SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Financial Statements

December 31, 2012 and 2011

(With Statutory and Independent Auditors' Reports Thereon)

(Free Translation from Spanish Language Original)

Guillermo Garcia-Naranjo A.
Contador Público

Statutory Auditor's Report
(Free translation from Spanish language original)

The Stockholders
Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Sociedades de Inversión,
Grupo Financiero Scotiabank Inverlat:

In my capacity as Statutory Auditor of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat ("the Management Company"), I hereby submit my report on the reliability, fairness and sufficiency of the financial information furnished to the General Stockholders' Meeting by the Board of Directors for the year ended December 31, 2012.

I have attended the stockholders' and board of directors' meetings to which I have been summoned, and I have obtained from the directors and management all such information on the operations, documentation and other evidential as I considered necessary to examine.

In my opinion, the accounting, reporting criteria and policies followed by the Management Company and considered by management in preparing the financial information statements presented at this meeting, are adequate and sufficient, and were applied on a basis consistent with that of the preceding year. Therefore, such financial information is a fair, sufficient and reasonable representation of the financial position and investment portfolio valuation of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat as of December 31, 2012, and its results and its cash flows, for the year then ended, in conformity with the accounting criteria issued by the National Banking and Securities Commission for fund management companies in Mexico.

Sincerely,

Guillermo García-Naranjo A.
Statutory Auditor for Series "F" shares

Mexico City, February 22, 2013.

KPMG Cárdenas Dosal
Boulevard Manuel Ávila Camacho 176
Col. Reforma Social
11650 México, D.F.
Teléfono: + 01 (55) 52 46 83 00
Fax: + 01 (55) 55 96 80 60
www.kpmg.com.mx

Independent Auditors' Report

(Free translation from Spanish language original)

The Board of Directors and Stockholders
Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Sociedades de Inversión,
Grupo Financiero Scotiabank Inverlat:

We have audited the accompanying financial statements of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat ("the Management Company"), that comprise the balance sheets including the statements of investment portfolio valuation as of December 31, 2012 and 2011, and the statements of income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of the accompanying financial statements, based on the accounting criteria for management fund companies in Mexico established by the National Banking and Securities Commission ("the Commission"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat for the years ended December 31, 2012 and 2011, have been prepared, in all material respects, in conformity with the accounting criteria for fund management companies in Mexico, established by the Commission.

Other Matters

Previously, and on February 15, 2012, we issued our audit report on the Management Company's financial statements as of December 31, 2012 and for the year then ended in accordance with auditing standards generally accepted in Mexico. As required by the Mexican Institute of Public Accountants, ISAs are mandatory in Mexico for audits of financial statements commencing on January 1, 2012; consequently, our audit report on the figures of the Management Company's financial statements for 2012 and 2011 is issued on the basis of ISAs.

KPMG CARDENAS DOSAL, S. C.

Jorge Orendain Villacampa

February 22, 2013.

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Balance Sheets

December 31, 2012 and 2011

(Thousands of Mexican pesos)

Assets	2012	2011	Liabilities and Stockholders' Equity	2012	2011
Cash and cash equivalents (note 11)	$ 14	14	Other accounts payable:		
			Income tax payable	$ 9,759	6,817
Investment securities (notes 5 and 11):			Sundry creditors and other		
Trading	452,760	331,737	accounts payable (notes 8 and 11)	69,278	67,124
Accounts receivable (notes 6 and 11)	88,515	80,742	Total liabilities	79,037	73,941
Permanent investments (notes 1 and 7)	7,373	3,318	Stockholders' equity (note 9):		
			Paid-in capital:		
Deferred taxes, net (note 10)	435	421	Capital stock	2,586	2,586
Other assets:			Earned capital:		
Deferred charges, prepaid expenses			Statutory reserves	517	517
and intangibles	27	34	Retained earnings	339,242	231,574
Other short and long term assets (note 8)	33	20	Net income	127,775	107,668
	60	54		467,534	339,759
			Total stockholders' equity	470,120	342,345
Total assets	$ 549,157	416,286	Total liabilities and stockholders' equity	$ 549,157	416,286

Memorandum accounts	2012	2011
Other accounts	$ 4,377	3,276
Assets in custody or under management (note 12)	131,410,373	124,631,335

See accompanying notes to financial statements.

"The nominal value of the capital stock as of December 31, 2012 and 2011 amounted to 2,000."

"These balance sheets were prepared in accordance with the accounting criteria applicable to the society issued by the National Banking and Securities Commission, based on Article 76 of the Law for Fund Mangement Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the transactions carried out by the society through the dates indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These balance sheets were approved by the Board of Directors under the responsibility of the following officers."

"These balance sheets faithfully match with the original balance sheets, which are properly signed and held by the Management Company."

Ernesto Diez Sánchez (sign)
General Director

H. Valerio Bustos Quiroz (sign)
Director of Group Accounting

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Income

Years ended December 31, 2012 and 2011

(Thousands of Mexican pesos)

		2012	2011
Fee and commission income (note 11)	$	833,507	791,829
Fee and commission expense (note 11)		(636,070)	(641,473)
Net income from services		197,437	150,356
Interest income		33	-
Unrealized gain on securities valuation (note 5)		760	1,290
Net realized gain on securities trade (note 5)		16,456	10,451
Financial margin		17,249	11,741
Other operating income (expense)		264	(2,290)
Administrative expenses (notes 8 and 11)		(38,590)	(10,557)
		(21,077)	(1,106)
Net operating income		176,360	149,250
Equity in the results of unconsolidated subsidiaries and associated companies (note 7)		55	89
Income before income taxes		176,415	149,339
Current income taxes (note 10)		(48,654)	(41,736)
Deferred income taxes, net (note 10)		14	65
Net income	$	127,775	107,668

See accompanying notes to financial statements.

"These statements of income were prepared in accordance with the accounting criteria applicable to the society, issued by the National Banking and Securities Commission, based on Article 76 of the Law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the income and expenses arising from the transactions carried out by the society during the periods indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of income were approved by the Board of Directors under the responsibility of the following officers."

"These statements of income faithfully match with the original statements of income, which are properly signed and held by the Management Company."

Ernesto Diez Sánchez (sign)	H. Valerio Bustos Quiroz (sign)
General Director	Director of Group Accounting

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Changes in Stockholders' Equity

Years ended December 31, 2012 and 2011

(Thousands of Mexican pesos)

		Paid in capital	Earned capital			
		Capital stock	**Statutory reserves**	**Retained earnings**	**Net income**	**Total stockholders' equity**
Balances as of December 31, 2010	$	2,586	517	135,421	96,153	234,677
Item related to stockholders' decisions:						
Appropriation of prior year's net income		–	–	96,153	(96,153)	–
Item related to comprehensive income:						
Net income		–	–	–	107,668	107,668
Balances as of December 31, 2011		2,586	517	231,574	107,668	342,345
Item related to stockholders' decisions:						
Appropriation of prior year's net income		–	–	107,668	(107,668)	–
Item related to comprehensive income:						
Net income		–	–	–	127,775	127,775
Balances as of December 31, 2012	$	2,586	517	339,242	127,775	470,120

See accompanying notes to financial statements.

"These statements of changes in stockholders' equity were prepared in accordance with the accounting criteria applicable to the society, issued by the National Banking and Securities Commission, based on Article 76 of the Law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the entries of the stockholders' equity accounts arising from the transactions carried out by the society during the periods indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the following officers."

"These statements of changes in stockholders' equity faithfully match with the original statements of changes in stockholders' equity, which are properly signed and held by the Management Company."

Ernesto Diez Sánchez (sign)
General Director

H. Valerio Bustos Quiroz (sign)
Group Accounting Director

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Cash Flows

Years ended December 31, 2012 and 2011

(Thousands of Mexican pesos)

		2012	2011
Net income	$	127,775	107,668
Items not requiring (providing) cash flow:			
Current and deferred income taxes		48,640	41,671
Provisions		647	292
Equity in the results of unconsolidated subsidiaries and associated companies		(55)	(89)
Unrealized gain on valuation securities		(760)	(1,290)
		176,247	148,252
Operating activities:			
Change in investment securities		(120,263)	(91,899)
Change in other operative assets		(7,779)	(7,601)
Change in other operative liabilities		802	4,371
Payments of income taxes		(45,007)	(51,461)
Net cash flows from operating activities		(172,247)	(146,590)
Investing activities:			
Payments for acquisition of subsidiary and associated companies		(2,000)	(1,068)
Payments for acquisition of other permanent investments		(2,000)	(2,161)
Net cash flows from investing activities		(4,000)	(3,229)
Net decrease in cash and cash equivalents		–	(1,567)
Cash and cash equivalents:			
At beginning of year		14	1,581
At end of year	$	14	14

See accompanying notes to financial statements.

"These statements of cash flows were prepared in accordance with the accounting criteria applicable to the society issued by the National Banking and Securities Commission based on Article 76 of the Law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, it reflects all the cash in flows and cash out flows relating to the transactions carried out by the society for the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of cash flows were approved by the Board of Directors under the responsibility of the following officers."

"These statements of cash flows faithfully match with the original statements of cash flows, which are properly signed and held by the Management Company."

Ernesto Diez Sánchez (sign)
General Director

H. Valerio Bustos Quiroz (sign)
Director of Group Accounting

SCOTIA FONDOS, S. A. DE C. V.,
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Investment Portfolio Valuation

December 31, 2012 and 2011

(Thousands of Mexican pesos)

%		Issuer	Series	Type of security	Valuation rate	Rating or liquidity	Number of securities	Number of securities settlement	Total securities of the issue	Average unit acquisition cost (in pesos)	Total acquisition cost	Unit fair or accounting value (in pesos)	Total fair or accounting value	Days to maturity
	December 31, 2012													
%	**Trading securities:**													
	Investment in net equity instruments													
	Investment funds investing in debt instruments													
2.53	Scotia Gubernamental S.A. de C.V., S I I D	SCOTIA G	C1	51	–	AAA/2F	160,773,665	160,773,665	6,361,656,320	2.815340	$ 452,633	2.816136	$ 452,760	*
%	**Permanent investments:**													
	Investment funds investing in debt instruments													
100.00	Fondo de Fondos Scotiabank de Mediano Plazo S.A. de C.V. S I I D	SBANKMP	A	51	–	AA/5F	999,999	999,999	1,000,000	1.000000	1,000	1.028322	1,028	*
0.19	Scotia Gubernamental Plus S.A. de C.V., S I I D	SCOTLPG	A	51	–	AAA/7F	999,999	999,999	515,602,302	1.000000	1,000	1.000000	1,000	*
											2,000		2,028	
	Investment funds investing in equities													
0.08	Scotia Cartera Modelo S.A. de C.V., S I R V	SCOT-CM	A	52	–	–	999,999	999,999	1,244,019,339	1.000000	1,000	1.000000	1,000	*
0.76	Scotia Progresivo, S.A. de C.V., S I R V	SCOT-FX	A	52	–	–	62,500	62,500	8,200,314	17.492212	1,093	18.571815	1,161	*
1.78	Scotia Diversificado S.A. de C.V., S I R V	SCOTEME	A	52	–	–	80,645	80,645	4,518,439	14.350296	1,157	14.350296	1,157	*
0.16	Scotia Global, S.A. de C.V., S I R V	SCOTGLO	A	52	–	–	999,999	999,999	611,379,694	1.000000	1,000	1.000000	1,000	*
99.01	Scotia Dinamico, S.A. de C.V., S I R V	SCOTDIN	A	52	–	–	999,999	999,999	1,009,990	1.000000	1,000	1.026952	1,027	*
											5,250		5,345	
											7,250		7,373	
	Total:										459,883		460,133	
	December 31, 2011													
%	**Trading securities:**													
	Investment in net equity instruments													
	Investment funds investing in debt instruments													
1.7	Scotia Gubernamental S.A. de C.V., S I I D	SCOTIA G	C1	51	–	AAA/2F	122,684,583	122,684,583	7,202,168,516	2.702759	$ 331,587	2.703985	$ 331,737	*
%	**Permanent investments:**													
	Investment funds investing in debt instruments													
0.22	Scotia Gubernamental Plus S.A. de C.V., S I I D	SCOTLPG	A	51	–	AAA/7F	999,999	999,999	457,813,145	1.000000	1,000	1.000000	1,000	*
	Investment funds investing in equities													
6.77	Scotia Progresivo, S.A. de C.V., S I R V	SCOT-FX	A	52	–	–	62,500	62,500	922,549	17.492212	1,093	18.571815	1,161	*
61.47	Scotia Diversificado S.A. de C.V., S I R V	SCOTEME	A	52	–	–	80,645	80,645	131,196	14.082951	1,136	14.344108	1,157	*
											2,229		2,318	
											3,229		3,318	
	Total:										334,816		335,055	

* Without maturity

See accompanying notes to financial statements.

"These statements of investment portfolio valuation were prepared in accordance with the accounting criteria applicable to the society, issued by the National Banking and Securities Commission based on Article 76 of the law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the investments in assets made by the society for the years indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of investment portfolio valuation were approved by the Board of Directors under the responsibility of the following officers."

"These statements of investment portfolio valuation faithfully match with the original statements of investment portfolio valuation, which are properly signed and held by the Management Company."

Ernesto Diez Sánchez (sign)
General Director

H. Valerio Bustos Quiroz (sign)
Director of Group Accounting

These financial statements have been translated from the Spanish language original solely for the convenience of foreign/English-speaking readers.

(1) Description of business and significant transactions-

Scotia Fondos, S. A. de C. V. ("the Management Company") is a fund management company that began operating on December 5, 2001 and is engaged in providing administrative services, distribution, valuation, promotional and management services to the investment funds of Grupo Financiero Scotiabank Inverlat, S. A. de C. V. ("Scotiabank investment funds"), which holds 99.99% of its capital stock. The Management Company obtained 97% and 99% of its fee and commission income for 2012 and 2011, respectively from the Scotiabank investment funds, which are listed below:

Investment funds investing in debt instruments:

- Scotia Disponibilidad, S. A. de C. V., (SCOTIA1)
- Scotia Rendimiento, S. A. de C. V., (SCOTIA2)
- Scotia Inversiones, S. A. de C. V., (SBANKCP)
- Scotia Productivo, S. A. de C. V., (SCOTI10)
- Scotia Plus, S. A. de C. V., (SCOTI11)
- Scotia Previsional de Liquidez Restringida, S. A. de C. V., (SCOTLPE) (Before SCOTIAC)
- Scotia para no Contribuyentes, S. A. de C. V., (SCOTCPE) (Before SCOTIAD)
- Scotia Gubernamental, S. A. de C. V., (SCOTIAG)
- Finde 1, S. A. de C. V (FINDE1)
- Scotia Gubernamental Plus, S. A. de C. V., (SCOTLPG)
- Fondo de Fondos Scotiabank de Mediano Plazo, S. A. De C. V. (SBANKMP)

Investment funds investing in equities:

- Scotia Patrimonial, S. A. de C. V., (SCOT-RV) (Before SCOTIAE)
- Scotia Indizado, S. A. de C. V., (SCOTIPC) (Before SCOTIA7)
- Scotia Estratégico, S. A. de C. V., (SCOTI12)

(Continued)

- Scotia Crecimiento, S. A. de C. V., (SCOTI14)
- Scotia Internacional, S. A. de C. V., (SCOTINT)
- Scotia Progresivo, S. A. de C. V. (SCOT-FX)
- Scotia Diversificado, S. A. de C. V. (SCOTEME)
- Scotia Patrimonial Plus, S. A. de C. V. (SBANK50)
- Scotia Inversiones Plus, S. A. de C. V., (SCOTDOL)
  (Before Scotia Cobertura, S. A. de C. V., SCOTIA3)
- Scotia Global, S. A. de C. V. (SCOTGLO)
- Scotia Cartera Modelo, S. A. de C. V. (SCOT-CM)
- Scotia Dinámico, S.A. de C.V.(SCOTDIN)

The Management Company only has 2 employees at the chief officer level; administrative and share distributive services required are provided by related parties (note 11).

Significant transactions 2012-

(a) Incorporation of an investment fund-

On May 2012, the Management Company incorporated the following two investment funds investing in equities companies: “Scotia Global”, Sociedad Anónima de Capital Variable and “Scotia Cartera Modelo”, Sociedad Anónima de Capital Variable, as well as an investment funds investing in debt instruments: “Fondo de Fondos Scotiabank de Mediano Plazo”, Sociedad de Inversión en Instrumentos de Deuda. The Management Company contributed $1,000 to each of the investment companies. Such contributions are represented by Class “A” shares (minimum fixed portion without right for withdrawal). Such companies became public on June 15, 2012.

In October 2012, the Management Company incorporated the variable income investment fund called “Scotia Dinámico” Sociedad Anónima de Capital Variable”, making an initial capital contribution of $1,000. Such contribution is represented by Class “A” shares (minimum fixed portion without right for withdrawal). Such company became public on November 27, 2012.

(Continued)

Significant transactions 2011-

(b) Acquisition of investment fund-

On January 3, 2011, the Management Company acquired for $1,229, the shares representing 99.99% of the fixed capital of two investment funds investing in debt instruments, in accordance with the relevant stock sale and purchase agreement. On the same date, the Management Company notified to the National Banking and Securities Commission (the Commission) of the execution of the transactions, and the stockholders' ledger of the acquirees was brought up to date. Furthermore, on April 6, an initial capital contribution amounting to $500 was made to each company. Those investment companies were placed to the general public as investment funds investing in equities on August 30 and September 2, 2011 under the legal names of Scotia Progresivo, S. A. de C. V. (SCOT-FX) and Scotia Diversificado, S. A. de C. V. (SCOTEME), respectively.

(c) Incorporation of an investment fund-

On March 28, 2011, the Management Company incorporated the investment fund investing in debt instruments "Scotia Gubernamental plus", Sociedad Anónima de Capital Variable, making an initial capital contribution of $1,000. That amount is represented by Class A shares representing the minimum fixed portion not subject to withdrawal. The investment fund was placed to the general public as an investment fund investing in debt instruments on June 16, 2011.

(2) Authorization and basis of presentation and disclosure-

On February 22, 2013, Ernesto Diez Sánchez (General Director) and H. Valerio Bustos Quiroz (Director of Group Accounting) authorized the issuance of the accompanying financial statements and related notes.

The stockholders and the Commission are empowered to modify the financial statements after issuance. The accompanying financial statements for 2012 will be submitted to the next Stockholders' Meeting for approval.

(Continued)

The financial statements of the Management Company have been prepared based on the accounting criteria issued by the Commission for management fund companies in Mexico. The Commission is responsible for the inspection and supervision of management fund companies and for reviewing their financial information.

The accounting criteria provide that the Commission will issue particular rules for specialized operations and in the absence of an express accounting criterion issued by the Commission for management fund companies or for credit institutions, and in a wider context the Mexican Financial Reporting Standards (FRS), the suppletory process as established by FRS A-8 shall be applicable, and only when the International Financial Reporting Standards (IFRS) referred to by FRS A-8 do not resolve the accounting treatment, the suppletory application of an accounting standard pertaining to other regulatory framework may be opted for, in the following order: U. S. Generally Accepted Accounting Principles (US GAAP), and any other formal and recognized accounting standard, provided comply with the requirements of criterion A-4 of the Commission.

The aforementioned financial statements are presented in Mexican pesos, which is the same as the recording currency and the functional currency.

The financial statements as of and for the year ended December 31, 2011, were conformed to the presentation of the financial statements as of and for the year ended December 31, 2012.

(3) Accounting policies-

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Significant items subject to such estimates and assumptions include the valuation of investment securities, deferred tax assets, and assets and liabilities related to employee benefit obligations. Actual results could differ from those estimates and assumptions.

(Continued)

For purposes of disclosure, “pesos” or “$” means thousands of Mexican pesos.

Significant accounting policies applied in the preparation of the financial statements are as follows:

(a) Recognition of the effects of inflation-

The accompanying financial statements include the recognition of inflation up to December 31, 2007. Year ended December 31, 2012 is considered as non inflationary economic environment (Cumulative inflation through the past 3 years lower than 26%), according to FRS B-10 “Effects of inflation”; consequently, inflation effects are not recognized in the Management Company’s financial information. Cumulative inflation for the last 3 years is shown as follows:

			Inflation	
December 31		**UDI**	**Annual**	**Accumulated**
2012	$	4.874624	3.91%	12.31%
2011		4.691316	3.65%	12.12%
2010		4.526308	4.29%	15.09%

(b) Cash and cash equivalents-

This caption includes cash and bank account balances in local currency. Cash and cash equivalents are accounted for at its nominal value.

(c) Investment securities-

Investment securities include shares issued by the funds, government securities and other securities, classified at the date of acquisition as trading securities.

Trading securities are recognized at fair value, transaction costs for the acquisition of securities are recognized in income on the acquisition date, subsequently valued at fair value based on market prices provided by an independent price vendor. When the securities are sold, the difference between purchase price and the sale price determines the net realized gain on securities, shall cancel the result of valuation that has been previously recognized on the income statement.

(Continued)

Interest earned, the gain or loss on foreign exchange, the dividends from net equity instruments, the valuation gain (loss) of fair value, the result for sales and the transaction costs derived from trading securities, are recognized in the caption “Financial margin".

(d) Accounts receivable-

The amounts for services pending collection are evaluated by the Management Company’s management, to determine the estimated recovery value and, as required, to create the corresponding reserves and charged to income 90 days after their initial recording (60 days if the balances are unidentified).

(e) Permanent investments-

Investments in subsidiaries and associated companies are valued by the equity method, using the same financial statement date and for the same period of the Management Company. A company is regarded as a subsidiary of the Management Company when having the power to define the entity’s operating and financial policies, and it is considered an associated company when significant influence is exercised, which is assumed to exist when holding 10% of potential voting power for listed issuers, or 25% for unlisted issuers.

The investments where no significant influence exists are classified as other investments, which are recorded at acquisition cost. Dividends, if any, received from these investments are recognized on statement of income caption “Other operating income (expense)”.

(f) Provisions-

Based on management’s estimates, the Management Company recognizes accruals for those present obligations in which it is virtually assured the transfer of assets or the rendering of services and arises as a consequence of past events.

(g) Income taxes (income tax (IT) and flat rate business tax (IETU))-

IT or IETU payable for the year are determined in conformity with the tax provisions in effect.

(Continued)

Deferred IT or IETU are accounted for under the asset and liability method, which compares the accounting and tax values. Deferred tax (assets and liabilities) are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT for operating loss carry forwards and other recoverable tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income for the period enacted.

To determine whether deferred IT or deferred IETU should be recorded, the tax base on which the differences that give rise to deferred taxes will be amortized in the future must be identified, and the likelihood of payment or recoverability of each tax is evaluated.

(h) Employee benefits -

The Management Company has a defined contribution pension plan in place; plan contributions are recognized directly in the statement of income as expenses under the caption "Administrative expenses" (see note 8).

Additionally, a defined benefit plan is in place covering the seniority premiums and compensation to which employees are entitled in accordance with the Federal Labor Law, as well as obligations related to the life insurance for retirees.

For both plans, irrevocable trusts have been created in which the plan assets are managed, except for compensations to which employees are titled in accordance with Federal Labor Law.

The net periodic cost of the benefit plans and the accrued seniority premiums benefits and severance payments other than restructure costs are recognized in expenses each year, based on computations prepared by independent actuaries according with actuarial procedures and principles generally accepted, and in accordance with FRS D-3 "Employee benefits". The methodology to calculate the obligations is the projected unit credit method, considering the use of actuarial assumptions that reflect the present value, salaries increase and the probability of payment of such benefit.

(Continued)

At the date of adoption of FRS D-3, items pending amortization and relating to past services are amortized over the lower of a maximum period of five years or the remaining average working life. Past services arising on a date subsequent to the coming into force of FRS D-3 are amortized over the remaining average working life. Items pending amortization and relating to past services of termination benefits are immediately recognized on the income statement.

The balance of actuarial gains or losses at the beginning of each period that exceed 10% of the greater amount between the defined benefit obligation and the plan assets should be amortized considering the remaining average working life of the employees expected to be eligible for the plan benefits. Actuarial gains or losses of termination benefits are immediately recognized in the income statement.

(i) Revenue recognition-

Management Company's fee and commission income corresponds mainly to the commissions for services rendered to the funds, which are recorded in the statement of income when earned.

(j) Expense recognition-

The expenses incurred by the Management Company relate primarily to commissions paid by the distribution of shares representing the capital stock of the funds, fees and administrative expenses, which are charged to expenses as incurred.

(k) Contingencies-

Contingent assets and liabilities are not recorded while there are no reasonable elements for their quantification; however, where no such elements exist, qualitative disclosure is provided in the notes to the financial statements.

Contingent revenues, income or assets are recorded when its realization is virtually assured.

(Continued)

(4) Accounting changes and reclassifications–

Accounting changes-

I. Changes in accounting criteria for investment fund managers

On March 16, 2012, the resolution revising the general provisions applicable to investment funds and entities providing services thereto was published in the Federal Official Gazette. The resolution modified the accounting criteria for investment fund managers, became effective on March 30, 2012 and had no significant effects on the Management Company, except in the presentation of the statement of income. Such changes are mentioned as follows:

Criterion A-3 "*Application of general standards*"- Provides, among other things, for the following:

- Assets of transactions that are not settled on the same day are added to restricted assets. Treatment is included for past due and payable transactions in clearing accounts until actually settled.

- Materiality is explained, focused on FRS concepts for increased application accuracy (professional judgment).

Criterion A-4 "*Supplementary application of accounting criteria*"

- The scope and the supplementary use of US GAAP elements are modified and cleared up.

Criterion B-2 "*Investment securities*"-

- Transaction costs should include acquisition and disposition-related costs.
- Disclosure is required of net gains and losses for all security categories.
- Disclosure is required of interest expense and fee income and expenses.
- Disclosure is required of accounting policies related to the valuation of investment securities.
- Disclosure is required of information related to risks of investing in securities.

(Continued)

Criterion C-2 "*Related Parties*"-

Provides for the following:

- The term "kinship" is replaced by the term "close relative" in agreement with FRS. It is also specified that the applicable legislation should be taken into consideration.

- "Close relatives of any individual" rather than the "spouses or the persons related to the individuals" are deemed to be related parties.

- Individuals "regarded as close relatives" rather than "those with a relationship occurring by blood, legal ties or law up to fourth degree, the spouse and common-law wife/husband" are deemed to be within the power of command.

Criterion D-3 "*Statement of Income*"-

- Elimination of minimum statement of income captions relating to:

  a) Total operating income (expenses).

  b) Income (loss) before equity in non-consolidated and associated subsidiaries.

- "Administrative and promotion expenses" are grouped after the financial margin adjusted for credit risks, together with "Other operating income (expenses)".

- By these items being eliminated, items formerly comprising "other income (expenses)" are regrouped within "operating income (expenses)".

- Equity in income (loss) of non-consolidated and associated subsidiaries is presented following the "operating income (loss) and before "income (loss) before income taxes".

(Continued)

(Thousands of Mexican pesos)

II. 2012 FRS Improvements-

In December 2011, the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, A. C. or CINIF) issued the document referred to as "2012 FRS Improvements", which contains precise modifications to some FRS, effective from January 1, 2012 which had no effect on the financial statements of the Management Company, are mentioned as follows:

- **FRS A-7 "Presentation and disclosure"**

Reclassifications-

In accordance with the accounting changes set forth in criterion D-3 "Statement of Income" referred to in this note, the financial statements as of December 31, 2011 were reclassified to make them comparable to the presentation as of and for the year ended December 31, 2012, as shown below:

Statement of income		**Balances originally presented**	**Reclassified Balances**
Other income	$	55	–
Other expense	$	(2,345)	–
Other operating income (expense)	$	–	(2,290)

(5) Investment securities-

As of December 31, 2012 and 2011, investment securities classified as trading securities amount to $452,760 and $331,737 respectively, and consist of debt fund shares (see detail in the statement of securities portfolio valuation).

(Continued)

(Thousands of Mexican pesos)

Net realized gain on trading securities for the years ended December 31, 2012 and 2011 amounted to $16,456 and $10,451, respectively. Unrealized gain of investment securities as of December 31, 2012 and 2011 amounted to $760 and $1,290, respectively. These amounts are included on the statement of income under the captions “Net realized gain on securities” and “Unrealized gain on securities”, respectively.

The investment securities of the Management Company are shares of Scotia Gubernamental, S. A. DE C. V., Sociedad de Inversión en Instrumentos de Deuda (SCOTIAG), which maintains a rating according to the Commission of short term and government securities with a term no longer than 365 days, and with short term of settlement same day for buying and selling.

SCOTIAG was rated in 2012 and 2011, as AAA/2F by Fitch Ratings México, S. A. de C. V., who is “Outstanding” in terms of security of the fund, this rating includes the quality and diversification of the assets in portfolio, strengths, weakness of the management and the operation capacity (AAA) and (2) or “Low” in terms of sensibility to the market conditions.

(6) *Accounts receivable, net-*

As of December 31, 2012 and 2011, accounts receivable’s balances are as follows:

		2012	**2011**
Related parties	$	69,384	69,442
Recoverable taxes		10,563	10,560
Other accounts receivable		8,568	740
	$	88,515	80,742

For the years ended December 31, 2012 and 2011, there were not changes in current conditions of accounts receivable with related parties and other accounts receivable, therefore there were not items considered by management as uncollectable or doubtful and no allowance was needed for these accounts.

(Continued)

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Thousands of Mexican pesos)

(7) Permanent investments-

At December 31, 2012 and 2011, permanent investments are analyzed as follows:

2012

		Investment	Equity in the results
Subsidiaries:			
Scotia Dinámico (SCOTDIN)	$	1,027	27
Fondo de Fondos Scotiabank de Mediano Plazo (SBANKMP)		1,028	28
Other investments:			
Scotia Gubernamental Plus (SCOTLPG)		1,000	–
Scotia Progresivo (SCOT-FX)		1,161	–
Scotia Diversificado (SCOTEME)		1,157	–
Scotia Global (SCOTGLO)		1,000	–
Scotia Cartera Modelo (SCOT-CM)		1,000	–
	$	7,373	55

2011

		Investment	Equity in the results
Subsidiaries:			
Scotia Diversificado (SCOTEME)	$	1,157	21
Other investments:			
Scotia Gubernamental Plus (SCOTLPG)		1,000	–
Scotia Progresivo (SCOT-FX)		1,161	68
	$	3,318	89

For the years ended December 31, 2012 and 2011, the participation percentage which the Management Company has in the equity of its subsidiaries is 99%.

(Continued)

(Thousands of Mexican pesos)

(8) ***Employee benefits-***

The Management Company established a defined contribution pension plan and post-retirement benefits plan available until March 31, 2006. This plan calls for pre-established contributions by the Management Company, which may be fully withdrawn by the employee upon retirement if at least 55 years old or partially on employment termination in accordance with specific rules for vesting rights. Additionally, contributions are made by employees, who will be entitled to withdraw those contributions upon employment termination.

For the years ended December 31, 2012 and 2011, the Management Company's contributions to the defined contribution plan charged amounted $347 and $346, respectively, recognized in the statement of income under the caption "Administrative expenses".

The cost, obligations and contributions to the fund relating to the defined benefits pension plan, seniority premiums and life insurance are determined based on computations prepared by independent actuaries as of December 31, 2012 and 2011.

The elements of the net periodic cost and the labor obligations for the years ended December 31, 2012 and 2011 are as follows:

		Seniority Premiums		Life
2012	**Retirement**	**Termination**	**Total**	**insurance**
Service cost	$ 1	1	2	3
Financial cost	1	1	2	3
Return on plan assets	-	-	-	(1)
Amortization	2	-	2	2
Net periodic cost	4	2	6	7
Income recognition of actuarial gains generated in the year	-	1	1	-
Total cost 2012	$ 4	3	7	7

(Continued)

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Thousands of Mexican pesos)

		Seniority Premiums			Life
2011		**Retirement**	**Termination**	**Total**	**insurance**
Service cost	$	1	1	2	2
Financial cost		1	1	2	2
Return on plan assets		-	(1)	(1)	(1)
Amortization		1	-	1	1
Net periodic cost		3	1	4	4
Income recognition of actuarial gains generated in the year		-	4	4	-
Total cost 2011	$	3	5	8	4

The present value of benefit obligations of seniority premiums and life insurance for the years ended December 31, 2012 and 2011 are as follows:

		Seniority Premiums			Life
2012		**Retirement**	**Termination**	**Total**	**insurance**
Defined benefit obligations (DBO)	$	(22)	(10)	(32)	(58)
Plan assets at fair value		3	2	5	12
Financial situation of the fund		(19)	(8)	(27)	(46)
Past service for:					
Plan modifications		-	-	-	4
Cumulative actuarial earnings		21	-	21	46
Projected asset (liability), net	$	2	(8)	(6)	4
2011					
Defined benefit obligations (DBO)	$	(16)	(9)	(25)	(36)
Plan assets at fair value		2	2	4	12
Financial situation of the fund		(14)	(7)	(21)	(24)
Past service for:					
Plan modifications		-	-	-	4
Cumulative actuarial earnings		16	-	16	24
Projected asset (liability), net	$	2	(7)	(5)	4

(Continued)

(Thousands of Mexican pesos)

A reconciliation of the projected asset (liability), net as of December 31, 2012 is as follows:

		Seniority Premiums			Life
		Retirement	**Termination**	**Total**	**insurance**
Projected asset (liability), net at December 31, 2011	$	2	(7)	(5)	4
Net periodic income (cost) 2012		(4)	(2)	(6)	(7)
Contributions to fund during 2012		4	2	6	7
Income recognition of actuarial gains and losses generated in the year		-	(1)	(1)	-
Projected asset (liability), net	$	2	(8)	(6)	4

The present value of the statutory severance benefit obligations as of December 31, 2012 and 2011 are as follows:

		2012	**2011**
ABO	$	(411)	(447)
DBO	$	(411)	(447)
Transition liability		-	74
Projected liability, net	$	(411)	(373)

The net cost (income) for the statutory severance for the years ended December 31, 2012 and 2011 amounted to $38 and ($64), respectively.

The nominal rates used in the actuarial projections for the years ended December 31, 2012 and 2011 are:

	2012	**2011**
Yield on plan assets	8.00%	9.75%
Discount rate	8.00%	9.25%
Rate of increase in compensation	5.00%	5.00%
Estimated inflation rate	4.00%	4.00%

(Continued)

(Thousands of Mexican pesos, except otherwise is indicated)

The seniority premium assets are invested of fixed-yield instruments held in a trust and managed by a Committee appointed by the Management Company.

At December 31, 2012, the amortization period of unrecognized defined benefits for seniority premium benefits, life insurance and statutory severance, are as follows:

	Seniority premiums		Life	Severance
	Retirement	Termination	insurance	indemnities
Prior service for transition liability	1 year	1 year	-	1 year
Actuarial (gain) or loss	8.78 years	Immediately	13.80 years	Immediately

(9) Stockholders' equity-

Following is a description of the main characteristics of the accounts included in stockholders' equity:

(a) Structure of capital stock-

At December 31, 2012 and 2011, the capital stock is represented by 2,000,000 common shares, fully subscribed and paid, with a nominal value of one peso each, divided into 1,000,000 shares corresponding to the minimum fixed portion capital stock (Series "A") and 1,000,000 shares corresponding to the variable portion capital stock (Series "B"). The variable portion of capital stock may at no time exceed the minimum fixed capital not subject to withdrawal.

(b) Restrictions on stockholders' equity-

Five percent of net income for the year must be appropriated to the statutory reserve, until it reaches 20% of the paid-in capital. At December 31, 2012, the Management Company had appropriated the total statutory reserve requirement, equal to 20% of its capital stock.

Stockholders' contributions and retained earnings are subject to income tax on the amounts distributed or refunded that exceed the amounts determined for tax purposes. At December 31, 2012 the capital contribution account (CUCA) and the tax basis retained earnings account (CUFIN) amount to $3,210 and $455,579, respectively.

(Continued)

(Thousands of Mexican pesos)

(10) Income taxes (income tax (IT) and flat rate business tax (IETU))-

Under the current tax legislation, companies must pay the greater of their IT or IETU. If IETU is payable, the payment will be considered final i.e. not subject to recovery in subsequent years. The IT rate for fiscal years of 2012 and 2011 is 30%, for 2013 the rate is 30% for 2014 shall be 29%, and for 2015 and thereafter, 28%. The IETU rate for 2012 and 2011 are 17.5% in both years.

Owing to the fact that, according to Management Company's estimates the tax payable in future years will be IT, deferred tax effects as of December 31, 2012 and 2011 have been recorded on the IT basis.

At December 31, 2012 and 2011, the deferred IT asset is analyzed below:

		2012	2011
Asset (liability):			
Provisions	$	1,476	1,423
Prepaid expenses		(27)	(21)
		1,449	1,402
Rate		30%	30%
Deferred IT	$	435	421

The net favorable effect on the statement of income of deferred IT for the year ended December 31, 2012 and 2011 is analyzed below:

		2012	2011
Provisions		(16)	(65)
Prepaid expenses and others		2	–
Deferred IT on the statement of income	$	(14)	(65)

For the years ended December 31, 2012 and 2011, the Management Company has no employees except two in directive level, for that reason, they do not participate in the Employed Statutory Profit Sharing.

(Continued)

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Thousands of Mexican pesos)

The following is an analysis of the effective tax rate for the fiscal years ended at December 31, 2012 and 2011:

		IT	
	Base	**Tax at 30%**	**Effective rate**
December 31, 2012			
Income before income taxes	$ 176,415	(52,924)	(30%)
Allocation to current tax:			
Adjustment for effects of inflation	(14,275)	4,282	2%
Provisions, net	41	(12)	–
Non-cumulative income	(225)	68	–
Non-deductible expenses	253	(76)	–
Others, net	(28)	8	–
Current tax	162,181	(48,654)	(28%)
Allocation to deferred taxes: (30% rate)			
Prepaid expenses	10	(3)	–
Provisions	(57)	17	–
Deferred tax	(47)	14	–
Income tax	$ 162,134	(48,640)	(28%)

(Continued)

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Thousands of Mexican pesos)

	Base	IT	
		Tax at 30%	**Effective rate**
December 31, 2011			
Income before income taxes	$ 149,339	(44,802)	(30%)
Allocation to current tax:			
Adjustment for effects of inflation	(10,572)	3,172	2%
Provisions, net	214	(64)	–
Non-cumulative income	(1)	–	–
Non-deductible expenses	223	(67)	–
Others, net	(84)	25	–
Current tax	139,119	(41,736)	(28%)
Allocation to deferred taxes: (30% rate)			
Provisions	(214)	65	–
Deferred tax	(214)	65	–
Income tax	$ 138,905	(41,671)	(28%)

Other considerations

In accordance with Mexican tax regulations currently in effect, the tax authorities may examine transactions carried out during the five years prior to the most recent income tax return filed.

In accordance with the IT Law, corporations carrying out transactions with related parties, whether domestic or foreign, are subject to certain limitations and requirements as to the determination of prices, since such prices must be equivalent to those that would be used in arm's-length transactions.

(Continued)

(Thousands of Mexican pesos)

(11) Related-party transactions and balances-

Transaction carried out with related parties for the years ended December 31, 2012 and 2011 are as follows:

		2012	2011
Revenues:			
Fee and commission income	$	810,719	789,217
Expenses:			
Fee and commission expense	$	615,788	621,927
Administrative expenses		23,999	19

Benefits granted by Company´s Directors for the years ended December 31, 2012 and 2011 amounted to $5,169 and $6,817, respectively.

Balances from related parties as of December 31, 2012 and 2011 are as follows:

		2012	2011
Assets:			
Cash and cash equivalents	$	10	10
Investments securities		452,760	331,737
Other accounts receivable		69,384	69,442
Liabilities:			
Other accounts payable	$	52,834	53,052

(Continued)

(Thousands of Mexican pesos)

(12) Memorandum accounts-

The transactions on behalf of third parties that the Management Company maintains at December 31, 2012 and 2011, recorded under the caption "Assets in custody or under management", are as follows:

		2012	2011
Customer banks			
(Short term investments)	$	3,300	265,022
Securities holdings			
(Investment securities)		65,717,387	62,124,138
Debt Instruments			
(Investment funds)		56,917,332	55,200,324
Common instruments			
(Investment funds)		8,772,354	7,041,851
	$	131,410,373	124,631,335

(13) Risks (unaudited)-

The underlying market risk for the SCOTIAG Fund is determined using a methodology where the value at risk (VaR) is calculated through the variance-covariance (Var-Covar) parametric model, at a confidence level of 95%, a 1-year time window, and at a 1-day time horizon. A “Back Test” is performed for verifying the efficiency of the model used in measuring the VaR. This analysis is presented to the Risk Committee and the Board of the Management Company at least on a quarterly basis.

The underlying liquidity risk for the SCOTIAG Fund is defined as the potential loss due to the advance or forced sale of assets at unusual discounts to meet payment obligations or because a position cannot be timely sold, acquired or covered by establishing an equivalent counter position. The Liquidity risk is calculated using the purchase and sale positions, with a 6-month time window, and calculating the monthly average value in the case of stock and 90 days with daily observations for debt instruments.

(Continued)

(Thousands of Mexican pesos)

In the first quarter of 2012, the Risk Committee and the Board approved the following limits: VaR (0.04%) and Liquidity Risk (0.10%) for the SCOTIAG Fund. The VaR limits have been approved by the Banking Commission.

Following is the descriptive statistics of the market risk and liquidity risks of the SCOTIAG Fund for the period of October 2012 to December 2012.

SHORT TERM	**Description**	**31/12/2012 VaR 1 day**	**Average**	**Maximum**	**Limit VaR 1 day**
SCOTIAG	100% Goverment securities	0.005%	0.007%	0.010%	0.040%
SHORT TERM	**Description**	**31/12/2012 Risk Liquidity**	**Average**	**Maximum**	**Limit Liquidity**
SCOTIAG	100% Goverment securities	0.03%	0.03%	0.04%	0.10%

Operational Risk -

In accordance with the general provisions applicable to Investment Fund Managers in terms of comprehensive risk management, contained in Chapter I, Title VII and published in the Federal Official Gazette of December 2006, the operational risk is a non-discretionary risk defined as the risk of loss resulting from internal control failure or deficiencies, errors in transaction processing or storage or in data transmission, as well as for adverse administrative or legal resolutions, frauds or theft and includes, among others, the technological and legal risks.

(14) Recently issued accounting standards-

The CINIF has issued the FRS and Improvements listed below:

FRS C-7 “Associates, joint ventures and other permanent investments”- FRS C-7 is effective for years beginning on or after January 1, 2013, with retrospective effects. FRS C-7 supersedes former FRS C-7 “Investments in associates and other permanent investments”. The major changes from the original FRS C-7 are as follows:

- It is provided that investments in joint ventures should be accounted for by the equity method.

(Continued)

- The term "Special Purpose Entity" or SPE is eliminated since it is deemed that to identify an entity as a subsidiary, its operating objective and purpose are irrelevant.

- It is stipulated that all the effects that have an impact on the net profit or loss of a holding company, arising from its permanent investments in associates, joint ventures and others, should be recognized under the heading of "equity in the results of other entities".

- Additional disclosures are required for providing more details of the financial information of associates and/or joint ventures.

2013 Improvements to FRS-

In December 2012 the CINIF published a document called "Improvements to 2013 FRS, which contains specific amendments to certain existing FRS. The improvements that produce accounting changes are as follows:

- **FRS C-5 "Prepayments", Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments" and Bulletin C-12 "Financial instruments with characteristics of liabilities, equity or both"-** Provides that expenses on the issue of debentures such as legal fees, issuance, printing and placement costs, etc. should be presented as a reduction of the corresponding liability and charged to income based on the effective interest method. This improvement is effective for years beginning on or after January 1, 2013 and presentation changes should be recognized retrospectively

- **FRS D-4 "Income taxes"-** Establishes that current and deferred income tax shall be recognized and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event that is recognized in a different period, outside profit or loss, either in other comprehensive income or directly in equity. This improvement is effective for years beginning on or after January 1, 2013 and presentation changes should be recognized retrospectively.

Management estimates that the new FRS and the improvements to FRS will be immaterial.