 88 products as line extensions.**

With this strategy Genomma Lab has postioned many of its brands in the first places of their categories.

• **Genomma Lab has 17** products positioned in the **Top 100 OTC products in the Mexican market.**

(Source: IMS Health)

• In the last **two years,** the Company has positioned **eight products in the top 100 shampoo** market in Mexico.

(Source: IMS Health)

BRAND	RANK*	MARKET SHARE	CATEGORY
Medicasp	#1	70%	Topical scalp anti-micotics
Asepxia	#1	68%	Anti-acne preparations
Unesia	#1	55%	Systemic anti-micotics
Nikzon	#1	53%	Anti-hemorrhoids
X Ray Caps	#1	49%	Nonsteroidal anti-rheumatics, combinations
Genoprazol	#1	40%	Acid inhibitors
Dalay	#1	38%	Tranquilizers
Goicotabs	#1	31%	Systemic anti-varicose
Bengue	#1	25%	Topical anti-rheumatics
Lomecan	#1	21%	Gynaecological anti-micotics
Next	#1	20%	Cold and cough preparations without anti-infectives

*Position in their category in Mexico according to its market share as of December 2011. Source: IMS Health

Another main asset of **Genomma Lab** is its broad **portfolio of leading brands,** of which most have been developed internally by the **Innovation and Development area.** Also, as part of its growing strategy, the Company has acquired **several brands with high recognition and tradition in the market** and has positioned them as leaders of their categories through the improvement of **their formula and image and their relaunch under new and successful advertising campaigns.**

• During 2011, **Geomma Lab** acquired **Vanart** (shampoo), **Pomada de la Campana** (medicinal ointment), **Affair** (hair dye and shampoo), **Galaflex** (professional shampoo) and three brands from Colgate Palmolive^{MR}: **Nórdiko** (toilet soap), **Alert** (shampoo and conditioner) and **Wildroot** (hair conditioner). Additionally, the mentioned company was added to our suppliers' network through a long-term agreement. **All these brands are well positioned in the consumer's mind** and have high recognition and tradition given their legacy in the market.

(BRANDS)^n

Flores
POMADA DE LA CAMPANA
DEL DR. BELL
•Protege
•Cicatriza
35 g
Con Tepezcohuite
Nuevo Aroma

"Genomma Lab's flexibility and quickness to react to the competition and to changes in the consumer's behavior ***are characteristic competitive advantages of the business model."***

Patricia Faci
Excecutive Vice-President

(COMMITMENT)^n

In **2011** we have **consolidated** several **Social Responsibility programs** within the five areas that frame our initiatives in this subject: **Ethics, Quality of Life in the Company, Community Engagement, Environment and Communication.**

Below, a summary of the most relevant programs and results:

Philanthropy and Community Development Programs

a) IN-KIND DONATIONS

- 3.5 million pieces (medicines and personal care products) donated with a value of more than $20 million pesos, supporting 40 Non-Governmental Organizations (NGOs).

b) ECONOMIC DONATIONS

- $600 thousand pesos donated to three NGOs
  - "Ayúdame que yo También soy Mexicano" (Shelter, Health)
  - "Aquí Nadie se Rinde" (Health)
  - "Teletón" (Health)

c) RESPONSIBLE VALUE CHAIN

- 8.5 tons of vegetal raw material produced by native communities
- $850 thousand pesos of revenues for producers (accumulated: $4.5 million pesos)
- 2.5 million pieces of medicine placed in the national market as of December 2011.
- Generation of long term abilities

We carried out the **Fifth Annual Day of Reforestation "Genomma Lab Forest"** in the PROBOSQUE's facilities in Metepec, Estado de México, where more than 2,000 "Greggi" Pine Tree seeds were sowed **to reforest the two hectares** within the Biosphere Zone of the Monarch Butterfly.

YEAR	KG OF RAW MATERIA	PAYMENTS TO RURAL PRODUCERS
2008	6,000	$600,000
2009	26,500	$2,650,000
2010	3,500	$350,000
2011	8,500	$850,000
TOTAL	**44,500**	**$4,450,000***

*Additional annual revenues for the families affiliated to the program

d) PRODUCT WITH CAUSE

- $240 thousand pesos donated to three NGOs:
  - "Pro México Indígena" (Estado de México)
  - "Spinni Staku" (Veracruz)
  - "Sembradores de Vida" (Jalisco)
- 320 beneficiaries
- Objective subjects: Health and improvement in food self-sufficiency
- Actions: Technical assistance, greenhouse placement for the production of organic tomatoes, nine food self-sufficiency workshops, installation of wood saving stoves, training and exchange of ecological agriculture experiences.

e) CORPORATE VOLUNTEERING

Housing construction

- Organization: "Ayúdame que Yo También soy Mexicano"
- Volunteers: 60
- Activity: Support in building walls and three houses in the county of Atesquelites, Estado de México
- Beneficiaries: 15 (three families)

Blood Donation

- Organization: "Cruz Roja Mexicana"
- Volunteers: 46
- Impact: 20 liters of blood donated by our employees

f) COOPERATION AGREEMENTS

During 2011 cooperation agreements were signed with:

- "Sólo por Ayudar" (in-kind donations)
- "Fundación de la Dignificación de la Mujer I.A.P" (health services for the organization's collaborators)
- "Hospital General de Tijuana" (donation of five kidney transplants)

Environmental programs

a) TAKE CARE OF YOUR WORLD: 3R'S (REDUCE, REUTILIZE, RECYCLE)

In 2011 we signed a cooperation agreement with the San Ignacio de Loyola Foundation (FSIL) for the comprehensive management of waste. All the company's waste is collected daily by this foundation and sold to authorized recyclers. The economic resources gathered by FSIL are used entirely to support its operation and help malnourished children from the Sierra Tarahumara in the Santa Teresita Clinic.

Period: Ago-Dec 2011			
Carton	Playo	Wood	FSIL Revenues
(tons)	(tons)	(tons)	(thousand pesos)
29.9	16.5	5.2	67.9

Source: San Ignacio de Loyola Foundation

These donations, environmentally, represent about 200 saved trees and more than half a million liters of water, energy and sanitary landfills recovered in Mexico City.

b) "GENOMMA LAB FOREST"

We carried out the Fifth Annual Reforestation Day "Genomma Lab Forest" in the PROBOSQUE's facilities in Metepec, Estado de México, where more than 2,000 Greggi Pine Tree seeds were sowed to replant them in June 2012 in the county of San Felipe del Progreso, Estado de México, in order to reforest two hectares within the Biosphere Zone of the Monarch Butterfly.

Integer Company Program

i) CONDUCT CODE UPDATE

In 2011 the second edition of de conduct code was revised and authorized

ii) DISTINCTIVES / CERTIFICATES

- Socially Responsible Company
- Gender Equity Model
- Inclusive Company
- Familiarly Responsible Company

BOARD OF **DIRECTORS**

Rodrigo Alonso Herrera Aspra
Chairman

Pablo José Monroy Cazorla
Proprietary Director

Arturo José Saval Pérez
Proprietary Director

Luis Alberto Harvey MacKissack
Proprietary Director

Sabrina Lucila Herrera Aspra
Proprietary Director

Gerardo de Nicolás Gutiérrez
Independent Director

Fernando Paiz Andrade
Independent Director

Pedro Solís Cámara Jiménez Canet
Independent Director

Juan Alonso
Independent Director

Luis Ernesto Maccise Uribe
Independent Director

José Manuel Sáinz González
Independent Director

Marco Francisco Forastieri Muñoz
Secretary non-member of the Board

COMMITTEES

EXECUTIVE COMMITTEE

Rodrigo Alonso Herrera Aspra
President

Pablo José Monroy Cazorla
Luis Alberto Harvey MacKissack
Arturo José Saval Pérez

AUDITING COMMITTEE

Pedro Solís Cámara Jiménez Canet
President

Gerardo de Nicolás Gutiérrez
Fernando Paiz Andrade
Luis Ernesto Maccise Uribe

CORPORATE PRACTICES COMMITTEE

Gerardo de Nicolás Gutiérrez
President

Arturo José Saval Pérez
Juan Alonso

MANAGEMENT **TEAM**

Rodrigo Alonso Herrera Aspra
Chief Executive Officer and Chairman of the Board

Ramón Neme Sastre
Corporate Executive Vice-President

Patricia Faci Villalobos
Executive Vice-President

Claudia Georgina Ortega Vettoretti
Marketing Executive Vice-President

Oscar Villalobos Torres
Executive Vice-President and Chief Financial Officer

Renata Virginia Herrera Aspra
Executive Vice-President and Chief Operating Officer

Alejandro Bastón Patiño
Commercial Expansion and Human Capital Executive Vice-President

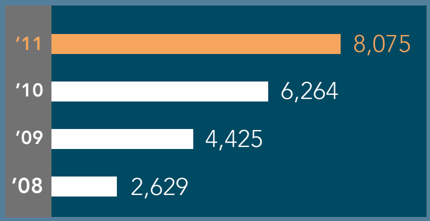
Miguel Peinado González
Supply Chain Vice-President

Luis Gerardo Cortés Moreno
Commercial Vice-President

Jose Mariano de la Peña Tschudi
International Operations Vice-President

Management Discussion & Analysis of Results

NET SALES
CAGR:45.4%



(million pesos)

CONSOLIDATED INCOME STATEMENT

Net Sales rose 28.9% to $8.07 billion pesos, compared to $6.26 billion pesos in 2010. This increase resulted from the combination of the following: i) a 13.4% increase ($601.3 million pesos) from Base Brands in Mexico, amounting to $5.09 billion pesos, including line extensions on these brands; ii) a 67.6% increase ($221.1 million pesos) due to the effect of Prior Year Launches in Mexico, including the recent line extensions on these brands launched during 2010, totaling $548.1 million pesos; iii) an income of $561.4 million pesos from New Brands in Mexico related to the launch of 51 new products under 14 New Brands during 2011; and, iv) a 29.4% increase ($427.4 million pesos) resulting from International Operations, totaling $1.88 billion pesos.

Gross Profit for 2011 increased 26.1% to $5.61 billion pesos, compared to $4.45 billion pesos during 2010. Gross Margin decreased 1.5 percentage points, as a percentage of Net Sales, to 69.5% in 2011, compared to 71.0% in 2010. This decrease in margin was mainly due to an increase in sales of our personal care products, as a percentage of Net Sales, derived mainly from our recent brand acquisitions. These products have a higher cost of goods sold as a percentage of Net Sales.

Selling, General and Administrative Expenses for 2011, as a percentage of Net Sales, decreased 1.3 percentage points to 44.0%, from 45.3% in 2010. This decrease was mainly due to the scale economies derived from a more efficient management of selling, general and administrative expenses obtained as a result of the increase in Net Sales in 2011.

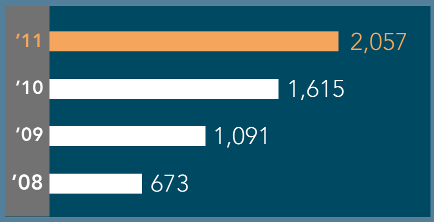
Operating Income for the Full Year increased 27.4% to $2.06 billion pesos, compared to $1.61 billion pesos in 2010. Operating Margin decreased 0.3 percentage points, as a percentage of Net Sales, to 25.5%, compared to 25.8% for 2010.

EBITDA for 2011 increased 26.3% to $2.14 billion pesos, compared to $1.69 billion pesos in 2010. The EBITDA margin decreased 0.5 percentage points, as a percentage of Net Sales, to 26.5% in 2011, compared to 27.0% in 2010.

Comprehensive Financing Result resulted in a $17.0 million pesos gain, which represents an increase of $44.3 million pesos, compared to a $27.3 million pesos loss recorded in 2010. This increase was primarily a result of: i) a Foreign Exchange Gain amounting to $74.0 million pesos during 2011, compared to a $14.2 million pesos loss during 2010, which was due to an impact in the dollar cash position, which derived from an appreciation of the US Dollar exchange rate vs the Company's operating currencies; ii) an increase in Financial Expenses of $32.0 million pesos as a result of the credit lines disbursed by the Company in 2011, reaching $73.7 million pesos during 2011, compared to $ 41.7 million pesos during 2010; iii) a higher Interest Income of $31.3 million pesos during 2011, compared to $26.8 million pesos in 2010; iv) no Monetary Position loss during 2011, compared to a $10.7 million pesos loss in 2010; and, v) a decrease of $27.1 million pesos in the effect related to the Exchange Rates from Foreign Operations, which resulted in a $ 14.6 million pesos loss in 2011, compared to a $12.5 million pesos gain during 2010.

OPERATING INCOME

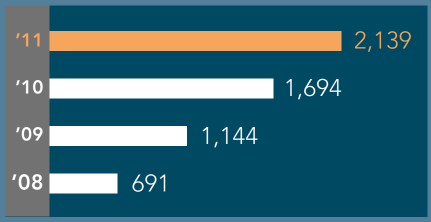
CAGR: 45.2%



(million pesos)

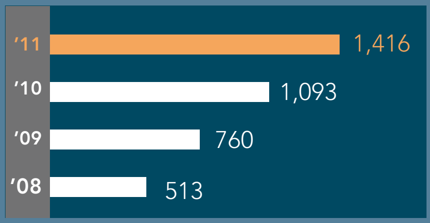
EBITDA

CAGR:45.7%



(million pesos)

CONSOLIDATED NET INCOME
CAGR:45.4%



(million pesos)

Consolidated Net Income for 2011 increased 29.6% to $1.42 billion pesos, representing a margin of 17.5% over Net Sales, compared to $1.09 billion pesos in 2010, which represented a margin of 17.5%.

CONSOLIDATED BALANCE SHEET

Cash and Equivalents increased 5.8% ($84.4 million pesos) to $1.54 billion pesos as of December 31, 2011, compared to $1.45 billion pesos as of December 31, 2010. This increase was mainly due to cash generation from our operations during the last twelve months, which was offset by several brand acquisition payments in the past twelve months, amounting to $902.4 million pesos.

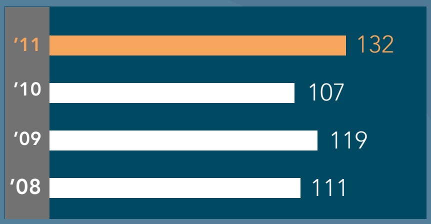
Accounts Receivable amounted to $3.48 billion pesos as of December 31, 2011, compared to $1.94 billion pesos as of December 31, 2010. Days of Accounts Receivable increased 44 days to 155 days as of December 31, 2011, from 111 days as of December 31, 2010. This increase is derived from a higher number of launches during the second half of the year, both in our Mexican and international markets.

Inventories amounted to $1.10 billion pesos as of December 31, 2011, compared to $903.7 million pesos as of December 31, 2010. Days of Inventories decreased 27 days to 161 days as of December 31, 2011, compared to 188 days as of December 31, 2010. This decrease is mainly due to a strong increase in the sales of our International Operations, mainly driven by the launches achieved during the fourth quarter, in addition to a high comparable base from the same period of 2010, when high inventories were supporting the strong growth in our International Operations, especially Brazil and the US.

Suppliers amounted to $1.26 billion pesos as of December 31, 2011, compared to $969.1 million pesos as of December 31, 2010. Days of Suppliers decreased 7 days to 185 as of December 31, 2011, from 192 days as of December 31, 2010. This slight decrease is the remaining effect of our previous defensive strategy of building up inventories during the first half of 2011 to prevent price increases from suppliers. The large inventory built up in previous quarters allowed the Company to reduce product acquisitions in this fourth quarter.

Cash Conversion Cycle reached 132 days at the end of the fourth quarter of 2011, compared to 107 days at the end of the same period of 2010. This represents an improvement of 38 days compared to the third quarter of 2011. This number is in line with the Company's objective of achieving 130 days by the end of 2011.

CASH CONVERSION CYCLE



(days)

CONSOLIDATED FINANCIAL **STATEMENTS**

Genomma Lab Internacional, S.A.B. de C.V. and Subsidiaries

Consolidated Financial Statements for the years that ended December 31, 2011, 2010, 2009

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31 Independent Auditors' Report

32 Consolidated Balance Sheets

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38 Notes to Consolidated Financial Statements

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Independent Auditors' Report to the Board of Directors and Stockholders of Genomma Lab Internacional, S. A. B. de C. V.

We have audited the accompanying consolidated balance sheets of Genomma Lab Internacional, S. A. B. de C. V. and Subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Genomma Lab Internacional, S. A. B. de C. V. and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations, changes in their stockholders' equity and their cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. José A. Rangel

February 23, 2012

CONSOLIDATED BALANCE SHEETS

As of December 31, 2011 and 2010 (In thousands of Mexican pesos)

ASSETS	2011	2010
Current assets:		
Cash and cash equivalents	$ 1,538,520	$ 1,454,437
Accounts receivable – Net	3,602,915	2,164,884
Inventories – Net	1,100,954	903,679
Prepaid expenses	333,885	113,268
Due from related parties	52,245	47,775
Total current assets	6,628,519	4,684,043
Building, properties and equipment – Net	427,763	424,996
Investment in shares of associated company	6,207	5,189
Deferred income taxes	7,103	7,024
Other assets – Net	2,124,380	709,657
Total	**$ 9,193,972**	**$ 5,830,909**

LIABILITIES AND STOCKHOLDERS' EQUITY	2011	2010
Current liabilities:		
Trade accounts payable	$ 1,262,328	$ 969,099
Accrued expenses and taxes other than income taxes	845,036	433,164
Income tax payable	57,575	133,745
Statutory employee profit sharing	20,585	11,738
Total current liabilities	2,185,524	1,547,746
Long-term liabilities:		
Sundry creditors	268,345	94,295
Long term debt	970,000	-
Employee retirement obligations	17,269	10,003
Deferred income taxes	179,934	67,222
Total liabilities	3,621,072	1,719,266
Stockholders' equity:		
Capital stock	1,931,222	1,931,222
Repurchase of stock	(96,477)	(73,898)
Premium on issuance of repurchased stock	19,612	19,612
Retained earnings	3,611,019	2,214,253
Translation effects of foreign operations	65,630	(6,636)
Controlling interest	5,531,006	4,084,553
Noncontrolling interest	41,894	27,090
Total stockholders' equity	5,572,900	4,111,643
Total	**$ 9,193,972**	**$ 5,830,909**

See accompanying notes to consolidated financial statements.

Genomma Lab Internacional, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2011 and 2010 (In thousands of Mexican pesos, except share and per share amounts)

	2011	2010
Revenues:		
Net sales	$ 8,066,411	$ 6,237,929
Services	8,376	25,692
	8,074,787	6,263,621
Costs and expenses:		
Cost of sales	2,462,392	1,814,478
Selling, general and administrative expenses	3,555,181	2,834,352
	6,017,573	4,648,830
Income from operations	2,057,214	1,614,791
Other (expenses) income – Net	(41,746)	6,932
Comprehensive financing income (cost):		
Interest expense	(73,706)	(41,693)
Interest income	31,281	26,787
Exchange gain (loss) – Net	59,386	(1,730)
Monetary position loss	-	(10,653)
	16,961	(27,289)
Equity in income (loss) of associated company	342	(19,112)
Income before income taxes	2,032,771	1,575,322
Income tax expense	616,817	482,364
Consolidated net income	**$ 1,415,954**	**$ 1,092,958**
Controlling interest	$ 1,396,766	$ 1,072,565
Noncontrolling interest	19,188	20,393
Consolidated net income	**$ 1,415,954**	**$ 1,092,958**
Basic earnings per share	**$ 1.33**	**$ 1.02**
Weighted average common shares	**1,052,529,900**	**1,052,666,686**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2011 and 2010 (In thousands of Mexican pesos, except share amounts)

	Number of shares		Capital stock		Additional paid-in capital
Consolidated balances as of January 1, 2010	1,058,481,426	$	274,923	$	1,553,938
Reclassification of additional paid-in capital	-		1,666,762		(1,553,938)
Reclassification of repurchase of stock	(5,732,000)		(10,463)		-
Repurchase of stock – Net	-		-		-
Stock-based compensation expense	-		-		-
Issuance of repurchased stock under share based plan	-		-		-
Dividends declared	-		-		-
Comprehensive income	-		-		-
Consolidated balances as of December 31, 2010	1,052,749,426		1,931,222		-
Repurchase of stock – Net	-		-		-
Stock-based compensation expense	-		-		-
Dividends declared	-		-		-
Comprehensive income	-		-		-
Consolidated balances as of December 31, 2011	**1,052,749,426**	**$**	**1,931,222**	**$**	**-**

See accompanying notes to consolidated financial statements.

Repurchase of stock	Premium on Issuance of repurchased stock	Retained earnings	Translation effects of foreign operations	Noncontrolling interest	Total stockholders' equity
$ (69,415)	$ 2,729	$ 1,278,378	$ 1,228	$ 8,953	$ 3,050,734
-	-	(112,824)	-	-	-
34,329	-	(23,866)	-	-	-
(50,796)	3,802	-	-	-	(46,994)
25,065	-	-	-	-	25,065
(13,081)	13,081	-	-	-	-
-	-	-	-	(2,973)	(2,973)
-	-	1,072,565	(7,864)	21,110	1,085,811
(73,898)	19,612	2,214,253	(6,636)	27,090	4,111,643
(46,301)	-	-	-	-	(46,301)
23,722	-	-	-	-	23,722
-	-	-	-	(8,584)	(8,584)
-	-	1,396,766	72,266	23,388	1,492,420
$ (96,477)	**$ 19,612**	**$ 3,611,019**	**$ 65,630**	**$ 41,894**	**$ 5,572,900**

Genomma Lab Internacional, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010 (In thousands of Mexican pesos)

	2011	2010
Operating activities:		
Income before income taxes	$ 2,032,771	$ 1,575,322
Items related to investing activities:		
Depreciation and amortization	81,944	78,750
Loss on sale of equipment	10,872	1,546
Unearned foreign exchange fluctuations	(1,805)	(156)
Equity in (income) loss of associated company	(342)	19,112
Items related to financing activities:		
Interest expense	45,971	-
	2,169,411	1,674,574
(Increase) in:		
Accounts receivable	(1,759,267)	(849,747)
Inventories	(197,275)	(287,065)
Prepaid expenses	(130,284)	(18,311)
Related parties	(4,470)	(17,061)
Increase (decrease) in:		
Trade accounts payable	293,702	374,893
Accrued expenses and taxes other than income taxes	24,500	71,616
Income taxes paid	(346,940)	(135,203)
Employee retirement obligations	7,266	2,512
Stock-based compensation cost	23,722	25,065
Statutory employee profit sharing	8,847	8,356
Net cash flows provided by operating activities	89,212	849,629
Investing activities:		
Purchases of building, properties and equipment	(66,199)	(226,903)
Purchase of other assets	(928,514)	(192,294)
Reimbursement of other assets	20,000	-
Investment in associated company	-	865
Net cash flows used in investing activities	(974,713)	(418,332)
Cash (to be obtained from) applied to financing activities	(885,501)	431,297

See accompanying notes to consolidated financial statements.

	2011	2010
Financing activities:		
Proceeds from debt	1,170,000	-
Repayment of debt	(200,000)	-
Repurchase of stock	(41,579)	(46,994)
Interest paid	(28,761)	-
Noncontrolling interest	(4,384)	(2,256)
Net cash flows from financing activities	895,276	(49,250)
Net increase in cash and cash equivalents	9,775	382,047
Effects from changes in cash value	74,308	(6,026)
Net increase in cash and cash equivalents	84,083	376,021
Cash and cash equivalents at beginning of year	1,454,437	1,078,416
Cash and cash equivalents at end of year	**$ 1,538,520**	**$ 1,454,437**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and 2010 (In thousands of Mexican pesos)

1. NATURE OF BUSINESS AND SIGNIFICANT EVENTS

Genomma Lab Internacional, S. A. B. de C. V. and subsidiaries (the "Company") is an over-the-counter pharmaceutical (OTC pharmaceutical), generic drugs (GD) and personal care products company in Mexico, with a growing international presence.

The Company engages in the development, sales and marketing of a broad range of premium products with 86 own brands, offering products in various categories, including anti-acne, generic drugs, sexual protection and enhancement, creams to improve appearance of scars, hemorrhoid treatments, varicose vein treatments, and hair loss treatments, topical analgesics, antacids, topical antifungals, cholitis treatments, stress management, osteoarthritis treatments, soaps, multivitamins, shampoos and flu treatments. The Company has a focus in building the brand equity of its products through targeted advertising campaigns, primarily through the use of television. Sales from foreign operations represent approximately 23% of consolidated net sales.

Foreign operations- During 2011, the Company commenced operations in the Dominican Republic.

Acquisition of trademarks and licenses - During 2011, the Company acquired the Vanart, Pomada de la Campana, Galaflex, Affair, Wildroot, Alert, Nordiko and Ovvio trademarks and the Icy Blast and Alert licenses. During 2010, the Company acquired the English Leather, Ossart, Nasalub, Micotex and Santé trademarks and the By Bojanini license.

2. BASIS OF PRESENTATION

Explanation for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of Mexican Financial Reporting Standards ("MFRS", individually referred to as Normas de Información Financiera or "NIFs"). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

Monetary unit of the financial statements - The consolidated financial statements and notes as of December 31, 2011 and 2010 for the years then ended, include balances and transactions denominated in Mexican pesos of different purchasing power.

a. **Consolidation of financial statements -** The consolidated financial statements include the financial statements of Genomma Lab Internacional, S. A. B. de C. V. and those of its subsidiaries, as of December 31, 2011 and 2010 and for the years then ended. Genomma Lab Internacional, S. A. B. de C. V.'s shareholding percentage in the capital stock of its significant subsidiaries, their activities are set forth below:

Company	Ownership Percentage	Activity
México -		
Genomma Laboratories México, S. A. de C. V.	100	(1)
Television Products Retail, S. A. de C. V.	100	(2)
Medicinas y Medicamentos Nacionales, S. A. de C. V.	100	(3)
Iniciativas de Éxito, S. A. de C. V.	100	(4)
Aero Lab, S. A. de C. V.	100	(5)

Company	Ownership Percentage	Activity
North America –		
Genomma Lab USA, Inc.	100	(6)
Lab Brands International, LLC	70	(1)
Central America –		
Genomma Lab Centroamérica, S. A.	100	(2)
Genomma Lab Dominicana, S. R. L.	100	(6)
South America –		
Genomma Lab Perú, S. A.	100	(6)
Genomma Lab Chile, S. A.	100	(6)
Genomma Lab Ecuador, S. A.	100	(6)
Genomma Laboratories Argentina, S. A.	85	(6)
Genomma Lab Colombia, LTDA	100	(6)
Genomma Laboratories do Brasil, LTDA	85	(6)
Europe -		
Genomma Laboratorios Médicos, S. L.	100	(6)

(1) Research and development of OTC pharmaceutical and personal care products, and intellectual property managemet.
(2) Administrative services
(3) Sale of GD and OTC pharmaceutical products
(4) Sale of OTC pharmaceutical products
(5) Air flight services
(6) Sale of OTC pharmaceutical and personal care products

Significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Investment in associated company is valuated using the equity method.

Translation of financial statements of foreign subsidiaries - To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entity are converted to MFRS using the currency in which transactions are recorded, except for the application of NIF B-10, Effects of Inflation, when the foreign entity operates in an inflationary environment, since this NIF applies to financial statements that have been measured using the functional currency. The financial statements are subsequently translated to Mexican pesos considering the following methodologies:

Foreign operations whose functional currency is the same as the currency in which transactions are recorded translate their financial statements using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity; and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in stockholders' equity.

Foreign operations translate their financial statements from the currency in which transactions are recorded to the functional currency, using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for monetary assets and liabilities; 2) historical exchange rates for non-monetary assets and liabilities and stockholders' equity; and 3) the rate of accrual in the statement of income for revenues, costs and expenses, except those arising from non-monetary items that are translated using the historical exchange rate for the related non-monetary item. Translation effects are recorded under comprehensive financing income. Subsequently, to translate the financial statements from the functional currency to Mexican pesos, the following exchange rates are used: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity; and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in stockholders' equity. In the case of foreign entities operating in an inflationary environment, the functional currency financial statements are restated into the currency of purchasing power as of the date of the balance sheet, using the price index of the respective country, and subsequently translated to Mexican pesos using the closing exchange rate in effect at the balance sheet date for all items; translation effects are recorded in stockholders' equity.

The currency in which transactions are recorded and functional currency of foreign operations and exchange rates used for the different translation procedures are set forth below:

Company	Recording currency	Functional currency	Exchange rate to translate from recording currency to functional currency	Exchange rate to translate from functional currency to Mexican pesos
Genomma Lab USA, Inc.	U.S. dollar	U.S. dollar	1.0000	13.9787
Lab Brands International, LLC	U.S. dollar	U.S. dollar	1.0000	13.9787
Genomma Lab Centroamérica, S. A.	U.S. dollar	U.S. dollar	1.0000	13.9787
Genomma Lab Dominicana, S. R. L.	Dominican peso	U.S. dollar	.0260	13.9787
Genomma Lab Perú, S. A.	Peruvian sol	U.S. dollar	.3728	13.9787
Genomma Lab Chile, S. A.	Chilean peso	U.S. dollar	.0019	13.9787
Genomma Lab Ecuador, S. A.	U.S. dollar	U.S. dollar	1.0000	13.9787
Genomma Laboratories Argentina, S. A.	Argentinean peso	U.S. dollar	.2325	13.9787
Genomma Lab Colombia, LTDA	Colombian peso	U.S. dollar	.0005	13.9787
Genomma Laboratories do Brasil, LTDA	Real	U.S. dollar	.5368	13.9787
Genomma Laboratorios Médicos, S. L.	Euro	U.S. dollar	1.2950	13.9787

The Company's functional currency is the Mexican peso; although the Company has investments in foreign subsidiaries whose functional currencies are other than the Mexican peso, which therefore exposes the Company to a foreign currency translation risk. In addition, the Company has monetary assets and liabilities denominated in foreign currencies, mainly in US dollars; therefore, the Company is also exposed to foreign exchange risks arising from transactions entered into over the normal course of business.

b. **Comprehensive income -** Comprehensive income represents changes in stockholders' equity during the year, for concepts other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statements of income. Other comprehensive income items consist of the translation effects of foreign operations. Upon realization of assets and settlement of liabilities giving rise to other comprehensive income (loss) items, they are recognized in the consolidated statements of income.

c. Classification of costs and expenses - Costs and expenses presented in the consolidated statements of income were classified according to their function in order to be able to calculate gross profit. Consequently, cost of sales is presented separately from other costs and expenses.

d. Income from operations - Income from operations is the result of subtracting cost of sales and selling, general and administrative expenses from net sales and service revenue. While NIF B-3, Statement of Income, does not require inclusion of this line item in the consolidated statements of income, it has been included for a better understanding of the Company's economic and financial performance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Company's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Company are as follows:

a. Changes in accounting policies:

Beginning January 1, 2011, the Company adopted the following new NIFs:

NIF C-4, Inventories, eliminates the direct cost and last-in, first-out valuation methods. It establishes that any change in the purchase cost of inventories based on the lower of cost or market, can be made only based on net realizable value. It also requires additional disclosures of inventory reduction and impairment losses.

NIF C-5, Prepaid Expenses, establishes that their basic feature is that they do not transfer to the company the risks and rewards inherent in the goods and services to be acquired or received. It also requires that impairment be recognized when such payments lose their ability to generate such benefits and how they should be presented in the balance sheet, as current or long-term assets.

b. Reclassifications - Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2010 have been reclassified to conform to the presentation of the 2011 consolidated financial statements.

c. Recognition of the effects of inflation - Since the cumulative inflation for the three fiscal years prior to those ended December 31, 2011 and 2010 was 15.19% and 14.48%, respectively, the economic environment may be considered non-inflationary in both years and, consequently, no inflationary effects are recognized in the accompanying consolidated financial statements. Inflation rates for the years ended December 31, 2011 and 2010 were 3.82% and 4.40%, respectively.

Beginning on January 1, 2011, Argentina and Costa Rica suspended the recognition of the effects of inflation in their financial statements, however, non-monetary assets and liabilities and stockholders' equity include the restatement effects recognized through December 31, 2010.

d. Cash and cash equivalents - Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash, which are subject to insignificant value change risks. Cash is stated at nominal value and cash equivalents are measured at fair value; any fluctuations in value are recognized in comprehensive financing income of the period. Cash equivalents are represented mainly by investments in money market funds. The Company has restricted cash designated for the repurchase of stock of the Company; such cash is invested in short-term money market funds in governmental paper and bank paper.

e. Factoring of accounts receivable - The Company maintains the policy of factoring their customer portfolio through credit institutions, in order to effectively transfer the risks and benefits associated with the receivables to meet its contractual obligations.

f. Allowance for returns and rebates - The Company calculates an allowance for returns and rebates based on the history of returns and the commercial conditions agreed with its customers.

g. Inventories and cost of sales - Inventories are stated at the lower of their cost or realizable value, using the average cost method.

When an impairment indicator suggests that the carrying amounts of inventories might not be recoverable, the Company reviews such carrying amounts, estimates the net realizable value, based on the most reliable evidence available at that time. Impairment is recorded if the net realizable value is less than the book value. Impairment indicators considered for these purposes are, among others, obsolescence, a decrease in market prices, damage, and caducity. During the year ended December 31, 2011, the Company recognized in current earnings $43,495 as allowance for impairment of inventories.

h. Building, properties and equipment – Building, properties and equipment is recorded at acquisition cost. Depreciation is calculated using the straight-line method based on the following percentages:

	Annual percentage
Buildings	2.5 and 10
Laboratory equipment, molds and machinery	35
Vehicles and airplane	25 y 16
Computers	30
Production and recording equipment	30
Office furniture and telecommunication equipment	5 and 10

The annual percentage rate of amortization for leasehold improvements is determined based on the related lease term.

i. **Investment in shares of associated company -** Permanent investments in entities where significant influence exists, are initially recognized based on the net fair value of the entities' identifiable assets and liabilities as of the date of acquisition. Such value is subsequently adjusted for the portion related both to comprehensive income (loss) of the associated company and the distribution of earnings or capital reimbursements thereof. When the fair value of the consideration paid is greater than the value of the investment in the associated company, the difference represents goodwill, which is presented as part of the same investment. Otherwise, the value of the investment is adjusted to the fair value of the consideration paid. If impairment indicators are present, investment in shares of associated companies is subject to impairment testing.

j. **Other assets -** These assets represent costs incurred that the Company has determined will have future economic benefits and that meet certain requirements for its recognition as assets. Research cost, as well as disbursements during the development stage that do not meet such requirements, are recorded in results of the period in which they are incurred.

The Company classifies intangible assets as having either indefinite or definite useful lives, based on the period in which the Company expects to receive the benefits.

Assets with indefinite useful lives: These assets represent trademarks and other rights from which the Company expects to generate revenues indefinitely. Accordingly, they are not amortized but are subject to impairment testing using the methodology described in paragraph 3. k. below.

Assets with definite useful lives: These assets are mainly related to costs incurred in the development phase of an enterprise resource planning system that meet certain requirements and that the Company has determined will have future economic benefits. Such costs are capitalized and will be amortized based on the straight-line method over five years. Additionally, these assets include security deposits on leased property, which are recorded at the cash value paid as security that is expected to be recovered at the conclusion of the lease, and licenses to sell products which are amortized using the straight-line method during the period of validity of such licenses.

k. **Impairment of long-lived assets in use -** The Company reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the amounts mentioned above. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which in percentage terms in relation to revenues are substantially higher than that of previous years, obsolescence, reduction in the demand for the products sold, competition and other legal and economic factors. During 2011 and 2010, no impairment was recorded.

l. **Provisions -** Provisions are recognized for current obligations that arise from a past event, that will probably result in the use of economic resources, and that can be reasonably estimated.

m. **Direct employee benefits -** Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly PTU payable, compensated absences, such as vacation and vacation premiums, and incentives.

n. **Employee benefits -** Liabilities from seniority premiums, payments that are similar to pensions and severance payments are recognized as they accrue and are calculated by independent actuaries using nominal interest rates.

o. Statutory employee profit sharing (PTU) - PTU is recorded in the results of the year in which it is incurred and presented under other income and expenses in the accompanying consolidated statements of income. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax basis of assets and liabilities. Deferred PTU is recognized only when it can be reasonably assumed that such difference will generate a liability or benefit, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

p. Long-term sundry creditors - This balance corresponds to liabilities for the acquisition of trademarks and expire in two, six and eight years.

q. Share-based payments - The Company has implemented a share-based payment plan for its key officers. Payments are settled with the Company's own equity instruments and cash based on equity instruments and are recognized based on the fair value of the instruments at the grant date, considering the vesting date and conditions.

r. Income taxes - For Mexican entities, income tax (ISR) and the Business Flat Tax (IETU) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU and, accordingly, recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

Income tax provisions of foreign subsidiaries are determined based on the taxable income of each individual company.

s. Foreign currency balances and transactions - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded in the consolidated statements of income.

t. Revenue recognition - Revenues are recognized, net of sales discounts and estimated returns, in the period in which the risks and rewards of ownership of the inventories are transferred to customers, which generally coincides with the delivery of products to customers in satisfaction of orders. Revenues from services are recognized in the period in which such services are rendered.

u. Earnings per share - Basic earnings per common share is calculated by dividing net income of controlling interest by the weighted average number of shares outstanding during the period.

4. CASH AND CASH EQUIVALENTS

		2011		2010
Cash and bank deposits	$	644,745	$	397,736
Cash equivalents:				
Money market funds		893,775		1,056,432
Money market funds - Restricted cash		-		269
	$	**1,538,520**	**$**	**1,454,437**

5. ACCOUNTS RECEIVABLE

		2011		2010
Trade accounts receivable	$	3,937,322	$	2,418,772
Allowance for:				
Doubtful accounts		(19,283)		(9,067)
Returns		(59,373)		(47,024)
Rebates		(376,019)		(425,254)
		(454,675)		(481,345)
		3,482,647		1,937,427
Officers and employees		-		1,894
Recoverable taxes		86,039		196,956
Other		34,229		28,607
	$	**3,602,915**	**$**	**2,164,884**

The Company sells its products primarily to five customers, two of which are wholesalers that ultimately distribute the Company's products nationwide. Sales to these five customers represented 49.5% and 43.4% of consolidated net sales in 2011 and 2010, respectively. Similarly, these customers represented 57.2%, and 53.0% of the accounts receivable balance in 2011 and 2010, respectively. To reduce credit risk, the Company periodically assesses the financial position of these customers, although specific guarantees are not required. Similarly, the Company believes that its potential credit risk is adequately covered by the existing allowance for doubtful accounts.

Movement of the allowance for bad debts, returns and rebates was as follows:

		Beginning balance		Additions		Applied provision		Ending balance
2011	**$**	**481,345**	**$**	**815,639**	**$**	**(842,309)**	**$**	**454,675**
2010	$	288,841	$	701,492	$	(508,988)	$	481,345

6. INVENTORIES

		2011		2010
Finished goods	$	726,127	$	601,452
Raw materials		445,273		383,617
Allowance for impairment loss		(173,840)		(130,345)
		997,560		854,724
Merchandise in-transit		103,394		48,955
	$	**1,100,954**	**$**	**903,679**

7. BUILDING, PROPERTIES AND EQUIPMENT

Reconciliation of beginning and ending book balances in 2011 and 2010 is as follows:

	Balance as of December 31, 2010	Additions
Investment:		
Land	$ 36,009	$ 1,768
Buildings	115,653	-
Leasehold improvements	51,721	4,211
Laboratory equipment, molds and machinery	28,741	17,802
Transportation equipment	85,798	10,265
Computers	37,562	4,039
Production and recording equipment	30,883	-
Office furniture and sales equipment	50,485	12,881
Construction in-progress	121,957	16,417
Total investment	558,809	67,383
Depreciation:		
Building	-	(5,039)
Leasehold improvements	(39,768)	(3,493)
Laboratory equipment, molds and machinery	(13,875)	(1,391)
Transportation equipment	(20,775)	(21,069)
Computers	(20,309)	(9,108)
Production and recording equipment	(23,601)	(4,069)
Office furniture and sales equipment	(15,485)	(5,677)
Total accumulated depreciation	(133,813)	(49,846)
Net investment	**$ 424,996**	**$ 17,537**

	Balance as of January 1, 2010	Additions
Investment:		
Land	$ 7,096	$ 28,913
Building	-	115,653
Leasehold improvements	47,546	3,772
Laboratory equipment, molds and machinery	20,224	8,248
Transportation equipment	84,245	3,354
Computers	31,582	7,713
Production and recording equipment	32,555	81
Office furniture and sales equipment	51,661	4,156
Construction in-progress	64,885	57,072
Total investment	339,794	228,962
Depreciation:		
Leasehold improvements	(11,472)	(28,072)
Laboratory equipment, molds and machinery	(8,880)	(1,628)
Transportation equipment	(13,684)	(8,753)
Computers	(12,351)	(9,084)
Production and recording equipment	(19,181)	(6,140)
Office furniture and sales equipment	(13,528)	(6,160)
Total accumulated depreciation	(79,096)	(59,837)
Net investment	**$ 260,698**	**$ 169,125**

Disinvestments	Transfers to related assets	Translation effect	Balance as of December 31, 2011
$ -	$ -	$ -	$ 37,777
-	56,629	-	172,282
-	-	335	56,267
(2,188)	-	(244)	44,111
(1,039)	-	-	95,024
(261)	-	(701)	40,639
(12,164)	-	(133)	18,586
(12,245)	18,470	525	70,116
(1,891)	(75,099)	-	61,384
(29,788)	-	(218)	596,186
-	-	-	(5,039)
-	-	(380)	(43,641)
-	(3,292)	-	(18,558)
677	-	-	(41,167)
71	-	34	(29,312)
12,153	-	79	(15,438)
6,015	-	(121)	(15,268)
18,916	(3,292)	(388)	(168,423)
$ (10,872)	**$ (3,292)**	**$ (606)**	**$ 427,763**

Disinvestments	Transfers to related assets	Translation effect	Balance as of December 31, 2010
$ -	$ -	$ -	$ 36,009
-	-	-	115,653
-	-	403	51,721
-	-	269	28,741
(1,801)	-	-	85,798
(1,736)	-	3	37,562
(1,862)	-	109	30,883
(5,212)	-	(120)	50,485
-	-	-	121,957
(10,611)	-	664	558,809
-	-	(224)	(39,768)
-	(3,279)	(88)	(13,875)
1,662	-	-	(20,775)
1,281	-	(155)	(20,309)
1,862	-	(142)	(23,601)
4,260	-	(57)	(15,485)
9,065	(3,279)	(666)	(133,813)
$ (1,546)	**$ (3,279)**	**$ (2)**	**$ 424,996**

8. OTHER ASSETS

	Balance as of December 31, 2010	Additions
Assets with indefinite useful lives:		
Trademarks	$ 520,335	$ 1,442,070
Licenses	616	826
Rights	75,000	-
	595,951	1,442,896
Assets with definite useful lives:		
Software - Development costs	34,491	10,534
Licenses	40,338	-
Accumulated amortization	(11,661)	(32,098)
	63,168	(21,564)
In-progress development costs	40,504	7,589
Security deposits	7,228	3,094
Other	2,806	-
Net investment	**$ 709,657**	**$ 1,432,015**

	Balance as of January 1, 2010	Additions
Assets with indefinite useful lives:		
Trademarks	$ 430,606	$ 89,729
Licenses	606	10
Rights	75,000	-
	506,212	89,739
Assets with definite useful lives:		
Software - Development costs	9,972	1,982
Licenses	16,905	29,715
Accumulated amortization	(2,309)	(18,913)
	24,568	12,784
In-progress development costs	47,145	15,896
Security deposits	4,041	3,187
Other	568	2,238
Net investment	**$ 582,534**	**$ 123,844**

Disinvestments	Transfers to related assets	Translation effect	Balance as of December 31, 2011
$ -	$ -	$ -	$ 1,962,405
-	-	-	1,442
-	-	-	75,000
-	-	-	2,038,847
-	10,105	279	55,409
(21,328)	2,806	(584)	21,232
1,328	3,292	(295)	(39,434)
(20,000)	16,203	(600)	37,207
-	(10,105)	-	37,988
-	-	16	10,338
-	(2,806)	-	-
$ (20,000)	**$ 3,292**	**$ (584)**	**$ 2,124,380**

Disinvestments	Transfers to related assets	Translation effect	Balance as of December 31, 2010
$ -	$ -	$ -	$ 520,335
-	-	-	616
-	-	-	75,000
-	-	-	595,951
-	22,537	-	34,491
(6,282)	-	-	40,338
6,282	3,279	-	(11,661)
-	25,816	-	63,168
-	(22,537)	-	40,504
-	-	-	7,228
-	-	-	2,806
$ -	**$ 3,279**	**$ -**	**$ 709,657**

9. INVESTMENT IN SHARES OF ASSOCIATED COMPANY

The Company purchased 49% of the common stock of Televisa Consumer Products, LLP, an associated company incorporated during 2009 in the United States of America, which began operations during 2010. The associated company's condensed balance sheets and statements of income as of December 31, are as follows:

	2011	2010
Balance sheets:		
Current assets	$ 78,855	$ 64,077
Non-current assets	544	846
Current liabilities	(66,732)	(54,334)
Common stock	52,344	52,344
Accumulated deficit	697	(39,004)
Stockholders' equity	12,667	10,589
Company's share in:		
Stockholders' equity	**$ 6,207**	**$ 5,189**
Net income (loss)	**$ 342**	**$ (19,112)**

10. SUNDRY CREDITORS

As of December 31, 2011, long-term sundry creditors matures as follows:

Year ending December 31,	
2013	$ 196,884
2014	12,636
2015	11,937
2016	11,948
Thereafter	34,940
	$ 268,345

11. LONG-TERM DEBT

	2011
Simple Loan with no guarantee with HSBC México, S. A. and Banco Santander (México), S. A. for an amount up to $1,300,000, bearing interest at Interbank Equilibrium Interest Rate (TIIE) plus 2.15 percentage points in 2011, payable quarterly. Principal is due in March 31, 2016. The unused portion of the line-of-credit is $330,000.	**$ 970,000**

Restrictive covenants contained in the loan agreement which establish do and do not obligations, and require the Company to maintain certain minimum financial ratios. The Company has complied with such covenants as of December 31, 2011.

12. EMPLOYEE BENEFITS

Net period cost for obligations resulting from postretirement benefits such as severance payments and seniority premiums were $8,380 and $6,658 in 2011 and 2010, respectively. Other disclosures required by financial reporting standards are not considered material.

13. STOCK-BASED PAYMENTS

During 2008, the Company established a stock-based payment plan for certain of its executives. The plan provisions establish that net shares will be granted to the Company's executives that are still employed at the graduated vesting dates. The established vesting dates were: June 18, 2009, 2010, 2011 and 2012. Such plan was recognized in the accompanying consolidated financial statements measuring the shares subject to the plan for each of the executives at market value at the granting date, and recognizing in the Income Statement the services rendered by the executives as such services were incurred. As of December 31, 2011 and 2010, the total expense recorded in the consolidated statement of income is $36,772 and $44,858, respectively. During 2011, 3,585,065 shares vested and during 2010, 4,659,920 shares vested.

14. STOCKHOLDERS' EQUITY

a. Capital stock at par value as of December 31, 2011 and 2010, was as follows:

	Number of shares	Amount
Fixed Capital		
Series B	82,176	$ 150
Variable Capital		
Series B	1,052,667,250	1,921,510
	1,052,749,426	1,921,660
Revaluation		9,562
Total		**$ 1,931,222**

Capital stock consists of no par value nominative shares. Variable capital may be increased without limitation.

Movements in shares

b. At a Stockholders' Ordinary and Extraordinary General meeting held on April 22, 2010, the stockholders approved the following:

- A 2-for-1 split of outstanding shares of the capital stock of the Company, through the emission and delivery to shareholders, free of payment, of 2 ordinary shares, with no nominative value, series "B", against the original owned share, without implying any stock increase. After the split, the capital stock of the Company was comprised of 1,058,451,426 shares. The split was recognized retroactively in the accompanying consolidated financial statements, affecting all shares and per share data information.

- After the split discussed in the previous paragraph, the cancellation of 5,732,000 shares from variable stock and, consequently, a decrease in variable stock for $10,463 was approved, through the application of repurchased shares repurchase and retained earnings for $34,329 and $(23,866) respectively, resulting in outstanding shares of 1,052,749,426 at December 31, 2010.

- A plan to repurchase the Company's shares up to the equivalent of the amount of retained earnings as of December 31, 2009.

c. At a Stockholders' Ordinary and Extraordinary General meeting held on March 24, 2011, the stockholders approved the following:

- The proposal of the Board of Directors to reclassify the total amount recorded within additional paid-in capital of $1,553,938, to capital stock for $1,666,762 and retained earnings for $(112,824), respectively, which was reflected in the financial statements, and the accompanying notes, as of December 31, 2010.

- Approval of a plan to repurchase the Company's shares up to the equivalent of the amount of retained earnings as of December 31, 2010.

Total shares in the repurchase of shares account during 2011 was 1,722,300 shares, which equals 0.16% from the Company total shares. From net repurchased shares, 1,227,300 shares correspond to share based payments fund for Company executives and 495,000 correspond to the repurchase of stock fund. Shares market value as of December 31, 2011 is 26.97 Mexican pesos per share and the maximum period for issuance of repurchased shares is a year form the acquiring date. Repurchased shares amount during 2011 is $46,301.

Other disclosures

d. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2011 and 2010, the Company has not created such reserve.

e. Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to income tax payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

f. The balances of the stockholders' equity tax accounts of Genomma Lab Internacional, S. A. B. de C. V. as legal entity as of December 31, are:

	2011	2010
Contributed capital account	$ 2,291,119	$ 2,207,031
Net tax income account	2,343,730	1,573,386
Total	**$ 4,634,849**	**$ 3,780,417**

15. FOREIGN CURRENCY BALANCES AND TRANSACTIONS

a. At December 31, the foreign currency monetary position is as follows:

		2011		2010
Thousands of U.S. dollars:				
Monetary assets		47,424		63,880
Monetary liabilities		(4,837)		(26,394)
Net monetary asset position		**42,587**		**37,486**
Equivalent in Mexican pesos	**$**	**595,311**	**$**	**464,140**
Thousands of euros:				
Monetary assets		95		411
Net monetary asset position		**95**		**411**
Equivalent in Mexican pesos	**$**	**1,709**	**$**	**6,744**

b. Transactions denominated in foreign currency were as follows:

	(In thousands of U.S. dollars)	
	2011	2010
Export sales	615	5,299
Import purchases	7,944	4,683
Purchases of assets	1,099	12,565
Other expenses	3,674	3,862

c. Mexican peso exchange rates in effect at the dates of the consolidated balance sheets and at the date of issuance of these financial statements were as follows:

	February 23,	December 31,	
	2012	2011	2010
U.S. dollar	12.8296	13.9787	12.3817
Euro	16.9594	17.9850	16.4095

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2011	2010
Sales	$ 69,337	$ 25,269
Royalties	2,822	1,005
Administrative services received	(117,337)	(153,397)
Marketing and publishing services rendered	-	16,179
Marketing and publishing services received	(760)	-
Interest income	(413)	-
Other revenues	2,867	1,327

b. Balances receivable with related parties are as follows:

	2011	2010
Televisa Consumer Products USA, LLC	$ 38,460	$ 27,722
Officers	13,785	20,053
	$ 52,245	**$ 47,775**

c. Employee benefits granted to the Company's key management were as follows:

	2011	2010
Short-term direct benefits	$ 111,945	$ 141,313

17. OTHER (EXPENSES) INCOME

a. Detail is as follows:

	2011	2010
PTU	$ (21,707)	$ (14,578)
Loss on sale of equipment	(10,872)	(1,546)
Inflation effects on recoverable tax balances	-	1,069
Other (expense) income, net	(9,167)	21,987
	$ (41,746)	**$ 6,932**

b. PTU expense is comprised as follows:

		2011		2010
PTU:				
Current expense	$	21,707	$	14,578
Deferred benefit		487		-
Increase in valuation allowance for deferred PTU asset		(487)		-
	$	**21,707**	**$**	**14,578**

18. INCOME TAXES

In México the Company is subject to ISR and IETU.

The ISR rate is 30% for 2011 and 2010; it will be 30% for 2012, 29% for 2013, and 28% for 2014. Tax losses can be amortized over a period of 10 years.

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. Beginning in 2010, the IETU rate is 17.5%. The credit for deductions greater than revenues, can be credited over a period of 10 years.

Income tax incurred will be the higher of ISR and IETU.

Based on its financial projections and according to Interpretation of Financial Reporting Standard (INIF) 8, Effects of the Business Flat Tax, the Company determined that it will basically pay only ISR. Therefore, it only recognizes deferred ISR.

The income tax rates in Spain and in the Central and South American countries in which the Company operates range from 17% to 35%. In addition, tax losses in those countries have a duration ranging from three to eight years.

Operations in Argentina and Colombia are subject to asset tax.

Beginning in 2011, Colombia is subject to the stockholders' equity tax which results from applying a rate of 4.8% plus a rate of 1.2% applied to net tax assets owned as of January 1, 2011. Such tax is not deductible against income tax. The payment is deferred to 8 equal parts from 2011 and 2014.

A tax on minimum expected earnings (IGMP) is applied in Argentina. This tax is calculated by applying a 1% rate to certain productive assets and is payable only when it exceeds income tax payable for the same period. Any payment of IGMP is creditable against the excess of income tax over IGMP of the following ten years.

a. Taxes on income are as follows:

	2011	2010
ISR:		
Current	$ 502,954	$ 465,084
Deferred	113,863	17,280
	$ 616,817	**$ 482,364**

The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income is as follows:

	2011	2010
	%	%
Statutory rate	30	30
Add (deduct) the effect of permanent differences, mainly nondeductible expenses and differences in statutory rates in foreign subsidiary operations	-	1
Effective rate	**30**	**31**

b. The main items comprising the asset (liability) balance of deferred ISR are as follows:

	2011	2010
Deferred ISR asset:		
Allowance for doubtful accounts and estimated returns and rebates	$ 132,901	$ 144,301
Accrued liabilities	19,685	23,764
Tax losses	19,595	3,157
Other, net	79,838	49,364
Deferred ISR asset	252,019	220,586
Deferred ISR liability:		
Restated inventory of 2004, not yet taxable	(16,601)	(20,932)
Prepaid expenses	(215,702)	(112,596)
Other assets	(169,064)	(104,372)
Other	(23,483)	(42,884)
Deferred ISR liability	(424,850)	(280,784)
Net ISR liability	**$ (172,831)**	**$ (60,198)**
ISR asset	**$ 7,103**	**$ 7,024**
ISR (liability)	**$ (179,934)**	**$ (67,222)**

Income taxes balances are not offset when related to different tax jurisdictions.

19. CONTINGENCIES

The Company and its assets are not subject to any such legal action other than routine legal and administrative proceedings in the ordinary course of its business.

20. TRANSACTIONS THAT DID NOT AFFECT CASH FLOWS

During the year ended December 31, 2011, the Company sold inventories for $89,517 through an exchange of services, which will be amortized as incurred.

21. COMMITMENTS

The Company leases the properties in which its offices and warehouses are located. Lease expense was $54,218 and $45,957 in 2011 and 2010, respectively. Lease contracts are for term up to 4 and 10 years and correspond mainly to warehouses. Future minimum lease payments are:

Year	Amount
2012	$ 49,950
2013	39,523
2014	38,249
2015	18,890
2016 and after	4,659
	$ 151,271

22. SUBSEQUENT EVENT

On February 21, 2012, the Company submitted a non-binding proposal to acquire all of the outstanding shares of the Prestige Brands Holdings, Inc. ("Prestige") at a price of 16.60 dollars per share in cash. The transaction is valued at approximately 834 million dollars, not including Prestige's net debt. Prestige markets, sells and distributes OTC healthcare and household cleaning products to drugstores, self-service stores and retailers.

23. BUSINESS SEGMENT INFORMATION

Operating segment information is presented according to management's criteria, presenting information by geographical area.

		2011				
		Revenues		Total assets		Investments in productive assets
Mexico	$	6,195,775	$	8,854,922	$	989,687
International		1,879,012		339,050		5,026
Total segments	**$**	**8,074,787**	**$**	**9,193,972**	**$**	**974,713**

		2010				
		Revenues		Total assets		Investments in productive assets
Mexico	$	4,811,976	$	5,015,045	$	413,348
International		1,451,645		815,864		5,022
Total segments	**$**	**6,263,621**	**$**	**5,830,909**	**$**	**418,370**

24. EFFECTS OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS

The National Banking and Securities Commission (CNBV) requires certain entities that disclose their financial information to the public through the Mexican Stock Exchange, that beginning in 2012, they must prepare and disclose their financial information according to International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The consolidated financial statements for the year ending December 31, 2012 to be issued by the Company will be its first annual financial statements that comply with IFRS. The transition date is January 1, 2011 and, therefore, the year ended December 31, 2011 will be the comparative period established by IFRS 1, First-Time Adoption of International Financial Reporting Standards. According to IFRS 1, the Company will apply the relevant mandatory exceptions and certain optional exemptions to the retroactive application of IFRS.

a. The main differences between NIF and IFRS, included in the following reconciliations and affecting the consolidated financial statements, are described below:

Transfer of financial assets - In accordance with International Accounting Standards (IAS) 19, Financial Instruments: Recognition and Measurement disposal of financial assets is recognized when the entity transfers, substantially, risks and benefits related to the ownership of the financial asset, in accordance with NIF the disposal of a financial asset occurs with the legal transfer of its ownership.

Financial cost of factoring must be presented decreasing income, in accordance with IFRS; under NIF it was considered financial cost.

Employee benefits - According to NIF D-3 Labor Obligations, it is mandatory to quantify and record the liability corresponding to the legal obligation of severance payment. In accordance with IAS 19 Employee Benefits, such liability for severance payments may only be recorded if the Company is capable of evidencing its commitment to make severance payments at the end of the relationship with the employee, even in voluntary resignation.

Effects of inflation - According to NIF B-10 Effects of Inflation, such effects must be recorded when the cumulative inflation of the previous three years is greater than 26%, in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies, cumulative inflation in such period must be 100% .

Full-absorption cost - Until 2010, NIF allowed the direct costing method to valuate inventories, Commencing 2011, the absorption costing method is required, just as IAS -2 Inventories.

Classification of PTU - NIF B-3 Income Statement requires PTU to be presented as other expenses; under IFRS, PTU is a compensation to employees and therefore, must be presented as Operating Expenses.

Controlling interest in Stockholders' Equity reconciliation

		2011		2010
Controlling interest of equity under NIF	$	5,531,006	$	4,084,553
IFRS Adjustments				
Transfer of financial assets - current period		(17,215)		17,215
Transfer of financial assets - prior period		17,215		-
Employee benefits adjustment		16,316		9,357
Inflation effects cancelation		(53)		(2,230)
Effect of absorption cost – current period		(3,743)		2,090
Effect of absorption cost – prior period		3,743		1,653
Deferred tax effect		(5,007)		(9,080)
Total IFRS adjustments	$	11,256	$	19,005
Controlling interest of equity under IFRS	**$**	**5,542,262**	**$**	**4,103,558**

Controlling interest in net income reconciliation

		2011		2010
Controlling interest of net income under NIF	$	1,396,766	$	1,072,565
IFRS Adjustments:				
Transfer of financial assets		(17,215)		17,215
Inflation effects cancelation		376		493
Employee benefits adjustment		6,959		2,343
Effect of absorption cost		(3,743)		2,090
Deferred tax effect		4,087		(6,643)
Total IFRS adjustments	$	(9,536)	$	15,500
Controlling interest under of net income IFRS	**$**	**1,387,230**	**$**	**1,088,065**

b. Condensed consolidated balance sheets and statements of income under IFRS as of December 31, are as follows:

Condensed consolidated balance sheets:

	2011	2010
Assets		
Cash and cash equivalents	$ 1,538,520	$ 1,454,437
Accounts receivable – Net	3,686,815	3,354,284
Other current assets	1,403,184	1,067,432
Buildings, properties and equipment – Net	427,598	423,233
Deferred income taxes	2,208	7,024
Other assets – Net	2,124,380	706,551
Investment in associated company	6,207	5,189
Total	**$ 9,188,912**	**$ 7,018,150**

	2011	2010
Liabilities and stockholders' equity		
Liabilities		
Trade accounts payable	$ 1,262,328	$ 969,099
Other current liabilities	923,196	1,747,308
Employee retirement obligations	953	646
Deferred income taxes	179,934	76,154
Long term liabilities	1,238,345	94,295
Stockholders' equity		
Controlling interest	5,542,262	4,103,558
Noncontrolling interest	41,894	27,090
Total	**$ 9,188,912**	**$ 7,018,150**

Condensed consolidated income statement

	2011	2010
Net sales	$ 8,056,319	$ 6,254,380
Cost of sales	(2,466,135)	(1,812,388)
Selling, general and administrative expenses	(3,569,851)	(2,846,329)
Other income (expenses) – Net	(19,740)	21,747
Comprehensive financing (cost) income	18,214	(833)
Equity in gain (loss) of associated company	342	(19,112)
Income tax expense	(612,731)	(489,007)
Consolidated net income	**$ 1,406,418**	**$ 1,108,458**
Controlling interest	1,387,230	1,088,065
Noncontrolling interest	19,188	20,393
Consolidated net income	**$ 1,406,418**	**$ 1,108,458**

Condensed consolidated statements of cash flows

	2011	2010
Operating activities:		
Income before income taxes	$ 2,019,149	$ 1,597,465
Equity in (gain) loss of associated company	(342)	19,112
Items related to investing activities	91,534	79,525
Items related to financing activities:	45,448	(165)
Net change in operating activities	(2,081,291)	(852,499)
Net cash flows from operating activities	74,498	843,438
Investing activities:		
Purchases of buildings, properties and equipment	(65,082)	(225,769)
Purchase of other assets	(914,718)	(189,069)
Reimbursement of other assets	20,000	-
Investment in associated company	-	865
Net cash flows from investing activities	(959,800)	(413,973)
Financing activities:		
Proceeds from debt	1,170,000	-
Repayment of debt	(200,000)	-
Repurchase of stock	(41,579)	(46,992)
Interest paid	(28,761)	-
Noncontrolling interest	(4,384)	(2,256)
Net cash flows from financing activities	895,276	(49,248)
Net increase in cash and cash equivalents	9,974	380,217
Effects from changes in cash value	74,109	(4,196)
Cash and cash equivalents at beginning of year	1,454,437	1,078,416
Cash and cash equivalents at end of year	**$ 1,538,520**	**$ 1,454,437**

The information contained in this Note has been prepared in accordance with the standards and interpretations issued and in effect, or issued and adopted in advance of the date of preparation of these consolidated financial statements. Standards and interpretations that will be applicable as of December 31, 2012, including those that may be applied optionally, are not known with certainty at the time of preparation of the consolidated financial statements as of December 31, 2011 and 2010. In addition, the accounting policies selected by the Company could be modified as a consequence of changes in the economic environment or industry trends that occur after the issuance of these consolidated financial statements. The information contained in this Note is not intended to comply with IFRS, as only a group of financial statements that includes the statements of financial position, comprehensive income, changes in stockholders' equity and cash flows, along with comparative information and explanatory notes, can provide an appropriate presentation of the financial position of the Company, the result of its operations and its cash flows in accordance with IFRS.

25. FINANCIAL STATEMENTS ISSUANCE AUTHORIZATION

On February 23, 2012, the issuance of the consolidated financial statements was authorized by Lic. Oscar Villalobos Torres, Vice-president of Finance and Administration, Lic. Sergio Rocha, Director of Administration, and C.P. Sonia Almonte Almonte, Controller. These consolidated financial statements are subject to the approval at the general ordinary stockholders' meeting, where they may be modified, based on provisions set forth in Mexican General Corporate Law.

SHAREHOLDERS' **INFORMATION**

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