

Note 24 - Contingencies and commitments:

24.1 Contingencies

The Company is party to a number of lawsuits and claims arising from the normal course of its operations. Management does not expect these lawsuits will have a significant adverse effect on its consolidated financial statements.

24.2 Commitments

The Company has granted stand-by letters to certain vendors in the amount of \$1,056,608 (\$1,276,591 in 2015). These letters are used by the vendors to obtain the financing required to satisfy production requests and/or the acquisition of merchandise ordered by the Company. In the event of default by vendors with the financial institutions that granted the financing, the Company would be obligated to settle the aforementioned amount. At the date of issuance of the consolidated financial statements, the Company has not been informed of any default of such vendors.

During November 2016, the company entered into a credit line agreement with Banamex, SA, which has not been used at the date of the consolidated financial statements, in the amount of \$10,000,000, which will be used for the acquisition of Suburbia; as mentioned in note 2.1.3, such acquisition is in the process of being approved by COFECE.

24.3 Capital investments

The Company has entered into a number of agreements with third parties, for the acquisition of real property, in connection with which \$152,061 (\$315,427 in 2015) has yet to be settled under the terms established in the contracts.