GRUPO
CARSO

Annual Report
2009

In commemoration of the Bicentennial of Mexico's Independence and the Centennial of the Mexican Revolution, we are proud to share some representative works of art from the Group's cultural archives.

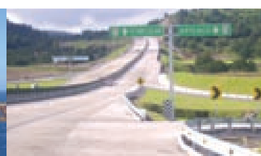
Jesús de la Helguera
(Chihuahua, Chihuahua, Mexico 1910 - Mexico City, Mexico, 1971)
Hidalgo
Mid-20th century
Oil on canvas
160 x 125 cm
Collection Museo Soumaya Fundación Carlos Slim
Reproduction authorized by Calendarios Landín

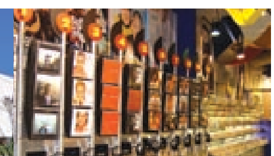
CONTENTS

Key financial data

(Thousands of pesos as of December 31, 2009)*	2007	2008	2009
Sales	66,271,116	65,912,335	66,035,556
Operating income	8,757,232	6,099,411	9,073,606
Majority net income	19,459,643	6,545,216	6,390,360
EBITDA	10,539,147	7,948,351	10,983,400
Total assets	101,720,275	91,099,380	97,677,526
Total liabilities	36,494,724	36,800,532	37,980,272
Stockholders' equity	65,225,551	54,298,848	59,697,254
Outstanding shares	2,329,205,000	2,326,485,500	2,323,718,400
Earnings per share**	8.33	2.81	2.75

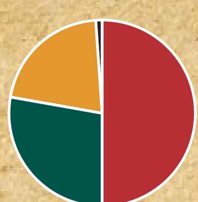
* Except for outstanding shares and earnings per share.
** Majority net earnings divided by weighted average shares outstanding.

Breakdown of sales by subsidiary

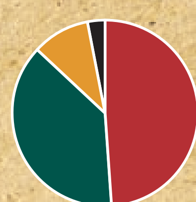
(millions of pesos)



Grupo Sanborns	50.7%	$33,460
Grupo Condumex	27.8%	$18,340
CICSA	21.4%	$14,135
Others	0.1%	$101
Total		$66,036

Breakdown of operating income by subsidiary

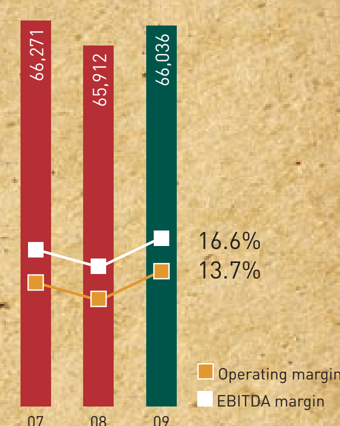
(millions of pesos)



Grupo Sanborns	48.6%	$4,414
Grupo Condumex	38.2%	$3,470
CICSA	10.2%	$921
Others	3.0%	$269
Total		$9,074

Sales

(millions of pesos)



"Operating income in 2009 was 48.8% higher than in 2008."

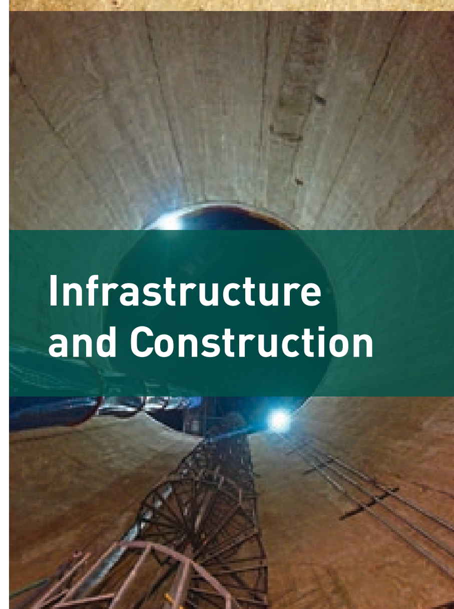
Is a conglomerate active in various sectors of the Mexican economy. Its main businesses are grouped

Grupo Carso

into three divisions: Industrial, Infrastructure and Construction, and Retailing.

Above:
Jesús de la Helguera
(Chihuahua, Chihuahua, Mexico
1910 - Mexico City, Mexico, 1971)

¡Oh! Patria mía (Oh! My country)
c 1930-1950
Oil on canvas
100 x 79.7 cm unframed
102 x 81.7 cm framed
Photo: Javier Hinojosa
Collection Museo Soumaya Fundación
Carlos Slim / Mexico City



GRUPO CONDUMEX is an industrial and mining conglomerate with a wide range of products, from minerals like gold, silver, zinc and copper, to manufactured products for the telecommunications, construction energy and automotive industries.

SERVICES / PRODUCTS
› Copper telephone cable
› Electronic cable
› Coaxial cable
› Power cable
› Optical fiber
› Construction cable
› Installations
› Magneto wire
› Transformers
› Power plants
› Metals

MARKETS
› Fixed-line and cell phone operators in Mexico and other Latin American countries
› Construction industry, from housing to heavy construction
› Home remodeling
› Mexican electrical energy producers

MAIN BRANDS
› CONDUMEX
› CDM
› SELMEC
› EQUITER
› CONTICON
› PROCISA
› SINERGIA
› MICROM
› PRECITUBO

CICSA is a construction company involved primarily in five areas: services for the oil and chemical industries, conduit installation, infrastructure, civil construction, and housing development.

SERVICES / PRODUCTS
› Oil platform construction
› Construction of shopping malls, industrial plants and office buildings
› Highway construction
› Dam and aqueduct construction
› Oil well drilling
› Wastewater treatment plants
› Steel pipe
› Design and installation of telecommunications networks
› Installation of radio base stations for cellular telephony
› Low income housing
› Middle-income housing
› High-end housing

MARKETS
› Mexican oil producers
› Retail and industrial companies
› Fixed-line and cellular telephone operators in Mexico and other Latin American countries

MAIN BRANDS
› SERVICIOS INTEGRALES GSM
› SWECOMEX
› URVITEC

GRUPO SANBORNS operates some of Mexico's most successful retail formats, like Sears, Dorian's, Saks Fifth Avenue and Mixup. It has also developed some of the country's most important real-estate projects, like Plaza Carso.

SERVICES / PRODUCTS
› Department stores
› Store and restaurant
› Restaurant
› Music stores
› Real estate

MARKETS
› High income
› Middle-upper income
› Middle income

MAIN BRANDS
› SANBORNS
› MIXUP
› SEARS
› DORIAN'S
› SAKS FIFTH AVENUE
› PLAZA CARSO

Letter to Shareholders

Economic climate

In 2009, Mexico's GDP shrank by 6.5%, to 12.58 trillion pesos at the close of the year. The decline in GDP can be attributed mainly to a 7.3% drop in secondary activities and a 6.6% decline in tertiary activities--the primary sector saw a modest 1.8% growth in the year.

Among secondary activities, the construction industry, which makes up 5% of GDP, shrank 7.5%, and manufacturing industries, which accounts for 12% of GDP, lost 10.2%. Among tertiary activities, retailing saw a steep 14.5% decline.

Mexican manufacturing output fell 10.2%, hurt by a contraction of external demand from the United States. Specifically, the 11.4% decline in textile manufacturing reveals the stiff competition it faces from China, and seems to indicate that Mexico lacks the manufacturing technology needed to regain its presence and leadership in this market.

Meanwhile, the metallurgical, machinery and equipment, and transportation equipment manufacturing industries declined by 19.5%, 20.1% and 26.8%, respectively, in the year.

In 2009, the total number of employees affiliated with Mexico's Social Security Institute (IMSS) declined by 276,058, bringing the general open unemployment rate to 4.80%. The IMSS reported a total of 19,026,378 affiliates at the close of December 2009.

The peso appreciated 4.2% against the U.S. dollar last year, moving from an exchange rate of 13.4226 pesos per dollar at the end of 2008 to 12.8631 at the close of 2009.

In the same period, foreign direct investment was reduced by 50.72%, to US$11.42 billion. Wage remittances from abroad declined 16% from 2008, totaling US$21.18 billion. The current-account deficit ended the year at US$5.24 billion, equivalent to 0.60% of GDP.

Mexico's trade balance showed a deficit of US$4.68 billion, 72.9% lower than the 2008 deficit, influenced by a 21.2% drop in total exports (-39% in oil exports due to lower prices than in previous years, and -17.4% in non-oil exports). The average price of the Mexican blend of crude fell 35.31% in the year, from USU$84.35 per barrel in 2008 to US$54.57 per barrel in 2009.

Mexican inflation ended 2009 above Banco de Mexico's official target of 3%. The National Consumer Price Index rose 3.57% in the year, lower than the 2008 inflation rate of 6.53%. Core inflation was 4.46%, down 127 basis points from the previous year's figure of 5.73%.

The rate on the benchmark 28-day Cetes averaged 5.38% in the year, closing 2009 at 4.51%.

In 2009, Mexico experienced a period of recession resulting from the economic crisis that broke out in the United States the year before. As a result, GDP was sharply lower and the labor market was hit not only by economic stagnation but by a severe reduction in jobs that lowered the number of affiliates in the Social Security System.

The external sector was affected by lower demand for manufactured products, particularly in the auto parts industry, given that the automotive industry was one of the hardest hit in the U.S. financial crisis.

Mexico was also hurt by a decline in oil and metal prices. At the end of the year, in an effort to trim the budget deficit, the Mexican government made some tax increases, raising the income tax rate from 28% to 30%, introducing a telecom tax of 3-4%, and raising the sales tax from 2% to 3%. This is expected to have a negative impact on inflation, but it should be corrected in 2011 and 2012.

Grupo Carso

In 2009, Grupo Carso focused on increasing its participation in sectors it considers strategic: Industrial, through Grupo Condumex, which makes a wide range of products for the mining, construction, energy and telecommunications industries; construction and infrastructure, where Carso Infraestructura y Construcción (CICSA) has become an increasingly diversified builder with capacity and experience in major civil, industrial and public works; and finally in retailing, where Grupo Sanborns was able to keep its traditional formats current in the

Tiffany & Co. *(U.S. firm founded in 1837)*
Medal *The Mexican Republic on the first Centennial of the proclamation of its Independence, 1810-1910 (obverse and reverse)*
Inscription on reverse: “" The Mexican Republic on the first Centennial of the proclamation of its Independence, 1810-1910”.
Inscription on obverse: “ALIS VOLAT PROPUS” (“Fly with your own wings”) y “TIFFANY & CO”. Inscription on the edge: “BRONZE”.
Bronze with gold plate. Ø: 85 mm. 260.20 gr.

market through ongoing renovation, while consolidating additional businesses that range from new and innovative retail formats to major real-estate developments.

On July 16, Carso acquired the real-estate business of Impulsora del Desarrollo y el Empleo de América Latina, S.A.B. de C.V. (IDEAL), grouped under Inmobiliaria para el Desarrollo de Proyectos, S.A., de C.V. The enterprise value in the transaction was around 6.25 billion pesos, and the price paid--after transfer of debt--was about 306 million pesos.

In the first half of 2009, Carso completed the sale of the copper and aluminum divisions of Industrias Nacobre to Mexalit, S.A. (now Elementia, S.A.) in exchange for a 49% stock position in this latter company. At the same time Carso sold Nacobre's plastics division to Mexichem, S.A.B. de C.V.

Grupo Carso had total assets of 97.68 billion pesos at the close of 2009, 7.2% more than in 2008, and stockholders' equity ended the year at 59.70 billion pesos, a 9.9% growth over 2008.

The group's debt totaled 17.51 billion pesos at year-end, against cash and securities totaling 8.59 billion pesos, resulting in net debt of 8.91 billion pesos.

I would like to express my gratitude, on behalf of the Board of Directors, to the management team of Grupo Carso for its vision and dedication, which have been fundamental to the success of the Group; to all our employees for their effort add commitment to achieving the goals we set for ourselves; and to our shareholders, for the confidence they placed in us. Group Carso intends to stay the course in order to contribute to the successful development of this nation.

Sincerely,

Carlos Slim Domit
Chairman of the
Board of Directors

Report of the *Chief Executive Officer*

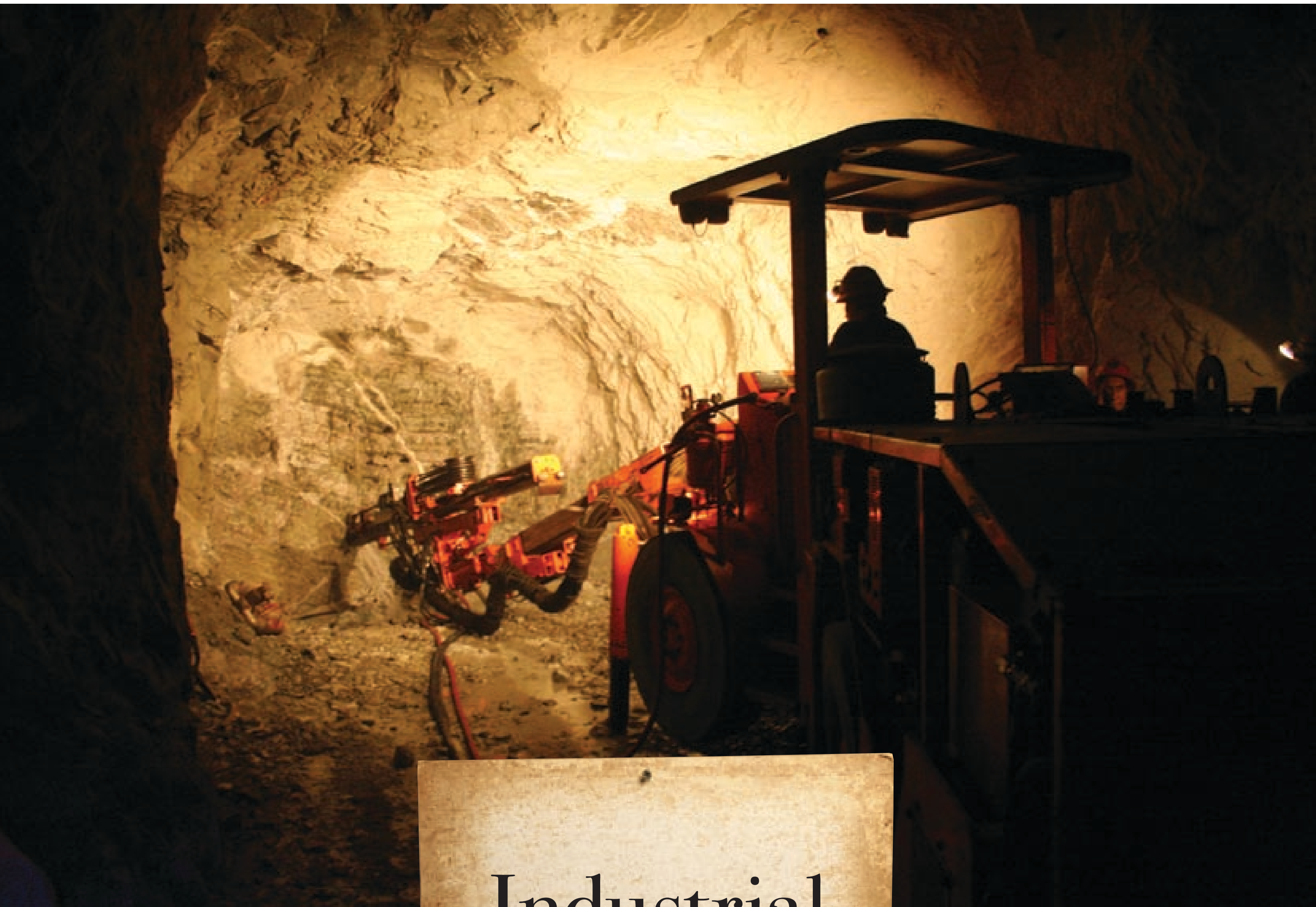
Consolidated sales for Grupo Carso totaled 66.03 billion pesos in 2009, a growth of 0.2% over the previous year. Operating income rose 48.8% in the year, to 9.07 billion pesos, and EBITDA ended 2009 at 10.98 billion pesos, 38.2% higher than the year before.

The operating results of Grupo Carso were fueled by the strong performance of Grupo Condumex, due primarily to a pickup in the mining division driven by higher metal prices and the opening of new units. The infrastructure and construction division (CICSA) reported modest sales growth and slightly higher margins, while the retailing division (Grupo Sanborns) saw a decline in the operating margins of its leading retail formats, offset by the real-estate business, whose weight in total results increased during the year.

Net income came to 6.39 billion pesos in 2009, a 2.4% decline from the 2008 figure. This reduction was primarily the result of stronger total financing income in 2008.

Grupo Carso invested 4.68 billion pesos in capital expenditures last year, distributed among the projects of its three divisions.

Lyrics: Francisco González Bocanegra *(San Luis Potosí, Mexico, 1824 - Mexico City, Mexico, 1861). Music:* Jaime Nunó *(Geroa, Catalonia, Spain, 1824 - New York, New York, 1908).*
First edition of the Mexican National Anthem
1854
Printed
35.3 x 26.4 x 0.9 cm.
Collection CARSO Center for Mexican Historical Studies



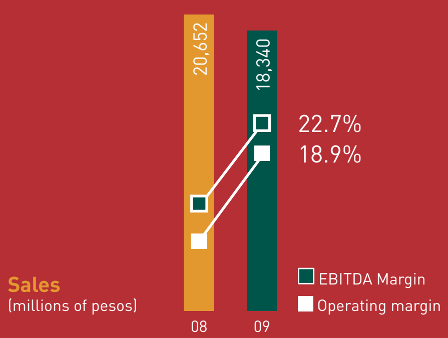
Industrial

The Industrial Division of Grupo Carso is made up of Grupo Condumex, an industrial conglomerate serving primarily the telecommunications, energy, construction, mining and auto parts industries.

The consolidated revenues of Grupo Condumex totaled

18.34

billion pesos in 2009



Gerardo Murillo (Dr. Atl)
(Guadalajara, Jalisco, Mexico, 1875 - Mexico City, Mexico, 1964) Landscape with volcanoes
First half of 20th century. Oil on fiberboard 81.2 x 122.6 cm
Reproduction authorized by the Instituto Nacional de Bellas Artes y Literatura, 2009

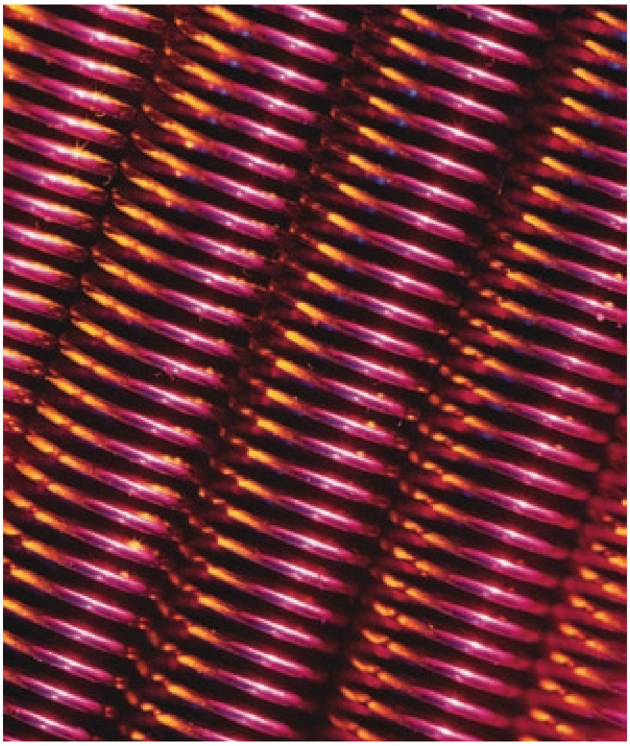
Left: Anonymous. Possible portrait of Mariano Abasolo *(1783-1618).*
First third of 19th century. Gouache on ivory. Medallion adapted from engraved tin-plated wood frame and flat glass, 4.2 x 3.6 x 1 cm.
Right: Anonymous Mexican artist. José María Morelos y Pavón *(1765-1815).*
c 1815. High-relief in polychrome wax, molded on silk.
Ormolu medallion with pastework stones, convex glass. 9.3 x 6.9 x 1 cm

Industrial

Grupo Condumex

Grupo Condumex brought in consolidated sales of 18.34 billion pesos in 2009, an 11.2% reduction from the 2008 figure of 20.65 billion pesos. Operating income totaled 3.47 billion pesos in the last 12 months, a 257.8% growth over 2008. EBITDA was 4.16 billion pesos, a 149.7% rise in the year. Among the factors driving the operating results of Grupo Condumex in 2009 were the solid performance in the mining division (in turn the result of higher metal prices and a sharp rise in gold and zinc output) cost and expense reductions in all the divisions, and the reversal of a reserve created in 2008 to reflect the reduction in inventory value, mainly copper, following a recovery in metal prices.

The telecommunications division reported lower sales volume of copper and fiber optic cable, alongside a pickup in coaxial cable volume in 2009.



Lyrics: Francisco González Bocanegra *(San Luis Potosí, Mexico, 1824 - Mexico City, Mexico, 1861).*
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First edition of the Mexican National Anthem
1854
Printed
35.3 x 26.4 x 0.9 cm.
Collection CARSO Center for Mexican Historical Studies

Operating income rose

257.8%

over 2008

The Construction and Energy Division reported lower sales volume of electrical cable and metals, but a growth in the volume of transformers and turnkey projects in the year.

The automotive division saw a reduction in its sales volume of automotive harnesses and cable.

Work was completed and testing begun on a dynamic leaching plant that will produce gold at the San Felipe mining unit, which was also expanded through construction of a new open-cut area. Construction also continued on the new Concheño mining project. Both operations will turn out gold and silver, and are expected to begin production in the first half of 2011. The company continued to sell futures on the metal its mining division will produce in the years 2010, 2011 and 2012.

Capex totaled around 869 million pesos last year, most of which went to industrial asset maintenance programs and a variety of investments in the mining industry.

Gerardo Murillo (Dr. Atl)
(Guadalajara, Jalisco, Mexico,
1875 - Mexico City, Mexico, 1964)
Landscape with volcano
1946
Oil on fiberboard
49.5 x 60.2 cm
Reproduction authorized by the Instituto
Nacional de Bellas Artes y Literatura, 2009

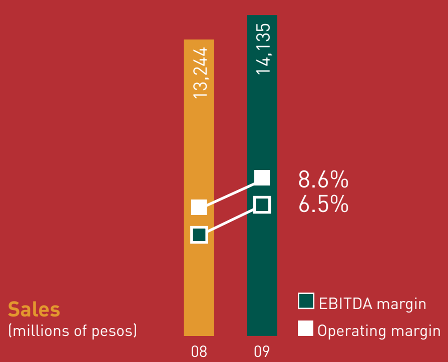
Infrastructure and Construction

Carso Infraestructura y Construcción has businesses grouped into five areas: manufacturing and services for the chemical and oil industries (Swecomex, Servicios Integrales GSM), infrastructure projects (CILSA), ducts installation (CICSA), civil construction (Grupo PC Constructores) and housing construction (Casas Urvitec).

Annual sales for CICSA totaled

14.13

billion pesos in 2009



Banco Comercial de Chihuahua
(Active in Mexico between 1889 and 1900)
Printers' proofs
19th century. Metal engraving. 7.8 x 17.8 cm

Mansard porcelain
Dinner plate with coat of arms of general Porfirio Díaz
First decade of 20th century
Porcelain with polychrome glaze
Ø: 8.7cm

Carso Infraestructura y Construcción

At the close of 2009, CICSA had assets totaling 14.65 billion pesos, a 2.8% decline from the close of 2008. Stockholders' equity totaled 9.30 billion pesos at year-end, a 9.0% growth over 2008.

CICSA reported 1.18 billion pesos in debt at year-end 2009, against a cash and securities balance of 1.59 billion pesos, resulting in negative net debt of 411 million pesos, compared to net debt of 887 million pesos at the close of 2008.

Carso Infraestructura y Construcción brought in consolidated annual revenues of 14.13 billion pesos, 6.7% more than in 2008. Operating income was 921 million pesos in the year, 42.4% higher than in 2008, and EBITDA totaled 1.21 billion pesos, a 36.9% growth compared to 2008. Net earnings for the fiscal year came to 705 million pesos, 43.2% higher than in 2008. The year-to-year recovery in operating results accompanied an advance toward the execution of key projects.

Humberto Limón
(Mexico City, Mexico, 1931)
Francisco I. Madero *(1873-1913)*
1974
Oil on canvas
120 x 80 cm

At the close of 2009, CICSA's backlog totaled

21.01

billion pesos

CICSA management made the decision to move up its application of new accounting provisions known as INIF 14 regarding registry of revenues on construction, sale and provisions of real-estate services, by one year-- these were made mandatory as of January 1, 2010, but the company has been applying them since January 1, 2009, because it believes their application better reflects the recognition of revenues and associated cost and expenses in the accounting period in which they originate.

As of year-end 2009, CICSA had a backlog worth 21.01 billion pesos, equivalent to 17.8 months of sales at the current pace of construction.

In 2009, CICSA reported Capex investment of approximately 1.09 billion pesos, used primarily to acquire machinery and heavy equipment for construction and production.

Mexican couture
Drop curtain
1920
Beaverskin trimmed with silk satin
Beaded and sequined embroidery
175 x 125 cm

Infrastructure and Construction

Manufacturing and Services for the Chemical and Oil Industries

The Manufacturing and Services for the Chemical and Oil Industries Division brought in revenues of 3.88 billion pesos in the year, 13.0% higher than in 2008. Operating income totaled 401 million pesos, compared to an operating loss of 42 million pesos the year before. EBITDA came in at 497 million pesos, compared to 3 million pesos the year before.

In 2009, this division continued to work on various projects, including two contracts to drill 120 wells in Tabasco and 144 in Chicontepec, and to build of a jackup rig.

At the close of 2009, the backlog for this division totaled 6.48 billion pesos, with work pending execution for 2010 and 2011.

Infrastructure projects

CICSA's Infrastructure Division reported sales of 5.23 billion pesos in 2009, a growth of 58.7% over 2008. Operating income came to 126 million pesos, 42.3% less than the year before, and EBITDA totaled 185 million pesos, declining 28.0% from its 2008 levels.

In 2009, CILSA concluded construction of the Arco Norte Libramiento Norte project in Mexico City.

Left: Agustín Víctor Casasola
(Mexico City, 1874-1938)
Porfirio Díaz (1830-1915)
First decade of 20th century
Silver on gelatin
13 x 8.3 cm

Right: French couture
Empire revival style ballgown
c 1910
Industrial tulle of silver and cotton thread with glass beading. Appliquéd pastework, seed pearls, glass beads and bugle beads. Satin sash and lining.
168 x 32 (at shoulder) x 34 (high waist) cm
Weight: 4 kg

CILSA continued working on projects included in its backlog, among which were construction of the Emisor Oriente tunnel, the El Realito dam, worth approximately 550 million pesos, and the Metro line 12. Among the new projects awarded to CILSA in 2009 were: construction of the second segment of the Northeast Toluca bypass, 29.4 km long and worth approximately 750 million pesos (plus VAT); the expansion of a 31.6 km stretch of the Tenango-Ixtapan de la Sal highway in the state of Mexico from two to four lanes, a project worth approximately 492 million pesos (plus VAT), and construction and modernization of the Pacific North project, which includes construction of two bypasses (Culiacán and Mazatlán) and their connecting segments, as well as modernization of the high-spec Mazatlán-Culiacán highway, a contract worth 3.68 billion pesos (plus VAT).

At the close of 2009, this division had a backlog worth around 11.34 billion pesos, to be executed in 2010 and 2011.

Ducts installation

The ducts installation division brought in sales of 3.01 billion pesos in 2009, a 31.4% reduction from its 2008 revenues. Operating income totaled 155 million pesos, declining 51.5% from the previous year. EBITDA shrank by 46.5% to 203 million pesos. In 2009, this division entered new markets like aqueducts and gas and gasoline pipelines.

Over the course of the year, the division completed construction of the Conejos-Médanos aqueduct and the Ciudad Juárez gasoline pipeline. It also completed construction of the awarded segments of the Monterrey aqueduct, and the installation of video cameras for the Mexico City "Safe City" program, operated by the city's Secretary of Public Safety. Also in 2009, CICSA Ductos was awarded various contracts, including construction of a 14.7 km-long 36" diameter gas pipeline for PEMEX Exploración, located in southeast Mexico, with an approximate value of 403 million pesos (plus VAT).

At the end of the year, this division had a backlog of 1.20 billion pesos pending execution.

Civil construction

Grupo PC Constructores reported annual sales of 1.03 billion pesos, 35.3% less than in 2008. Operating income totaled 44 million pesos, 38.0% lower than in 2008. EBITDA came to 45 million pesos, a 37.4% reduction from the year before.

During the year this division finished construction of the Ciudad Azteca metro/bus station, while making substantial progress in projects like Plaza Carso, the Operations Center for the Federal Preventive Police, and the public services phase of the Nuevo Veracruz project.

At the end of 2009, Grupo PC Constructores had a backlog totaling approximately 1.37 billion pesos.

Housing industry

Accrued revenues for this division totaled 981 million pesos in 2009, and its operating income totaled 108 million pesos. EBITDA was 122 million pesos, and the respective margins (vs. sales) were 11.0% and 12.5%.

The division closed on the sale of 1,087 homes in 2009, a growth of 106% over 2008. At the close of 2009, Urvitec had enough land reserves to build around 40,000 homes, located in the states of Quintana Roo, Yucatán, Tamaulipas, Veracruz and the state of Mexico.

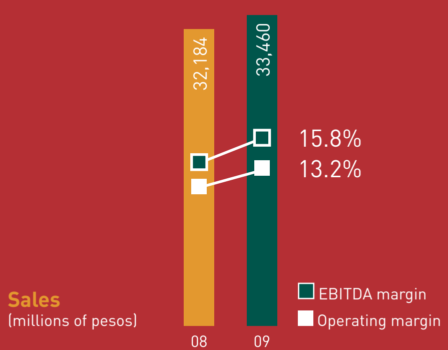
Jorge González Camarena
(Guadalajara, Jalisco, Mexico, 1908 - Mexico City, Mexico 1980)
The nation's harvest
1946
Oil on canvas
125 x 154 cm

Retailing

In 2009, Grupo Sanborns fortified its presence in the real-estate industry through outstanding projects like Plaza Carso.

33.46

billion pesos in revenues for Grupo Sanborns in 2009



Anonymous
Portrait of a military officer with a medal on his chest; possibly Agustín de Iturbide
(1783-1824)
c 1820
Oil on canvas
104.6 x 83.7 cm

Left: Agustín Víctor Casasola *(Mexico City, 1874-1938)*
General Emiliano Zapata *(1879-1919)*
First third of 20th century. Silver on gelatin, 12 x 7 cm
Right: Agustín Víctor Casasola *(Mexico City, 1874-1938)*
General Francisco Villa *(1878-1923)*
c 1912. Reprography. 12.8 x 7.6 cm

Grupo Sanborns

Grupo Sanborns brought in sales of 33.46 billion pesos in 2009, a 4.0% growth over the previous year. Its operating income totaled 4.41 billion pesos, growing 18.8%, while its operating margin was 13.2%. EBITDA rose 15.8% over 2008, to 5.29 billion in 2009, and the EBITDA margin was 15.8%. The margin of Grupo Sanborns' main retail formats were pressured by the highly competitive climate in the retail industry, but this was offset by strong performance in the real-estate business, contributing 3.6% of revenues but 14.3% of operating income.

During the year, Grupo Sanborns slowed the pace of new store openings and turned its attention to selection of new locations. Three new Sanborns stores were opened in 2009, while two were closed, bringing the total number of operating units to 161 at the end of the year. The group also opened ten new music stores and closed two, ending the year with 90 stores.

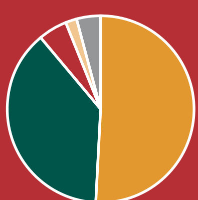
Sears opened two new stores in the year, and in April 2009, nine Dorian's department stores were converted to the Sears format, so at the end of the year the group had 72 Sears stores and 5 Dorian's.

All in all, Grupo Sanborns operates 393 stores in Mexico and 5 in Central America, under various formats, which in addition to the ones mentioned above include Saks Fifth Avenue, Dax, Sanborns Café, and some specialized boutiques. Grupo Sanborns also owns and operates 10 shopping centers in various Mexican cities.

In 2009, Grupo Sanborns fortified its presence in the real-estate industry with the Plaza Carso development, a multi-use project that includes 150,000 square meters of offices, 60,000 square meters of retail area, two museums and 440 condos. All told it occupies a surface area of 50,000 square meters in the Polanco district, one of Mexico City's most traditional neighborhoods. The first phase of this project should be ready by the end of 2010.

Luis Améndolla
(Mexico City, Mexico, 1918 - Cuernavaca, Morelos, 2000)
Morelos (Forjando una patria)
(Forging a fatherland)
c 1962
Oil on canvas
125 x 100 cm.

Also in the real-estate industry, Grupo Sanborns acquired 19 educational facilities, 3 hospitals and a shopping center in the second half of 2009.



Sales	
Sears	51.2%
Sanborns	38.2%
Dorian's	4.8%
Shopping centers	2.1%
Real estate	3.6%
Others	0.1%

The combined annual sales of Sanborns, Sanborns Café and the music stores declined 0.2% from their year-earlier levels, while same-store sales were off 3.1% in the year. Operating and EBITDA margins were 8.9% and 11.8%, respectively.

Sales by Sears grew 10.9% in 2009, while same-store sales rose 2.2% in the year. Sears reported an operating margin of 11.8% and an EBITDA margin of 13.8%.

Grupo Sanborns spent approximately 2.46 billion pesos on Capex in 2009, primarily in the construction of Plaza Carso and the openings mentioned above.

Operating income	
Sears	41.8%
Sanborns	25.6%
Dorian's	-0.7%
Shopping centers	9.8%
Real estate	14.3%
Others	9.2%

Sincerely,

José Humberto Gutiérrez-Olvera Zubizarreta
Chief Executive Officer

Board of Directors

Board Members	Position*	Years as Board Member**	Type of Board Memeber ***
Carlos Slim Domit	COB – Grupo Carso COB and CEO – Grupo Sanborns COB – Telmex Internacional COB – Teléfonos de México Vicechairman – Carso Global Telecom	Nineteen	Patrimonial Related
Rubén Aguilar Monteverde	Member of National Advisory Board –Banco Nacional de México, S.A.	Five	Independent
Antonio Cosío Ariño	CEO – Cía. Industrial de Tepeji del Río	Nineteen	Independent
Jaime Chico Pardo	Co-Chairman – Teléfonos de México COB and CEO – Carso Global Telecom Co-Chairman – Impulsora del Desarrollo y el Empleo en América Latina	Twenty	Related
Arturo Elías Ayub	Director of Strategical Alliances, Comunication and Institucional Relations – Teléfonos de México CEO – Fundación Telmex	Twelve	Related
Claudio X. González Laporte	COB – Kimberly Clark de México	Nineteen	Independent
José Humberto Gutiérrez Olvera Zubizarreta	CEO – Grupo Carso COB and CEO – Grupo Condumex	Nineteen	Related
Daniel Hajj Aboumrad	CEO – América Móvil	Fifteen	Related
Rafael Moisés Kalach Mizrahi	COB and CEO – Grupo Kaltex	Sixteen	Independent
José Kuri Harfush	COB – Janel	Twenty	Independent
Juan Antonio Pérez Simón	COB – Sanborn Hermanos Vicechairman – Teléfonos de México	Twenty	Independent
Fernando Senderos Mestre	COB – Grupo Kuo COB – Dine	Three	Independent
Patrick Slim Domit	Vicechairman – Grupo Carso COB – América Móvil Director of Retail – Teléfonos de México COB – Grupo Telvista	Fourteen	Patrimonial Related
Marco Antonio Slim Domit	COB and CEO – Grupo Financiero Inbursa COB – Inversora Bursátil COB – Seguros Inbursa	Nineteen	Patrimonial Related
Fernando Solana Morales	CEO – Solana y Asociados, S.C.	Five	Independent
Alternate Board Members			
Eduardo Valdés Acra	Vicechairman – Grupo Financiero Inbursa COB – Banco Inbursa CEO – Inversora Bursátil	Eighteen	Related
Julio Gutiérrez Trujillo	Business Consultant	Five	Independent
Antonio Cosío Pando	General Manager – Cía. Industrial de Tepeji del Río	Eight	Independent
Fernando G. Chico Pardo	CEO – Promecap, S.C.	Twenty	Related
Alfonso Salem Slim	Executive VP – Impulsora del Desarrollo y el Empleo en América Latina	Nine	Patrimonial Related
David Ibarra Muñoz	CEO – Despacho David Ibarra Muñoz	Eight	Independent
Antonio Gómez García	CEO – Carso Infraestructura y Construcción	Six	Related
Carlos Hajj Aboumrad	CEO – Sears Roebuck de México	Twelve	Patrimonial Related
Ignacio Cobo González	COB – Grupo Calinda	Eight	Independent
Alejandro Aboumrad Gabriel	COB – Grupo Proa	Nineteen	Independent
Luis Hernández García	CEO – Cigatam	Three	Independent
Treasurer			
Quintín Humberto Botas Hernández	Comptroller – Grupo Condumex	Seven	
Secretary			
Sergio F. Medina Noriega	Legal Director – Teléfonos de México	Twenty	
Pro-secretary			
Alejandro Archundia Becerra	Legal General Manager – Grupo Condumex	Eight	

* *Based on Board Members information.*
** *Years as board member are considered since 1990, year of inscription in the Bolsa Mexicana de Valores.*
*** *Based on Board Members Information.*

Corporate Practices and Auditing Committee

José Kuri Harfush
Chairman

Antonio Cosío Ariño
Claudio X. González Laporte
Rafael Moisés Kalach Mizrahi

Annual report by the Corporate Practices and Auditing Committee of Grupo Carso, S.A.B. de C.V.

To the Board of Directors:
In my capacity as chairman of the Committee for Corporate Practices and Auditing of Grupo Carso, S.A.B. de C.V. (the "Company"), I hereby present the following annual report of the activities of this committee for fiscal year 2009.

Corporate practices, evaluation and compensation
The Chief Executive Officer of Grupo Carso, S.A.B. de C.V. ("the Company") and the key management employees of its subsidiary corporations met the objectives set for them and fulfilled their duties in a satisfactory manner.

Transactions with related parties that were submitted for the consideration of the Committee were duly improved. These included the following transactions, each representing more than 1% of the consolidated assets of the Company, executed successively:

Teléfonos de México, S.A.B. de C.V., for services including installation of external facilities, fiber optics and network design, including the sale of copper telephone and fiber optic cable; call center services; telephone installation and sale of telephony articles, dining room services; commissions on the sale of scrap metal, salvage and auto upgrades for the Company's vehicle fleet; Ideal Panama, S.A. for hydroelectric construction services in Panama; Autopista Arco Norte, S.A. de C.V. for construction of the northern bypass to Mexico City; and Delphia Packard Electric Systems for the sale of automotive harnesses, cable, and engineering services.

All transactions with related parties were reviewed by Galaz, Yamazaki, Ruiz Urquiza, S.C., and a summary of these are contained in a note to the audited financial statements of Grupo Carso, S.A.B. de C.V. and subsidiaries as of December 31, 2009.

The Chief Executive Officer of Grupo Carso, S.A.B. de C.V., receives no compensation for the performance of his duties. The Company has no employees, and we verified that the full compensation of all the key management employees of the companies controlled by the Company complies with the policies approved by the Board of Directors for this purpose.

The Board of Directors of the Company did not grant any special dispensation for any board member, key management employee or person with decision-making power to capitalize on business opportunities for their own benefit or that of third parties, corresponding to the Company or to the corporations it controls, or in which it has a significant influence. Neither did the committee grant any dispensation with regard to the transactions referred to in the Securities Market Act, article 28, section III, point c).

Auditing
The internal control and auditing system of Grupo Carso, S.A.B. de C.V., and the corporations it controls is satisfactory and complies with the guidelines approved by the Board of Directors, as observed from the information provided to the committee by Company management and contained in the certification of the external auditor.

We did not learn of any relevant breach of the Company's guidelines or policies on operations and accounting records, or those of the corporations it controls; consequently, no preventative or corrective measures were taken.

The performance of the accounting firms Galaz, Yamazaki, Ruiz Urquiza, S.C. and Camacho, Camacho y Asociados, S.C., the firms that performed the audit of the financial statements of Grupo Carso, S.A.B. de C.V. and subsidiaries as of December 31, 2009, as well as the external auditor in charge of the audit, was satisfactory and the objectives set for them at the time they were hired were met. According to information provided by these firms to Company management, their fees for this external audit represented less than 20% of their total revenue.

The following additional services rendered by Galaz, Yamazaki, Ruiz Urquiza, S.C. to Grupo Carso, S.A.B. de C.V. and some of its subsidiaries were also approved: applying to the IMSS for reduction and refund of social security contributions for March 2001 - March 2004, due to classification of workplace risks; reconversion of financial information in accordance with International Accounting Standards; review in connection with real-estate restructuring and selective review of supporting documentation for bad debt to be written off in 2008; handling requests for information from the Federal Tax Administration; analysis of the tax status of various transactions; and preparation of reports to demonstrate that some mergers should not be construed as a transfer of property.

As a result of a review of the financial statements of Grupo Carso, S.A.B. de C.V. and subsidiaries as of December 31, 2009, there were no corrections to the audited figures nor exceptions to be disclosed in those statements.

The Company adopted the following Financial Information Standards during the year: B-3, Income statement; B-7, Business acquisition; B-8, Consolidated or combined financial statements; C-7, Investment in associates and other permanent investments; C-8, Intangible assets; and D-8, stock-based payments.

In accordance with the information supplied to us by the Company and the meetings we held with external and internal auditors in which company officers were not present, and to the extent of our knowledge, there were no material observations made by shareholders, board members, key management employees, employees, or in general any other party regarding accounting, internal controls or matters relating to internal or external auditing, nor any complaints made by those parties regarding irregularities committed by Company management.

During the period in question, we determined that the agreements passed in shareholders' meetings and by the Company's Board of Directors of the Company were duly executed, and according to the information supplied to us by Company management, we found that the Company has controls that allow us to determine the extent of its compliance with the provisions applicable to it in securities market matters; and that its legal area reviews this compliance at least once a year, and has made no remark with regard to any adverse change in the Company's legal situation.

With regard to the financial information prepared and presented to the Mexican Stock Exchange and the National Banking and Securities Commission, we verified that said information is prepared under the same principles, criteria and accounting practices as those with according to which the annual report is prepared.

Finance and Planning

During fiscal year 2009, the company and some of the corporations that it controls made substantial investments. In this regard, we found that these were financed in a manner consistent with the Company's medium- and long-term plan. We also regularly evaluated the extent to which the Company's strategic position was consistent with that plan. Additionally, we reviewed and evaluated the budget for fiscal year 2009, together with the financial projections used in their preparation, which included the principal investments and financing transactions performed by the Company, and which we consider to be viable and consistent with its investment and financing policies and its strategic vision.

For the preparation of this report, the Corporate Practices and Auditing Committee relied on information supplied to it by the Chief Executive Officer of the Company, the key management employees of the corporations it controls, and the external auditor.

Chairman

José Kuri Harfush

Independent Auditors' Report

To the Board of Directors and Stockholders
of Grupo Carso, S.A.B. de C.V.

We have audited the accompanying consolidated balance sheets of Grupo Carso, S.A.B. de C.V. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and 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 these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets constituting 5% and 3% of total consolidated assets, respectively, as of December 31, 2009 and 2008, and total revenues constituting 6% and 5%, respectively, of total consolidated revenue, for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the reports of the other auditors.

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 and the reports of the other auditors provide a reasonable basis for our opinion.

As mentioned in Note 3, beginning January 1, 2009, the Company adopted the following new financial reporting standards: B-7, Business Acquisitions; B-8, Consolidated or Combined Financial Statements; C-7, Investments in Associated Companies and Other Permanent Investments and C-8, Intangible Assets.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Carso, S.A.B. de C.V. and subsidiaries December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and 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 users.

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

C.P.C. Walter Fraschetto
March 10, 2010

Consolidated balance sheets

As of December 31, 2009 and 2008 / (In thousands of Mexican pesos)

Assets		**2009**		**2008**
Current assets:				
Cash and cash equivalents	$	6,070,969	$	4,981,043
Investments in securities		2,524,312		1,522,067
Notes and accounts receivable:				
Trade (net of allowances for doubtful accounts of $470,006 in 2009 and $387,257 in 2008)		15,976,652		16,740,156
Other		1,804,234		1,785,321
Due from related parties		741,183		1,486,990
		18,522,069		20,012,467
Derivative financial instruments		987,627		1,869,871
Inventories – net		14,544,836		14,332,084
Prepaid expenses		498,692		145,094
Discontinued operations		–		3,959,886
Total current assets		43,148,505		46,822,512
Long-term receivables		107,628		112
Property, machinery and equipment:				
Buildings and leasehold improvements		27,141,914		22,709,277
Machinery and equipment		19,655,317		18,578,617
Vehicles		1,096,767		1,127,175
Furniture and equipment		3,166,950		3,307,323
Computers		1,615,061		1,762,828
		52,676,009		47,485,220
Accumulated depreciation		(27,232,105)		(26,042,156)
		25,443,904		21,443,064
Land		11,995,074		9,148,413
Construction in progress		4,830,445		2,082,504
		42,269,423		32,673,981
Real estate inventories		643,116		585,452
Investment in shares of associated companies and others		9,640,862		5,294,495
Net asset projected for labor obligations		339,724		330,597
Deferred income tax asset from tax loss carryforwards		465,198		–
Other assets – net		1,063,070		619,091
Long-term assets from discontinued operations		–		4,773,140
Total	$	97,677,526	$	91,099,380

Liabilities and stockholders' equity				
Current liabilities:				
Borrowings from financial institutions	$	6,679,273	$	4,125,053
Current portion of long-term debt		72,278		81,320
Trade accounts payable		6,163,309		6,746,494
Direct employee benefits		688,019		707,481
Accrued expenses and taxes other than income taxes		5,276,591		4,229,937
Derivative financial instruments		482,181		208,751
Advances from customers		1,705,624		2,277,116
Due to related parties		2,032,663		78,228
Current liabilities from discontinued operations		–		1,716,992
Total current liabilities		23,099,938		20,171,372
Long-term debt		10,756,414		8,742,046
Deferred income taxes		3,880,078		4,984,764
Deferred statutory employee profit sharing		–		38,771
Other long-term liabilities		206,240		198,085
Deferred income		37,602		37,050
Long-term liabilities from discontinued operations		–		2,628,444
Total liabilities		37,980,272		36,800,532
Stockholders' equity:				
Capital stock		6,605,928		6,606,995
Net share placement premium		2,160,658		2,160,658
Additional paid-in capital		39,900		39,900
Retained earnings		41,243,391		36,568,221
Insufficiency in restated stockholders' equity		1,068,710		872,285
Valuation of financial instruments		(345,525)		(403,095)
Controlling interest		50,773,062		45,844,964
Noncontrolling interest		8,924,192		8,453,884
Total stockholders' equity		59,697,254		54,298,848
Total	$	97,677,526	$	91,099,380

 See accompanying notes to consolidated financial statements

Consolidated statements of income

For the years ended December 31, 2009 and 2008 / (In thousands of Mexican pesos, except per share information)

		2009		2008
Net sales	$	66,035,556	$	65,912,335
Cost of sales		45,816,901		48,137,193
Gross profit		20,218,655		17,775,142
Operating expenses		11,145,049		11,675,731
Income from operations		9,073,606		6,099,411
Other (expenses) income - net		(134,306)		941,765
Net comprehensive financing result:				
Interest expense		1,078,154		1,659,477
Interest income		334,687		591,527
Exchange gain (loss) - net		239,622		(650)
Loss on sale of trading securities		–		275,589
Monetary position gain (loss)		327		(3,479)
Gain (loss) on valuation of financial instruments		(985,423)		2,179,908
		(1,488,941)		832,240
Equity in income of associated companies and others		1,169,909		1,186,283
Income from continuing operations before income taxes		8,620,268		9,059,699
Income taxes		1,916,523		1,732,704
Income from continuing operations		6,703,745		7,326,995
Income from discontinued operations		635,668		110,083
Consolidated net income	$	7,339,413	$	7,437,078
Controlling interest	$	6,390,360	$	6,545,216
Non-controlling interest		949,053		891,862
	$	7,339,413	$	7,437,078
Basic earnings per ordinary share	$	2.75	$	2.81
Income from continuing operations	$	2.89	$	3.15
Income from discontinued operations		0.27		0.05
Consolidated net income	$	3.16	$	3.20
Weighted average shares outstanding (thousands)		2,325,100		2,326,655

See accompanying notes to consolidated financial statements

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2009 and 2008 / (In thousands of Mexican pesos)

	Capital stock	Net share placement premium	Additional paid-in capital	Retained earnings
Consolidated balances as of January 1, 2008	$ 6,608,043	$ 2,160,658	$ 14,902	$ 91,798,563
Reclassification of the insufficiency in restated stockholders' equity	–	–	–	(35,450,187)
Reclassification of the initial cumulative effect of deferred income taxes	–	–	–	(8,364,341)
Repurchase of capital stock	(1,048)	–	–	(111,452)
Excess of cost over book value in acquisition of non-controlling interest in subsidiary	–	–	24,998	(66,472)
Dividends paid (including payments to noncontrolling interest of subsidiaries)	–	–	–	(17,681,290)
Balances before comprehensive income	6,606,995	2,160,658	39,900	30,124,821
Effect of deferred statutory employee profit sharing due to change in recognition method	–	–	–	(101,816)
Consolidated net income	–	–	–	6,545,216
Translation effect of foreign subsidiaries	–	–	–	–
Valuation of financial instruments	–	–	–	–
Comprehensive income	–	–	–	6,443,400
Consolidated balances as of December 31, 2008	6,606,995	2,160,658	39,900	36,568,221
Repurchase of capital stock	(1,067)	–	–	(93,757)
Excess of cost over book value in acquisition of non-controlling interest in subsidiary	–	–	–	(68,611)
Dividends paid (including payments to noncontrolling interest of subsidiaries)	–	–	–	(1,395,891)
Balances before comprehensive income	6,605,928	2,160,658	39,900	35,009,962
Consolidated net income	–	–	–	6,390,360
Translation effect of foreign subsidiaries	–	–	–	–
Valuation of financial instruments	–	–	–	–
Effect of early adoption of INIF 14	–	–	–	(156,931)
Comprehensive income	–	–	–	6,233,429
Consolidated balances as of December 31, 2009	$ 6,605,928	$ 2,160,658	$ 39,900	$ 41,243,391

 See accompanying notes to consolidated financial statements.

Insufficiency in restated stockholders' equity	Initial cumulative effect of deferred income taxes	Translation effects of foreign subsidiaries	Valuation of financial instruments	Controlling interest	Noncontrolling interest	Total stockholders' equity
$ (34,949,720)	$ (8,364,341)	$ –	$ (59,862)	$ 57,208,243	$ 8,017,308	$ 65,225,551
34,949,720	–	500,467	–	–	–	–
–	8,364,341	–	–	–	–	–
–	–	–	–	(112,500)	–	(112,500)
–	–	–	–	(41,474)	(11,735)	(53,209)
–	–	–	–	(17,681,290)	(242,072)	(17,923,362)
–	–	500,467	(59,862)	39,372,979	7,763,501	47,136,480
–	–	–	–	(101,816)	(150)	(101,966)
–	–	–	–	6,545,216	891,862	7,437,078
–	–	371,818	–	371,818	(101,330)	270,488
–	–	–	(343,233)	(343,233)	(99,999)	(443,232)
–	–	371,818	(343,233)	6,471,985	690,383	7,162,368
–	–	872,285	(403,095)	45,844,964	8,453,884	54,298,848
–	–	–	–	(94,824)	–	(94,824)
–	–	–	–	(68,611)	12,175	(56,436)
–	–	–	–	(1,395,891)	(443,459)	(1,839,350)
–	–	872,285	(403,095)	44,285,638	8,022,600	52,308,238
–	–	–	–	6,390,360	949,053	7,339,413
–	–	196,425	–	196,425	34,901	231,326
–	–	–	57,570	57,570	(548)	57,022
–	–	–	–	(156,931)	(81,814)	(238,745)
–	–	196,425	57,570	6,487,424	901,592	7,389,016
$ –	$ –	$ 1,068,710	$ (345,525)	$ 50,773,062	$ 8,924,192	$ 59,697,254

Consolidated statement of cash flows

For the years ended December 31, 2009 and 2008 / (In thousands of Mexican pesos)

		2009		2008
Operating activities:				
Income from the continuing operations before income taxes	$	8,620,268	$	9,059,699
Items related to investing activities:				
Depreciation and amortization		1,909,794		1,848,940
Gain from sale of subsidiary shares		(54,171)		(222,959)
Acquired dividends		–		(729,639)
Gain on sale of property, machinery and equipment		(58,247)		(20,134)
Impairment of long-lived assets		60,584		49,899
Equity in income of associated companies		(1,169,909)		(1,186,283)
Deferred statutory employee profit sharing		(10,414)		(8,792)
Interest income		(334,687)		(591,527)
Loss on sale of trading securities		–		275,589
Items related to financing activities:				
Interest expense		1,078,154		1,659,477
Exchange loss from financings		(237,346)		1,812,808
Income from discontinued operations		635,668		110,083
Items with no impact on cash				
Estimates and accruals		1,066,165		–
		11,505,859		12,057,161
(Increase) decrease in:				
Notes and accounts receivable		(477,500)		(3,476,039)
Inventories		1,151,348		194,239
Prepaid expenses		(353,254)		101,970
Long-term receivables		(107,516)		46,647
Other assets		(101,881)		4,014
Discontinued operations		2,795,957		1,843,551
Increase (decrease) in:				
Trade accounts payable		(578,883)		(692,717)
Direct employee benefits		(157,549)		(91,181)
Accrued expenses and taxes other than income taxes		(587,401)		661,433
Income taxes paid		(4,015,682)		(4,652,256)
Advances from customers		(571,492)		882,157
Due to related parties		1,954,435		(976,288)
Derivative financial instruments		1,273,550		(1,646,425)
Other liabilities		(28,508)		(87,941)
Discontinued operations		(4,345,436)		(407,987)
		(4,149,812)		(8,296,823)
Net cash provided by operating activities		7,356,047		3,760,338
Investing activities:				
Sale of investments in securities available, net		(908,502)		(86,325)
Purchases of property, machinery and equipment		(4,682,364)		(4,949,269)
Sales of property, machinery and equipment		520,607		323,896
Purchase of real estate inventories		116,308		(469,236)
Investments in concessions		(235,557)		–
Sale of subsidiary, net of cash		6,048,938		409,644
Purchase of shares of associated companies		(5,395,308)		(4,369)
Dividends received		862,227		1,526,573
Decrease in minority interest in subsidiary		(56,436)		(53,209)
Interest received		334,687		–
Other		(39,117)		1,161,738
Net cash used in investing activities		(3,434,517)		(2,140,557)
Excess of cash to apply to financing activities		3,921,530		1,619,781
Financing activities:				
Loans received		9,664,749		16,565,711
Repayment of loans		(9,777,956)		(14,174,445)
Interest paid		(1,015,549)		(2,259,123)
Dividends paid (including payments to noncontrolling interest of subsidiaries)		(1,839,350)		(17,923,362)
Repurchase of capital stock		(94,824)		(112,500)
Net cash used in financing activities		(3,062,930)		(17,903,719)
Net increase (decrease) in cash and cash equivalents		858,600		(16,283,938)
Adjustment to cash flows due to exchange rate fluctuations		231,326		133,770
Cash and cash equivalents at beginning of year		4,981,043		21,131,211
Cash and cash equivalents at end of year	$	6,070,969	$	4,981,043

 See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

For the years ended December 31, 2009 and 2008 / (In thousands of Mexican pesos)

1. Activities and significant events

a. **Activities** - The consolidated financial statements include the financial statements of Grupo Carso, S.A.B. de C.V. and Subsidiaries ("the Company" or "Grupo Carso") as a single reporting entity.

The principal subsidiaries and associated companies and their activities are as follows:

Subsidiaries	Ownership percentage 2009	2008	Activity
Carso Infraestructura y Construcción, S.A.B. de C.V. and Subsidiaries ("CICSA")	65.72	65.55	Performance of several branches of engineering, including: oil well drilling and oil rig construction projects and all types of civil, industrial and electromechanical projects and facilities; construction and maintenance of highways, water pipes, water treatment plants and hydroelectric stations; housing construction; manufacturing and selling of cold-formed carbon steel tubes; and installation of telecommunication and telephone networks. (4)
Grupo Calinda, S.A. de C.V. and Subsidiaries ("Calinda")	100	100	Hotel related services.
Grupo Condumex, S.A. de C.V. and Subsidiaries ("Condumex")	99.57	99.57	Manufacture and sale of products used by the construction, automotive, energy and telecommunications industries; manufacture and sale of copper and aluminum derivative products and their alloys and pipes manufactured with vinyl polychlorine until May 2009; mining metallurgical industry. (1 and 2)
Grupo Sanborns, S.A. de C.V. and Subsidiaries ("Sanborns")	99.98	99.98	Operation of department stores, gift shops, record stores, restaurants, cafeterias and management of shopping malls through the following commercial brands, principally: Sanborns, Sears, Saks Fifth Avenue, Mix-up, and Dorian's; and leasing of buildings. (3)
Inmuebles Cantabria, S.A. de C.V. and Subsidiaries ("Cantabria")	100	100	Holding company of shares of companies in real estate leasing, hospitality, and manufacture of flexible packing materials sectors until June 2008. (5)

Subsidiaries	Ownership percentage 2009	2008	Activity
Infraestructura y Transportes México, S.A. de C.V. ("ITM")	16.75	16.75	Railroad transportation.
Philip Morris México, S.A. de C.V. ("Philip Morris")	20.00	20.00	Manufacture and sale of cigarettes..
Elementia, S. A. de C. V. ("Elementia")	49.00	–	Manufacture and sale of high technology products for the cement, concrete, polyethylene, styrene, copper and aluminum production industries. (2)

b. **Significant events**

1. On March 31, 2009, Tenedora de Empresas de Materiales de Construcción, S.A.B. de C.V. ("Temaco") (formerly Industrias Nacobre, S.A. de C.V.), a subsidiary of the Company, sold 100% of shares of its subsidiary Tubos Flexibles, S.A. de C.V., a company engaged in the manufacture and sale of PVC pipes, for consideration of $402,600. Such transaction generated a gain of $203,308, which is presented in the caption discontinued operations - net in the accompanying consolidated statements of income. (See Note 20)
2. On June 1, 2009, Temaco, subsidiary of the Company, sold to Elementia (formerly Mexalit, SA) 100% of the shares in its subsidiaries engaged in the business of copper and aluminum, as well as those assets necessary for the operation of such companies for consideration of $5,404,845. Such transaction generated a gain of $146,843, which is presented in the caption discontinued operations - net in the accompanying consolidated statements of income. (See Note 21). At the same time, Temaco acquired 49% of Elementia's shares for consideration of $4,318,144. As of December 31, 2009 the Company is in the process of valuing assets and liabilities acquired at fair value in accordance with NIF B-7, Business Acquisitions ("NIF B7"), which permits a one year window for completing such valuation.
3. On June 24, 2009, Sanborns acquired 100% of the shares of Inmobiliaria para el Desarrollo de Proyectos, SA de CV ("IDEP") for a consideration of $ 306,390, resulting in an excess of cost over the book value of $736,964, which was recognized in the value of land and buildings acquired, since the consideration was valued by an independent expert in accordance with the NIF B-7. As the acquisition was performed with a public related party, the National Banking and Securities Commission was informed and approval was obtained from the Federal Competition Commission prior to completing the acquisition.
4. On September 2009, CICSA concluded an agreement to acquire for consideration of US $30 million, 60% of Bronco Drilling MX, S. de RL de CV ("Bronco MX"), a wholly owned subsidiary of Bronco Drilling Company, Inc. ("Bronco Drilling") which is engaged in the operation, equipment rent and maintenance and repair of drilling equipment used for oil and gas wells in Mexico and Latin America. Additionally, CICSA acquired from Banco Inbursa S.A., commercial bank, a stock option (warrant) for 5,440,770 shares of Bronco Drilling. At December 31, 2009, the Company is in the process of valuing assets and liabilities acquired at fair value in accordance with NIF B-7, which permits a one year period to complete such valuation.
5. In June 2008, Cantabria sold 100% of the shares of its manufacturing subsidiary Galas de México, S.A. de C.V. for $411,740, generating a gain of $222,959 that is presented, in the consolidated statement of income in other income, net. Given its immateriality within the context of these consolidated financial statements, the disposal is not presented as a discontinued operation.

2. Basis of presentation

a. **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"). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

b. **Monetary unit of the financial statements** - The financial statements and notes as of December 31, 2009 and 2008 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power.

c. **Consolidation of financial statements** - The consolidated financial statements include the financial statements of the holding company and its subsidiaries presented as a single reporting entity. Significant intercompany balances and transactions have therefore been eliminated from these consolidated financial statements.

d. **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. Subsequently, if the functional currency of the foreign operation is different from the currency in which transactions are recorded, the financial information is converted from the currency used to record the transactions to the functional currency. Finally, if the functional and reporting currency are different, the financial information is then converted from the functional to the reporting currency considering the following methodologies:

Foreign operations whose functional currency is the Mexican peso translate their financial statements prepared in the currency in which transactions are recorded, using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for monetary assets and liabilities; 2) the historical exchange rate for non-monetary assets and liabilities and stockholders' equity; and 3) the rate upon 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 in comprehensive financing result.

Foreign operations whose functional currency is different from the reporting currency translate their financial statements into Mexican pesos using the following rates: 1) closing rates for assets and liabilities, 2) historical rates for capital and 3) the date of accrual for revenues, costs and expenses. The effects of conversion are recorded in stockholders' equity.

Inflationary economic environment - Foreign operations with a functional currency different from the local currency and the reporting currency translate their financial statements from the currency in which transactions are recorded into 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 on the date of accrual of 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 in comprehensive financing result. To translate the financial statements from the functional currency to Mexican pesos, the financial statements are first restated in currency of purchasing power as of the date of the balance sheet, using the price level index of the 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. Through 2007, the financial statements of foreign subsidiaries that operated independently of the Company were translated following the procedure mentioned above.

The main subsidiaries whose functional currencies are different from the Mexican peso are:

Company	Currency in which transactions are recorded	Functional currency
Cablena, S.A.	Euro	Euro
Cablena do Brasil, Limitada	Brazilian real	Brazilian real
Cicsa Colombia, S.A.	Colombian peso	Colombian peso
Cicsa Dominicana, S.A.	Dominican peso	Dominican peso
Cicsa Ingeniería y Construcción Chile, Limitada S. de R.L.	Chilean peso	Chilean peso
Cicsa Perú, S.A.C.	Peruvian Nuevo Sol	Nuevo Sol
Cilsa Panamá, S.A.	US Dollar	US Dollar
Cobre de México, S.A. de C.V.	Mexican peso	US Dollar
Condumex Inc.	US Dollar	US Dollar
Condutel Austral Comercial e Industrial, Limitada	Chilean peso	Chilean peso
Grupo Sanborns Internacional, S.A. (Chile)	Chilean peso	Chilean peso
Grupo Sanborns Internacional, S.A. (Panamá)	Panamanian balboa	Panamanian balboa
Nacel de Centroamérica, S.A.	Quetzal	Quetzal
Nacel de Honduras, S.A.	Honduran lempira	Honduran lempira
Nacel de Nicaragua, S.A.	Nicaraguan cordoba	Nicaraguan cordoba
Nacel de El Salvador, S.A.	US Dollar	US Dollar
Procisa Ecuador, S.A.	US Dollar	US Dollar
Procisa do Brasil Projetos, Construcoes e Instalacoes, Ltd.	Brazilian real	Brazilian real
Procosertel, S.A.	Argentine peso	Argentine peso
Planteir, S.A.	Uruguay peso	Uruguay peso
Sanborns El Salvador, S.A.	Colon	Colon

The translation of financial statements effect at December 31, 2009 and 2008 is $ 231,326 and $270,488, respectively.

Management has established a policy requiring the subsidiaries manage their currency risk with respect to their functional currencies.

e. **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 items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statements of income. In 2009, other comprehensive income includes the cumulative effect of early adoption of INIF 14.

f. **Income from operations** - Income from operations is the result of subtracting cost of sales and general expenses from net sales. 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.

g. **Reclassifications** - The financial statements for the year ended December 31, 2008 have been reclassified in certain headings to conform to the presentation used in 2009.

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. **Accounting changes due to issuance of NIFs** - Beginning January 1, 2009, the Company adopted the following new NIFs and Interpretations to the Financial Reporting Standards (INIFs):

- **NIF B-7, Business Acquisitions,** requires valuation of noncontrolling interest (formerly minority interest) at fair value, as of the date of acquisition, and recognition of the total goodwill at fair value. NIF B-7 also establishes that transaction expenses should not form part of the purchase consideration and restructuring expenses should not be recognized as an assumed liability.
- **NIF B-8, Consolidated or Combined Financial Statements,** establishes that special purpose entities over which the Company has control should be consolidated. It also establishes the option of presenting separate financial statements for intermediate controlling entities, provided certain requirements are met. NIF B-8 also requires consideration of potential voting rights to analyze whether control exists.
- **NIF C-7, Investments in Associated Companies and Other Permanent Investments,** requires valuation, through the equity method, of investments in special purpose entities over which the Company has significant influence. It also requires consideration of potential voting rights to analyze whether significant influence exists. NIF C-7 establishes a specific procedure and sets a limit for the recognition of losses in associated companies, and requires that the investment in associated companies include the related goodwill.
- **NIF C-8, Intangible Assets,** requires that the unamortized balance of preoperating costs as of December 31, 2008 be cancelled against retained earnings.

- **INIF 14, Construction Contracts, Sale of Real Property and Rendering of Related Services** - is a supplement to Bulletin D-7, Construction and Manufacturing Contracts for Certain Capital Assets, and requires segregation of the different components of the contracts in order to define whether the contract refers to construction of real property, sale of real property, or rendering related services, and establishes the rules for recognizing revenue and related costs and expenses, based on the different elements identified in the contract. INIF 14 provides guidance for the appropriate use of the percentage-of-completion method for revenue recognition. These changes to MFRS are applicable from January 1, 2010; however, the Company early adopted them for the financial year beginning January 1, 2009. The effects generated in the housing sector in CICSA, for the early implementation of this INIF as of January 1, 2009, were a reduction in total assets, total liabilities and consolidated retained earnings of $278,210, $39,465 and $ 238,745, respectively.
- **INIF 16, Reclassification of Primary Financial Instruments Held for Trading**, amends paragraph 20 of the amendments to Bulletin C-2, to state that if a primary financial instrument quoted on a market that for unusual circumstances beyond the entity's control, ceases to be active and becomes illiquid, such financial instrument may be reclassified to -for-sale or held-to-maturity if it has a specific maturity date and the entity has both the intention and ability of maintaining it through maturity. The standard also includes additional disclosures in connection with this reclassification.

b. **Recognition of the effects of inflation** – Since the cumulative inflation for the three fiscal years preceding December 31, 2009 and 2008, was 15.01% and 11.56%, respectively, the economic environment may be considered non-inflationary in both years. Inflation rates for the years ended 2009 and 2008 were 3.57% and 6.53%, respectively.

Beginning on January 1, 2008, the Company discontinued recognition of the effects of inflation in its financial statements. However, assets, liabilities and stockholders' equity include the restatement effects recognized through December 31, 2007.

On January 1, 2008, the Company reclassified the entire balance of the insufficiency in restated stockholders' equity to retained earnings, and concluded that it is impractical to identify the gain (loss) from holding non-monetary assets related to assets not realized as of that date.

c. **Cash and cash equivalents** - Cash and cash equivalents consist mainly of bank deposits in checking accounts and readily available daily investments of cash surpluses, 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 the comprehensive financing result of the period. Cash equivalents are represented mainly by daily investments of cash surpluses.

d. **Investments in securities** - According to its intent, from the date of acquisition the Company classifies investments in debt and equity securities in one of the following categories: (1) trading, when the Company intends to trade debt and equity instruments in the short-term, prior to maturity, if any, and are stated at fair value. Any value fluctuations are recognized within current earnings; (2) held-to-maturity, when the Company intends to, and is financially capable of, holding such investments until maturity. These investments are recognized and maintained at amortized cost; and (3) available-for-sale. These investments include those that are classified neither as trading nor held-to-maturity. These investments are stated at fair value; any unrealized gains or losses resulting from valuation, net of income tax and statutory employee profit sharing, are recorded as a component of other comprehensive income within stockholders' equity, and reclassified to current earnings upon their sale. Fair value is determined using prices quoted on recognized markets. If such securities are not traded, fair value is determined by applying recognized technical valuation models.

Investments in securities classified as held-to-maturity and available-for-sale are subject to impairment tests. If there is evidence that the reduction in fair value is other than temporary, the impairment is recognized in current earnings.

Financial liabilities derived from the issuance of debt instruments are recorded at the value of the obligations they represent. Any expenses, premiums and discounts related to the issuance of debt financial instruments are amortized over the life of the instruments.

e. **Derivative financial instruments** - Derivative financial instruments for trading or to hedge the risk of adverse movements in: a) interest rates, b) exchange rates for long-term debts, c) prices of metals, and d) the price of natural gas, are recognized as assets and liabilities at their fair value.

When derivatives are contracted to hedge risks and fulfill all of the hedging requirements, their designation is documented at the start of the hedge transaction, describing the objective, characteristics, accounting recognition and how the effectiveness will be measured, in relation to this transaction.

Changes in the fair value of derivatives designated as hedges are recognized as follows: (1) when they are fair value hedges, the fluctuations in both the derivative and the item hedged are valued at fair value and are recognized in results; (2) when they are cash flow hedges, the effective portion is recognized temporarily in other comprehensive income and is applied to results when the hedged item affects them; the ineffective portion is recognized immediately in results; (3) when the hedge is an investment in a foreign subsidiary, the effective portion is recognized in other comprehensive income as part of the translation effects of foreign subsidiaries; the gain or loss on the ineffective portion of the hedge instrument is recognized in results of the period if it is a derivative financial instrument and, if it is not, it is recognized in other comprehensive income until the investment is sold or transferred.

Although they are contracted for hedging purposes from an economic standpoint, some derivative financial instruments have not been designated as hedging operations for accounting purposes. The fluctuation in the fair value of these derivatives is recognized in results in the comprehensive result of financing.

The Company suspends the accounting for hedges when the derivative has matured, has been sold, is canceled or exercised, when the derivative does not reach sufficiently high effectiveness to offset the changes in the fair value or cash flows from the item hedged, or when the entity decides to cancel the hedge designation.

When the accounting for hedges is suspended in the case of cash flow hedges, any amounts recorded in stockholders' equity as part of other comprehensive income, remain within capital until the effects of the forecast transaction or firm commitment affect results. If it is no longer probable that the firm commitment or forecast transaction will take place, any gains or losses that were accumulated in other comprehensive income are recognized immediately in results. When the hedge of a forecasted transaction was first considered satisfactory and subsequently does not comply with the effectiveness test, the effects accumulated in other comprehensive income within stockholders' equity are carried proportionally to results to the extent that the forecasted asset or liability affects results.

The Company has executed certain contracts with effects yet to be recognized, and which due to their nature include an embedded derivative. These are valued at fair value and the effect is recorded in the statement of income at the close of the period in which they are valued.

f. **Inventories** - Inventories are stated at the lower of cost or realizable value or market value, except that: 1) the market value does not exceed net realizable value and 2) the market value should not be less than the net realizable value.

g. **Real state inventories** – Real state inventories are valued at the acquisition costs of land, licenses, materials, labor and overhead incurred in the construction activity of the Company. The Company classifies as long term inventories, real estate for which the construction phase exceeds one year.

h. **Property, machinery and equipment** - Are initially recorded at acquisition cost for those entities operating in noninflationary economic environments. Balances arising from acquisitions made through December 31, 2007 for all entities and to date for those foreign entities operating in inflationary environments are restated by applying factors derived from the NCPI. In the case of fixed assets of foreign origin, acquisition cost is restated for the effects of inflation through the respective date based on the inflation of the country of origin and considering the exchange fluctuations of the Mexican peso against the currency of the country of origin. Depreciation is calculated by the straight-line method based on the remaining useful lives of the related assets, considering a percentage of the estimated salvage value.

The comprehensive financing result ("RIF") from financial liabilities incurred during the construction and installation of property, plant and equipment that meet certain criteria is capitalized, if this amount is significant and provided the investment in these fully identifiable assets with liabilities that cause the financial burden.

i. **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 selling price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the amounts mentioned above. The impairment indicators considered for these purposes are, among others, the 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 manufactured, competition and other legal and economic factors. As of December 31, 2009 and 2008, the impairment effect was $60,584 and $49,899, respectively, and is presented under other income (expenses), net in the consolidated statements of income.

j. **Investment in shares of associated companies and others** - These investments are valued using the equity method.

k. **Other assets** - Intangible assets are recognized in the accompanying balance sheets only if they can be identified, provide future economic benefits and control exists over such assets. Intangible assets with an indefinite useful life are not amortized and the carrying value of these assets is subject to annual impairment testing, and intangible assets with a defined useful life are amortized systematically based on the best estimate of their useful life, determined in accordance with the expected future economic benefits.

The intangible assets recognized by the Company are as follows:

1. The costs of the phase of investigation are capitalized as other assets and are amortized over five years using the straight-line method.
2. The expenses incurred for site restoration due to future obligations in the year are amortized over five years using the straight-line method.

Plans and projects for environmental control are presented within other assets. The expenses that are made for this concept are applied to the provision for environmental remediation and the subsequent increase to such provision is debited to the income statement, only if it corresponds to present obligations or to other future obligations, in the year that they are determined.

l. **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.

m. **Provisions** - Provisions are recognized for current obligations that result from a past event, that are probable to result in the future use of economic resources, and that can be reasonably estimated.

n. **Provision for environmental remediation** - The Company has adopted environmental protection policies within the framework of applicable laws and regulations. However, due to their activities, the industrial subsidiaries, and more specifically its mining subsidiaries, sometimes perform activities that adversely affect the environment. Consequently, the Company implements remediation plans (which are generally approved by the competent authorities) that involve estimating the expenses incurred for this purpose.

Based on applicable accounting standards, a provision is created for this item, which consists of applying a charge to results when the event requiring environmental remediation has already occurred, and recording a deferred asset subject to amortization (site restoration) when future events requiring environmental remediation are foreseen (see Notes 10 and 13).

The estimated costs to be incurred could be modified due to changes in the physical condition of the affected work zone, the activity performed, laws and regulations, variations affecting the prices of materials and services (especially for work to be performed in the near future), as well as the modification of criteria used to determine work to be performed in the affected area, etc.

o. **Employee benefits from termination, retirement and other** - Liabilities from seniority premiums, pension plans for non-union employees and payments that are similar to pensions and severance payments are recognized as they accrue and are calculated by independent actuaries using nominal interest rates. Therefore, the liability is being recognized that present value is considered sufficient to cover the liability for these benefits to the estimated date of retirement of all employees working in the Company. As of December 31, 2009 and 2008, substantially all subsidiaries have created investment funds to cover such contingency.

p. **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 bases of assets and liabilities.

q. **Income taxes** - 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. According to NIF D-4, Income Taxes, the balance of the initial cumulative effect of deferred income taxes was reclassified to retained earnings (accumulated deficit) as of January 1, 2008.

r. **Tax on assets ("IMPAC")** - The tax on assets (IMPAC) that is expected to be recovered is recorded as a tax credit and is presented in the balance sheet as an account receivable.

s. **Foreign currency 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 as a component of net comprehensive financing cost (income) in the consolidated statements of income.

t. **Revenue recognition** - Revenues are recognized as follows:

1. Revenues from sales- These are recognized in the period in which the risks and rewards of ownership of the inventories are transferred to those who acquire them, which generally coincides when the inventories are delivered or shipped to the customer and the customer assumes responsibility for them.
2. Revenues from services- These are recognized as the service is rendered.
3. Revenues from long-term construction contracts- These are recognized based on the percentage-of-completion method, which identifies the revenue in proportion to the costs incurred to reach the progress required to terminate the project. If the final estimated costs determined exceed the revenues contracted, the respective provision is recorded with a charge to results for the year.
4. Revenues from change orders- These are recognized when their amount can be reliably quantified and there is reasonable evidence of their approval by the customer. The revenues from claims are recognized when they can be reliably quantified and when, depending on the progress made in the negotiation, there is reasonable evidence that the customer will agree to their payment.
5. Revenues from real estate developments- These are recognized at the signing date of the respective contract of purchase and sale, in which the rights and obligations of the real estate property are transferred to the buyer, and at least 20% of the price agreed has been received. If there is uncertainty about future collections, the revenue is recorded as it is received. In those cases where there are indicators of difficulty in recovery, additional allowances for doubtful accounts are created, with a charge against results of the year in which they are determined.

u. **Earnings per share** - Basic earnings per common share are calculated by dividing net income of majority stockholders by the weighted average number of shares outstanding during the year.

4. Cash and cash equivalents

	2009	2008
Cash and bank deposits	$ 2,235,208	$ 1,783,292
Daily investments of cash surpluses	3,835,761	3,197,751
	$ 6,070,969	$ 4,981,043

5. Investments in securities

	2009	2008
Trading	$ 2,347,079	$ 1,386,846
Available for sale	177,233	135,221
	$ 2,524,312	$ 1,522,067

6. Other accounts receivable

	2009	2008
Sundry debtors	$ 784,706	$ 880,503
Creditable value-added tax	403,885	11,563
Recoverable business flat tax (IETU)	368,904	268,186
Recoverable asset tax (IMPAC)	–	27,803
Other recoverable taxes	92,035	6,365
Other	154,704	590,901
	$ 1,804,234	$ 1,785,321

7. Inventories

	2009	2008
Raw materials and auxiliary materials	$ 2,836,194	$ 3,423,999
Production-in-process	669,279	540,321
Finished goods	554,503	1,146,323
Merchandise in stores	7,116,629	7,759,451
Land and housing construction in progress	1,184,639	486,326
Allowance for obsolete inventories	(417,703)	(696,570)
	11,943,541	12,659,850
Merchandise in-transit	996,441	866,379
Replacement parts and other inventories	136,037	2,118
Advances to suppliers	1,468,817	803,737
	$ 14,544,836	**$ 14,332,084**
Real state inventories	**$ 643,116**	**$ 585,452**

8. Property, machinery and equipment

Given the diversity of the business activities in which the Company is engaged, the estimated useful lives of the assets vary significantly; and it is therefore impractical to disclose them here.

The Company is constantly evaluating its idle assets in order to determine their possible short-term use or take the necessary measures for their realization. The assets which are temporarily out of use refer to machinery and equipment from the mining and industrial sector in the amounts of $133,807 and $285,998 at net realizable value as of December 31, 2009 and 2008, respectively.

As of December 31, 2009 and 2008, the effect from impairment and decline in value of property, machinery and equipment was $60,584 and $49,899, respectively, presented in the consolidated statement of income in other income (expenses), net.

In order to effectively meet commitments to customers, and to improve productivity margins, the "Patio de Tuxpan" is under construction, a movable platform called Jack - up Independencia I, devoted to drilling oil in shallow water (shallow). This project began its construction in 2009 and is estimated to be concluded in late 2010 and will generate leasing income.

9. Investment in shares of associated companies and others

	2009	2008
Elementia, S.A. de C.V.	$ 4,063,617	$ –
Infraestructura y Transportes México, S.A. de C.V.	3,165,054	2,889,875
Philip Morris México, S.A. de C.V.	975,272	1,005,544
Centro Comercial Plaza Satélite, S.A. de C.V. (Fideicomiso F-7278 de BBVA Bancomer, S.A.)	569,796	579,912
Fideicomiso F-00096 Cabi Coatzacoalcos, S.A. de C.V.	217,851	211,817
Grupo Telvista, S.A. de C.V.	200,019	161,517
Centro Histórico de la Ciudad de México, S.A. de C.V.	268,400	–
Adventure Tile, Inc.	–	240,020
Other	180,853	205,810
	$ 9,640,862	**$ 5,294,495**

10. Other assets

	2009	2008
Costs incurred during the phase of investigation of deposits	$ 235,557	$ 154,746
Site restoration	89,137	79,240
Guarantee deposits	178,174	127,371
Goodwill	91,051	91,051
Derivative financial instruments	60,754	–
Deferred PTU	4,316	–
Others, net	404,081	168,869
	$ 1,063,070	**$ 621,277**

The amount presented under site restoration is related to unamortized assets as discussed in Note 3n.

11. Long-term debt

		2009		2008
I. Syndicated loan for US $600,000 thousand maturing in September 2011, bearing interest payable on a quarterly basis at interest rate equal to Libor plus 0.275%	$	7,835,220	$	8,122,981
II. Direct loan in euros, with quarterly and semiannual maturities at variable rates, and final maturity in 2014		188,124		188,840
III. Direct loans in Mexican pesos, with monthly maturities, interest at variable rates, and final maturity in 2017		2,792,757		485,535
IV. Other loans		12,591		26,010
		10,828,692		8,823,366
Less – current portion		(72,278)		(81,320)
Long-term liability	**$**	**10,756,414**	**$**	**8,742,046**

Long-term debt bears interest at variable rates. The weighted average interest rates during 2009 and 2008 for Mexican peso loans were 8.09% and 9.94%, respectively, while for US dollar and euro loans they were 1.20% and 3.60%, respectively.

Maturities of long-term debt as of December 31, 2009 are as follows:

Year ending December 31		
2011	$	7,939,467
2012		102,309
2013		1,763,308
2014and thereafter		951,330
	$	10,756,414

The syndicated and direct loan contracts establish affirmative and negative covenants for the borrowers; additionally, based on the Company's and some of their subsidiaries consolidated financial statements, certain financial ratios and percentages must be maintained. All of these requirements are met at the date of issuance of these consolidated financial statements.

12. Derivative financial instruments and hedging instruments

The purpose of contracting financial derivative instruments is: (i) to partially cover the financial risks for exposure to exchange rates, interest rates, and prices of natural gas and of certain metals; or (ii) the expectation of a good financial return due to the behavior of the underlyings. The decision to contract an economical financial hedge is based on market conditions, the expectation of such instrument at a given date, and the domestic and international economic context of the economic indicators that influence the Company's operations.

a. The transactions performed with foreign exchange and/or interest rate forwards and swaps; as well as embedded derivates, are summarized below:

					Valuation as of December 31, 2009			
		Notional				Comprehensive financing result		(Profit) loss on settlement into comprehensive financing result
Instrument	Designated as	Amount ('000)	Unit	Maturity	Assets (liabilities)	Of the year	Of prior years	
Dollar forwards	Purchase	400,000	Dollars	December 2010	$ 261,919	$ 625,993	$ (887,912)	$ –
Dollar forwards	Purchase	3,800	Dollars	January at June 2010	(171)	171	–	–
Dollar forwards	Purchase	200	Euros	March 2010	30	(30)	–	–
Dollar forwards	Purchase	533,000	Dollars	During 2009	–	–	–	213,582
Dollar forwards	Sale	131,000	Pesos	March and May 2010	(9,773)	9,773	–	–
Dollar forwards	Sale	1,535,000	Dollars	During 2009	–	–	–	(929,762)
Dollar swaps / Libor in pesos/TIIE	Hedge purchase	155,000	Dollars	September 2011	350,125	126,826	(476,951)	80,964
TIIE swaps to fixed rate	Hedge purchase	8,700,000	Pesos	May 2017 and September 2018	19,925	132,757	(152,682)	171,511
TIIE swaps to fixed rate	Hedge purchase	1,210,000	Pesos	April and September 2010	(1,118)	1,118	–	–
TIIE swaps to fixed rate	Hedge purchase	226,000	Pesos	During 2009	–	–	–	8,418
TIIE swaps to fixed rate	Sale	1,700,000	Pesos	June 2017 and May 2018	98,319	(17,932)	(80,387)	(51,875)
Warrant	Hedge purchase	5,440,770	Dollars	During 2010, 2011 and 2012	60,749	(166)	–	–
Call option dollar	Purchase	40,618	Dollars	During 2009	–	–	–	26,286
Embedded	N/A	27,323	Dollars	During 2010 and 2020	50,765	52,646	(103,411)	–
Total at December 31, 2009					$ 830,770	931,156	$ (1,701,343)	$ (480,876)
Total at December 31, 2008					$ 1,699,916	(1,535,409)	$ (164,507)	$ (74,352)

b. The transactions opened and settled with metals trading futures and swaps for sale are summarized below:

Instrument	Notional Amount	Notional Unit	Maturity	Valuation as of December 31, 2009 Assets (liabilities)	Valuation as of December 31, 2009 Comprehensive financing result	(Profit) loss on settlement into comprehensive financing result
Silver futures	6,840	Thousands of ounces	March 2010 to December 2011	$ 1,981	$ 13,411	–
Silver futures	1,430	Thousands of ounces	During 2009	–	–	5,138
Gold futures and swaps	503	Thousands of ounces	January 2010 to December 2011	$ 147,019	$ (147,019)	–
Gold futures and swaps	114,400	Thousands of ounces	During 2009	–	–	99,026
Lead and swaps	11,364	Tons	January to December 2010	(33,455)	33,455	–
Lead swaps	2,487	Tons	During 2009	–	–	3,254
Zinc swaps	47,016	Tons	January to December 2010	(340,025)	340,025	–
Zinc swaps	9,011	Tons	During 2009	–	–	37,668
Copper swaps	7,927	Tons	January to December 2010	(59,115)	59,115	–
Copper swaps	375	Tons	During 2009	–	–	3,540
Total at December 31, 2009				$ (283,595)	$ 298,987	$ 148,626

The fair value of silver futures of $ (15,392) is presented in the balance sheet in the line of cash and cash equivalents.

During 2009 some future silver and copper originally classified as trading, meet the criteria to be designated as hedging, the effect recorded in the comprehensive financing result was a loss of $ 113,638.

c. The transactions opened and settled with metals trading futures and swaps for sale are summarized below:

Instrument	Notional Amount	Notional Unit	Maturity	Valuation as of December 31, 2009 Assets (liabilities)	Valuation as of December 31, 2009 Comprehensive financing result	(Profit) loss on settlement into comprehensive financing result
Silver futures	5,910	Thousands of ounces	During 2009	$ –	$ –	$ 70,785
Gold futures	23	Thousands of ounces	June and December 2010	–	286,517	–
Gold futures	128,400	Thousands of ounces	During 2009	–	–	(8,056)
Copper futures	4,457	Tons	March 2010 to March 2011	–	86,618	–
Copper futures	6,124	Tons	During 2009	–	–	135,182
Total at December 31, 2009				$ –	$ 373,135	$ 197,911
Total at December 31, 2008				$ 139,614	$ (334,038)	$ (620,323)

The fair value of future gold and copper of $ (66,098) and $ (86,618), respectively, is presented in the balance sheet within the line of cash and cash equivalents.

d. The open transactions settled with purchase swaps and futures are summarized below:

Instrument	Notional Amount	Notional Unit	Maturity	Valuation as of December 31, 2009 Assets (liabilities)	Valuation as of December 31, 2009 Comprehensive income	(Profit) loss on settlement in cost of sales
Copper futures and swaps	737	Tons	January to December 2010	$ 9,481	$ (9,481)	$ –
Copper futures and swaps	7,317	Tons	During 2009	–	–	59,926
Aluminum swaps	1,092	Tons	January to April 2010	9,570	(9,570)	–
Aluminum swaps	19,622	Tons	During 2009	–	–	33,997
Natural gas swaps	3,655	MMBtu	January 2010	(26)	26	–
Natural gas swaps	261,953	MMBtu	During 2009	–	–	15,997
Total at December 31, 2009				$ 19,025	$ (19,025)	$ 109,920
Total at December 31, 2008				$ (173,838)	$ 173,838	$ 39,494

13. Provisions

	Beginning balance	Additions	Used provision	Adjustment to present value	Ending balance
2009					
Provision for environmental remediation	$ 142,497	$ 18,784	$ (309)	$ (9,410)	$ 151,562
2008					
Provision for environmental remediation	$ 113,688	$ 30,604	$ (1,795)	$ –	$ 142,497

As part of its mining activities, the Company carries out required environmental control plans and projects to meet its obligations to clean up the environment. The related expenses incurred are applied to the provision for remediation and the subsequent increase in such provision is charged to results, if it refers to present obligations, or to other assets if it refers to future obligations, in the year in which determined. In 2009 and 2008, the provision was increased by $18,874 and $30,604, respectively with a charge to other assets, mainly generated due to the "El Coronel" project in Minera Real de Angeles.

14. Employee retirement obligations

The Company has plans for retirement, death or total disability payments for non-union employees in most of its subsidiaries. It also maintains seniority premium plans for all employees as stipulated in their employment contracts. The Company is also required to pay severance for reasons other than restructuring. The related liabilities and the annual benefit costs are calculated by an independent actuary on the basis of formulas defined in the plans, using the projected unit credit method.

The present value of these obligations and the rates used for their calculation are:

	2009	2008
Vested benefit obligation	$ (325,242)	$ (293,194)
Nonvested benefit obligation	(1,377,939)	(1,265,866)
Defined benefit obligation	(1,703,181)	(1,559,060)
Plan assets at fair value	2,370,668	2,286,278
Funded status – overfunded	667,487	727,218
Unrecognized items:		
Past service costs and changes to the plan	123,397	165,757
Unrecognized actuarial gains and losses	(451,160)	(562,378)
Net projected asset	$ 339,724	$ 330,597
Contributions to plan assets	$ 49,619	$ 52,393

The rates used in actuarial calculations were as follows:

	2009 %	2008 %
Discount of the projected benefit obligation at present value	8.36	8.45
Expected yield on plan assets	8.42	8.42
Salary increase	4.51	3.80
Future pension increase	5.95	4.25

Unrecognized items are charged to results over a period of five years.

Amounts for the current year and the four preceding years:

		2009		2008
Service costs	$	164,036	$	127,602
Interest cost		132,641		77,701
Expected yield on plan assets		(193,464)		(168,896)
Amortization of unrecognized prior service costs		66,235		43,380
Actuarial gains and losses – net		(27,599)		(18,472)
Effect of reduction or early liquidation (other than a restructuring or discontinued operation)		(114,122)		(101,960)
Net period cost (income)	**$**	**27,727**	**$**	**(40,645)**

Under Mexican legislation, the Company must make payments equivalent to 2% of its workers' daily integrated salary (ceiling) to a defined contribution plan that is part of the retirement savings system. The expense in 2009 and 2008 was $172,621 and $142,612, respectively.

Amounts for the current year and the four preceding years:

		2009		2008		2007		2006		2005
Defined benefit obligation	$	(1,703,181)	$	(1,559,060)	$	(1,697,719)	$	(1,640,419)	$	(1,683,271)
Plan assets at fair value		2,370,668		2,286,278		3,269,477		2,802,064		2,670,212
Funded status	**$**	**667,487**	**$**	**727,218**	**$**	**1,571,758**	**$**	**1,161,645**	**$**	**986,941**
Adjustments to defined benefit obligation based on experience	**$**	**(451,160)**	**$**	**(562,378)**	**$**	**(998,161)**	**$**	**(584,864)**	**$**	**(448,456)**
Adjustments to plan assets based on experience	**$**	**123,397**	**$**	**165,757**	**$**	**(26,585)**	**$**	**(87,826)**	**$**	**(108,760)**

15. Stockholders' equity

a. The historical amount of subscribed and paid-in common stock of Grupo Carso as of December 31, 2009 and 2008 is as follows:

	Number of shares		Amount			
	2009	2008		2009		2008
Series A1	2,745,000,000	2,745,000,000	$	1,058,036	$	1,058,036
Treasury shares repurchased	(421,281,600)	(418,514,500)		(162,380)		(161,313)
Historical capital stock	**2,323,718,400**	**2,326,485,500**	**$**	**895,656**	**$**	**896,723**

Common stock consists of ordinary, nominative and no par value shares.

Pursuant a general ordinary Stockholders' meeting on April 30, 2009, the payment of a dividend was approved to the shareholders at the amount of $0.60 per share, payable starting on May 18, 2009. This dividend payment amounted to $1,395,891.

During the general ordinary Stockholders' meeting held on April 28, 2008, the payment of a dividend to the shareholders was approved, at the amount of $0.60 per share, payable beginning May 15 of the same year. This payment amounted to $1,395,891. In the board of directors' meeting held on February 25, 2008, the payment of an extraordinary dividend was approved, at the amount of $7.00 per share, in a single payment beginning March 7, 2008. This payment amounted to $16,285,399.

Dividends declared in the year were taken from the consolidated net tax income account ("CUFIN") balance.

b. 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 its historical amount (nominal pesos). The legal reserve may be capitalized but may not be distributed unless the Company is dissolved, and must be replenished if it is reduced for any reason. At December 31, 2009 and 2008, the legal reserve of Grupo Carso is $381,635 (nominal pesos) and it is presented as part of retained earnings.

c. 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.

d. The balances of the stockholders' equity tax accounts as of December 31 are:

		2009		2008
Contributed capital account	$	6,034,915	$	5,834,040
Consolidated net tax income account		44,576,787		39,835,765
Total	**$**	**50,611,702**	**$**	**45,669,805**

16. Transactions and balances with related parties

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

		2009		2008
Sales	$	9,398,128	$	11,795,393
Interest income (expense)		(63,908)		42,418
Rentals collected		16,495		17,482
Purchases		(1,669,627)		(1,993,375)
Prepaid insurance		(207,627)		(257,666)
Services rendered		(224,162)		(125,973)
Financial cost of discounted portfolio		–		(10,740)
Cession of rights ("Las Trufas") (1)		–		302,431
Other income (expenses), net		138,735		382,945
Purchases of fixed assets		(350)		(217)

(1) In April 2008, the subsidiary Inmuebles General, S.A. de C.V. (trustor and primary beneficiary) signed a trust agreement with Banco Inbursa, S.A. (trustee), with the contribution of land designated for the architectonic development denominated " Plaza Carso "; on the part of the trustor, which in turn ceded the rights to Inmobiliaria Las Trufas, S.A. de C.V. ("Las Trufas"), a related party, equivalent to 15% of the total of the rights of the trust, to construct its corporative offices. For this transfer of rights, Las Trufas made a payment of $302,431 (equivalent to 29,180 thousands of dollars); which were recorded net of their cost of $34,572, within other income in the consolidated statement of income.

b. Transactions with associated companies, carried out in the ordinary course of business, were as follows:

		2009		2008
Sales	$	75,994	$	24,146
Acquired services		180		53,209
Rentals collected		118		–
Purchases		(99,711)		(103,811)
Interest expense		–		(982)
Other income, net		–		52,697

c. Balances receivable and payable with related parties are as follows:

	2009	2008
Receivable-		
Radiomóvil Dipsa, S.A. de C.V.	$ 264,341	$ 74,468
Delphi Packard Electric Systems	134,106	120,810
Teléfonos de México, S.A.B. de C.V.	111,920	308,982
Consorcio Red Uno, S.A. de C.V.	35,819	48,563
Concesionaria de Carreteras, Autopistas y Libramientos de la República Mexicana, S.A. de C.V.	28,962	33,388
Uninet, S.A. de C.V.	17,972	54,319
Teléfonos de Noroeste, S.A. de C. V.	17,892	11,826
Renta de Equipo, S.A. de C.V.	17,443	41,634
Telecomunicaciones de Guatemala, S.A.	11,586	39,164
Construcción, Conservación y Mantenimiento Urbano, S.A. de C.V.	11,062	39,240
Compañía Dominicana de Teléfonos, C. por A.	10,969	–
Compañía de Teléfonos y Bienes Raíces, S.A. de C.V.	8,023	21,546
Empresa Nicaragüense de Telecomunicaciones, S.A.	5,757	10,117
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V.	5,464	18,254
Telmex, S.A. de C.V.	3,363	21,772
CTE Telecom Personal, S.A. de C.V.	630	22,454
Autopista Arco Norte, S.A. de C.V.	340	359,329
Ideal Saneamiento de Saltillo, S.A. de C.V.	134	59,685
Inmobiliaria para el Desarrollo de Proyectos, S.A. de C.V.	–	36,495
ENITEL de Nicaragua, S.A. de C.V.	–	28,511
Servicios de Comunicación de Honduras, S.A. de C.V.	–	23,598
Embratel Participacoes, S.A.	–	17,705
AMX Argentina, S.A.	–	15,047
Alquiladora de Casas, S.A. de C.V.	–	12,641
Seguros Inbursa, S.A.	–	11,427
Otras	55,400	56,015
	$ 741,183	$ 1,486,990
Payable-		
Inmobiliaria las Trufas, S.A. de C.V.	$ 1,144,716	$ 8,640
Constructora Mexicana de Infraestructura Subterránea, S.A. de C.V.	185,583	–
Seguros Inbursa, S.A.	156,161	–
Inmuebles Magad, S.A. de C.V.	142,797	–
Alquiladora de Casas, S.A. de C.V.	97,151	–
Promotora del Desarrollo de América Latina, S.A.de C.V.	80,129	–
Philip Morris México, S.A. de C.V.	70,052	10,303
Fianzas la Guardiana Inbursa, S.A. de C.V.	62,922	–
Distribuidora Telcel, S.A. de C.V.	34,352	27,290
Fundación Carlos Slim, A.C.	24,528	–
Cleaver Brooks de México, S.A. de C.V.	14,791	18,994
Otras	19,481	13,001
	$ 2,032,663	$ 78,228

d. Borrowings from financial institutions includes balances with Banco Inbursa, S.A. of $1,395,335 and $403,883, as of December 31, 2009 and 2008, respectively, which accrue interest at a variable rate based on general market conditions.

e. Long-term debt includes balances with Banco Inbursa, S.A. of $2,768,757 and $425,987, as of December 31, 2009 and 2008, respectively, which accrue interest at a variable rate based on general market conditions.

f. Benefits granted to key management and/or executive personnel were as follows:

	2009	2008
Short and long-term direct benefits	$ 141,641	$ 110,372
Severance benefits	4,710	4,488
Postretirement benefits	252,497	208,760

17. Foreign currency balances and transactions

a. At December 31, the foreign currency monetary position in thousands of U.S. dollars is as follows:

	2009	2008
Monetary assets	301,135	546,214
Short-term monetary liabilities	(153,896)	(214,820)
Long-term monetary liabilities	(611,580)	(743,623)
Net monetary asset (liability) position	**(464,341)**	**(412,229)**
Equivalent in Mexican pesos	**$ (6,063,690)**	**$ (5,580,879)**

b. Transactions denominated in foreign currency in thousands of U.S. dollars were as follows:

	2009	2008
Export sales	379,597	565,287
Foreign sales of subsidiaries	383,943	455,577
Import purchases	(717,282)	(1,100,852)
Interest income	829	15,600
Interest expense	(7,171)	(18,601)
Other	(174,780)	(162,570)

c. The exchange rates in effect at the dates of the consolidated balance sheets and at the date of the independent auditors' report are as follows:

	December 31, 2009	December 31, 2008	March 10, 2010
U.S. dollar	$ 13.0587	$ 13.5383	$ 12.6574

18. Other income - net

This is comprised of the following income (expense) items:

	2009	2008
Gain from sale of subsidiary shares	$ 54,171	$ 222,959
Dividends received	–	729,639
Loss from impairment of long-lived assets	(60,584)	(49,899)
Employee profit sharing ("PTU")	(269,022)	(281,531)
Sale of brands	300,000	–
Provision for legal dispute (Porcelanite and Atlas Flooring)	(365,644)	–
Cession of "Las Trufas" rights	–	267,859
Other, net	206,773	52,738
	$ (134,306)	$ 941,765

PTU is calculated on taxable income, which for these purposes does not consider the annual adjustment for inflation, while tax depreciation is at historical, not restated values.t

	2009	2008
Composed of:		
Current expense	$ (279,436)	$ (271,461)
Deferred benefit	10,414	(10,070)
	$ (269,022)	$ (281,531)

The main items comprising the liability balance of deferred PTU are:

		2009		2008
Deferred PTU (asset) liability:				
Inventories	$	(2,323)	$	5,186
Property, machinery and equipment		31,758		16,360
Advances from customers		(6,622)		(5,053)
Surplus of the trust for benefits to the employees to the retirement		38,077		47,911
Derivates financial instruments trading		(8,662)		8,987
Derivates financial instruments hedge		(34,602)		–
Estimates and reserves		(5,959)		(24,402)
Other, net		(15,983)		(10,218)
Long-term liability for deferred PTU	**$**	**(4,316)**	**$**	**38,771**

19. Taxes on income

The Company is subject to ISR and IETU.

ISR is computed taking into consideration the taxable and deductible effects of inflation. The tax rate for 2009 and 2008 was 28%, and will be 30% for 2010 to 2012, 29% for 2013, and 28% for 2014 and thereafter. The Company pays ISR, together with subsidiaries on a consolidated basis.

On December 7, 2009, amendments to the ISR Law were published, to become effective beginning in 2010. These amendments state that: a) ISR relating to tax consolidation benefits obtained from 1999 through 2004 should be paid in installments beginning in 2010 through 2015, and b) ISR relating to tax benefits obtained in the 2005 tax consolidation and thereafter, should be paid during the sixth through the tenth year after that in which the benefit was obtained.

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. The IETU rate is 17% and 16.5%, in 2009 and 2008, respectively; and 17.5% as of 2010. The Asset Tax Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid, may be recovered, according to the terms of the law. In addition, as opposed to ISR, the parent and its subsidiaries will incur IETU on an individual basis.

The utility tax is caused greater of the ISR and IETU.

Based on financial projections, in accordance with INIF 8, Effects of IETU, the Company and most of its subsidiaries, determined that they will essentially pay ISR, and therefore only recognize deferred ISR. Also, certain subsidiaries of the Company identified that essentially pay IETU therefore only recognize deferred IETU.

Grupo Carso has authorization from the Mexican Treasury Department ("SHCP") to file a consolidated income and asset tax return with its subsidiaries.

a. ISR consists of the following:

		2009		2008
ISR:				
Current	$	3,524,609	$	2,986,902
Deferred		(1,604,338)		(1,320,914)
Change in valuation allowance for recoverable asset tax and tax loss carryforwards		19,674		31,917
IETU:				
Current		13,441		10,387
Deferred		(36,863)		24,412
	$	1,916,523	$	1,732,704

b. Following is a reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income:

	2009 %	2008 %
Statutory rate	28	28
Add (deduct) the effect of permanent differences:		
Nondeductible expenses	2	1
Effects of inflation	(4)	1
Equity in income of associated companies and others	(4)	(4)
Non-taxable income	(2)	–
Gain on sale of subsidiaries	–	(4)
Other, net	2	(3)
Effective rate	**22**	**19**

c. Other comprehensive income amounts and items and the deferred taxes affected during the period are as follows:

	Amount before income taxes	Income taxes	Amount net of income taxes
Unrealized gain on cash flow hedge	$ 272,812	$ 76,387	$ 196,425
Effect of translation of foreign operations	79,958	22,388	57,570
	$ 352,770	$ 98,775	$ 253,995

d. The main items comprising the (asset) liability balance of deferred ISR:

	2009	2008
Property, machinery and equipment		
Inventories	$ 3,384,260	$ 3,512,899
Accounts receivable from installment sales	610,279	429,134
Advances from customers	576,624	726,416
Natural gas and metals swaps and futures	(522,645)	(498,864)
Revenues and costs by percentage-of-completion method	108,595	248,822
Supplemental estimates for assets, reserves for liabilities	(170,556)	746,373
Other, net	(1,144,207)	(638,461)
Deferred ISR on temporary differences	548,977	434,872
	3,391,327	4,961,191
Effect of tax loss carryforwards	483,082	–
Valuation allowance for tax loss carryforwards	(40,182)	(52,226)
Tax loss reserve	19,674	31,917
Losses on sale of shares	(33,962)	(33,962)
Deferred ISR payment (long-term CUFINRE)	23,326	22,608
Net deferred ISR liability	3,843,265	4,929,528
Deferred IETU (asset) liability		
Inventory tax credit	(32)	(54)
Tax credit for the undeducted balance of investments acquired between January 1998 and August 2007	(1,396)	(2,333)
Tax credit for the undeducted balance of used investments acquired from September to December 2007	(20)	(53)
Accounts and notes payable	(490)	–
Others	–	23
Deferred IETU asset	(1,938)	(2,417)
Deferred IETU liability:		
Inventories	160	160
Property, machinery and equipment	38,014	41,565
Accounts receivable from installment sales	577	–
Others	–	15,928
Deferred IETU liability	38,751	57,653
Net deferred IETU liability	36,813	55,236
Total liability deferred tax income	**$ 3,880,078**	**$ 4,984,764**

e. Unapplied tax losses and recoverable asset tax of Grupo Carso, S.A.B. de C.V. and its subsidiaries for which a deferred income tax asset and an advanced income tax payment, respectively, have been recognized, may be recovered provided certain requirements are fulfilled. Their maturities and restated amounts at December 31, 2009 are as follows:

Year of expiration		Tax loss carryforwards
2010	$	11,819
2011		7,302
2012		76
2013		18,952
2014		17,599
2015 and thereafter		1,620,210
	$	1,675,958

20. Discontinued operations

discussed in Note 1, during 2009 the Company sold shares of its subsidiaries engaged in the processing and sale of copper and aluminum, and the manufacture and sale of PVC pipes. Therefore, on the balance sheet of 2008 are presented separately the assets and liabilities in the short and long term and these subsidiaries are presented as assets and liabilities of discontinued operations.

The unsold assets and liabilities of those businesses, at December 31, 2008, are as follows::

Cash and cash equivalents	$	256,057
Accounts receivable – net		1,821,999
Inventories – net		1,436,440
Other		445,390
		3,959,886
Property, machinery and equipment		4,344,337
Other assets		428,803
		4,773,140
Total assets	**$**	**8,733,026**
Trade accounts payable	$	1,150,000
Accrued expenses, taxes and others		362,469
Deferred income taxes		204,523
		1,716,992
Long-term debt		1,759,979
Long- term taxes and others		866,229
Deferred income taxes		2,236
		2,628,444
Total liabilities	**$**	**4,345,436**

Income statement through the date of sale of these subsidiaries is presented separately in the accompanying consolidated income statements in the line of discontinued operations.

Below are relevant figures from the statements of income of the discontinued operations for the periods in which they were consolidated, corresponding to the s copper and aluminum segment in 2009 and copper and aluminum and the tobacco segments that was disposed in 2008:

		2009		2008
Net sales	$	3,023,967	$	9,424,748
Costs and expenses		2,352,304		8,681,183
Operating expenses		119,518		373,362
Other expenses (income), net		(106,826)		42,268
Net comprehensive financing result		(35,227)		(129,177)
Equity in income of associated companies		410,092		283,294
Income before taxes		124,575		173,211
Income of discontinued operations		285,517		110,083
Income of sale of subsidiary		350,151		–
Net income of discontinued operations	**$**	**635,668**	**$**	**110,083**

21. Commitments

At the date of the financial statements, the Company has the following commitments of its main subsidiaries:

I. Commercial group:

a. At December 31, 2009, Sanborns has executed contracts with suppliers for the remodeling and construction of certain stores. These commitments are for an amount of approximately $2,644,223.

b. In addition, as of December 31, 2009, Sanborns and its subsidiaries executed lease contracts in 277 stores (Sears, Saks Fifth Avenue, Sanborn Hermanos, Sanborns-Café, Mix-Up, Discolandia, I Shop, Dorian's, Corpti, Promusic and Sanborns Panamá). These lease contracts establish mandatory terms ranging from one to 20 years. Lease amounts paid during 2009 and 2008 were $686,356 and $717,662, respectively. Similarly, the Company and its subsidiaries have contracts with terms ranging from one to 15 years, with lease revenues in 2009 and 2008 of $835,243 and $451,506, respectively.

c. On September 12, 2006, Sanborns, signed a contract for the payment of consultancy and license of use of trademark fees with an initial term of 15 years, with an option to renew for 10 more years, which establishes an annual minimum payment of 500,000 U.S. dollars for the use of the name of Saks Fifth Avenue.

d. Sears Roebuck de Mexico, S.A. de C.V. (Sears Mexico) and Sears Roebuck and Co. (Sears US), recently signed an agreement through which the parties decided to extend the same terms in effect in the Use License Agreement Trademark and contracts of sale of goods and consultancy business covering the relationship between them. The agreement is in place until September 30, 2019, but provides for an additional seven-year extension on the same terms, unless one of the parties decides not to prolong it, by notifying the other party two years in advance.

II. Infrastructure and construction

a. During December 2009, Operadora signed an agreement to work at unit prices with the Sistema de Autopistas, Aeropuertos, Servicios Conexos y Auxiliares del Estado de México (SAASCAEM) government agency, to make the modernization of Highway Tenango-Ixtapan de la Sal, 4 lanes, the Km 1 +100 to Km 32 +630, in the Estado de Mexico. The work consists of the increase from 2 to 4 lanes, including earthworks, drainage works, structures, asphalt paving, construction and adaptation of junctions with a total length of 31.6 km. The value of the project is $492,162 plus VAT and will run in a contract period of 20 months.

b. In October 2009, Operadora announced the agreement with Impulsora del Desarrollo y el Empleo en America Latina, S.A.B. de C.V. ("IDEAL") (related party) to carry out works for the Construction and Modernization " North Pacific Project "consisting of: (i) The South Libramiento Culiacan and Mazatlan Libramiento league and its branches, and (ii) The Highway Specifications High-Mazatlan Culiacan and modernization works associated with it. The works to be executed, according to contract signed in February 2010, amounting to a total of $3,678,200 plus VAT. CICSA bound serves as supportive in this project.

c. In July 2009, Servicios Integrales GSM, S.A. de C.V. ("GSM") and Operadora Cicsa , S.A. de C.V. ("Operadora") received from Pemex Exploracion y Produccion ("PEP") the award of public works contract for the "Work integrated drilling in Tertiary Gulf Oil Project (Additional Package VIII). The value of this contract is approximately $203,528 plus US $119.897 thousand, plus the corresponding VAT, and will be executed over a period of approximately two years. In September 2009 started the implementation of this project, drilling 144 oil wells.

d. In April 2009, Operadora entered into a contract with CFC Concesiones, S.A. de C.V., a subsidiary of IDEAL, to carry out the construction of phase two of the Highway located in the Northeast metropolitan area of Toluca, which consisted of two additional lanes, with a length of 29.4 km, located in the cities of Lerma, Toluca, Otzolotepec, Xonacatlan, Temoaya and Almoloya de Juarez, within a year. The contract is worth approximately $750,675. At the date of issuance of this report, the project continues under the program established.

e. In November 2008, CICSA signed a contract for the construction of the "Túnel Emisor Oriente" in the amount of $9,596 million pesos, which will restore the drainage capacity of Mexico City and thus avoid flooding during the rainy season. Given the need for such construction work and the technical capacity and experience of the Mexican companies involved in the consortium, the National Water Commission, the Federal District Government and the Government of Mexico State, through Trust 1928, made a direct award under the Public Works and Related Services Law, to allocate such project to the company named Constructora Mexicana de Infraestructura Subterránea, S.A. de C.V. (COMISSA), whose shareholders are: CICSA with a 40% equity holding, Ingenieros Civiles Asociados, S.A. de C.V. (ICA), Construcciones y Trituraciones, S.A. de C.V. (COTRISA), Constructora Estrella, S.A. de C.V. (CESA) and Lombardo Construcciones, S.A. de C.V. (LOMBARDO).

The project has already begun engineering and construction work under a mixed construction contract scheme on a unit price, lump sum and fixed term basis, which must be concluded in September 2012. The contract involves the construction of a tunnel measuring 7 meters in diameter, approximately 62 km in length, with flow capacity of 150 m_ a second. The Túnel Emisor Oriente will significantly increase drainage capacity in the Mexico City valley and facilitate the normal performance of drainage maintenance programs. During 2009, the main work was developed in ports numbers 10 and 13, and the construction of 2 production plants voussoirs; in addition, progress of 90% in the construction by tunnel boring machines (TBMs or Tunnel Boring Machines) was made.

f. In the third quarter of 2008, CICSA obtained the contract to carry out work involving the design, development and engineering and construction of the El Realito reservoir, to provide drinking water to the metropolitan area of San Luis Potosí, S.L.P., located on the river Santa María, in the municipality of San Luis de La Paz, Guanajuato. The contract amount is $550 million pesos, in which CILSA has a 52% participation, and is expected to terminate the project within a three-year period. During 2009, construction work mainly consisted of excavation work and the construction of bridges and structures for the production of materials in concrete aggregates.

g. In the second quarter of 2008, the consortium in which CICSA participates together with Ingenieros Civiles Asociados, S.A. de C.V. (a subsidiary of Empresas ICA, S.A.B. de C.V.) and Alstom Mexicana, S.A. de C.V., was assigned the project to construct Line 12 of the Mexico City subway system (also known as Línea Dorada), which would cover a distance of approximately 24 km (from Mixcoac to Tláhuac). This assignment was made by the Department of Public Transportation Works of the Federal District Government, by means of an international public bid. The contract amount is $15,290 million pesos. The participation of CICSA will be 25% of the value of the construction work related to such project. During 2009 work was carried out on an aqueduct that was relocated 48 degrees, civil works, construction of footings, columns and cubes, and construction of piles.

h. During 2008 and 2009, CICSA signed contracts and work orders with related parties in Mexico and Latin America, for totals of $926,602 and $937,146 (nominal value), respectively. The contracts include professional services for construction and modernization of copper cabling networks (pairs) and fiber optic outside plant and to build pipelines and installation of fiber optic links and zonal urban, urban optical fiber, optical fiber for automations, public works, and rush. Most of the projects contracted in Mexico were completed during 2008 and 2009, while projects in Latin America, that have been executed according to the plan, are estimated to be completed during 2010.

i. During October 2007, CICSA signed a contract with the Junta Municipal de Agua y Saneamiento de Juárez (JMAS), Chihuahua, to carry out the construction, maintenance, preservation and operation of the Acueducto Conejos Médanos required to supply drinking water to the city of Ciudad Juárez, Chihuahua. The construction will be $254 million pesos and will take two years, while the operating and maintenance services will be $942 million pesos and will be performed over 10 years, through the monthly payment of tariffs guaranteed by an administration trust which the JMAS will handle over the contract term. During 2008, CICSA continued the construction of the aqueduct under the program established, achieving a progress of approximately 68%. During 2009, CICSA completed construction of this project, under the program established, so the project has already been opened and is in its final testing phase.

j. In September 2007, CICSA through Operadora Cicsa signed a construction contract to expand the ethylene oxide plant in the Central Petroquímica Morelos. The contract amount is $485 million pesos. The project work began in October 2007 and is expected to conclude in the first quarter of 2009. At the end of 2009, this project is virtually complete and is in process of settlement and document delivery to the customer.

k. Cilsa Panamá, S.A. (Cilsa Panamá) a subsidiary of the Company, signed a contract in July 2007 with Ideal Panamá, S.A. (a subsidiary of IDEAL and related party), to hold two hydroelectric projects namex "Bajo de Mina" and "Baitún ", both located on the river Chiriqui Viejo in Panama (near to the border with Costa Rica). The project consists of construction of two electric power stations with installed capacity of 54 and 70 million of watts (mw), respectively, and complementary construction works, for a total value of US $126 million and US $199 million. The Bajo de Mina project began in the fourth quarter of 2007, while Baitún started in the second half of 2008, so it is estimated that the first project would be completed by the end of 2010 and the second project during 2011. During the year 2009 continued the excavation of the diversion canal and tunnel driving and window, as well as pressure pipe excavation and construction of the powerhouse also has started to install electromechanical equipment and auxiliary equipment.

l. In December 2006, GSM signed a contract for the drilling and termination of 60 oil wells (including infrastructure work) in Villahermosa, Tabasco. The respective construction work began in February 2007 and is expected to conclude during first four months of 2010. The contract amount is $1,432 million pesos (nominal value) plus US $280 million.

   In August 2008, a contract was signed to extend the drilling contract described in the preceding paragraph, as a result of which the original contract was increased by 60 additional wells, and the termination deadline was extended to July 2010; however, it is estimated that contract will finalize early during the first quarter of 2010.

m. In February 2006, Operadora Cicsa signed a contract to dismantle a residential platform located in Dos Bocas and to carry out the engineering, procurement, construction, interconnection, start-up and initial operation of a new residential module with capacity for 84 persons in the Cantarell Field, Campeche Sound, Gulf of Mexico. The contract amount is $198,591 (nominal value) plus US $40,669 thousand. The work began in 2006 and the original project was expected to conclude in September 2007. At the date of this report, the project has been concluded and its final release and explanatory report are being prepared due to additional work performed.

n. In February 2006, the subsidiary Grupo PC Constructores, S.A. de C.V. signed several contracts to produce works of closure and remediation of a landfill to build a sports center in Ciudad Netzahualcoyotl, Estado de Mexico, with a total value of approximately $750,000 (value nominal). The project began in March 2007 and projects completed during September 2007. The project was completed in late 2008; at the end of 2009, it is in process of documentary settlement.

o. In January 2006, Operadora signed a contract with Autopista Arco Norte, S.A. de C.V., a subsidiary of IDEAL, to carry out projects of coordination, inspection, oversight, construction and execution of the high specification highway named Libramiento Norte de la Ciudad de México, for an approximate length of 141.62 km, beginning at the junction of Tula, Hidalgo and ending at San Martín Texmelucan, Puebla. The original termination deadline, subject to changes derived from the timely and proper release of rights of way, was 24 months computed as of January 2006. The contract value is $2,722 million (nominal pesos) plus construction coordination services.

   During the fourth quarter of 2008, the project work has continued and the 11-kilometer section of the junction of Ciudad Sahagún to Tulancingo, Hidalgo has been delivered for operation, thus completing a total of 69.8 km of this highway. During the first months of 2009, the project continued, and finally, in the third quarter of 2009, this project was completed, except for minor construction, and the road was placed into operation.

p. In April 2005, Operadora signed a contract with Concesionaria de Carreteras, Autopistas y Libramientos de la República Mexicana, S.A. de C.V. (related party) for the coordination, inspection, surveillance, construction and operation of the Tepic-Villa Union Highway. The period of performance of the work was of 553 calendar days from 27 April 2005. The original value of the project was $2,416,229 (nominal value) and in July 2006 an agreement was signed amendment to the coordination, inspection and monitoring section of the highway junction known as San Blas 3-Estación Yago worth $287,308 (nominal value) plus work coordination services. The project started in 2005 and ended in 2007, and so the majority of vehicular underpasses have been completed and the contract is in the process of final settlement.

q. During 2004, Grupo Condumex and Operadora jointly signed contracts for the construction of two production oil rigs platforms (including engineering, procurement, manufacturing, loading, tying up and technical assistance during the installation, as well as interconnection, testing and start-up). The construction work began in July 2004 and concluded in December 2006. Also, during 2007 offshore installation and testing work was performed for both platforms. The original amount of this contract was $956,589 (nominal value), plus US $266,684 thousand. Also, between 2005 and 2007, amendment agreements were signed to adjust certain prices, execution deadlines and additional costs incurred. During 2008, the final construction works were realized. Accordingly, in 2008 and continuing throughout 2009, partial recoveries were received and the process of finalizing the financial phase and documentation of both projects is estimated to occur during the first half of 2010.

22. Contingencies

a. There is an investigation of absolute monopolistic practices in the public market of rail freight in country initiated by the Federal Competition Commission (“Cofeco”) by reason of the sale of the shares representing the capital of Ferrosur, S.A. de C.V. and the acquisition of shares representing the capital of Infrastructure and Transport Mexico, S.A. de C.V. As a result of this procedure, the Cofeco determined absolute monopolistic practice provided for in Article 9 °, fraction I, of the Federal Law on Economic Competition, by and among Grupo Carso and other companies, and ordered the suppression of the monopolistic practice and imposed a fine on, among other companies, Grupo Carso in the amount of $ 82,200, who also was ordered to post bond for the same amount, which was recorded as other assets in the accompanying consolidated balance sheet.

   In response, Grupo Carso filed for indirect relief before the sixth district administrative court in the Federal District. In the opinion of the Company’s legal counsel, there is insufficient information to estimate the outcome of this matter.

b. Certain subsidiaries have court proceedings under way with the competent authorities for different reasons, mainly taxes and the recovery of long-term accounts receivable which they are owed. In the opinion of the Company’s officers and attorneys, most of these issues will be resolved favorably; if not, the result of such lawsuits is not expected to substantially affect its financial position or results of operations.

23. Information by segment

Information by operating segment is presented based on the management focus and general information is also presented by product, geographical area and homogenous groups of customers.

a. Analytical information by operating segment:

	Production for the automotive, construction and telecommunications industries	Retail	Mining	Infrastructure and construction	Others and eliminations	Total consolidated
2009						
Net sales	$ 14,569,693	$ 33,459,827	$ 4,483,961	$ 14,134,809	$ (612,734)	$ 66,035,556
Income from operations	1,566,288	4,414,100	1,903,840	921,005	268,373	9,073,606
Consolidated net income	2,243,472	3,333,163	693,470	690,544	378,764	7,339,413
Depreciation and amortization	425,883	878,478	263,011	293,039	49,383	1,909,794
Investments in shares of associated companies	4,801,613	1,156,031	–	4,825	3,678,393	9,640,862
Total assets	22,830,339	49,798,105	8,082,605	14,672,324	2,294,153	97,677,526
Total liabilities	7,285,234	24,312,308	3,979,163	5,369,980	(2,966,413)	37,980,272
2008						
Net sales	$ 19,319,816	$ 32,184,330	$ 2,833,448	$ 13,243,658	$ (1,668,917)	$ 65,912,335
Income from operations	758,579	3,715,999	211,356	646,777	766,700	6,099,411
Consolidated net income	584,798	2,382,318	603,554	527,180	3,339,228	7,437,078
Depreciation and amortization	413,937	856,279	281,927	239,734	57,063	1,848,940
Investments in shares of associated companies	719,681	899,344	–	–	3,675,470	5,294,495
Total assets	19,101,550	39,884,370	6,332,606	15,354,467	10,426,387	91,099,380
Total liabilities	7,946,537	17,565,728	2,197,945	6,579,133	2,511,189	36,800,532

b. General segment information by geographical area:

The Company operates in different geographical areas and has distribution channels in Mexico, the United States and other countries through industrial plants, commercial offices or representatives. The distribution of such sales is as follows:

	2009	%	2008	%
North America	$ 2,902,715	4.40	$ 3,724,490	5.65
Central and South America and Caribbean	6,052,433	9.16	6,200,770	9.41
Europe	394,169	0.60	861,032	1.31
Rest of the world	937,330	1.42	398,390	0.60
Total exports	10,286,647	15.58	11,184,682	16.97
Mexico	55,748,909	84.42	54,727,653	83.03
Net sales	**$ 66,035,556**	**100.00**	**$ 65,912,335**	**100.00**

c. The Company has a wide variety of customers according to the category of products and services it offers; however, no particular customer represents more than 10% of net sales. The Company offers its products and services in the following industries: energy, automotive, telecommunications, mining, construction, electronics and the general public.

24. Subsequent event

a. In January 2010 PEP assigned through a direct award to a joint venture between GSM and Operadora, both subsidiaries of CICSA, work for the drilling and completion of 100 wells from the Tertiary of the Southern Region. The public works contract is valued at $1,028,380 plus US$159,406 thousand, plus the corresponding VAT, over a period of 35 months.

b. In January 2010, in connection with the contract award for the construction and operation of the Atotonilco de Tula Hidalgo WastewaterTreatment Plant, the Issuer, through a consortium to be formed for the purpose, pending the hiring of approximately $2,050,000 (tax included) for their participation in the development of structural engineering and architecture as well as their participation in civil construction. Atotonilco Plant will be the largest in Mexico and one of the largest in the world. It will have a capacity of 35 cubic meters per second (m^3 / s) for the treatment of wastewater in the Metropolitan Area of Mexico, clearing 23 m^3 / s during dry season and an additional 12 m^3 / s. during rainy season by form of physical-chemical process.

25. New accounting principles

As part of its efforts to converge Mexican standards with international standards, in 2009, the Mexican Board for Research and Development of Financial Information Standards (“CINIF”) issued the following Mexican Financial Reporting Standards (NIFs), Interpretations to Financial Information Standards (INIFs) and improvements to NIFs applicable to profitable entities which become effective as follows:

a. For fiscal years that begin on January 1, 2010:

C-1, Cash and Cash equivalents

Improvements to NIFs for 2010

INIF 17, Service Concession Contracts

Some of the most important changes established by these standards are:

NIF C-1, Cash, changes the “cash” concept to be consistent with the definition in NIF B-2, Statement of Cash Flows”, and introduces definitions for restricted cash, cash equivalents and readily available investments.

Improvements to NIFs for 2010 – The main improvements generating accounting changes that must be recognized retroactively are:

NIF B-1, Accounting Changes and Correction of Errors –Requires further disclosures in case the Company applies a particular Standard for the first time.

NIF B-2, Statement of Cash Flows – Requires recognition of the effects of fluctuations in exchange rates used for translating cash in foreign currencies, and changes in fair value of cash in the form of precious metal coins, and other cash items, at fair value, in a specific line item.

NIF B-7, Business Acquisitions – Requires recognition of intangible assets or provisions because the acquired business has a contract whose terms and conditions are favorable or unfavorable with respect to market, only when the acquired business is the lessee in an operating lease. This accounting change should be recognized retroactively and not go further than January 1, 2009.

NIF C-7, Investments in Associated Companies and Other Permanent Investments – Modifies how the effects derived from increases in equity percentages in an associated company are determined. It also establishes that the effects due to an increase or decrease in equity percentages in associated companies should be recognized under equity in income (loss) of associated companies, rather than in the non-ordinary line item within the statement of income.

NIF C-13, Related Parties – Requires that, if the direct or ultimate controlling entity of the reporting entity does not issue financial statements available for public use, the reporting entity should disclose the name of the closest, direct / indirect, controlling entity that issues financial statements available for public use.

INIF 17, Service Concession Contracts - is a supplement to Bulletin D-7, Construction and Manufacturing Contracts for Certain Capital Assets, and establishes that, when the infrastructure of the service concession contracts falls within the scope of this INIF, it should not be recognized under property, plant and equipment. It also establishes that when the operator renders construction or improvement services, as well as operation services under the same contract, revenues should be recognized for each type of service, based on the fair value of each consideration received at the time the service is rendered. When amounts are clearly identified and, after they are quantified, the applicable revenue recognition criterion should be followed, taking the nature of the service rendered into consideration. Also, INIF 17 establishes that, when the operator renders construction or improvement services, both revenues and the associated costs and expenses should be recognized under the percentage-of-completion method and consideration received, or receivable, should be recognized, initially, at fair value. Revenues from operation services should be recognized as the services are rendered and taking into account suppletory Standard IAS 18.

b. For fiscal years that begin on January 1, 2011:

B-5, Financial Segment Information, and

B-9, Interim Financial Information

Some of the most important changes established by these standards are:

NIF B-5, Financial Segment Information – Uses a managerial approach to disclose financial information by segments, as opposed to Bulletin B-5, which also used a managerial approach but required that the financial information be classified by economic segments, geographical areas, or homogenous client groups. NIF B-5 does not require different risks among business areas to separate them. It allows areas in the preoperating stage to be classified as a segment, and requires separate disclosure of interest income, interest expense and liabilities, as well as disclosure of the entity's information as a whole with respect to products, services, geographical areas and major customers and suppliers. Like the previous Bulletin, this Standard is mandatory only for public companies or companies in the process of becoming public.

NIF B-9, Interim Financial Information – As opposed to Bulletin B-9, this Standard requires a condensed presentation of the statement of changes in stockholders' equity and statement of cash flows, as part of the interim financial information. For comparison purposes, it requires that the information presented at the closing of an interim period contain the information of the equivalent interim period of the previous year, and in the case of the balance sheet, presentation of the previous years' annual balance sheet.

At the date of issuance of these consolidated financial statements, the Company has not fully assessed the effects of adopting these new standards on its financial information.

26. International financial reporting standards

January 2009, the Mexican National Banking and Securities Commission published the amendments to its Sole Circular for Issuers which will require companies to file financial statements prepared according to International Financial Reporting Standards beginning in 2012, and permits their early adoption.

27. Authorization of the issuance of the financial statements

On March 10, 2010, the issuance of the consolidated financial statements was authorized by C.P. Quintín Botas Hernández. These consolidated financial statements are subject to the approval of the Board of Directors of the Company and the Ordinary Stockholders' Meeting, at which the financial statements may be modified, based on provisions set forth in Mexican General Corporate Law.

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