ARCA

2010 ANNUAL REPORT

LEVERAGING STRENGTHS

MEXICO

VOLUME (MUC) 488
SALES (MILLIONS OF MEXICAN PESOS) 20,514
POINTS OF SALE 194,000
PLANTS 11

BOKADOS

SALES (MILLIONS OF MEXICAN PESOS) 1,100
POINTS OF SALE 133,000
PLANTS 2

ECUADOR*

VOLUME (MUC) 31
SALES (MILLIONS OF MEXICAN PESOS) 1,063
POINTS OF SALE 165,000
PLANTS 3

ARGENTINA

VOLUME (MUC) 125
SALES (MILLIONS OF MEXICAN PESOS) 4,383
POINTS OF SALE 99,000
PLANTS 4

Arca produces, distributes and sells beverages under The Coca-Cola Company brand. Arca was formed in 2001 through the merger of three of the oldest bottlers in Mexico making it the second-largest bottler in Latin America.

The Company, headquartered in Monterrey, serves the northern region of Mexico, as well as Ecuador and the Northern Argentina. Arca also produces and distributes Bokados brand snack foods. For more information, visit www.e-arca.com.mx

*RESULTS OF FOURTH QUARTER 2010

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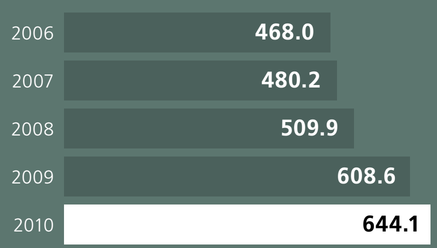
FINANCIAL HIGHLIGHTS

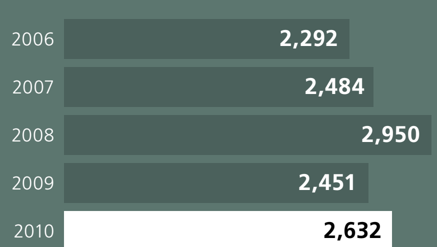
(in millions of Mexican Pesos except volume and per share data)

SALES VOLUME
(MUC)

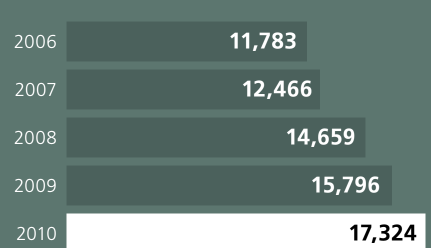


EBITDA
(in millions of Mexican pesos)

NET INCOME
(in millions of Mexican pesos)



STOCKHOLDERS' EQUITY
(in millions of Mexican pesos)



	2010	2009	% Change
SALES VOLUME (MILLIONS OF UNIT CASES) [1]	644.1	608.6	5.8%
NET SALES	27,060	24,234	11.7%
GROSS MARGIN	45.8%	46.3%	
OPERATING PROFIT	4,227	3,824	10.5%
OPERATING MARGIN	15.6%	15.8%	
EBITDA [2]	5,443	4,941	10.2%
EBITDA MARGIN	20.1%	20.4%	
NET INCOME	2,632	2,451	7.4%
TOTAL ASSETS	34,592	25,642	34.9%
CASH ON HAND	3,628	4,421	-21.8%
TOTAL DEBT	8,318	5,965	39.4%
STOCKHOLDERS' EQUITY	17,324	15,796	9.7%
CAPITAL EXPENDITURES	1,350	1,237	9.1%
DATA PER SHARE [3]			
NET INCOME	3.26	3.04	
BOOK VALUE	21.49	19.60	
DIVIDENDS PAID	1.05	1.40	

1. INCLUDES SOFT DRINKS AND PURIFIED WATER IN SINGLE-SERVE FORMATS.
2. OPERATING INCOME PLUS DEPRECIATION AND AMORTIZATION.
3. BASED ON 806,019,659 SHARES OUTSTANDING.

Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER, EMBOTELLADORAS ARCA

Manuel L. Barragán Morales
CHAIRMAN OF THE BOARD OF DIRECTORS

To our Stockholders

We are pleased to inform you that 2010 and the recent months have been truly historic for our organization. We have leveraged our capacity to partner with others and create value, both as the Arca team in overcoming a challenging environment and delivering outstanding results, and with other bottling companies with whom we have formed significant alliances to expand our scope and underpin our market leadership.

In our efforts to achieve Arca's mission to be the leading company in terms of sustainable growth and profitability in the beverage industry in Latin America, over the past few months we consolidated two key strategic alliances that will drive the future development of our organization.

In September 2010, we entered into a strategic alliance with the main stockholders of the Ecuador Bottling Company (EBC), the largest soft-drink producer and only Coca-Cola bottler in Ecuador. This alliance involves the integration of our Argentinean operations and those of our partners in Ecuador into a new company, Arca Sudamérica, which will serve as a solid platform for growth and allow us to multiply the region's business opportunities from a more competitive position and with a greater scale.

At the beginning of 2011, we completed the most substantial transaction in Arca's history and the most important among Mexican bottling companies over the past few years, when Arca and Grupo Continental announced that the majority stockholders of both companies had reached a merger agreement. The combined entity, to be called Arca Continental, will become one of the world's most important Coca-Cola bottling companies, serving over 53 million consumers.

Our aim in both alliances is to leverage the knowledge, experience and outstanding performance of the companies involved to benefit the markets in which they participate. We will work with our new partners to position Arca Continental as one of the leading bottlers in the region by improving its strategic position and generating greater opportunities to create value.

The merger between Arca and Grupo Continental has been approved by both companies' Boards of Directors, The Coca-Cola Company and the Federal Competition Commission and should be officially finalized during the second quarter of 2011.

In this regard, we would like to thank The Coca-Cola Company for its constant trust and support, and reiterate our commitment to partnering to chart a course of leadership for Coca-Cola products and brands in Latin America, as we have over more than 85 years.

In the area of operational performance, during 2010 our associates' constant support and professionalism helped Arca to successfully overcome a particularly challenging year. 2010 was marred by unusual weather-related events, further complicated by natural disasters in different parts of Mexico, including an earthquake in Mexicali and Hurricane Alex in the northeastern region of the country. In addition, volatility in raw material costs put our profitability under pressure.

Thanks to the implementation of initiatives to strengthen our market position through improved execution and an innovative portfolio, strategic investments in the market, the fulfillment of efficiency plans and the achievement of cost reductions totaling over 250 million pesos, combined with the excellent performance of our new category segment and complementary businesses, we were able to reverse the initial adverse trend and post positive figures as of the end of the year.

Thus, in 2010, net sales grew 11.7% to Ps. 27,060 million; operating income, before non-recurrent expenditures, increased 10.5%; EBITDA rose almost 10.2%; and the company posted a margin of 20.1%. Net income grew 7.4% to Ps. 2,632 million, or Ps. 3.26 per share, reflecting these increases, and 846 million pesos were distributed among our stockholders as dividends.

One of Arca's guiding principles is to manage the company's finances with prudence, which allows us to maintain a competitive, flexible financial profile with a low level of debt. At the end of 2010, our net-debt to cash-flow ratio was 0.86.

Because of our solid financial performance, the trust of our stockholders and our efforts to improve the liquidity and accessibility of our shares, in 2010 we were included in the Mexican Stock Market Index (IPC for its initials in Spanish). The IPC is the country's main market indicator and takes into account the 35 highest ranking issuing companies in terms of capitalization value and marketability.

WE FOCUS ON OFFERING CUSTOMERS AND CONSUMERS AN **INNOVATIVE PRODUCTS** PORTFOLIO AND **WORLD-CLASS SERVICE**

Our achievements during the year endorse our **positive evolution** and constant efforts to be a growing, profitable and transparent company, and an attractive option for investors.

We were also selected to form part of the Morgan Stanley Capital International (MSCI) Emerging Markets Index, one of the most important indices and a benchmark in the region.

These developments not only reflect our market approach of offering our customers and consumers a broad portfolio of top-quality products and world-class service, but also endorse our positive evolution and constant efforts to be a growing, profitable and transparent company and an attractive option for investors.

MEXICAN BEVERAGE DIVISION

In our most important market, the Mexican Beverage Division, we confirmed our leadership position with territory-specific initiatives to help us focus more closely on each area's particular needs.

As a result of actions to improve market execution through the use of leading-edge technology and strategic investments in refrigerators and vending machines, we were able to reinforce our presence with customers and consumers and drive sales, mainly during the last months of the year.

Our continuous improvement initiatives included the significant promotion of new categories, which grew 19.6%, strengthening their position in the traditional channel. Vallefrut and Jugos del Valle, Nestea and Powerade performed particularly well.

We continued to evolve our "Route-to Market" service model in other Arca territories, particularly in Ciudad Juarez and Saltillo, positioning us to offer upgraded service while creating value for our customers and for the company at the different points of sale. The first phase in Monterrey produced excellent results, improving market execution indices and increasing sales volume by 3% above the growth of distribution centers that have not yet implemented this strategy.

We also continued to develop our operating model, improving key indicators such as the product quality index, which advanced for the third consecutive year to 98.4% in 2010, as well as enhancing our mechanical efficiency, use of installed capacity, and environmental sustainability initiatives in water, energy and packaging use.

ARCA SOUTH AMERICAN DIVISION

Arca Argentina continues to make progress on different fronts. One of the most significant has been a consistent growth in market share since 2008 when we began operating in the country. By the end of 2010, our participation reached almost 58%, one of the highest in Argentina, compared to 50% in 2008.

We have implemented concrete actions in this territory to expand our coverage of refrigerators, promote returnable packaging, improve our segmentation and point-of-sale execution capabilities, strengthen production capacities and continue with our technology modernization program which included the successful introduction of the SAP platform in 2010.

Arca Ecuador, whose results were integrated into Arca's consolidated results as of fourth quarter 2010, maintained its upward trend, posting a 5% increase in volume to 119 million unit cases by the end of the year. Diverse market initiatives are currently in place to promote the consumption of individual returnable presentations and new categories, among other efforts focused on continuing to improve our performance in the country.

COMPLEMENTARY BUSINESSES DIVISION

In our complementary businesses, Bokados snacks continued to make progress far beyond the growth of the industry, posting a 15% upswing in revenues in 2010 and continuing to consolidate its expansion in Mexico with 34 distribution centers by the end of the year, 80% more than the number in 2007 when Arca acquired the company.

Export sales, carried out through our Interex affiliate, continued to grow, with a 19% expansion in revenue in 2010 boosted by Topo Chico (mineral water), Barrilitos (soft drinks) and, in particular, Bokados snacks and Salsas Trechas sauces and toppings, with the latter growing in excess of 50%, mainly as a result of their rollout in California.

WE ARE PROUD OF OUR ACCOMPLISHMENTS BUT KNOW THAT, AS WE GO FORWARD, WE MUST CAPITALIZE ON MARKET OPPORTUNITIES TO ENHANCE OUR POTENTIAL.

TOGETHER, LEVERAGING STRENGTHS, WE ARE SURE THAT WE WILL DO THIS.

In order to continue growing our snacks business, we recently finalized the purchase of Sr. Snacks. This company has manufactured and marketed snacks that target the Hispanic segment in the United States since 1975, selling its products in California and Nevada. Among other benefits, the transaction will allow us to expand our customer portfolio and sales areas, use and expand sales route models, and enjoy a larger platform to enhance the positioning of Bokados in the United States.

Our "Nostalgia" initiative, which consists of exporting soft drinks sweetened with cane sugar in glass bottles through the Coca-Cola bottlers in the United States, grew its sales volume a remarkable 50% during the year.

Additionally, the vending machine business posted a 6.3% year-over-year growth in revenues, initiated a new machine management and control system based on cutting-edge technology, and enhanced the productivity and profitability of its more than 23,000 units currently in operation, further consolidating the leadership position it commands in the sector.

SOCIAL RESPONSIBILITY

In the area of Social Responsibility, 2010 was a year of enormous social challenges in our territories, mainly as a result of natural disasters in the form of hurricanes and earthquakes. We implemented immediate assistance plans for our people and the community to meet their hydration needs during the most critical moments of these contingencies and established financial and in-kind support campaigns for the members of our team whose homes had been affected.

We recently joined the SumaRSE initiative through which several of Nuevo León's leading companies, in conjunction with the authorities and civil organizations, have partnered to contribute their programs and resources to assist in the social recovery of the regions most severely affected by these natural phenomena and by other issues of marginalization.

We have broadened the scope of our institutional programs to promote physical activity, by extending our Schools in Motion Program to 23 new schools, holding the Monterrey Powerade Marathon and the Coca-Cola Soccer Tournament, and formalizing strategic alliances with diverse organizations, among many other efforts to promote social wellbeing and a society that is more committed to sports and healthy, positive lifestyles.

We have also continued with our focus on sustainability by enhancing the efficiency of our operations and making sustainable development part of our organizational culture. During the year, we continued our reforestation efforts on Annual Voluntary Work Day and created the Annual Sustainability Day as a way to encourage a green culture in our associates and their families.

These actions, implemented to benefit our people, the community and the environment, were recognized for the eighth consecutive year with the Socially Responsible Company Award from the Mexican Center for Philanthropy. Further details of our efforts can be found in our 2010 Social Responsibility Report.

LEVERAGING STRENGTHS

Because of the invaluable drive of our people, a passion for innovation and our constant efforts to consolidate the company's market leadership, today Arca is better positioned for future growth.

We are committed to becoming one of the most important, market-focused and profitable bottling companies in the Coca-Cola System. We know that we are on the right track to achieve this, since we are backed by the united efforts of each specific area in the organization and our capacity to partner with other bottlers to leverage our strengths in both Ecuador and Mexico.

The outlook for 2011 is positive. A year of hard, constructive work lies ahead with the integration of Arca Continental and our continued efforts to perfect operations in Argentina and Ecuador, as well as in our Complementary Businesses Division. We will unite as a team, focusing our efforts on consolidating the company's leadership throughout the territories in which we operate.

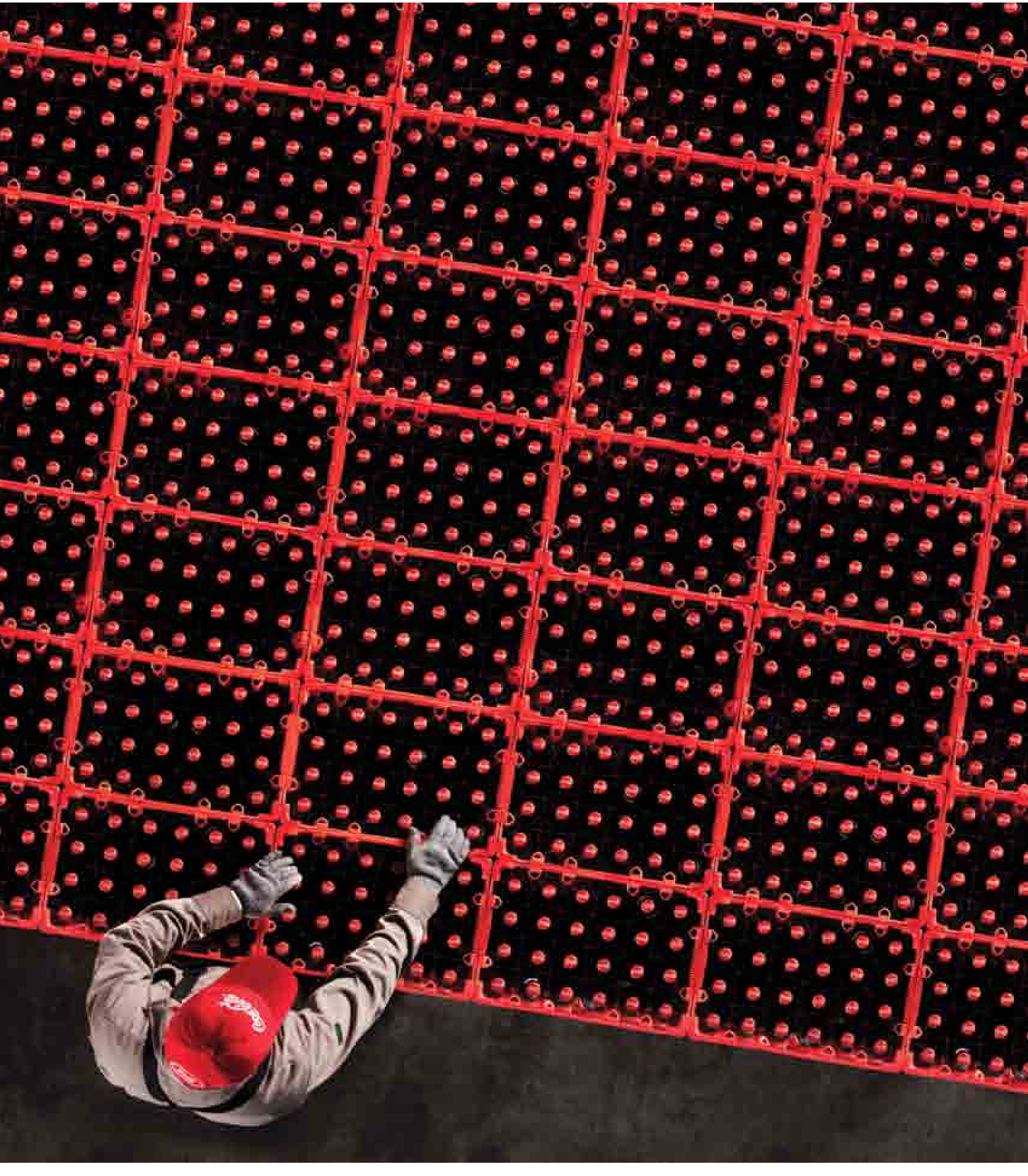
We are grateful for the trust of The Coca-Cola Company and the efforts and tenacity of the entire Arca team, and would also like to extend our sincere thanks to our Board of Directors and stockholders, whose support has been fundamental to the consolidation of the organization's business strategies and its continuance on a clear path to success.

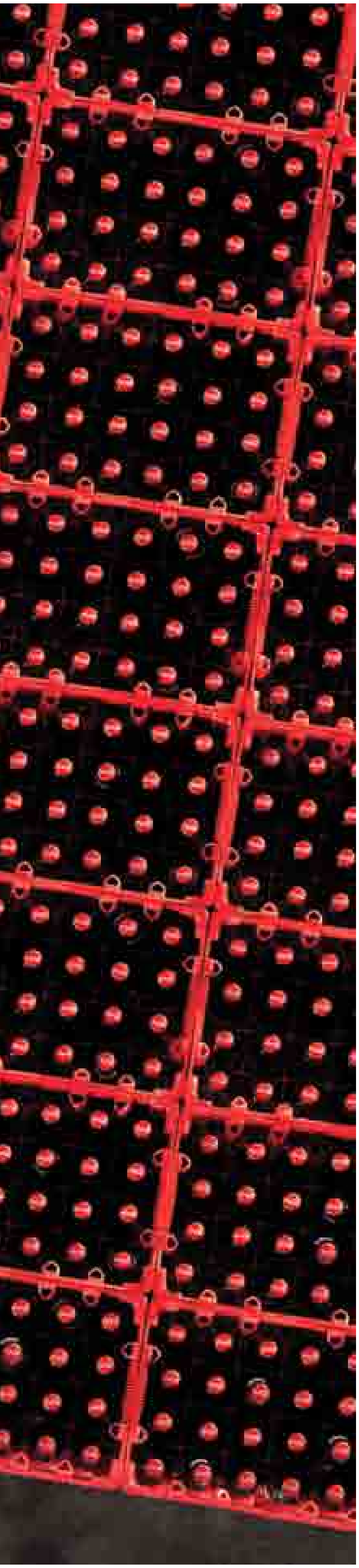
We are proud of our important accomplishments but are aware that we have to capitalize on market opportunities to enhance our potential. Together, by leveraging strengths, we are sure that we will do this.

Thank you.

Manuel L. Barragán Morales
CHAIRMAN OF THE BOARD OF DIRECTORS

Francisco Garza Egloff
CHIEF EXECUTIVE OFFICER, EMBOTELLADORAS ARCA

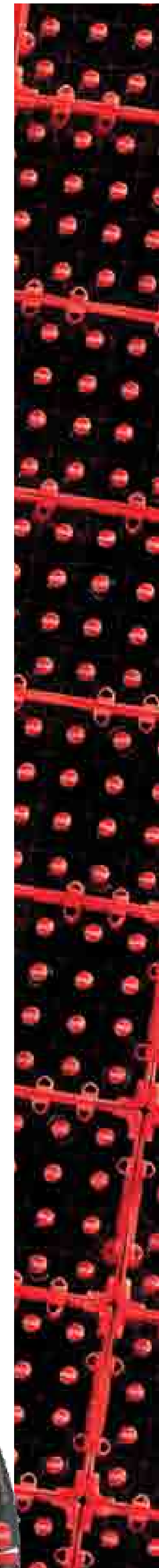




LEVERAGING STRENGTHS TO CREATE VALUE

MEXICAN BEVERAGE DIVISION

In 2010, Arca confirmed its capacity to react promptly to dynamic market conditions and provide our customers and consumers with a continuously improved service. During the year, we implemented well-timed initiatives to underpin our market presence through an innovative portfolio, more precise execution, strategic investments in refrigeration, and the continuous improvement of our efficiency, information technologies and use of resources.



WE POSTED A 19.6% GROWTH IN NEW CATEGORIES.

Our constant market focus and solid operational bases, the leadership of our brands and the commitment of our associates enabled us to overcome the diverse challenges of 2010 and continue to generate growth opportunities.

Our efforts to maintain a dynamic, innovative portfolio strengthened our market position in the new categories segment which posted a significant 19.6% growth year-over-year. This achievement reflects the implementation of attractive commercial strategies in the traditional channel, such as the development of channel-specific packaging, a focus on individual packaging, the improvement of our non-cola brands' competitiveness, and the promotion of Jugos del Valle juices for meals outside the home.

The innovation in our Jugos del Valle line of juices was reflected in the rollout of a 500 ml PET presentation, which already contributes 39% of the brand's incremental volume, and in the promotion of the 110 ml carton presentation, which contributed 56% of the brand's incremental volume in 2010.

In addition, we had solid rollouts in the orangeade category, through Pulpy and Vallefrut, that helped to consolidate this division's market

position and share in the traditional channel. We also introduced Frutsi Blok, a novel packaging for our Frutsi brand targeting the children's market, which encourages children's creativity as the cartons can be used as building blocks.

During the year, we were able to leverage our growing isotonic beverage segment when Powerade was selected as the sponsor of the South Africa FIFA World Cup 2010. Thanks to timely activations, successful thematic consumer promotions and the launch of Powerade Citrics, this category grew 16.4% year-over-year, while the rollout of new Nestea packaging and presentations, as well as diet green tea and white tea, in the contemporary channel led to a positive 32.5% increase in volume.

We achieved a 4.2% growth in the total volume of our time-honored sparkling water brand Topo Chico, by establishing new distribution platforms to reach new markets and introducing novel products, including the 500 ml NR Sangría and the re-launch of the new image of Topo Chico Table Water, a category to be developed mainly in the Monterrey market.

During 2010, we also focused on the continued optimization of our execution through initiatives that leverage the efforts and contributions of all our human capital to innovate and improve the services we provide for our customers and consumers.

Our aggressive plan to increase refrigerator coverage at our different points of sale led to the installation of more than 22 thousand new refrigerators in 2010. This accomplishment, combined with the progress we have made in expanding the "Route to Market" service model to Ciudad Juarez and Saltillo, allowed us to maximize the business potential, profitability and competitiveness of our territories but, above all, to strengthen our future potential. The actions we have taken have positioned us to capitalize on improving economic and market conditions rapidly and effectively as we go forward.

The use of leading-edge technology helped us to improve our efficiency in handling customer orders, balancing processes and loading our trucks through an "Online Orders" project implemented in some of our larger cities.

In accordance with our philosophy of competitive sustainability, we expanded the projects to optimize production activities at all our plants. The most noteworthy actions of 2010 were the reduction, recovery and recycling of water; the analysis, monitoring and cutback in our energy consumption to lessen CO2 emissions; and the use of post-consumption, recycled PET resin and the lightening of our PET bottles to reduce our use of virgin resin in our operating processes by 1,160 tons.

Finally, in an effort to adapt our production plants to current trends, we modernized the production lines for 5-gallon bottles of water in Chihuahua and Ciudad Juarez, while our Hermosillo, Mexicali, Hermosillo and Topo Chico plants successfully completed the ISO 22000 certification process.

RESULTS

> Strengthening the market positioning of our new categories and posted a significant 19.6% growth

> Aggressive strategy to increase refrigerator coverage with more than 22 thousand new units installed at our different points of sale

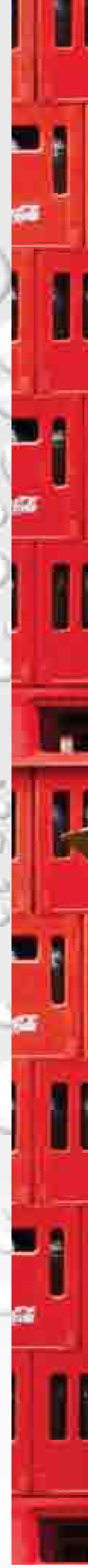
> Extension of our "Route to Market" service model to Ciudad Juarez and Saltillo

> Expansion of sustainability projects to optimize production activities at all our plants

> Product quality index growing for the third consecutive year to 98.4% in 2010

> Service level reaching 99.84%


Coca-Cola



LEVERAGING STRENGTHS TO EVOLVE ARCA SOUTH AMERICAN DIVISION

Central and South America is a region with huge potential and enormous strategic value for Arca's development and profitability. We are seeking to leverage the best practices and experience of our territories in Argentina and the recently formed alliance in Ecuador to drive sustained growth throughout the territory.

THIS DIVISION'S SALES VOLUME GREW 21.3%.

In 2010, Arca Argentina capitalized on important strategies to post a 12% increase in total sales and command a market share of 58%, one of the highest in the country, compared to 50% two years ago when we began operating there.

RESULTS

> 12% rise in Arca Argentina's total sales, to give it a market share of 58%, one of the highest in the country
> Promotion of individual- and family-sized flavored drinks and returnable packs
> Refrigeration coverage expansion plan with seven thousand new units installed
> SAP implementation concluded in this territory
> 5% increase in Arca Ecuador sales volume in 2010, for an annual total of 119 million unit cases sold
> Standardization of administrative and operating processes in order to further improve execution and service models in Ecuador

One of the main actions implemented to perfect the positioning of our beverages in Argentina was the promotion of affordable individual- and family-sized returnable packages. We also introduced innovations in our product portfolio, invested in refrigeration infrastructure and deployed computer systems to support our operations.

An important commercial strategy introduced during the year was the promotion of the flavored beverage segment, where the expansion of Orange and Lemon-Lime presentations and the rollout of an Apple option, a favorite with Argentinean consumers which we did not previously offer, produced positive results.

We also launched the "Execute with Success" program, a new working method in the commercial area which focuses on identifying new opportunities in order to offer a differentiated service and open value dialogues to support our customers' retail efforts.

Among the improvements to our segmentation systems and point-of-sale execution, we finalized our migration to "Right Execution Daily" (RED), a new tool that allows us to standardize the commercial models in Mexico and Argentina and provide consistent measurement mechanisms throughout our operations.

In addition, we continued to promote bottle interchangeability and introduced Mixed Cases. The combination of these two initiatives has enabled the development of micro and small customers, by allowing them to expand their SKU coverage and offer the consumer more options.

To ensure that we have the latest information technologies to support our business growth, in 2010 we finalized the implementation of the SAP platform. We also unified the sales and distribution systems across all the Argentinean territory, complementing them with the introduction of executive reports using the SAP-BW platform.

During 2010, we initiated the OMEGA Human Capital Project in the territory. Through this project we implemented the SAP platform for payroll and human capital processes, allowing us to centralize payroll processing at our Shared-service Center in Mexico.

These initiatives have improved the standardization of our commercial and human capital processes and strategies, reduced operating costs and generated competitive advantages for Arca.

To enhance the sustainability of our key businesses and further guarantee the safety of our beverages, in 2010 our Tucuman, Salta, Formosa and Catamarca bottling facilities earned ISO 22000 and PAS 220 certification.

Arca Ecuador, which integrated its results into Arca's consolidated results as of October 2010, posted positive results in 2010, with a 5% increase in sales volume year-over-year and an annual total of 119 million unit cases sold. Thanks to a consistent focus on promoting the consumption of returnable individual presentations and new categories, the business also gained market share.

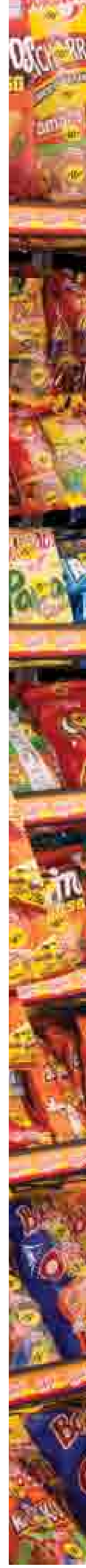
In order to further enhance our leadership in Ecuador, in 2011 we will continue to focus on standardizing the territory's administrative and operational processes by implementing the organization's technological platform. This will improve our execution and service models, and thereby enhance productivity and develop new opportunities for future growth.


TOPITOS
QUESO
AZTECA
OREO
Bokados

LEVERAGING STRENGTHS TO GROW
COMPLEMENTARY BUSINESSES DIVISION

In 2010 Arca reaffirmed its commitment to constantly seek new value creating alternatives in businesses that are adjacent to the beverage segment, consolidating the growth of the different businesses that make up this division and that stand out for their high potential for future growth.

BOKADOS POSTED A 15% INCREASE IN REVENUES.



THE REVENUES OF ARCA'S EXPORTS TO THE UNITED STATES THROUGH ITS AFFILIATE INTEREX ROSE 19% IN 2010.

Total sales of the company's vending-machine business increased 6.3% in 2010, reaffirming its leadership in Mexico. During the year, the business implemented a new machine management and control system based on the very latest technologies.

The Bokados business continued to expand at a significant rate, posting sales in excess of 1,100 million pesos, 15% above the previous year and once more far surpassing the 8% growth of the corresponding industry in Mexico. Encouraged by this progress, in 2010 the business launched an image renewal campaign that invites people to "give their lives more zest and energy".

Thanks to its geographical expansion throughout Mexico, from Tampico to Los Mochis, and in places such as Zapopan and the Mexico City Valley, Bokados now boasts 34 distribution centers.

As part of the efforts to modernize its commercial processes, in 2010 Bokados completed the implementation of a new pre-sale system, which enables us to serve over 130,000 customers using the latest handheld technology. This platform strengthens the company's segmentation and point-of-sale execution practices and optimizes product inventory levels.

In keeping with its commitment to offer top-quality products for every occasion, during the year Bokados showcased an innovative portfolio with a number of interesting new product rollouts, including a variety of snacks and candies such as Mazapan Oreo and Mazapan Rocks, Frikos Bravos, B-OK Linaza and Golos Confix.

To meet the calorie content and portion sizes stipulated by the Mexican Ministries of Education and Health in their guidelines for food and beverages offered in schools that came into effect at the end of 2010, the company also created a portfolio of products for schoolchildren. This offering comprises 14 products, one of the broadest in the industry for this segment, and we will continue to expand it to include baked, low-calorie products.

With regard to operating performance, Bokados earned ISO 22000 Food Safety Certification in 2010, becoming one of the first Mexican food companies, and undoubtedly the first in its category, to achieve this.

Arca's exports to the United States through its subsidiary Interex continued to grow, with revenue rising 19% year-over-year. During the past six years, Interex, which markets Topo Chico, Barrilitos, Bokados and Salsas Trechas products in the United States, has grown at an average annual rate of 16%, serving the emergent second-generation Hispanic market there.

The revenues of our vending-machine business increased 6.3% in 2010 and during the year it implemented a new machine management and control system based on the very latest technologies. The software for this system was developed in-house to streamline the visit and collection processes and improve route productivity, thus significantly reducing product stock-outs.

Sales made by our plastic case business (IPASA) to external companies grew 20.4%, and 30% in volume, during 2010, reflecting actions such as the installation of a new production line for recyclable, returnable packaging that targets the meat packaging market.

In recognition of Arca's commitment to the development of its human capital, for the second consecutive year, this business earned GPW certification during the year and was also designated as one of the "Best Companies to Work in Mexico".

RESULTS

- Bokados continued to expand at a significant rate in 2010, posting sales in excess of 1,100 million pesos and boasting 34 distribution centers by yearend
- Revenues from the vending-machine business increased 6.3% in 2010
- Our plastic case business, IPASA, posted a 20.4% growth in revenues and 30% upswing in volume
- Salsas Trechas' revenues grew in excess of 50%, largely reflecting the rollout of its products in California
- Arca acquired Sr. Snacks, a company that produces and markets snacks targeting the Hispanic market in the United States

LEVERAGING STRENGTHS TO SHARE SOCIAL RESPONSIBILITY

At Arca, we are aware of the opportunity we have to make a difference every day by offering the best options in products and services, but, more importantly, by actively participating in the development of all aspects of the communities we serve.

One of the most important components of Arca's Social Responsibility Model is the company's commitment to the communities in which it operates. The model is based on constant dialogue, the implementation of diverse community assistance programs, and strategic alliances with charity organizations, government agencies and other companies.

To support our territories in a year in which they were hit by hurricanes and earthquakes, we implemented emergency actions in the affected areas through a joint effort between ASCOCA and the Coca-Cola Foundation. Our assistance included the donation of over 300 thousand liters of water and other Arca beverages using the Red Cross and Civil Protection Agencies for distribution.

In addition, through our route-home system, we delivered information to thousands of affected families on the safety and health measures that should be observed after such contingencies. We also offered our plants and distribution centers for collecting staples and implemented a financial and in-kind support mechanism for both our personnel and the members of the communities affected by the disasters.

In an effort to promote the sustainable development of society through joint efforts and purposes, at the end of 2010 Arca was a co-founder of the SumaRSE Network in the state of Nuevo Leon. This initiative is an association of local companies that seeks to create a united front to address the difficult situation faced by the people of the state after the devastation of Hurricane Alex (that hit the area at the end of June 2010) by promoting high social impact programs in synergy with all sectors of society.

VOLUNTARY WORK PROGRAM

Created in 2004, the Arca Voluntary Work Program is an example of coordination and commitment to outreach in the communities where we operate. More than 2,500 volunteers currently participate, contributing their time and monetary donations, equaled by Arca, to support social causes through a series of institutional activities organized during the year by the Volar Committee.

Some of our most noteworthy initiatives include the Annual Arca Voluntary Work Day when reforestation activities are conducted and "Christmas with Meaning" which, in 2010, allowed us to celebrate with, and hand out gifts donated by our associates to, over 500 needy families.

ENVIRONMENTAL PROTECTION

At Arca, we are determined to contribute to environmental conservation as we conduct our business. Our plants and distribution centers fully comply with current environmental laws and standards, and operate with the latest control systems and mechanisms to enhance process efficiency and protect the environment. To this end, we have implemented best practice and innovation initiatives in three key aspects of environmental impact: water conservation, energy use and waste management.

We also promote a culture of social responsibility among our associates, their families and the community in general, so that they too can become agents of positive change in society. In 2010, we organized the first Annual Sustainability Day, to keep our people informed about the actions we can all implement to benefit our community and the environment, such as conserving energy and water, reforestation and recycling. Educational activities for children were also included in the day's events.

EXERCISE

People's health and quality of life are of utmost importance to Arca. We endeavor to contribute to creating healthier communities by promoting active, healthy lifestyles through sports and recreational activities and by providing infrastructure support.

"Schools in Motion" is an Arca initiative that encourages exercise and healthy eating habits in children. During 2010, we expanded this program to the state of Chihuahua, where, in an alliance with the authorities, 23 multi-purpose sports areas were opened to benefit over 15,000 children.

Another activity we carry out to promote sports in the community is the Monterrey Powerade Marathon. The fifth edition of this event was held in 2010, with the participation of three thousand competitors, making it the fastest growing marathon in Mexico.

Senior Management

FRANCISCO GARZA EGLOFF (56)
Chief Executive Officer of Arca since January 2003. During the previous 26 years, he held various positions at Alfa including Chief Executive Officer of Sigma Alimentos, Akra, Petrocel-Temex and Polioles, in the petrochemical division. Mr. Garza has a degree in Chemical Engineering from ITESM and has taken several post-graduate courses at IPADE.

LEONEL CRUZ MARTINEZ (58)
Vice President of Human Resources and Quality of Arca since December 2008. Previously, he was Vice President of Operations. Mr. Cruz joined Argos in 1988 where he was General Manager of the Obregon and Mexicali bottling plants. In 1998, he was named Vice President of Operations of Argos. Mr. Cruz has a Bachelor's Degree in Business Administration from the Universidad de Sonora and a Master's in Agricultural Economics from the Colegio de Postgraduados.

MANUEL GUTIERREZ ESPINOZA (58)
Vice President of Planning of Arca since 2008. Among his responsibilities are the areas of Strategic Planning, Information Technology, Procurement and Strategic Projects. Mr. Gutierrez holds a degree in Mechanical Engineering from ITESM, an MBA from MIT and over 30 years of experience at Alfa and Hylsa in the areas of Planning, Control, Information Technology, Procurement, Acquisitions & Divestitures, Strategic Alliance Development and Expansion Projects.

ARTURO GUTIERREZ HERNANDEZ (45)
Chief Operating Officer of Arca since January 2011. Member of the Board of Jugos del Valle. Former Secretary of Arca´s Board from 2001 to 2009. Vice President of Arca´s Mexico Beverage Division, Vice President of Human Resources and Planning, Vice President of Strategic Planning and General Counsel of Arca. Previously, he was Corporate Counsel of Alfa. Mr. Gutierrez holds a Law Degree from the Escuela Libre de Derecho and a Master of Laws from Harvard University.

JAIME SANCHEZ FERNANDEZ (40)
General Counsel of Arca and Secretary of the Board since 2009. Previously he was Corporate Legal Manager of Arca. Prior to joining the Company, he worked for Alfa for 8 years and also practiced law independently. Mr. Sanchez holds a Law Degree from the Universidad de Monterrey and a Master of Laws from the University of Michigan.

ADRIAN WONG BOREN (60)
Chief Financial and Administrative Officer of Arca since 1994. Former full-time professor at San Diego State University, ITESM and part time Professor at the University of California and Virginia Tech. Mr. Wong has an Accounting Degree from Universidad de Coahuila, an MBA from ITESM, and a Ph.D. from Virginia Tech.

Board of Directors

MANUEL L. BARRAGAN MORALES (60) 1,C
Chairman of Board of Directors of Arca since 2005. Member of the Board since 2001. Chairman of the Board of Grupo Index. Former Board Member of Procor, Banco Regional del Norte and Papas y Fritos Monterrey. He was also an executive member at a major financial institution for 15 years.

JAVIER L. BARRAGAN VILLARREAL (86)
Honorary Chairman of the Board of Arca and Member of Movimiento de Promocion Rural.

LUIS ARIZPE JIMENEZ (49) 1,P
Vice Chairman of the Board of Directors of Arca since 2008. Chairman of the Board of Saltillo Kapital. President of the Mexican Red Cross, Saltillo delegation. President of the Offering Committee for the Diocese of Saltillo. Vice President of COPARMEX, Southeast Coahuila. Board Member and Treasurer of Desarrollo Rural de Saltillo. Former President of CANACINTRA, Southeast Coahuila.

TOMAS A. FERNANDEZ GARCIA (39) 1,P
Vice Chairman of the Board of Directors of Arca since 2007. Member of the Board of Directors of Arca since 2005. He is President and CEO of Original Video North America.

JORGE HUMBERTO SANTOS REYNA (36) 1,P
Vice Chairman of the Board of Directors of Arca since 2007. Member of the Board of Directors since 2001. Chief Executive Officer of Grupo San Barr. Alternate Board Member of Grupo Index. Board Member of Grupo Financiero Banregio and Grupo San Barr. Treasurer of the Asociacion de Engordadores de Ganado Bovino del Noreste. Former Chairman of the Board of USEM Monterrey and former Board Member of Procor, CAINTRA Nuevo Leon and Papas y Fritos Monterrey.

GUILLERMO ALVELAIS DESTARAC (30) 1,P
Member of the Board of Directors of Arca since 2009.

EMILIO JOSE ARIZPE NARRO (62) 1,P
Member of the Board of Directors of Arca since 2008.

JUAN M. BARRAGAN TREVIÑO (49) 1,C
Member of the Board of Directors of Arca since 2009.

FERNANDO BARRAGAN VILLARREAL (80) 1,P
Member of the Board of Directors of Arca since 2001. Board Member of Grupo Index and Member of the Civic Council of Parque Ecologico Chipinque. Former Board Member of Estructuras de Acero, Financiera General de Monterrey, Procor and Banregio. Former Chief Executive Officer of Procor. He also held various positions at Bebidas Mundiales, including Managing Director and Manager of Production, Maintenance and Quality Control.

ALEJANDRO M. ELIZONDO BARRAGAN (57) 1,P
Member of the Board of Directors of ARCA since 2004. He is currently the Business Development Director of Alfa. He has held various positions in the corporate, steel and petrochemical divisions during his 35-year career at Alfa. Board Member of Banco Regional de Monterrey, Nemak, Indelpro, Polioles and Alestra.

ULRICH FIEHN BUCKENHOFER (65) 2,A
Member of the Board of Directors of Arca since 2002. Board Member of Banamex, Northern Zone. Former Chairman of the Board of Grupo Proagro, Board Member of Grupo Financiero Banamex Accival, Acciones y Valores de Mexico, Bolsa Mexicana de Valores, Indeval, Asociacion Mexicana de Intermediarios Bursatiles, Seguros Banamex Aegon, Grupo Industrial Durango, John Deere, Banco Mercantil del Norte and Interceramic. Former Chief Executive Officer of Acciones y Valores de Mexico, Corporate Treasurer of Grupo Industrial Saltillo and Advisor to the Presidency and Member of the Executive Committee of Banamex.

ENRIQUE GARCIA GAMBOA (55) 2
Member of the Board of Directors of Arca since 2005. Chief Executive Officer of Industrias Alen. Regional Board Member of Banamex and Board Member of Universidad de Monterrey. He held several positions at Industrias Alen, including Production Manager and Chief Financial Officer.

Board of Directors

RAFAEL GARZA-CASTILLON VALLINA (54) 1,P
Member of the Board of Directors of Arca since 2001. Chairman of the Board of Distribuidores Generales, Chairman of the Board of Comercializadora de Arrendamientos and Cantera Motors. Board Member of Grupo Novamex. Former General Manager of Embotelladora de la Frontera and Refrigeradora de Parral, and Director of Hieleria Juarez. Former Board Member of Argos and Sistemas Axis.

ROBERTO GARZA VELAZQUEZ (54) 1,P
Member of the Board of Directors of Arca since 2001. Chief Executive Officer of Industria Carrocera San Roberto. Partner and Member of the Board of Promotora Octagonal del Norte. Board Member of Grupo Index and Banca Afirme.

LUIS LAURO GONZALEZ BARRAGAN (57) 1,P
Member of the Board of Directors of Arca since 2001. Chairman of the Board of Grupo Logistico Intermodal Portuaria. Board Member of Grupo Index, Berel and Universidad de Monterrey. Former Board Member of Procor.

ERNESTO LOPEZ DE NIGRIS (50) 2,C
Member of the Board of Directors of Arca since 2001. Board Member of Telmex and Grupo Industrial Saltillo, where he was formerly Co-Chairman of the Board of Directors and Vice President of Operations.

FERNANDO OLVERA ESCALONA (78) 2,A
Member of the Board of Directors of Arca since 2001. Currently Chairman of Arca's Audit and Corporate Practices Committee. President of Promocapital. Former Chief Executive Officer of Grupo Protexa, Chairman of the Board of Farmacias Benavides, Co-Chief Executive Officer of Banca Serfin, Board Member of the State National Bank of El Paso, Union Carbide Mexicana, Petrocel and John Deere de Mexico.

MANUEL G. RIVERO SANTOS (59) 2,A
Member of the Board of Directors of Arca since 2005. Chairman of the Board of Banco Regional de Monterrey. Board Member and Chief Executive Officer of Banregio Grupo Financiero. He was Vice President of the Mexican Banking Association from 1997 to 2000.

JOSE ANTONIO RODRIGUEZ FUENTES (53) 1,C
Member of the Board of Directors of Arca since 2010. President and Administrator of Avicola Ganadera La Pasta and Arrenda Saltillo. Board Member of Fondo Inmobiliario Trilenium 1, Monterrey Plant of Agribrands Purina Mexico, Union de Avicultores de Saltillo, Federacion Agronomica, Colegio de Ingenieros Agronomos de Coahuila and CANACO Saltillo. Founding Board Member of Caritas Diocesano de Saltillo, Casa del Sacerdote Emerito and Casa de los Niños y las Niñas. Secretary of the Board of Casa Hogar de los Pequeños. Founder and President of Jovenes Unidos. Treasurer of the Saltillo Red Cross.

JESUS VIEJO GONZALEZ (37) 1,P
Member of the Board of Directors of Arca since 2007. Executive Vice President of the Board of Directors of Centro Convex. Board Member of CAINTRA, COPARMEX, Filantrofilia and the Private Sector's Center for Economic Studies. Current Chief Economist of Alfa. Former Vice President of Emerging Markets Economic Research at Goldman Sachs, New York. Mr. Viejo holds an Economics Degree from ITESM, a Master's in Public Policy from Harvard University and a Ph.D. in Economics from Boston University.

MARCELA VILLAREAL FERNANDEZ (63) 1,C
Member of the Board of Directors of Arca since 2001. Board Member of Novamex, Sistemas Axis, Fundacion Mascareñas, Fundacion Rosario Campos de Fernandez, Villa Maria El Paso, Texas and Tulane University School of Public Health & Tropical Medicine. Member of the Advisory Board of the El Paso Opera and Chairman of the Board of the Juarez Simphony. Member of Pan American Round Table and Dame of Malta. Former Board Member of Argos and President of El Paso Museum of Arts.

JAIME SANCHEZ FERNANDEZ (40)
General Counsel of Arca and Secretary of the Board since 2009. Previously he was Corporate Legal Manager of Arca. Prior to joining the Company, he worked for Alfa for 8 years and also practiced law independently. Mr. Sanchez holds a Law Degree from the Universidad de Monterrey and a Master of Laws from the University of Michigan.

BOARD MEMBERS:	**COMMITTEES:**
1. Shareholder	A. Audit and Corporate Practices
2. Independent	C. Compensation
	P. Planning

CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS

Sales Volumen (MUC)

Net Sales (millions of Mexican pesos)

SALES

Total sales volume of soft drinks and purified water increased 5.8% in 2010, reaching 644.1 MUC. The Mexican Beverage Division registered sales volume of 488.0 MUC, up 1.7% from 2009, while the South American Beverage Division (Argentina and Ecuador) reported sales volume of 156.2 MUC, up 21.3% from the previous year. In 2010, the average price per unit case in Mexico increased 4.2%, which was the result of selective price adjustments carried out during the year. Consolidated net sales rose 11.7% from Ps. 24,234.2 million in 2009 to Ps. 27,060.2 million in 2010. The Mexican Beverage Division reported net sales of Ps. 20,513.9 million while the South American Division reached Ps. 5,446.3 million. The results of operations for Ecuador Bottling Company ("EBC"), which was acquired in September 2010, were consolidated beginning October 1, 2010 into the Company's results within the South American Beverage Division.

COST OF SALES

In 2010, cost of sales reached Ps. 14,658.9 million, an increase of 12.7% when compared to 2009, mainly due to the incorporation of results from EBC. The cost per unit case in 2010 was Ps. 22.3 for the Mexican Beverage Division, up 4.5% from 2009. These increases were mostly a result of the significant increases in raw materials, specifically sugar. Consolidated gross margin for 2010 was 45.8%, while for the Mexican Beverage Division it was 46.9% and for the South American Beverage Division it was 39.9%.

OPERATING EXPENSES

Consolidated operating expenses grew 10.5% to Ps. 8,174.3 million in 2010, mainly due to the incorporation of results from EBC. For the Mexican Beverage Division, operating expenses increased 4.6% from 2009, representing 28.7% as a percentage of sales versus 29.1% in the previous year. Specifically, in the Mexican Beverage Division, selling expenses were up 4.8%, from Ps. 4,583.8 million to Ps. 4,804.9 million, while administrative expenses increased 3.6%, from Ps. 1,047.4 million in 2009 to Ps. 1,085.2 million in 2010. In the South American Beverage Division, selling expenses were Ps. 1,437.8 million, and administrative expenses were Ps. 342.9 million in 2010.

OPERATING INCOME AND EBITDA

In 2010, consolidated operating income before non-recurring expenses reached Ps. 4,227 million, up 10.5% from 2009, representing an operating margin of 15.6%. Operating income before non-recurring expenses within the Mexican Beverage Division increased from Ps. 3,469.5 million to Ps. 3,728.1 million, representing an operating margin of 17.9% in 2009 and 18.2% in 2010. For the South American Beverage Division, operating income before non-recurring expenses increased from Ps. 242.0 million

* EXCLUDING NON-RECURRING EXPENSES.

Operating Profit* (millions of Mexican pesos)

EBITDA* (millions of Mexican pesos)

to Ps. 390.0 million, representing an operating margin of 6.2% in 2009 and 7.2% in 2010. Consolidated EBITDA excluding non-recurring expenses increased 10.2% from Ps. 4,941.5 million to Ps. 5,443.1 million in 2010, representing a margin of 20.1%.

INTEGRAL COST OF FINANCING

In 2010, the integral cost of financing was Ps. 206.7 million, which resulted from an exchange rate gain of Ps. 102.0 million in 2010 compared to a loss of Ps. 1.2 million in 2009. Interest expense rose 8.2% to Ps. 308.7 million.

INCOME TAX

The effective Income Tax Rates were 27.5% in 2009 and 27.9% in 2010. Provisions for income tax went from Ps. 931.8 million in 2009 to Ps. 1,019.6 million in 2010.

NET INCOME

Net income for 2010 was Ps. 2,631.5 million or Ps. 3.26 per share, which was 7.4% higher than the Ps. 2,450.9 million registered in 2009.

BALANCE SHEET AND CASH FLOW

As of December 31, 2010, Arca had a cash position of Ps. 3,628.4 million and debt of Ps. 8,318.2 million, representing a net debt of Ps. 4,689.8 million. Net cash position generated by the operation was Ps. 5,164.5 million in 2010.

INVESTMENTS

In 2010, investment in fixed assets totaled Ps. 1,350.3 million and was mainly allocated towards increasing the efficiency of production lines, maintenance and regular replacement of plant and equipment, and the installation of coolers and vending machines.

DEBT

During 2010, ARCA refinanced the debt related to the EBC transaction, issuing Ps 3,500 million in local bonds ("Certificados Bursátiles") within the Mexican capital markets. Ps. 1,000 million was issued at a coupon of 28-day TIIE ("Tasa de Interés Interbancaria de Equilibrio") plus 29 basis points and Ps. 2,500 million was issued for a 10-year tenor yielding a fixed rate of 7.74%. Both Standard & Poor's and Fitch Ratings rated these issues "AAA".

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN MILLIONS OF MEXICAN PESOS)

December 31,	2010	2009	2008	2007[1]	2006[1]
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	3,628	4,421	959	2,758	2,562
TRADE ACCOUNTS RECEIVABLE	1,177	906	928	738	716
OTHER ACCOUNTS RECEIVABLE	586	427	279	251	233
INVENTORIES	2,135	1,742	1,491	996	965
PREPAID EXPENSES	140	93	70	54	67
TOTAL CURRENT ASSETS	**7,666**	**7,589**	**3,727**	**4,797**	**4,543**
OTHER LONG-TERM ACCOUNTS RECEIVABLE	-	-	-	-	170
INVESTMENT IN SHARES OF ASSOCIATED COMPANIES	696	787	766	122	89
PROPERTY, PLANT AND EQUIPMENT, NET	12,315	10,869	10,929	9,182	8,838
GOODWILL, NET	8,033	4,612	4,521	2,534	2,269
EMPLOYEE BENEFITS	21	86	14	-	-
OTHER ASSETS	5,861	1,699	1,702	605	334
TOTAL ASSETS	**34,592**	**25,642**	**21,659**	**17,240**	**16,243**
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
SUPPLIERS	1,413	910	1,116	980	685
DERIVATIVE INSTRUMENTS	1	20	-	-	-
CURRENT PORTION OF LONG-TERM DEBT	531	1,961	2,488	1,011	12
OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES	1,861	938	824	727	619
	3,806	**3,829**	**4,428**	**2,718**	**1,316**
LONG TERM DEBT	7,787	4,004	500	509	1,577
DERIVATIVE INSTRUMENTS	57	5	-	-	-
EMPLOYEE BENEFITS	-	-	-	87	234
DEFERRED EMPLOYEES' PROFIT SHARING	190	112	86	96	35
OTHER DEFERRED LIABILITIES	153	134	203	-	-
DEFERRED INCOME TAX	2,929	1,762	1,783	1,364	1,298
TOTAL LIABILITIES	**14,922**	**9,846**	**7,000**	**4,774**	**4,460**
STOCKHOLDERS' EQUITY:					
CAPITAL STOCK	4,698	4,698	4,698	4,698	4,698
ADDITIONAL PAID IN CAPITAL	729	711	725	725	721
RETAINED EARNINGS	12,279	10,495	9,036	9,483	8,723
CUMULATIVE TRANSLATION ADJUSTMENT OF FOREIGN SUBSIDIARIES	(382)	(108)	200	5	5
CHARGE TO STOCKHOLDERS' EQUITY FOR LABOR OBLIGATIONS	-	-	-	(11)	(19)
DEFICIT FROM RESTATEMENT	-	-	-	(2,434)	(2,345)
TOTAL STOCKHOLDERS' EQUITY (MAJORITY INTEREST)	**17,324**	**15,796**	**14,659**	**12,466**	**11,783**
NON-CONTROLLING INTEREST	2,346	0	0	0	0
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**34,592**	**25,642**	**21,659**	**17,240**	**16,243**

1 MILLIONS OF MEXICAN PESOS OF DECEMBER 31, 2007, PURCHASING POWER.

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(IN MILLIONS OF MEXICAN PESOS)

December 31,	2010(2A)	2009(2A)	2008	2007(1)	2006(1) (2)
SALES VOLUME (MUC)	644.1	608.6	509.9	480.2	468.0
NET SALES	27,060	24,234	20,255	18,586	17,298
COST OF SALES	(14,659)	(13,068)	(10,494)	(9,545)	(8,947)
GROSS MARGIN	**12,401**	**11,166**	**9,761**	**9,041**	**8,351**
SELLING EXPENSES	(6,707)	(5,923)	(4,755)	(4,332)	(3,922)
ADMINISTRATIVE EXPENSES	(1,467)	(1,419)	(1,159)	(1,057)	(1,010)
OPERATING INCOME (EXCLUDES NON-RECURRING EXPENSES)	**4,227**	**3,824**	**3,847**	**3,652**	**3,419**
NON-RECURRING EXPENSES (2A)	(7)	(51)	-	-	(20)
	4,220	**3,773**	**3,847**	**3,652**	**3,399**
OTHER (EXPENSE) INCOME, NET(2B)	(331)	(102)	(1)	(108)	(150)
COMPREHENSIVE FINANCING INCOME (COST):					
INTEREST (EXPENSE) INCOME, NET	(309)	(285)	(74)	2	52
EXCHANGE GAIN (LOSS), NET	102	(1)	97	11	2
LOSS FROM MONETARY POSITION	-	-	-	(41)	(39)
	(207)	**(286)**	**23**	**(28)**	**15**
	3,682	**3,385**	**3,869**	**3,516**	**3,264**
EQUITY IN INCOME (LOSS) OF ASSOCIATED COMPANIES	13	(2)	18	15	(7)
INCOME BEFORE PROVISION FOR INCOME TAX	**3,695**	**3,383**	**3,887**	**3,531**	**3,257**
PROVISION FOR INCOME TAX	(1,020)	(932)	(937)	(1,047)	(965)
NON-CONTROLLING INTEREST	(43)	-	-	-	-
CONSOLIDATED NET INCOME	**2,632**	**2,451**	**2,950**	**2,484**	**2,292**
NUMBER OF SHARES (THOUSANDS)	806,020	806,020	806,020	806,020	806,020
DEPRECIATION AND AMORTIZATION	1,216	1,118	869	820	739
EBITDA (EXCLUDES NON-RECURRING EXPENSES)	5,443	4,941	4,715	4,472	4,158
CAPEX	1,350	1,237	1,435	1,100	1,239

(1) MILLIONS OF MEXICAN PESOS OF DECEMBER 31, 2007, PURCHASING POWER

(2) TO FACILITATE COMPARATIVE ANALYSIS, SOME ADJUSTMENTS WERE MADE TO THESE FINANCIAL STATEMENT: A) SALE AND ADMINISTRATIVE EXPENSES THAT ARCA'S MANAGEMENT CONSIDERS NON-RECURRING ARE SHOWN SEPARATELY, AND B) EFFECTIVE JANUARY 1, 2007, THE COMPANY ADOPTED THE MEXICAN FINANCIAL REPORTING STANDARD B-3 WHICH REQUIRED THE RECLASSIFICATION OF EMPLOYEES PROFIT SHARING INTO THE OTHER EXPENSES LINE, TO WHICH FOR COMPARISON PURPOSES, THE CORRESPONDING RECLASSIFICATION WAS MADE FOR 2006.

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for preparing the financial statements and all the financial information contained in this Report. This responsibility includes maintaining the integrity and objectivity of financial records, as well as preparing the financial statements in accordance with Mexican Financial Reporting Standards (MFRS).

The Company has an internal control structure whose objectives include, among other things, ensuring that Company records incorporate all transactions related to its operating activities, thus providing protection against the inappropriate use or loss of Company assets.

Management believes that the internal control structure complies with said objectives. The control structure is based on the hiring and training of qualified personnel, documented policies and procedures, and a team of internal auditors who apply rigorous auditing programs to all the Company's operations.

The financial statements were audited by PricewaterhouseCoopers, S.C. a firm of independent public accountants. Their audit was carried out in accordance with generally accepted auditing standards and included the Company's internal control structure. The external auditors' report is included in this Report. The Company's Board of Directors, through an Audit Committee made up exclusively of directors who are not employed by the same, is responsible for ensuring that Company Management complies with its obligations in regard to the financial control of operations and the preparation of financial statements.

The Audit Committee proposes the firm of external auditors to the Board of Directors and meets with Management, the internal auditors and the firm of external auditors on a regular basis.

The Audit Committee has free access to the internal auditors and the firm of external auditors, with whom it meets continuously to discuss their audit work, internal controls and the preparation of financial statements.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ADRIÁN WONG BOREN
Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

pwc

TO THE STOCKHOLDERS OF EMBOTELLADORAS ARCA, S. A. B. DE C. V.

Monterrey, N. L., Mexico, March 10, 2011

We have examined the accompanying consolidated balance sheets of Embotelladoras Arca, S. A. B. de C. V. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Embotelladoras Arca, S. A. B. de C.V. and subsidiaries as of December 31, 2010 and 2009, and the consolidated results of their operations, the changes in their stockholders' equity and their cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers

ALEJANDRO MORENO ANAYA
Audit Partner

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2010 AND 2009
(THOUSANDS OF MEXICAN PESOS, SEE NOTES 1 AND 2)

		2010		2009
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	Ps	3,628,418	Ps	4,421,153
TRADE ACCOUNTS RECEIVABLE (NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF PS. 3,692 IN 2010 AND PS. 20,221 IN 2009)		1,176,994		905,572
OTHER ACCOUNTS RECEIVABLE		583,928		427,303
INVENTORIES (NOTE 4)		2,134,987		1,742,293
PREPAID EXPENSES		140,281		92,954
TOTAL CURRENT ASSETS		**7,664,608**		**7,589,275**
INVESTMENT IN SHARES OF ASSOCIATED COMPANIES (NOTE 5)		696,312		786,625
PROPERTY, PLANT AND EQUIPMENT, NET (NOTE 6)		12,315,442		10,868,801
GOODWILL, NET (NOTE 8)		8,033,213		4,611,884
EMPLOYEE BENEFITS (NOTE 12)		20,879		86,472
INTANGIBLE ASSETS AND OTHER ASSETS (NOTE 9)		5,861,386		1,698,527
TOTAL ASSETS	**Ps**	**34,591,840**	**Ps**	**25,641,584**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
SUPPLIERS	Ps	1,413,073	Ps	910,032
DERIVATIVE FINANCIAL INSTRUMENTS (NOTE 11)		1,080		20,325
CURRENT PORTION OF LONG-TERM DEBT (NOTE 10)		530,965		1,960,880
OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES		1,547,756		712,145
EMPLOYEES' PROFIT SHARING PAYABLE (NOTE 16)		312,986		225,923
TOTAL CURRENT LIABILITIES		**3,805,860**		**3,829,305**
LONG-TERM DEBT (NOTE 10)		7,787,200		4,004,265
DERIVATIVE FINANCIAL INSTRUMENTS (NOTE 11)		57,382		4,539
DEFERRED EMPLOYEES' PROFIT SHARING (NOTE 16)		190,309		111,848
OTHER DEFERRED LIABILITIES		152,588		133,722
DEFERRED INCOME TAX (NOTE 17)		2,928,856		1,761,635
TOTAL LIABILITIES		**14,922,195**		**9,845,314**
STOCKHOLDERS' EQUITY (NOTE 14):				
CAPITAL STOCK		4,697,989		4,697,989
ADDITIONAL PAID-IN CAPITAL		728,659		711,034
RETAINED EARNINGS		12,279,910		10,495,486
CUMULATIVE TRANSLATION ADJUSTMENT OF FOREIGN SUBSIDIARIES		(382,476)		(108,388)
TOTAL MAJORITY INTEREST		**17,324,082**		**15,796,121**
NON-CONTROLLING INTEREST		2,345,563		149
TOTAL STOCKHOLDERS' EQUITY		**19,669,645**		**15,796,270**
CONTINGENCIES AND COMMITMENTS (NOTE 13)				
SUBSEQUENT EVENT (NOTE 22)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**Ps**	**34,591,840**	**Ps**	**25,641,584**

THE ACCOMPANYING TWENTY-TWO NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ADRIÁN WONG BOREN
Chief Financial Officer

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(THOUSANDS OF MEXICAN PESOS, SEE NOTES 1 AND 2)

		2010		2009
NET SALES	Ps	27,060,243	Ps	24,234,160
COST OF SALES		(14,658,949)		(13,017,227)
GROSS MARGIN		**12,401,294**		**11,216,933**
SELLING EXPENSES		(6,714,870)		(6,022,144)
ADMINISTRATIVE EXPENSES		(1,466,811)		(1,421,804)
		(8,181,681)		(7,443,948)
OPERATING INCOME		**4,219,613**		**3,772,985**
OTHER EXPENSES, NET (NOTE 14)		(330,625)		(101,429)
COMPREHENSIVE FINANCIAL LOSS (NOTE 15):				
FINANCIAL EXPENSES, NET		(308,729)		(285,247)
EXCHANGE GAIN (LOSS), NET		102,044		(1,164)
		(206,685)		(286,411)
		3,682,303		3,385,145
EQUITY IN INCOME (LOSS) OF ASSOCIATED COMPANIES		13,256		(2,335)
INCOME BEFORE PROVISION FOR INCOME TAX		3,695,559		3,382,810
PROVISION FOR INCOME TAX (NOTE 17)		(1,020,892)		(931,843)
INCOME BEFORE NON-CONTROLLING INTEREST		2,674,667		2,450,967
NON-CONTROLLING INTEREST		(43,149)		(21)
NET INCOME	**Ps**	**2,631,518**	**Ps**	**2,450,946**
NET INCOME PER SHARE (NOTE 2 V.)	**Ps**	**3.26**	**Ps**	**3.04**
WEIGHTED AVERAGE SHARES OUTSTANDING (THOUSANDS)		**806,020**		**806,020**

THE ACCOMPANYING TWENTY-TWO NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ADRIÁN WONG BOREN
Chief Financial Officer

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(THOUSANDS OF MEXICAN PESOS, SEE NOTE 2)

	Contributed capital					
		Capital stock		Additional paid in capital		Retained earnings
BALANCES AT DECEMBER 31, 2008	Ps	4,697,989	Ps	725,095	Ps	9,036,449
CHANGES IN 2009:						
DIVIDENDS DECLARED						(1,121,156)
FUND FOR REPURCHASE OF OWN SHARES				(14,061)		129,247
NON-CONTROLLING INTEREST						
COMPREHENSIVE INCOME						2,450,946
BALANCES AT DECEMBER 31, 2009		4,697,989		711,034		10,495,486
CHANGES IN 2010:						
DIVIDENDS DECLARED						(846,321)
FUND FOR REPURCHASE OF OWN SHARES				17,625		52,070
NON-CONTROLLING INTEREST						
COMPREHENSIVE INCOME						2,578,675
BALANCES AT DECEMBER 31, 2010 (NOTE 14)	**Ps**	**4,697,989**	**Ps**	**728,659**	**Ps**	**12,279,910**

THE ACCOMPANYING TWENTY-TWO NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

		Earned surplus	
Cumulative translation adjustment of foreign subsidiaries	Total majority interest	Non-controlling interest	Total stockholder's equity
Ps 199,697	Ps 14,659,230	Ps 152	Ps 14,659,382
	(1,121,156)		(1,121,156)
	115,186		115,186
		(3)	(3)
(308,085)	2,142,861		2,142,861
(108,388)	15,796,121	149	15,796,270
	(846,321)		(846,321)
	69,695		69,695
		2,345,414	2,345,414
(274,088)	2,304,587		2,304,587
(Ps 382,476)	**Ps 17,324,082**	**Ps 2,345,563**	**Ps 19,669,645**

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ADRIÁN WONG BOREN
Chief Financial Officer

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(THOUSANDS OF MEXICAN PESOS, SEE NOTE 2)

	2010	2009
OPERATING ACTIVITIES:		
INCOME BEFORE PROVISIONS FOR INCOME TAX	Ps 3,695,559	Ps 3,382,810
ITEMS NOT AFFECTING RESOURCES:		
DEPRECIATION AND AMORTIZATION	1,149,096	1,091,786
DISPOSAL OF OBSOLETE MACHINERY AND EQUIPMENT	(22,536)	(20,948)
WRITE-OFF OF MACHINERY AND EQUIPMENT NO LONGER IN USE	17,195	45,477
EQUITY IN INCOME OF ASSOCIATED COMPANIES	(13,256)	2,335
DEFERRED EMPLOYEES' PROFIT SHARING	59,623	26,077
	4,885,681	**4,527,537**
ITEMS RELATED TO FINANCING ACTIVITIES:		
INTEREST CHARGE	469,739	346,179
	5,355,420	**4,873,716**
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE AND OTHER	(208,021)	2,298
CHANGES IN OTHER ACCOUNTS RECEIVABLE	98,828	(166,615)
DECREASE (INCREASE) IN INVENTORIES	60,568	(296,894)
INCREASE (DECREASE) IN SUPPLIERS	242,619	(161,334)
INCOME TAXES PAID	(627,746)	(898,007)
INCREASE IN CREDITORS AND OTHER PAYABLES	308,429	115,453
MOVEMENTS IN THE PENSION PLAN	(65,593)	(71,932)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**5,164,504**	**3,396,685**
INVESTING ACTIVITIES:		
BUSINESS ACQUISITIONS	(4,445,649)	(90,750)
OTHER PERMANENT INVESTMENTS IN SHARES	103,938	(21,982)
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(1,350,373)	(1,237,399)
RECEIPTS FROM SALES OF PROPERTY, PLANT AND EQUIPMENT	41,907	25,705
INVESTMENT IN INTANGIBLE ASSETS	(463,624)	(209,945)
NET CASH FLOWS IN INVESTING ACTIVITIES	**(6,113,801)**	**(1,534,371)**
CASH (SHORTFALL) EXCESS (TO BE OBTAINED FROM) TO BE APPLIED TO FINANCING ACTIVITIES	**(949,297)**	**1,862,314**
FINANCING ACTIVITIES:		
PUBLICLY-TRADED DEBT CERTIFICATES	3,500,000	5,519,902
OTHER FINANCING	3,095,425	145,610
PAYMENT OF LONG-TERMS DEBT	(5,004,699)	(2,583,048)
PAYMENT OF OTHER FINANCING	(73,201)	(104,632)
INTEREST PAID	(471,954)	(319,330)
PREMIUM ON SALE OF SHARES	17,625	(14,061)
REPURCHASE OF OWN SHARES	52,070	129,247
DIVIDENDS PAID	(846,321)	(1,121,156)
NET CASH FLOW FROM FINANCING ACTIVITIES:	**268,945**	**1,652,532**
NET (DECREASE) INCREASE FROM CASH AND CASH EQUIVALENTS	(680,352)	3,514,846
ADJUSTMENTS FROM CONVERSION OF FOREIGN OPERATIONS BALANCES AND CASH FLOWS	(67,677)	
ADJUSTMENTS TO CASH FLOW FROM VARIATIONS IN THE EXCHANGE RATE	(44,706)	(52,348)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,421,153	958,655
CASH AND CASH EQUIVALENTS AT END OF YEAR	**Ps 3,628,418**	**Ps 4,421,153**

THE TWENTY-TWO ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ADRIÁN WONG BOREN
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(THOUSANDS OF MEXICAN PESOS (PS) (SEE NOTE 2), THOUSANDS OF US DOLLARS (US$) OR THOUSANDS OF EUROS (EUR), EXCEPT FOR FIGURES CORRESPONDING TO THE NUMBER AND MARKET VALUE OF SHARES AND EXCHANGE RATES)

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS AND SIGNIFICANT EVENTS

Embotelladoras Arca, S. A. B. de C. V. (Arca) is a company whose main activity consists of the production, distribution and sale of soft drinks of brands owned by The Coca-Cola Company (TCCC), as well as other brands owned by Arca. Under a bottling agreement with TCCC, Arca has exclusive rights to carry out these activities with Coca-Cola products in territories located in Northern Mexico and Argentina and, from October 1, 2010, in Ecuador, where it operates with a product portfolio of soft drinks and carbonated and non-carbonated bottled water (purified or flavored) in various presentations. Additionally, the Company produces and distributes chips and snacks under its Bokados brand.

Arca operates through wholly-owned subsidiaries in which it controls, directly or indirectly, the majority of common stock. The term “the Company”, as used in this report, refers to Arca and its subsidiaries.

SIGNIFICANT EVENTS

A) ACQUISITIONS IN ECUADOR (NOTE 7)

As part of the growth and geographic expansion projects of the Company, on September 8, 2010, acquisition agreements were signed with the former majority stockholders of Ecuador Bottling Company Corp. (EBC, or currently Arca Ecuador, S. A. (Arca Ecuador)), the bottling company of TCCC in Ecuador. As a result of such agreements, the Company acquired 75% of the voting shares of EBC, assuming control of EBC as from October 1, 2010.

The agreement involved:

- The payment of US$320 million for 60% of the voting shares of Arca Ecuador,
- The payment of US$25 million for 475 preferred shares with no voting rights, granting the Company the right to receive an annual preferred dividend of US$7 million payable on a quarterly basis, and
- The exchange of shares representing 25% of the capital stock of Arca’s Spanish subsidiaries, Rockfalls Spain, S.L. (Rockfalls) and Franklinton, Spain S.L. (Franklinton), which are jointly owners of 100% of the capital stock of the Argentine Company’s subsidiaries, in exchange for 15% of the shares of Arca Ecuador.
- The subscription of agreements between stockholders wherein, among other things, the following was established: (i) the composition of the members of the administrative organs of Arca Ecuador, Rockfalls and Franklinton; (ii) certain agreements on the management of these companies; (iii) restrictions on the sale of the share of these companies; and (iv) the terms and conditions for the minority stockholders to be able to sell their shares in these companies after a certain period of time.

The financial statements of the acquired companies were consolidated as from the date at which effective control was obtained over their operations. The preliminary purchase price allocation to the fair values of assets and liabilities, as well as the goodwill recorded, is described in Note 7.

B) ISSUANCE OF PUBLICLY-TRADED DEBT CERTIFICATES

During 2010, Arca issued a series of publicly- traded debt certificates, obtaining resources in the amount of Ps.3,500,000, which were used mainly to repay liabilities contracted previously, as described in Note 10.

NOTE 2 – BASIS FOR PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING STANDARDS:

The accompanying consolidated financial statements as of December 31, 2010 and 2009, have been prepared in accordance with and fully comply with Mexican Financial Reporting Standards (MFRS) so as to show a fair presentation of the financial position of the Company. The MFRS establish that International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations to the International Financial Reporting Standards (IFRIC) and the definitions of Standing Interpretations Committee (SIC) are a supplementary part of MFRS, to be applied when no applicable MFRS exist. Consequently, the Company, with the objective of recognizing, valuing and disclosing certain transactions specific to it, applies IAS-18 "Income from ordinary activities".

PRESENTATION OF COSTS, EXPENSES AND ADDITIONAL LINE ITEMS IN THE STATEMENT OF INCOME:

The Company has prepared its statements of income using a functional classification of their components, since grouping its costs and expenses in this way allows it to disclose the various levels of income. Additionally, to permit a better analysis of the statement of income, the Company has opted to show separately the amount of operating profit, since this is a common disclosure practice in the sector to which the Company belongs.

EFFECTS OF INFLATION ON THE FINANCIAL INFORMATION:

In accordance with the provisions of MFRS B-10 "Effects of inflation", the Mexican economy is not considered inflationary, since cumulative inflation has been below 26% (threshold for defining whether an economy should be considered as inflationary) in the most recent three-year period. Therefore, as of January 1, 2008 the Company discontinued the recognition of effects of inflation on the financial information (suspension of inflation accounting). Consequently, the figures in the accompanying financial statements at December 31, 2010 and 2009, are stated in historical Mexican pesos (Ps) modified by the cumulative effects of inflation on the financial information recognized up to December 31, 2007.

For purposes of recognizing the effects of inflation through 31 December 2007, as described in the previous paragraph, factors derived from the National Consumer Price Index (NCPI) published by Bank of Mexico were used for domestic companies.

Following are the applicable rates of inflation:

December 31	2010	2009
FOR THE YEAR	4.40%	3.57%
ACCUMULATED IN THE LAST 3 YEARS	14.50%	14.48%

Until December 31, 2008, the financial statements of the subsidiaries of Arca located in Argentina recognized the effects of inflation since the cumulative inflation in the three most recent years in that country exceeded 26% . At December 31, 2010 and 2009, the accumulated inflation percentage did not exceed the 26% stipulated above, which indicates that the environment of the aforementioned subsidiaries changed from inflationary to non-inflationary; therefore, the financial statements of these subsidiaries suspended the recognition of the effects of inflation in conformity with MFRS B-10.

At December 31, 2010, the financial statements of the subsidiaries of Arca located in Ecuador are prepared based on modified historical cost with respect to the balances originated before March 31, 2000, on which date the accounting records were converted to US dollars. For purposes of consolidation with Arca in 2010, no effects of inflation were recorded since in the most recent three-year period in Ecuador the cumulative inflation did not exceed 26%. Interex Corp, a subsidiary located in the United States of America, operates in a non-inflationary environment, as do the subsidiaries located in Spain and Holland.

RECORDING, FUNCTIONAL AND REPORTING CURRENCY:

Since for Arca the recording, functional and reporting currency is the Mexican peso, it was not necessary to carry out any translation process.

The investments in foreign subsidiary companies consolidated in these financial statements and identified as foreign operations in conformity with MFRS B-15, were translated from their functional currency to the reporting currency as mentioned in paragraph Y. of this Note. Following are the principal exchange rates used in the various translation processes mentioned above:

		Local currency to Mexican pesos	
Country	**Local currency**	**Average exchange rate in 2010**	**Year-end exchange rate at December 31, 2010**
ARGENTINA	ARGENTINE PESO	3.2285	3.1142
ECUADOR AND USA	US DOLLAR	13.5542	12.3817

		Local currency to Mexican pesos	
Country	**Local currency**	**Average exchange rate in 2010**	**Year-end exchange rate at December 31, 2009**
ARGENTINA	ARGENTINE PESO	3.6254	3.4478
USA	US DOLLAR	13.554	13.043

From January 1, 2010, the Company adopted retrospectively the following MFRS issued by the Mexican Financial Standards Board for (MFRSB) which became effective on the aforementioned date:

MFRS B-2 "Cash flows statement": it modifies the presentation of the effects of fluctuation effects in the exchange rate and the fair value movements in cash and cash equivalents, with the purpose of showing both effects in a specific line, allowing more clarity in the reconciliation of cash and cash equivalents balances at the beginning and end of the period. See statements of cash flows.

MFRS C-13 "Related parties": requires the reporting entity to inform the name of the direct or indirect parent company which issues consolidated financial statements available for public use. It also broadens disclosures about parent companies.

MFRS C-1 "Cash and cash equivalents": it establishes standards for the accounting treatment and disclosure of cash, restricted cash and temporary investments, in addition to incorporating new terminology to make it consistent with other MFRS previously issued. Also, it retrospectively modifies the presentation of restricted cash and cash equivalents. See balance sheet and Note 3.

The accompanying consolidated financial statements and the Notes were authorized for issuance on March 10, 2011, by the officers thereto signing the financial statements and Notes thereto, who are duly authorized for such purpose.

ADOPTION OF THE IFRS:

On January 2009, the National Banking and Securities Commission issued amendments to the General Provisions Applicable to Securities Issuers and other Participants in the Securities Market in order to set up the requirement that issuers prepare and disclose their financial information, commencing in 2012, based on IFRS. Early adoption is permitted.

As of September 30, 2010, in connection with the above requirement, the Company adopted the provisions of the Interpretation 19 "Change resulting from the adoption of International Financial Reporting Standards" issued by the MFRSB, which requires that Issuers disclose the principal effects arising from the adoption of IFRS in relation to the figures of the financial statements prepared under MFRS. The Company is currently in the process of defining its policies and estimating the significant effects that could result from the conversion to IFRS.

In connection with the above paragraph and the business acquisition described in Note 1, Note 13 discloses the commitments assumed by the Company and it also discloses the remote probability of the minority interest exercising its put rights for 25% of the business located in Argentina and Ecuador; however, it did not recognize any liability derived from those rights, which represents a difference between MFRS and IFRS. Consequently, Arca will in future record and disclose the information related to the recognition under IFRS of the commitments referred to in Note 13.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and results of operations of all subsidiaries in which Arca has a controlling interest. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

The consolidation as of December 31, 2010 was prepared based on the financial statements of the following companies, which are located in Mexico, except where otherwise indicated, and which are practically 100%-owned subsidiaries, except in the case of companies located in Spain, which are 75%-owned.

EMBOTELLADORAS ARCA, S. A.B DE C. V. (HOLDING COMPANY)
BEBIDAS MUNDIALES, S. A. DE C. V.
DISTRIBUIDORA DE JUGOS Y BEBIDAS DEL NORTE, S. A. DE C. V.
PRODUCTORA Y COMERCIALIZADORA DE BEBIDAS ARCA, S. A. DE C. V.
NACIONAL DE ALIMENTOS Y HELADOS, S. A. DE C. V.
COMPAÑÍA TOPO CHICO, S. A. DE C. V.
INDUSTRIAL DE PLÁSTICOS ARMA, S. A. DE C. V.
BEBIDAS EMERGENTES DEL NORTE, S. A. P. I. DE C. V.
PROCESOS ESTANDARIZADOS ADMINISTRATIVOS, S. A. DE C. V.
EMBOTELLADORAS ARGOS, S. A.
DESARROLLADORA ARCA, S. A. DE C. V.
FRANKLINTON (1) (2)
SERVICIOS CORPORATIVOS ARCA, S. A. DE C. V.
INTEREX CORP. (US COMPANY)
ROCKFALLS (1) (2)
FORMOSA REFRESCOS S. A.(3)
DISTRIBUIDORA DICO S. A. (3)
EMBOTELLADORAS ARCA DE ARGENTINA S. A. (3)
SALTA REFRESCOS S. A. (3)
ENVASES PLÁSTICOS S. A. (3)
ARCA EUROPE COÖPERATIVE (4)
ARCA ECUADOR (1) (5)
INDUSTRIAL DE GASEOSAS (5)
CONGASEOSAS (5)
EMBOTELLADORA Y PROCESADORA DE EL ORO (5)
EMBOTELLADORA Y PROCESADORA DEL SUR (5)
EMBOTELLADORA Y PROCESADORA CENTRAL (5)
DIRECTCOM Y ASOCIADOS (5)

(1) COMPANIES LOCATED IN SPAIN.
(2) THEY OWN 10% AND 90%, RESPECTIVELY, OF THE COMPANIES LOCATED IN ARGENTINA.
(3) COMPANIES LOCATED IN ARGENTINA.
(4) COOPERATIVE ENTITY LOCATED IN HOLLAND.
(5) SUBSIDIARIES INCORPORATED IN THE CONSOLIDATION AS FROM OCTOBER 1, 2010, LOCATED IN ECUADOR, EXCEPT ARCA ECUADOR, WHICH IS LOCATED IN SPAIN.

The functional currency of the subsidiaries located in Argentina, Rockfalls and Franklinton is the Argentine peso; for those located in the United States, Ecuador and Holland, as well as Arca Ecuador (located in Spain), it is the US dollar.

B. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions, recorded under the best estimate, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the information shown in the financial statements at December 31, 2010 and 2009.

C. CASH AND CASH EQUIVALENTS

Arca considers all highly liquid temporary investments with original maturities of three months or less to be cash equivalents. (See Note 3).

D. DERIVATIVE FINANCIAL INSTRUMENTS (NOTE 11)

All derivative financial instruments classified as for trading purposes as hedges against market risks, are recorded in the balance sheet as assets and/or liabilities at fair value. The fair value is determined based on market prices determined by the counterparty with which Arca has privately contracted the instruments.

The changes in the fair value of the financial instruments contracted with hedging purposes from an economic perspective are recorded in stockholders' equity, while those related to this type of instruments that fail to comply with all the requirements for recognition as hedges, are recorded in comprehensive financial income (expense).Arca also contracts derivative financial instruments to cover its exposure to risk from the variable interest rates on its debt certificates, as indicated in Note 11. In addition, Arca acquires some of its main raw materials for production in currencies different from its functional currency and in order to reduce its exposure to the exchange rate risk, it contracts derivatives in foreign currency so as to cover these forecasted transactions. Derivatives are only contracted with institutions of recognized solvency and limits have been established for each institution.

E. INVENTORIES AND COST OF SALES (NOTE 4)

Inventories of raw materials, finished products and materials and spare parts and the cost of sales are valued at historical cost determined by the average cost method. Values so determined do not exceed market value.

Packaging and distribution boxes are recorded at acquisition cost, which does not exceed their market value.

In 2010 and 2009 the losses due to breakage of bottles and distribution boxes are recorded in income for the period in which they are incurred. Additionally, the bottles and distribution boxes that are not acceptable for use under the impairment and/or physical condition standards established by Arca and TCCC, are retired and charged to income as identified. The useful life of the returnable glass and plastic packaging is estimated at an average of four years and one year, respectively. In Argentina and Ecuador packaging and distribution box costs are charged to income on a basis similar to that used for the Mexican subsidiaries

F. INVESTMENT IN SECURITIES AND OTHER PERMANENT INVESTMENTS (NOTE 5)

Permanent investments in associated companies are valued by the equity method, which consists of adjusting cost determined by the purchase method, by the proportional part of the investee's comprehensive profit or loss, less any dividends as capital reimbursements received subsequent to the acquisition date.

Losses in associated companies are recognized in the corresponding portion, as follows: a) in the permanent investment until reducing it to zero Additionally, Arca has no liabilities for legal obligations or assumed on behalf of its associated companies, and has not recognized any assets or liabilities in this respect.

The Company´s equity in income (loss) of associated companies is shown separately in the income statement. The investments in associated companies are subject to impairment, where applicable, through the equity method.

Other permanent investment in which Arca has no significant influence in the decision-making process, are valued at acquisition cost. The dividends arising from these investments are recognized in the income statement of the period when they are received, except they represent to profits from periods prior to the purchase of the investment, in which case they are deducted from the investment.

G. PROPERTY, PLANT AND EQUIPMENT, NET (NOTE 6)

At December 31, 2010 and 2009, property, plant and equipment is stated as follows: i) acquisitions made after January 1, 2008, at historical cost and ii) acquisitions made up to December 31, 2007 of national origin, at restated values determined by the application to acquisition and construction costs of factors derived from the NCPI.

For Argentina, at December 31, 2010 and 2009 property, plant and equipment are stated as follows: i) acquisitions made from January 1, 2009 onwards at historical cost and ii) acquisitions made through December 31, 2008 of Argentine origin, at restated values determined by the application to acquisition and construction costs of factors derived from the NCPI until December 31, 2008.

For Ecuador, at December 31, 2010, this type of assets is stated at historical cost adjusted at September 30, 2010 to fair value as determined by independent experts. Acquisitions made from October 1, 2010 onwards are recorded at historical cost.

Property, plant and equipment are subject to annual impairment tests only when signs of impairment are identified (see paragraph J. of this Note). Consequently, they are expressed at modified historical cost, less accumulated depreciation, and in some cases, the impairment losses.

When assets are sold or disposed of, the restated investment and accumulated depreciation are cancelled and the gain or loss generated is recorded in income within the caption "Other expense, net" (see Note 16).

Depreciation is calculated on the historical or modified historical value of assets, using the straight-line method based on the estimated useful lives determined by the Company. The annual rates applicable to the values of assets are as follows:

BUILDINGS	2%
MACHINERY AND EQUIPMENT	8%
TRANSPORTATION EQUIPMENT	10%
REFRIGERATORS AND SALES EQUIPMENT	10%
COMPUTER EQUIPMENT	25%
OFFICE EQUIPMENT	10%

H. GOODWILL (NOTE 8)

Based on the MFRS B-7 "Business acquisitions", the Company applies the following accounting guidelines to its business acquisitions: i) the purchase method is used as the only valuation rule, which requires assigning the purchase price to acquired assets and assumed liabilities based on their fair values at the date of acquisition; ii) acquired intangible assets are identified, valued and recorded, and iii) the unassigned portion of the purchase price represents goodwill.

The goodwill is considered to have an indefinite life and represents the excess cost of shares of subsidiaries over the fair value of the net assets acquired and its value is subject to annual impairment tests (see Note 8). Goodwill is stated as follows; i) recorded after January 1, 2008, at historical cost, and ii) recorded through December 31, 2007, at net restated value, determined by applying factors derived from the NCPI through December 31, 2007 to its acquisition cost. Consequently, the goodwill is stated at modified historical cost.

As a result of changes in MFRS, amortization of goodwill ceased to be recorded at December 31, 2004. Currently, goodwill is subject to annual impairment tests as explained in the paragraph J. of this Note.

I.INTANGIBLE ASSETS AND OTHER ASSETS (NOTE 9)

Intangible assets are recorded when they comply with the following characteristics: they are identifiable, provide future economic benefits and the Company has control over these benefits. In connection with the business acquisitions that the Company has carried out, fair values were determined for certain property, plant and equipment, as well as for intangible assets with indefinite lives such as bottling agreements with TCCC (franchises), brands (Bokados) and others, such as customer portfolios, through studies obtained from independent experts.

Intangible assets considered to have an indefinite life are not amortized and are subject to impairment tests as explained in paragraph J. below.

Other assets also include brands and industrial secrets acquired by Arca, which are recorded based on their acquisition price. Also included in other assets are licenses for the use of computer software, which are amortized over the period they are expected to produce benefits. Other assets are assessed periodically as to their ability to continue to generate future profits.

J. IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, tangible and intangible, including goodwill, and the investments in associated companies are subject to impairment tests. Assets with indefinite lives are tested on an annual basis, and assets with finite lives are tested when there are signs of impairment. At December 31, 2010 and 2009, there were no adjustments for impairment.

K. PROVISIONS

Liability provisions represent present obligations resulting from past events, where the outflow of economic resources is probable. These provisions have been recorded using Management's best estimate.

L. EMPLOYEE BENEFITS (NOTE 12)

Benefits granted by the Company to its employees, including defined benefit plans (or defined contribution plans), are summarized as follows:

Direct benefits (salaries, overtime, vacations, holidays and paid leave of absence, etc.) are recorded in income as accrued and the liabilities are expressed at nominal value, due to their short term. Absences paid in conformity with legal or contractual provisions are non-cumulative.

Benefits payable on termination of the labor relationship for causes other than restructuring, as well as retirement benefits (pensions, seniority premiums, medical expenses and indemnities) are recorded based on actuarial studies performed by independent experts using the projected unit credit method. To cover the aforementioned benefits, the Company makes periodical contributions to funds established in irrevocable trusts for some of its subsidiaries.

The net cost for the period of each employee benefit plan is recorded as an operating expense in the year it is accrued, including the amortization of the cost of past services and of actuarial gains (losses) from prior years.

Actuarial studies on employees' benefits incorporate the hypothesis of career salary increases.

In Ecuador, there are pension plans for retirement and dismissal (benefits upon termination of the labor relationship), the provision for which is determined according to actuarial studies obtained from independent experts using the projected unit credit method. In Argentina, there are no Company pension plans, since pensions are paid by the state.

M. DEFERRED INCOME TAX (NOTE 17)

Income tax is recorded by the comprehensive asset-and-liability method, which consists of recognizing deferred tax on all temporary differences between the book and tax values of assets and liabilities.

The Company has recognized deferred income tax rather than deferred flat rate tax, since the financial and tax projections prepared by the Company indicate that it will essentially pay income tax in the future, rather than flat rate tax.

N. DEFERRED EMPLOYEES PROFIT SHARING (EPS (NOTE 16)

Deferred EPS is recorded using the comprehensive asset-and-liability method, which consists of recognizing deferred EPS for all temporary differences between book and tax values of assets and liabilities where payment or recovery is probable.

Nevertheless, Arca determines the EPS by applying the applicable rate to the same basis on which it determines the income tax, since its subsidiaries have obtained judicial verdicts which this practice; otherwise, it applies the current jurisprudential criteria.
The company has defined as probable the effects of deferred EPS arising from the temporary differences calculated for the following five years. The effects of temporary differences exceeding such period are considered contingent.
The effect of the temporary differences arising from 2016 onwards and considered as a contingent liability is estimated at approximately Ps263,525. EPS payable and deferred is shown in the statement of income within the caption "Other expenses, net".

O.FINANCIAL INSTRUMENTS WITH LIABILITY CHARACTERISTICS

Financial instruments issued by Arca with liability characteristics (see Note 10), are recorded on issuance as liabilities, in accordance with their various components. The initial costs incurred in the issuance of such instruments are assigned to liabilities in the same proportion as the amounts of their components. Losses and gains related to components of financial instruments classified as liabilities are recorded in comprehensive financing expense.

P. STOCKHOLDERS' EQUITY

The capital stock, legal reserve, additional paid-in capital and retained earnings are stated as follows: i) changes made from January 1, 2008 onwards at historical cost, and ii) changes made prior to January 1, 2008, at restated values determined through the application to historical values of factors derived from the NCPI through December 31, 2007. See Note 14. Consequently, the various concepts of stockholders' equity are expressed at modified historical cost.
The additional paid-in capital represents the excess of the payment for subscribed shares over their nominal value; it also includes the gain or loss generated by the purchase/sale transactions of the fund for the fund repurchase for the Company's own shares.

Q. PREFERRED DIVIDENDS

In conformity with the purchase transaction described in paragraph a) of Note 1, Arca acquired for US$25 million, 475 preferred shares of Arca Ecuador (without voting rights), granting it the right to receive a preferred annual dividend of US$7 million. The cumulative preferred dividends on these shares are recorded as an account receivable until the dividends are declared; however, at December 31, 2010 such dividends had not been recorded since at the date of issuance of these financial statements, there are no audited financial statements yet for each jurisdiction. The estimated amount of these dividends at December 31, 2010 is US$1.75 million.

R. FUND FOR REPURCHASE OF OWN SHARES

Own shares acquired are shown as a decrease in the fund for repurchase of own shares, which is included in the financial statements in retained earnings. They are valued at their acquisition cost. Dividends received are recorded by decreasing their historical cost.
In the case of the sale of shares by the repurchase fund, the amount obtained in excess or in deficit of their historical cost, is recognized as additional paid-in capital.

S. REVENUE RECOGNITION

Revenues from the sale of products are recorded in income when all the following requirements are complied with: a) the risks and benefits of the goods have been transferred to the purchaser and no significant control is maintained over these; b) the amount of revenues and costs incurred and to be incurred are determined reliably, and c) it is probable that the Company will receive the economic benefits associated with the sale.
From time to time, Arca grants sales discounts to retailers in connection with launching a new product or special promotion. These promotional payments are accounted for as a

reduction in revenue.

T. ADVERTISING AND REFRIGERATION EQUIPMENT AND INCENTIVE PAYMENTS FROM TCCC

Bottling agreements and authorizations to which Arca and some of its subsidiaries are parties, establish that in order to develop and promote the demand of each of the Coca-Cola products, advertising and other marketing activities, to which TCCC may, at its sole discretion, contribute must be carried out in order to maintain and increase the demand for these products.

Regional advertising campaigns have to be approved by TCCC or its affiliated companies, which generally reimburse certain cost percentages of the advertising campaigns for Coca-Cola products and the cost of the refrigeration equipment or other assets acquired. These incentives are recorded as a reduction in selling expenses and in the other expenses caption, net, respectively, in the results of the year they are received.

U. FOREIGN CURRENCY POSITION (NOTE 18)

At December 31, 2010 and 2009, the nominal exchange rate was Ps12.38 and Ps13.04 per US dollar, respectively.

Transactions in foreign currency are recorded at the exchange rate in effect at the transaction date. Assets and liabilities in foreign currency are expressed in local currency at the exchange rate in effect at the balance sheet date. Exchange differences derived from changes in the exchange rates between the date of the transactions and their settlement date or valuation at the balance sheet date, are recorded in income for the year.

V. EARNINGS PER SHARE

Earnings per share are computed on the basis of the weighted average number of common shares outstanding during the year. For the years ended December 31, 2010 and 2009, there were no effects arising from potentially dilutive shares.

W. CONCENTRATION OF RISKS

Financial instruments that potentially subject Arca to significant concentration of credit risk consist primarily of cash and cash equivalents; trade accounts receivable and other accounts receivable.

Arca maintains its cash and temporary investments with various major financial institutions. They are mainly invested in short-term investments and money market accounts. Concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers distributed throughout Mexico, Argentina and Ecuador where Arca operates. Arca maintains allowances for doubtful accounts based on the expected collectability.

For the years ended December 31, 2010 and 2009, approximately 91% of the sales volume, consisted of products of brands owned by TCCC.

X. COMPREHENSIVE INCOME

Comprehensive income is represented by the net income plus the translation adjustment arising in connection with the foreign subsidiaries, and items required by specific accounting standards to be reflected in stockholders' equity but which do not constitute capital contributions, reductions or distributions. The figures of comprehensive income of 2010 and 2009 are stated in historical pesos.

Comprehensive income comprised the following:

December 31,	2010	2009
NET INCOME FOR THE YEAR	Ps 2,631,518	Ps 2,450,946
EFFECT OF CHANGES IN VALUATION OF HEDGING INSTRUMENTS	(52,843)	
CUMULATIVE TRANSLATION ADJUSTMENT OF FOREIGN SUBSIDIARIES	(274,088)	(308,085)
COMPREHENSIVE INCOME	**Ps 2,304,587**	**Ps 2,142,861**

Y. FOREIGN CURRENCY TRANSACTIONS

The figures of subsidiaries considered as foreign currency operations are recorded in their functional currency, and were used as a basis to translate the financial information of such foreign operations into the reporting currency of Arca (Mexican peso), on the following basis:

i. Non-inflationary environment

a. Assets and liabilities at December 31, 2010 and 2009, are translated at year-end exchange rates.

b. Stockholders' equity balances were translated to the reporting currency at the exchange rate applicable to each movement.

c. Revenues, costs and expenses for the year were translated at average exchange rates.

d. As a result, there was an effect from conversion recorded in comprehensive income in stockholders' equity.

ii. Analysis of cumulative translation adjustment:

Following is an analysis of changes in the cumulative translation adjustment:

December 31,	2010	2009
INITIAL BALANCE	(Ps 108,388)	Ps 199,697
TRANSLATION ADJUSTMENT FOR THE YEAR	(274,088)	(308,085)
FINAL BALANCE	**(Ps 382,476)**	**(Ps 108,388)**

iii. Restrictions:

The amount of stockholders' equity reported by foreign subsidiaries in their accounting records, translated at the exchange rate at December 31, 2010 amounted to Ps912,595; while the stockholders' equity recorded in the consolidation in accordance with the procedures described above amounted to Ps3,610,007; consequently, the difference between these amounts represents a restriction on stockholders' equity.

Z. FINANCIAL INFORMATION BY SEGMENTS

MFRS Statement B-5 "Financial information by segments", requires the Company to analyze its organizational structure and its information presentation system, in order to identify segments. With respect to the years presented, the Company has operated the following business segments: soft drinks and other, the latter only applicable in Mexico. From 2010 onwards, the territory of Ecuador and from 2008 onwards the territory of Argentina are incorporated, which jointly make up the South American segment.

These segments are managed separately since the products handled and the markets served are different. Their activities are performed through several subsidiary companies.

Note 19 shows the income per segment in the way in which Management analyzes, directs and controls the business, and the operating profit; additionally, it shows the information by geographic area, the latter in conformity with the same MFRS B-5.

NOTE 3 – CASH AND CASH EQUIVALENTS

The balance corresponding to cash and cash equivalents at December 31, 2010 and 2009 comprises mainly cash funds, bank deposits and temporary investments, all of which are considered highly liquid and subject to insignificant risks of changes in value. The balance is make up as follows:

December 31,		2010		2009
CASH	Ps	7,676	Ps	9,633
BANK DEPOSITS		454,911		499,553
TEMPORARY INVESTMENTS WITH MAXIMUM MATURITY OF THREE MONTHS		3,165,831		3,911,967
TOTAL CASH AND CASH EQUIVALENTS	**Ps**	**3,628,418**	**Ps**	**4,421,153**

THE COMPANY HAS NO RESTRICTED CASH OR CASH EQUIVALENTS AT DECEMBER 31, 2010 AND 2009.

NOTE 4 - INVENTORIES

Inventories consist of the following:

December 31,		2010		2009
RAW MATERIALS	Ps	530,747	Ps	404,460
FINISHED PRODUCTS		445,039		456,887
MATERIALS AND SPARE PARTS		262,573		223,101
BOTTLES AND CASES		743,233		532,611
ADVANCES TO SUPPLIERS AND OTHER		153,395		125,234
	Ps	**2,134,987**	**Ps**	**1,742,293**

NOTE 5 - INVESTMENT IN SHARES OF ASSOCIATED COMPANIES AND OTHER PERMANENT INVESTMENTS

The investment of Arca in shares of associated companies consisted of the following:

	% stock ownership	December 31, 2010	2009
ASSOCIATED COMPANIES (1):			
JUGOS DEL VALLE, S.A.P.I. (JDV) (3)	11.99%	Ps 358,195	Ps 691,113
INDUSTRIA ENVASADORA DE QUERÉTARO, S. A. DE C. V. (ENVASA)	15.26%	76,495	80,347
PROMOTORA MEXICANA DE EMBOTELLADORAS, S. A. DE C. V. (PROMESA)	20.00%	8,955	5,708
VIVIR SOLUCIONES FINANCIERAS, S. A. DE C. V. (VIVIR) (4)	33.10%	-	9,174
		443,645	**786,342**
OTHER PERMANENT INVESTMENTS (2):			
BETA SAN MIGUEL, S.A. DE C.V. (BETA) (5)	5.26%	252,384	-
COMPAÑÍA DE SERVICIOS DE BEBIDAS REFRESCANTES, S. A. DE C. V.	17.00%	277	277
SERVICIOS INTEGRADOS PARA LA INDUSTRIA REFRESQUERA, S. A. DE C. V.	0.55%	6	6
TOTAL INVESTMENT IN SHARES OF ASSOCIATED COMPANIES AND OTHER INVESTMENTS		**Ps 696,312**	**Ps 786,625**

(1) THESE INVESTMENTS ARE STATED BY APPLYING THE EQUITY METHOD.
(2) THESE INVESTMENTS ARE VALUED AT HISTORICAL COST OF ACQUISITION.
(3) ARCA INCORPORATED IN MAY 2008 AN INVESTMENT TRUST FOR THE ACQUISITION OF SHARES OF JDV AND ON DECEMBER 18, 2008, AGREEMENTS WERE SIGNED ON BEHALF OF THIS TRUST, THROUGH WHICH ITS EQUITY IN JDV WAS FORMALIZED. THE ORIGINAL COST OF THE TRANSACTION FOR ARCA AMOUNTED TO PS.643,810, WHICH REPRESENTS EQUITY OF 11.99% OF TOTAL SHARES OUTSTANDING OF JDV. DURING 2010 JDV WAS SPUN-OFF, WHICH GENERATED THE SEPARATE RECOGNITION OF INVESTMENS IN SHARES AND INTANGIBLE ASSETS RELATED TO THE TERRITORY.
(4) THIS INVESTMENT WAS DISPOSED OF DURING 2010.
(5) ON FEBRUARY 22, 2010, ARCA ACQUIRED 5% OF ITS CAPITAL STOCK OF BETA, WHICH PERCENTAGE WAS MODIFIED AS A RESULT OF VARIOUS CHANGES IN BETA WHICH INCREASED ARCA'S EQUITY TO 5.26%.

Following is certain financial information about the principal investments in associated companies included in the consolidated financial statements:

				2010		
		JDV		ENVASA		PROMESA
CURRENT ASSETS	Ps	1,776,944	Ps	406,416	Ps	560,651
NON-CURRENT ASSETS		1,971,770		416,000		2,599
CURRENT LIABILITIES		(675,315)		(272,681)		(518,479)
LONG-TERM LIABILITIES		(87,319)		(48,456)		-
	Ps	**2,986,080**	**Ps**	**501,279**	**Ps**	**44,771**
REVENUE FOR THE YEAR	Ps	5,009,207	Ps	2,179,808	Ps	2,716,580
NET INCOME FOR THE YEAR OR ACCUMULATED FROM PRIOR YEARS	Ps	493,784	Ps	461,978	Ps	40,466

		2009						
		JDV		ENVASA		PROMESA		VIVIR (1)
CURRENT ASSETS	Ps	1,514,724	Ps	367,959	Ps	532,255	Ps	32,079
NON-CURRENT ASSETS		5,498,164		455,915		806		6,443
CURRENT LIABILITIES		(1,096,617)		(237,101)		(504,520)		(10,411)
LONG-TERM LIABILITIES		(157,000)		(60,254)		-		(395)
	Ps	**5,759,271**	**Ps**	**526,519**	**Ps**	**28,541**	Ps	**27,716**
REVENUE FOR THE YEAR	Ps	4,778,360	Ps	2,533,553	Ps	3,537,334	Ps	19,300
NET INCOME FOR THE YEAR OR ACCUMULATED FROM PRIOR YEARS	Ps	452,265	Ps	487,219	Ps	25,154	(Ps	46,984)

(1) THE INVESTMENT IN VIVIR WAS DISPOSED OF IN JUNE 2010.

The Company has significant influence over the aforementioned associated companies since it is authorized to participate in deciding the financial and operating policies without obtaining control, since it owns more than 10 percent of the voting shares in these companies. The investment in shares of associated companies is analyzed as follows:

December 31,		2010		2009
INVESTMENT IN SHARES OF ASSOCIATES AT BEGINNING OF YEAR	Ps	786,342	Ps	758,031
INCREASE IN CAPITAL STOCK OF ENVASA		592		8,752
INCREASE IN CAPITAL STOCK OF PROMESA		843		-
INCREASE IN INVESTMENT IN JDV		-		21,893
DECREASE OF INVESTMENT IN JDV (1)		(337,898)		-
DIVIDENDS RECEIVED FROM ASSOCIATES		(11,449)		-
EQUITY IN INCOME FOR THE YEAR OF ASSOCIATES		13,256		(2,334)
SALE OF SHARES OF VIVIR		(8,041)		-
INVESTMENT IN SHARES OF ASSOCIATES AT END OF YEAR	**Ps**	**443,645**	**Ps**	**786,342**

(1) DURING 2010 THIS ENTITY WAS SPUN-OFF, AS A RESULT OF WHICH IT GENERATED THE SEPARATE RECOGNITION OF AN INVESTMENT IN INTANGIBLE ASSETS REPRESENTING DISTRIBUTION RIGHTS IN THE TERRITORY IN WHICH ARCA OPERATES.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

December 31,		2010		2009
LAND	Ps	1,776,764	Ps	1,786,818
BUILDINGS		5,305,124		4,559,127
MACHINERY AND EQUIPMENT		8,927,326		7,428,101
TRANSPORTATION EQUIPMENT		3,437,289		3,207,853
REFRIGERATORS AND SALES EQUIPMENT		3,020,332		2,512,635
COMPUTER EQUIPMENT		535,240		373,115
OFFICE EQUIPMENT		414,658		356,617
CONSTRUCTION IN PROGRESS AND OTHER		318,938		263,342
		23,735,671		20,487,608
ACCUMULATED DEPRECIATION		(11,420,229)		(9,618,807)
	Ps	**12,315,442**	**Ps**	**10,868,801**

DEPRECIATION CHARGED TO INCOME IN 2010 AND 2009 WAS PS 1,081,239 AND PS 829,197, RESPECTIVELY.

NOTE 7 – BUSINESS ACQUISITION IN ECUADOR

As described in Note 1, the Company acquired 75% of the shares of Arca Ecuador at the date of acquisition of the company, the assets and liabilities were provisionally valued at fair value, including a provisional allocation of the purchase price, as shown below:

		Book value of net assets at September 30, 2010		Goodwill allocation		Net assets recorded at fair value at September 30, 2010
ASSETS:						
CASH AND CASH EQUIVALENTS	Ps	54,014	Ps	-	Ps	54,014
ACCOUNTS RECEIVABLE, NET		71,299		-		71,299
OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS		300,772		-		300,772
INVENTORIES		489,644		-		489,644
FIXED ASSETS		979,800		392,412		1,372,212
INTANGIBLE ASSETS		-		3,966,176		3,966,176
GOODWILL		-		3,957,662		3,957,662
		1,895,529				**10,211,779**
LIABILITIES::						
SUPPLIERS		254,669		-		254,669
PROVISIONS AND OTHER ACCOUNTS PAYABLE		322,336		-		322,336
SHORT-TERM DEBT		552,681		-		552,681
LONG-TERM DEBT		338,460		1,288,318		1,626,778
EMPLOYEE BENEFITS		122,542		-		122,542
		1,590,688		-		**2,879,006**
NET ASSETS ACQUIRED	**Ps**	**304,841**	**Ps**	**7,027,932**	**Ps**	**7,332,773**

The fair values of property, machinery and equipment, as well as those of intangible assets were determined by independent experts, as described in Notes 2 G. and 2 I.
The following consolidated proforma financial information for the twelve-month period ended December 31, 2010, gives effect to Arca's acquisitions as if they had occurred on January 1, 2010. The proforma adjustments consider the fair value of net assets acquired under certain premises that Arca considers fair.

Concept:		Audited figures Arca		Unaudited figures Proforma information (*) Ecuador		Unaudited figures Proforma information (*) (Unaudited)
SALES	Ps	25,997,248	Ps	3,980,779	Ps	29,978,027
NET CONSOLIDATED INCOME	Ps	2,575,643	Ps	288,251	Ps	2,863,894

(*)THE CONSOLIDATED PROFORMA FINANCIAL INFORMATION IS NOT INTENDED TO SHOW THE RESULTS FROM CONSOLIDATED OPERATIONS THAT ARCA WOULD HAVE REPORTED HAD THE ACQUISITIONS ACTUALLY BEEN MADE AT JANUARY 2010; THEREFORE, IT SHOULD NOT BE TAKEN AS REPRESENTATIVE OF THE RESULTS OF THE OPERATIONS IN THE FUTURE.

Commitments related to the transaction mentioned in this Note, are described in Note 13.

NOTE 8 - GOODWILL

The goodwill is analyzed as follows:

December 31,		2010		2009
A) RECORDED IN ACQUIRED SUBSIDIARIES	Ps	5,643,597	Ps	1,759,791
B) RECORDED BY ARCA		3,093,145		3,555,622
		8,736,742		5,315,413
ACCUMULATED AMORTIZATION		(703,529)		(703,529)
	Ps	**8,033,213**	**Ps**	**4,611,884**

The movement in of the balance of goodwill was as follows:

December 31,		2010		2009
BALANCE AT BEGINNING OF YEAR	Ps	4,611,884	Ps	4,521,134
GOODWILL DERIVED FROM BUSINESS ACQUISITIONS		3,421,329		90,750
BALANCE AT END OF YEAR	**Ps**	**8,033,213**	**Ps**	**4,611,884**

NOTE 9 – INTANGIBLE ASSETS AND OTHER ASSETS

This item is analyzed as follows:

December 31,		2010		2009
FRANCHISES AND OTHER	Ps	5,341,436	Ps	1,120,247
OWN BRANDS AND INDUSTRIAL SECRETS		391,565		399,036
SOFTWARE LICENSES		372,397		335,694
EXPENSES OF ISSUANCE OF SECURITIES		12,566		28,355
OTHER ASSETS		675		35,559
		6,118,639		1,918,891
ACCUMULATED AMORTIZATION		(257,253)		(220,364)
	Ps	**5,861,386**	**Ps**	**1,698,527**

AMORTIZATION CHARGED TO INCOME IN 2010 AND 2009 WAS PS.36,889 AND PS.36,388, RESPECTIVELY.

The reconciliation of the values of intangible assets at the beginning and end of the year is as follows:

		Value of investment		Accumulated amortization		Net
BALANCES AT DECEMBER 31, 2009:	Ps	1,918,891	(Ps	220,364)	Ps	1,698,527
ADD (DEDUCT):						
FRANCHISES (1)		4,221,188		-		4,221,188
PRIVATE LABELS AND INDUSTRIAL SECRETS				(7,471)		(7,471)
SOFTWARE LICENSES		36,703				36,703
OTHER ASSETS		-		(87,561)		(87,561)
BALANCES AT DECEMBER 31, 2010	**Ps**	**6,176,782**	**(Ps**	**315,396)**	**Ps**	**5,861,386**

(1) REFERS TO ADJUSTMENTS AT FAIR VALUE OF FRANCHISES OF TCCC ARISING FROM THE APPLICATION OF THE PURCHASE METHOD TO THE FOREIGN SUBSIDIARIES INDICATED IN NOTE 1.

NOTE 10 - LONG-TERM DEBT

Short and long-term debt is summarized as follows:

December 31,		2010		2009
PUBLICLY TRADED DEBT CERTIFICATES	Ps	7,500,000	Ps	5,919,902
PRODUFONDOS (*) (1)		288,907		-
BANCO DE LA PRODUCCIÓN (*) (2)		195,023		-
BANCO BOLIVARIANO (*) (3)		155,700		-
OTHERS (*) (4)		178,535		45,243
		8,318,165		5,965,145
CURRENT PORTION OF LONG-TERM DEBT		(530,965)		(1,960,880)
LONG-TERM DEBT	**Ps**	**7,787,200**	**Ps**	**4,004,265**

(*) MOST OF THE BORROWINGS SHOWN IN 2010 BELONG TO MORTGAGE LOANS CONSOLIDATED IN ARCA FROM ECUADOR´S ACQUISITION.
(1) LOANS SECURED BY ACCOUNTS RECEIVABLE BEARING INTEREST AT ANNUAL RATES RANGING BETWEEN 8.75% AND 7.75% WITH MATURITIES FROM 2012 TO 2015.
(2) MORTGAGE LOANS BEARING INTEREST AT RATES RANGING BETWEEN ANNUAL 7.50% AND 9.12% WITH MATURITIES BETWEEN 2012 AND 2013.
(3) SHORT-TERM LOANS BEARING INTEREST AT ANNUAL RATES RANGING BETWEEN 7.00% AND 8.32%.
(4) VARIOUS SMALL SECURED LOANS IN 2010 AND FINANCING FOR THE PURCHASE OF DELIVERY TRUCKS, IN 2009 AT 8.83% ANNUAL INTEREST.

At December 31 ,2010, long-term debt maturities in Ecuador were as follows:		
2012	Ps	95,578
2013		30,469
2015 ONWARDS		158,486
	Ps	**284,533**

Following is a summary of the main characteristics of the debt certificates at December 31, 2010:

Date of issuance		Amount	Rate	Term
JUNE 5, 2009	Ps	1,000,000	TIIE at 28+1.00%	3 years
JUNE 5, 2009		500,000	9.75% fixed	7 years
DECEMBER 10, 2009		2,100,000	TIIE at 28+.95%	5 years
DECEMBER 10, 2009		400,000	9.50% fixed	7 years
NOVEMBER 26, 2010		2,500,000	7.74% fixed	10 years
NOVEMBER 26, 2010		1,000,000	TIIE at 28+.29%	5 years
BALANCE AT DECEMBER 31, 2010	**Ps**	**7,500,000**		

Debt certificates issuances prior to December 2009 belongs to a placement program in the total amount of up to Ps.6,000,000, the others regarding to 2010, belongs to a placement program in the total amount of up to Ps 11,000,000. Resources obtained from these issuances have been mainly used for the payment of previously contracted liabilities by the entity.
The documents governing the issuance of the above debt certificates contain certain covenants for the Company, all of which had been complied with at December 31, 2010 and 2009.

NOTE 11 - DERIVATIVE FINANCIAL INSTRUMENTS

The Company's derivative financial instruments are contracted as economic hedges and for those that comply with all the requirements established by the accounting standards, the changes in their fair value are recorded in comprehensive income. The derivatives maintained by Arca at December 31, 2010 are analyzed as follow:

Institution		Notional amount	Annual rate paid by Arca	Annual rate paid by Bank	Date of maturity		Market value
BANK OF AMERICA	Ps	500,000	7.35%	TIIE+1.00%	1-Jun-12	(Ps	7,813)
SANTANDER MEXICO		500,000	8.54%	TIIE to 28+.95%	4-Dec-14		(24,965)
SANTANDER MEXICO		500,000	8.52%	TIIE to 28+.95%	4-Dec-14		(24,604)
						(Ps	**57,382)**

b) Nine forwards to reduce the exposure to currency risk arising from the fact that Arca purchases some of its main raw materials for production in currencies different from its functional currency. These forwards were contracted with Deutsche Bank A.G. and at various exchange rates. The date of maturity of these forwards is in 2011 and the market value of these financial instruments amounted to a liability of US$86.

Since forwards do not comply with all the requirements established by the corresponding accounting standard, they have been designated as held for trading purposes. The changes in fair value of trading derivative financial instruments are recorded in comprehensive financial income (expense).

NOTE 12 – EMPLOYEES BENEFITS

Arca has several employee benefit plans (see Note 2. L). The valuation of the liabilities for employee retirement plans (pensions, seniority premiums, postretirement medical benefits and dismissal indemnities), formal or informal, covers all employees included in the plans, and is based primarily on their years of service, present age and their estimated salary at retirement date.

Most of Arca's subsidiaries make voluntary contributions from time to time to fund the pension, postretirement and seniority premium plans, which contributions are tax-deductible. As of December 31, 2010 and 2009, the pension funds, postretirement and seniority premium trusts are invested in bonds and securities issued by the Mexican Government, and debt instruments, investment funds or other securities approved by the National Banking and Securities Commission (CNBV) under applicable tax regulations.

In Ecuador, there are retirement pension and dismissal indemnity plans, the provision for which is determined based on actuarial studies obtained from independent experts using the projected unit credit method, the estimated amount of which at December 31, 2010 was of Ps122,643. The companies have not established funds to cover the payment of such obligations in the future.

The following information shows the changes in employees' benefit obligations and their funding status for the years ended December 31, 2010 and 2009, relating to the balances shown in the consolidated financial statements.

a) Reconciliation of present value of defined benefit obligation (DBO):

		December 31,		
Concept		**2010**		**2009**
DEFINED BENEFIT OBLIGATION AT BEGINNING OF YEAR	Ps	970,624	Ps	939,117
PAYMENTS FOR EXTINCTION OF OBLIGATIONS		(10,407)		(10,407)
ACTUARIAL LOSSES AT BEGINNING OF YEAR		-		10,407
LABOR COST		59,957		55,057
FINANCIAL COST		83,766		80,239
ACTUAL PAYMENT OF BENEFITS		(84,044)		(86,858)
ACTUARIAL LOSS (GAIN)		102,895		(16,931)
DBO AT END OF YEAR	**Ps**	**1,122,791**	**Ps**	**970,624**

b) Reconciliation of fair values of plan assets (PA):

		December 31,		
Concept		**2010**		**2008**
MARKET VALUE OF ASSETS AT BEGINNING OF YEAR	Ps	861,478	Ps	672,731
PAYMENTS FOR EXTINCTION OF OBLIGATIONS		(10,407)		(10,407)
EFFECT OF SEPARATION EVENT		(7,249)		-
ACTUAL RETURN ON ASSETS		93,727		96,020
CONTRIBUTIONS OF THE COMPANY TO THE FUND		165,308		171,448
TRANSFERS TO DEFINED CONTRIBUTION PLAN		(17,764)		(20,424)
PAYMENT OF BENEFITS		(43,266)		(47,890)
MARKET VALUE OF ASSETS AT END OF YEAR	**Ps**	**1,041,827**	**Ps**	**861,478**

c) Reconciliation of the DBO, PA and projected net asset (PNA):

		December 31,		
Concept		**2010**		**2009**
CURRENT BENEFIT OBLIGATION (CBO)	(Ps	562,407)	(Ps	328,555)
DEFINED BENEFIT OBLIGATION (DBO)	(Ps	1,122,791)	(Ps	970,624)
MARKET VALUE OF THE FUND (PA)		1,041,827		861,478
FINANCIAL POSITION		(80,964)		(109,146)
TRANSITION ASSET		38,494		75,219
IMPROVEMENTS AND PRIOR UNRECOGNIZED SERVICES		91,847		101,042
ACTUARIAL LOSSES		94,144		19,357
PNA	**Ps**	**143,521**	**Ps**	**86,472**

d) The analysis of the net cost for the year is as follows:

		December 31,		
Concept		**2010**		**2008**
LABOR COST	Ps	59,957	Ps	55,057
FINANCIAL COST		83,766		80,239
EXPECTED RETURN ON ASSETS		(87,927)		(68,995)
AMORTIZATION OF TRANSITION LIABILITY		36,383		37,255
PLAN IMPROVEMENTS		7,321		7,130
ACTUARIAL LOSSES		1,164		2,939
COST FOR THE YEAR		100,664		113,625
EFFECT OF RECOGNITION OF LOSSES		21,663		-
INFLATION ADJUSTMENT OF THE COST FOR THE YEAR		-		12,214
ADJUSTED COST FOR THE YEAR		122,327		125,839
COST FROM REDUCTIONS AND EXTINCTIONS		1,679		3,048
TOTAL ANNUAL COST OF THE DEFINED BENEFIT COMPONENT	**Ps**	**124,006**	**Ps**	**128,887**

e) Criteria for determining the rate of return on plan assets:

The expected rate of return for each type of plan asset is based on projections of historical market rates. The difference with actual rates is shown under actuarial (gains) losses for the year.

f) Details of PA:

At December 31, 2010 the defined benefits PA are invested in the money market in debt instruments, amounting to Ps1,041,827.

g) Principal actuarial hypotheses:

The principal actuarial hypotheses used, expressed in absolute terms, covering as discount rates, return on plan assets, salary increase and changes in the indexes or other variables, at December 31, 2010 and 2009 are as follows:

	Pensions	**Medical expenses**	**Seniority premiums for retirement**	**Seniority premiums for termination**	**Post-retirement benefits**
1. EXPECTED RATE OF RETURN ON ASSETS	10.25%	10.25%	10.25%	10.25%	N/A
2. EXPECTED RATE OF SALARY INCREASE	4.50%	4.50%	4.50%	4.50%	4.50%
3. EXPECTED RATE OF INCREASE OF THE MINIMUM SALARY	3.50%	3.50%	3.50%	3.50%	3.50%
4. LONG-TERM INFLATION RATE	3.50%	3.50%	3.50%	3.50%	3.50%

AT DECEMBRE 31, 2010 AND 2009 THE DISCOUNT RATE AMOUNTED TO 8.25% AND 9.00% RESPECTIVELY.

h) Estimate of plan contributions for the following year:

It is estimated that for 2011 contributions will be made to benefit plan assets for employees as follows:

		Estimated 2011
PENSIONS	Ps	46,243
MEDICAL EXPENSES		12,962
SENIORITY PREMIUMS FOR RETIREMENT		7,180
SENIORITY PREMIUMS FOR TERMINATION		7,676
TOTAL	**Ps**	**74,061**

NOTE 13 – CONTINGENCIES AND COMMITMENTS

A) CONTINGENCY:

BOTTLING AGREEMENTS

Current bottling agreements and authorizations held by Arca to bottle and distribute Coca-Cola products in the various regions, are as follows:

Region	Date of commencement	Date of expiration
MÉXICO (1)	SEPTEMBER 23, 2004	SEPTEMBER 22, 2014
NORTHEAST ARGENTINA	NOVEMBER 1, 2004	NOVEMBER 1, 2011
NORTHWEST ARGENTINA (2)	JANUARY 1, 2007	JANUARY 1, 2012
ECUADOR	JULY 1, 2006	JUNE 30, 2011

(1) AND (2) AGREEMENTS THAT MAY BE EXTENDED FOR AN ADDITIONAL PERIOD OF 10 AND 5 YEARS, RESPECTIVELY AS FROM THE DATE OF ITS EXPIRATION.

During Arca's more than 80-year business relationship with TCCC in Mexico, the latter has never failed to renew the bottling agreement with Arca, or where applicable, to enter into new agreements to replace the previous ones. Management believes that TCCC will continue to renew the bottling agreement upon its expiration date, or enter into new agreements (or grant new authorizations), in place of the current ones, but can give no assurance that this will occur. If TCCC fails to renew the bottling agreement, Arca's business and results of operations would be adversely affected.

TCCC supplies the concentrates and syrups used in the manufacturing of all the products sold under its proprietary trademarks and has the ability to unilaterally set the price of such products. If TCCC significantly increased the prices of concentrate for soft drinks, Arca's results of operations could be adversely affected.

In addition, the bottling agreement entered into with TCCC provides that Arca may not bottle any products other than Coca-Cola products, except for those expressly authorized under the bottling agreement. Arca is currently bottling and distributing some other products under its own brand names with TCCC's authorization.

COMMITMENTS

RELATED TO THE ACQUISITION OF BUSINESSES IN ECUADOR DESCRIBED IN NOTE 1, AS FOLLOWS:

1. Put rights in favor of minority shareholders of Arca Ecuador (EBC), Rockfalls and Franklinton if: i) occurs in Arca a change of control, as defined in the respective stockholders' agreements, and ii) the minority stockholders exercise such rights during 6 half-yearly periods of 30 days each, commencing July 1, 2013.

2. Deposit in escrow of 12.5% of the capital stock of Arca Ecuador to guarantee the payment resulting from the exercise of any put option in favor of the minority shareholders of Arca Ecuador.
3. Pledge agreements on 12.5% of the shares of Rockfalls and Franklinton to guarantee the payment resulting from the exercise of any put right of minority stockholders of these companies.
4. Pledge agreements on 3.75% of the shares of Rockfalls and Franklinton to guarantee the payment of indemnities to which the minority stockholders of Rockfalls and Franklinton could have a right against Arca resulting from the agreement by which 25% of the shares in companies were exchanged for 15% of the shares of Arca Ecuador. These indemnities refer to losses resulting from acts or omissions in subsidiaries of Arca in Argentina occurring prior to the date of transfer to the minority stockholders of 25% of the shares in Rockfalls and Franklinton.
5. Corporate guarantee granted by the subsidiaries of Arca in Ecuador and Argentina to guarantee the payment resulting from the exercise of any put right described in point 1 above.

At the date of issuance of this report, the minority stockholders have declared their intention not to exercise the put rights described above; therefore, in accordance with the MFRS C-9 "Liabilities, Provisions, Contingent Assets and Liabilities and Commitments", it is considered improbable that Arca should record an obligation implying a future outflow of economic resources in this connection; therefore, no liability was recognized at December 31, 2010 with respect to this issue.

NOTE 14 - STOCKHOLDERS' EQUITY

		2010		2009
	Historical value	Restatement*	Restated value	
CAPITAL STOCK	Ps 50,000	Ps 4,647,989	Ps 4,697,989	Ps 4,697,989
PAID-IN CAPITAL	560,525	168,134	728,659	711,034
	610,525	**4,816,123**	**5,426,648**	**5,409,023**
RETAINED EARNINGS	14,662,199	(2,382,289)	12,279,910	10,495,486
CUMULATIVE TRANSLATION ADJUSTMENT	(382,476)	-	(382,476)	(108,388)
	14,279,723	**(2,382,289)**	**11,897,434**	**10,387,098**
TOTAL MAJORITY STOCKHOLDERS' EQUITY	14,890,248	2,433,834	17,324,082	15,796,121
NON-CONTROLLING INTEREST	2,345,563	-	2,345,563	149
TOTAL STOCKHOLDERS' EQUITY	**Ps 17,235,811**	**Ps 2,433,834**	**Ps 19,669,645**	**Ps 15,796,270**

* COMPRISES RESTATEMENT THROUGH DECEMBER 31, 2007, SEE NOTE 2.

The authorized capital stock is variable with a fixed minimum of Ps 46,360, and a variable portion that may not exceed ten times the fixed portion. Arca's capital stock is represented by a single series of shares of common stock, with no par value, issued in registered form, and without ownership restrictions. All the shares of capital stock have identical rights and obligations.

As of December 31, 2010 and 2009, Arca's capital stock consisted of the following:

	Number of shares
SUBSCRIBED FIXED CAPITAL	434,066,289
SUBSCRIBED VARIABLE CAPITAL	371,953,370
	806,019,659

On listing in shares in the Mexican Stock Exchange, Arca is bound to comply with the legislation contained in the Stock Market Law.

In an Ordinary General Meeting dated April 20, 2010, the stockholders was agreed to distribute a dividend of Ps 1.05 per share. The amount of dividends distributed in 2010 was Ps846,321.

In an Ordinary General Meeting dated April 21, 2009, the stockholders agreed to distribute a dividend of Ps.1.00 per share and the Board of Directors of Arca was granted authorization to pay subsequent dividends in the year. Based on such authorization, the Board approved distributing a dividend of Ps.0.40 per share at its meeting held on November 24, 2009. The amount of dividends distributed in 2009 was to Ps1,121,156.

In an Ordinary General Meeting held on April 20, 2010, the stockholders established that the maximum amount of resources that could be destined to the purchase of Arca´s own shares would be Ps.500,000.

Treasury shares at December 31, 2010 numbered 1,796,300, with a market value of Ps.86,897 (3,419,400 with a value of Ps.151,888 in 2009). At the date of issuance of these consolidated financial statements, the market value of Arca's share is Ps.67.35.

All fully paid shares at the time the distribution of dividends is approved by the shareholders´ meeting are entitled to a pro-rata share of such dividend. Any partially paid shares shall be entitled to participate in such dividends in proportion to their paid amount.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account, and will be taxed at a rate that fluctuates between 4.62% and 7.69% if they are paid from the Reinvested Net Tax Profit Account. Any dividends paid in excess of this account will be subject to a tax equivalent to approximately 38.91% if paid during 2011. The tax is payable by the Company and may be credited against its income tax in the same year or the following two years. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payment.

At December 31, 2010, the tax value of the Net Tax Profit Account and the Contributed Capital Account amounted to Ps.13,899,434 and Ps.10,266,458, respectively.

In the case of a capital reduction, any excess of the stockholders' investment over the Contributed Capital Account balances will be accorded the same tax treatment as dividends, in conformity with the procedures established by the Income Tax Law.

Under Mexican Corporate Law, a company's net profit for each fiscal year is subject to the shareholders' approval at the Ordinary General Shareholders' meeting and should be allocated as follows:

- 5% of the annual net income to the legal reserve, until the reserve equals 20% of the Company's capital stock. This reserve is not available for dividends, but may be used to reduce deficit or may be transferred to contributed capital.
- Other amounts, as determined by the stockholders may be allocated to other general or special reserves.
- The remaining balance, if any, is available for the distribution of dividends in cash to the shareholders.

NOTE 15 – ANALYSIS OF COMPREHENSIVE FINANCIAL LOSS

This item is analyzed as follows:

Year ended December 31,	2010	2009
INTEREST EXPENSE	(Ps 440,492)	(Ps 326,347)
INTEREST INCOME	161,010	60,932
EXCHANGE GAIN (LOSS), NET	102,044	(1,164)
OTHER	(29,247)	(19,832)
TOTAL ACCRUED AND RECORDED IN THE YEAR	**(Ps 206,685)**	**(Ps 286,411)**

NOTE 16 – OTHER EXPENSES, NET

Year ended December 31,	2010	2009
EMPLOYEES' PROFIT SHARING CURRENTLY PAYABLE	(Ps 255,677)	(Ps 223,149)
DEFERRED EMPLOYEES' PROFIT SHARING	(78,461)	(26,077)
LOSS FROM SALES AND WRITE-DOWNS OF FIXED ASSETS	5,314	10,919
INCOME TAX RECEIVABLE FROM PRIOR YEARS	(3,692)	(14,284)
PROVISION FOR REBATES RECOVERABLE	59,429	72,778
INCOME FROM OTHER BENEFITS	88,863	67,547
OTHER	(146,401)	10,837
	(Ps 330,625)	**(Ps 101,429)**

EMPLOYEES' PROFIT SHARING:

Employees' profit sharing is determined at the rate of 10% on the taxable income adjusted as prescribed by the Income Tax Law. Arca obtained a favorable resolution with respect to the application of Article 10 of the Income Tax Law in the calculation of employees' profit sharing.

Based on MFRS D-3 as described in Note 2 N., the recognition of deferred Employees' Profit Sharing (EPS) is based on the comprehensive asset-and-liability method, provided it is probable that these benefits will be realized on the liability paid.

The EPS effects of the principal temporary differences on which deferred EPS is recorded is analyzed as follows:

December 31,	2010	2009
INVENTORIES	Ps 6,891	Ps 3,022
PROPERTY, MACHINERY AND EQUIPMENT, NET	199,686	101,619
LABOR OBLIGATIONS	7,650	4,436
EMPLOYEES' PROFIT SHARING	(7,478)	(5,343)
OTHER	(16,440)	8,114
DEFERRED EPS LIABILITY	**Ps 190,309**	**Ps 111,848**

The reconciliation between the statutory and effective employee profit sharing rate is shown below:

Year ended December 31,	2010	2009
INCOME BEFORE EMPLOYEES' PROFIT SHARING	Ps 3,695,559	Ps 3,382,810
EMPLOYEES' PROFIT SHARING AT STATUTORY RATE (10% IN 2010 AND 2009)	(369,556)	(338,281)
ADD (DEDUCT) EFFECT OF EMPLOYEES' PROFIT SHARING ON:		
COMPREHENSIVE FINANCING COST	(11,584)	(7,657)
NON-DEDUCTIBLE EXPENSES	(7,480)	(1,405)
OTHER NON-TAXABLE INCOME	33,015	18,663
OTHER	21,467	79,454
EMPLOYEES' PROFIT SHARING CURRENTLY PAYABLE AND CHARGED TO INCOME	**(Ps 334,138)**	**(Ps 249,226)**
EFFECTIVE RATE	**9%**	**7%**

NOTE 17 - INCOME TAX, ASSET TAX AND FLAT TAX

Commencing 2005, "controlling companies", as defined by the Income Tax Law, may consolidate for income tax purposes the results of their subsidiaries for up to 100% of the investment maintained in such subsidiaries.

During 2010 and 2009, Arca and its subsidiaries consolidated their results for income tax. The income provision is analyzed as follows:

December 31,	2010	2009
INCOME TAX CURRENTLY PAYABLE	(Ps 1,085,495)	(Ps 953,492)
DEFERRED INCOME TAX	64,603	21,649
	(Ps 1,020,892)	**(Ps 931,843)**

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

Year ended December 31,	2010	2009
INCOME BEFORE INCOME TAX	Ps 3,695,559	Ps 3,382,810
EQUITY IN INCOME OF ASSOCIATED COMPANIES	(13,256)	2,335
NET INCOME BEFORE INCOME TAX	3,682,303	3,385,145
TAX AT STATUTORY RATE (30% IN MEXICO, 35% IN ARGENTINA AND 25% IN ECUADOR FOR 2010)	(1,104,691)	(947,841)
ADD (DEDUCT) EFFECT ON INCOME TAX OF:		
COMPREHENSIVE FINANCIAL EXPENSE	(34,750)	(21,439)
NON-DEDUCTIBLE ITEMS	(22,439)	(3,933)
OTHER NON-TAXABLE INCOME	99,044	53,563
OTHER	41,944	(12,193)
INCOME TAX CHARGED TO INCOME	**(Ps 1,020,892)**	**(Ps 931,843)**
EFFECTIVE TAX RATE	**28%**	**28%**

The tax effect of the main temporary differences on which deferred income tax is recognized is comprised as follows:

December 31,	2010	2009
INVENTORIES	Ps 39,438	Ps 17,246
PROPERTY, PLANT AND EQUIPMENT	3,008,994	1,820,009
LABOR OBLIGATIONS	29,702	25,313
EMPLOYEES' PROFIT SHARING	(47,713)	(30,491)
RECOVERABLE TAXES	(318)	-
OTHER	(101,247)	(70,442)
TOTAL NET DEFERRED INCOME TAX LIABILITY	**Ps 2,928,856**	**Ps 1,761,635**

The reforms to the Income Tax Law for 2010 established that the income tax rate applicable from 2010 to 2012 will be 30%, for 2013 it will be 29% and from 2014 onwards it will be 28%. Considering that the applicable tax rate for fiscal years 2010 and 2011 is maintained at 30%, management considers that there is no significant effect from the change in rates to be disclosed.

At December 31, 2009, the rate change previously described produced a reduction in the deferred tax balance of Ps.22,761, with a corresponding effect on the income for the year, which was determined based on the expected effective rates at the dates on which the temporary differences would reverse.

The Flat Tax Law effective from January 1, 2008 onwards. The law is applicable to individuals and legal entities with a permanent business establishment in Mexico. The flat tax for the year is to be calculated by applying the 16.5% rate for 2008, 17% for 2009 and 17.5% for 2010 and subsequent periods, to a profit determined based on cash flows. This tax is payable only in those cases in which it exceeds the income tax for the same year. In accordance with an interpretation issued by the MFRS, based on the financial and tax projections prepared which indicate that Arca and its subsidiaries in Mexico will essentially pay income tax rather than flat tax in the future, the company recorded deferred income tax at December 31, 2010 and 2009, rather than deferred flat tax.

INCOME TAX UNDER THE TAX CONSOLIDATION REGIME:

Embotelladoras Arca, S. A. B. de C. V., is authorized to determine its income tax under the tax consolidation regime jointly with its direct and indirect subsidiaries in Mexico. In 2010, the Company determined a consolidated taxable income of Ps.3,124,210 (consolidated taxable income of Ps.2,159,013 in 2009). The consolidated tax result differs from the accounting result, mainly due to those items which are taxed or deducted in different periods, due to the recognition of the effects of inflation for and tax purposes and due to other items which are non-deductible or non-taxable.

As of December 1, 2009, the following subsidiaries were disincorporated from the consolidation: Bebidas Envasadas del Pacifico, S. A. de C. V., Embotelladora de la Frontera, S. A. de C. V., and Agua Purificada Arca, S. A. de C. V., since they were merged into Bebidas Mundiales, S. A. de C. V.

Given that the controlled companies mentioned above, which had made dividend payments in excess of the net tax profit account, were merged in November 2009, they paid the deferred income tax for such accounting dividends through amended annual tax returns for fiscal year 2008 (for a total of Ps.189,566). Thus, no deferred income tax was generated for this concept at December 31, 2009 for Arca. This tax will be creditable against the individual income tax of the aforementioned companies.

Based on the foregoing, the consolidated tax result comprises, in addition to that of

Embotelladoras Arca, S.A.B. de C.V., the tax results of the following controlled subsidiaries:

i)	Bebidas Mundiales, S.A. de C.V.	Controlada
ii)	Productora y Comercializadora de Bebidas Arca, S.A. de C. V.	Controlada
iii)	Compañía Topo Chico, S.A. de C.V.	Controlada
iv)	Servicios Corporativos Arca, S.A. de C.V.	Controlada
v)	Desarrolladora Arca, S.A. de C.V.	Controlada
vi)	Distribuidora de Jugos y Bebidas del Norte, S.A. de C.V.	Controlada
vii)	Embotelladora Argos, S.A.	Controlada
viii)	Industrial de Plásticos Arma, S.A. de C.V.	Controlada
ix)	Nacional de Alimentos y Helados, S.A. de C.V.	Controlada
x)	Bebidas Emergentes del Norte, S.A.P.I de C.V.	Controlada
xi)	Procesos Estandarizados Administrativos, S.A. de C.V.	Controlada

In December 2009, certain rules of the consolidated tax regime were changed, effective for 2010. The most important changes were:

a) The tax consolidation regime was modified to establish that the deferred income tax related to the tax consolidation benefits obtained from 1999 onwards shall be paid in installments during the sixth to tenth years subsequent to that in which such benefits were obtained.

b) The benefits of the tax consolidation mentioned above, comprise the following:
   - i) Tax losses offset in the tax consolidation but not yet utilized individually by the subsidiary involved.
   - ii) Special consolidation items derived from transactions carried out between consolidating companies and generating benefits.
   - iii) Losses from the sale of shares not yet deducted individually by the subsidiary generating it.
   - iv) Dividends distributed by the subsidiaries in excess of the Net Tax Profit Account and the Reinvested Net Tax Profit Account balance.

c) The Company at December 31, 2009 did not determine any deferred income tax for the aforementioned changes, since it had no items in any of the concepts referred to above that should be reversed, and no differences in the Net Tax Profit Account or the Reinvested Net Tax Profit Account.

NOTE 18 - FOREIGN CURRENCY POSITION

As of December 31, 2010 and 2009, Arca and its subsidiaries in Mexico had the following assets and liabilities in foreign currency:

December 31,		2010		2009
MONETARY ASSETS	US$	16,005	US$	60,292
MONETARY LIABILITIES		(11,349)		(23,892)
NET MONETARY POSITION	**US$**	**4,656**	**US$**	**36,400**

At December 31, 2010 and 2009, the net monetary liability position in Euros amounted to EUR 4,968 and EUR 1,074, respectively.

Year ended December 31,		2010		2009
SALE	US$	-	US$	27
PURCHASE OF GOODS		(16,630)		(33,910)
PURCHASE OF FIXED ASSETS		(1,106)		(2,047)
SERVICES AND INTEREST		(6,073)		(1,355)
PURCHASE OF GOODS	(EUR	540)	(EUR	252)
PURCHASE OF FIXED ASSETS		(14,399)		(3,258)
SERVICES AND INTEREST		(60)		(33)

At March, 10, 2011, date of issuance of these audited financial statements, the exchange rate was Ps11.9680 per US dollar.

NOTE 19 - BUSINESS SEGMENTS

The company manages and evaluates its operations through two basic operating segments: soft drinks and other products. The operating segments are managed and controlled independently because they are different products and are sold in different markets.
The condensed financial information of these operating segments and geographic segment is as follows:

Concept	Soft drinks*		Others**	
2010	**Mexico**	**South America**	**Mexico**	**Total**
NET EXTERNAL SALES	Ps 20,247,981	Ps 5,446,374	Ps 1,365,888	Ps 27,060,243
OPERATING INCOME	3,684,468	389,914	145,231	4,219,613
NET INCOME	2,323,164	214,393	93,961	2,631,518
TOTAL SEGMENT ASSETS	20,218,051	13,478,200	895,589	34,591,840
DEPRECIATION AND AMORTIZATION	881,835	252,990	81,305	1,216,130
INVESTMENTS IN FIXED ASSETS IN YEAR	806,286	410,156	133,931	1,350,373
TOTAL NET FIXED ASSETS	8,989,654	2,735,044	590,744	12,315,442

Concept		Soft drinks*	Others**	
2010	Mexico	Argentina	Mexico	Total
NET EXTERNAL SALES	Ps 19,091,035	Ps 3,918,560	Ps 1,224,565	Ps 24,234,160
OPERATING INCOME	3,387,590	241,991	143,404	3,772,985
NET INCOME	2,158,834	182,112	110,000	2,450,946
TOTAL SEGMENT ASSETS	21,556,955	3,152,669	931,960	25,641,584
DEPRECIATION AND AMORTIZATION	857,444	191,643	68,540	1,117,627
INVESTMENTS IN FIXED ASSETS IN YEAR	967,664	174,174	95,561	1,237,399
TOTAL NET FIXED ASSETS	9,130,310	1,211,543	526,948	10,868,801

* INCLUDES WATER IN SINGLE-SERVE FORMAT
** INCLUDES JUG WATER AND SNACKS

NOTE 20 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The principal balances payable to related parties were as follows:

December 31,	2010	2009
PROMESA	Ps 109,977	Ps 27,111
JDV	73,367	37,120
BETA	11,123	-
ENVASA	3,334	6,822
	Ps 197,801	**Ps 71,053**

The main transactions with related parties and associated companies were the following:

Year ended December 31,	2010	2009
PURCHASE OF SUGAR	Ps 324,589	Ps -
PURCHASE OF CANNED PRODUCTS	312,918	363,182
PURCHASE OF JUICES AND NECTARS	541,870	478,937
PURCHASE OF REFRIGERATORS	252,678	237,322
PURCHASE OF CANS AND BOTTLES	366,573	367,232
PURCHASE OF SPARE PARTS AND OTHER	16,205	13,301
	Ps 1,814,833	**Ps 1,459,974**

BENEFITS GRANTED TO KEY MANAGEMENT PERSONNEL OR DIRECTORS:
The total amount of benefits granted to key management personnel and relevant managers of the group as a whole was composed as follows:

		December 31,
Concept:	2010	2009
PENSION PLAN	Ps 81,318	Ps 65,933
SENIORITY PREMIUMS	138	87
POST-RETIREMENT MEDICAL EXPENSES	632	472
TOTAL	**Ps 82,088**	**Ps 66,492**

NOTE 21– NEW FINANCIAL REPORTING STANDARDS

The MFRSB issued, during December 2009 and 2010, a series of MFRS which became effective as of January 1, 2011. These MFRS are not expected to have a significant impact in the financial information presented by the Company.

MFRS B-5 "Financial Information by Segments". It establishes the general standards for disclosing financial information by segments; additionally it allows the user of such information to analyze the business from the same viewpoint as the management, and allows the Company to present information by segment more consistent with its financial statements. This standard supersedes statement B-5 Financial Information by Segment, which was effective up to December 31, 2010.

MFRS B-9 "Financial Information at Interim Dates". It establishes standards for the determination and presentation of financial information at interim dates for external use, and requires companies to present statements of changes in stockholders' equity and of cash flows. Such statements were not required by Statement B-9 Financial Information at interim dates, which is superseded by the new standard.

MFRS C-4 "Inventory". Establishes the particular standards of valuation, presentation and disclosure for the initial and subsequent recognition of inventory. Additionally it eliminates the direct cost method as an allowed valuation method and also the inventory cost allocation formula known as Last-in-First-out (LIFO). This standard supersedes statement C-4 "Inventory" which was effective up to December 31, 2010.

MFRS C-5 "Advance payments", establishes, the particular standards of valuation, presentation and disclosure relative to advance payments; it also establishes that advance payments for the purchase of inventory, real estate, machinery and equipment should be presented in the advance payment line item and not in inventory or property, machinery and equipment as previously; additionally it establishes that advance payments related to the acquisition of assets should be presented in the balance sheet in accordance with the intended asset classification, either in current or non-current assets. This standard supersedes statement C-5 "Advance payments" which was effective up to December 31, 2010.

MFRS C-6 "Property, plant and equipment", establishes, the particular standards of valuation, presentation and disclosure related to property, plant and equipment; it also establishes a) that property, plant and equipment used to develop or maintain biological and extractive industries assets are now under its scope, and b) that significant components of a property, plant and equipment item should be depreciated separately, in addition to depreciating the rest of the asset as if it were a single component. This MFRS becomes effective as of January 1, 2011, except for of the changes arising from the segregation of asset components which have a useful life clearly different from the main asset. In this case, and for entities which have not performed such segregation, the applicable standard will become effective for periods starting on January 1, 2012. This standard supersedes Statement C-6 "Property, plant and equipment" which was effective up to December 31, 2010.

MFRS C-18 "Liabilities associated with asset retirement and environmental restoration". It establishes the particular standards for initial and subsequent recognition of a provision relative to liabilities associated with the retirement of components of property, plant and equipment as well as the requirements to be considered for valuation of a liability associated with a component retirement and the disclosures that should be presented by an entity when it has a liability associated with a component retirement.

NOTE 22 – SUBSEQUENT EVENT – MERGER WITH GRUPO CONTINENTAL

On January 24, 2011, the majority stockholders of Arca and Grupo Continental S.A.B. (Contal), announced the signing of an agreement for the merger of these companies. It is expected that the final closing of the transaction, once certain regulatory authorizations are obtained, will take place during the second quarter of 2011. The merger will be carried out through the exchange of new shares issued by Arca, at a rate of 0.625 shares of Arca for each outstanding share of Contal. As a result, Arca will issue 468,750,000 new shares. The accounting recognition of this merger will be as indicated in MFRS B7, "Business Acquisitions".

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ADRIÁN WONG BOREN
Chief Financial OfficerExplacepudam,

GLOSSARY

ARCA: Embotelladoras Arca, S.A.B. de C.V.
Blowmoulding Equipment: Equipment for conversion of preforms into PET bottles.
Consumer: Individual who purchases the Company's products from a point of sale.
CSD: Carbonated Soft Drink.
EPS: Employee's Profit Sharing.
Hand Held: Electronic device used by sales force for order taking.
IPADE: Instituto Panamericano de Alta Direccion de Empresas.
ITESM: Instituto Tecnologico y de Estudios Superiores de Monterrey.
MUC: Million Unit Cases.
PET Bottle: Non-returnable plastic container.
PET Preform: Intermediate product manufactured from PET resin from which PET bottles are produced through a blowmoulding process.
PET Resin: (Polyethyleneterephtalate) Material used in the production of plastic containers.
Post-Mix Machine: Soft drink dispenser that mixes carbonated water with concentrated syrup. Mainly found in restaurants,
cafeterias and schools.
Preform Injection Equipment: Equipment for conversion of PET resin to preforms.
Pre-sale System: System of visiting points of sale prior to delivery of products, during which specific orders are taken for each
point of sale. This optimizes product delivery and the product load carried by each distribution truck.
REF-PET Bottle: Returnable plastic container.
Unit Case: Unit of measurement used in the beverage industry; equivalent to 24 eight-ounce servings.
Vending Machine: Non-returnable soft-drink dispenser that operates with coins.

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ARCA

ESR EMPRESA SOCIALMENTE RESPONSABLE

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This annual report contains forward-looking statements regarding ARCA and its subsidiaries based on management's expectations. This information as well as statements regarding future events and expectations are subject to risks and uncertainties, as well as factors that could cause the results, performance and achievements of the company to completely differ at any time. Such factors include changes in the general economic, political, governmental and commercial conditions at the national and global levels, as well as variations in interest rates, inflation rates, exchange rate volatility, tax rates, the demand for and price of carbonated beverages, water and ice, taxes and the price of sugar the prices of raw materials used in the production of soft drinks, weather conditions and various others. As a result of these risks and factors, actual results could be materially different from the estimates described in this document. Therefore, ARCA does not accept any responsibility for variations on the information provided by official sources.

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