

GRUPO CASA SABA SA DE CV
Form 20-F/A
July 02, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F/A
(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
for the year ended December 31, 2009

Commission file number 1-12632

Grupo Casa Saba, S.A.B. de C.V.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Mexico
(Jurisdiction of Incorporation or Organization)

Paseo de la Reforma, No. 215
Colonia Lomas de Chapultepec, México, D.F. 11000

México
(Address of Principal Executive Offices)

Sandra Yatsko
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Paseo de la Reforma, No. 215
Colonia Lomas de Chapultepec, México, D.F. 11000
(Name, Telephone, E-mail and/or facsimile number and address of contact person)

SECURITIES REGISTERED OR TO BE REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing ten Ordinary Shares, without par value Ordinary Shares, without par value	New York Stock Exchange New York Stock Exchange (for listing purposes only)

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each class of capital or common stock as of December 31, 2009 was:
265,419,360 Ordinary Shares, without par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated Filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other X
by the International Accounting Standards Board

—

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

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If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

EXPLANATORY NOTE

This Annual Report on Form 20-F/A is being filed as an amendment (“Amendment No. 1”) to our Annual Report on Form 20-F for the year ended December 31, 2009 (“2009 Annual Report on Form 20-F”) filed with the U.S. Securities and Exchange Commission on June 30, 2010, to amend “Item 18. Financial Statements” by replacing the Report of Independent Registered Public Accounting Firm and the Attestation Report of the Registered Public Accounting Firm, included in pages F-3 and F-5, respectively, of our 2009 Annual Report on Form 20-F, to correct an inadvertent error in the dates of such reports.

As required by Rule 12b-15 of the U.S. Securities Exchange Act of 1934, we are including currently-dated certifications by our principal executive officer and our principal financial officer as exhibits to this Amendment No. 1 under “Item 19. Exhibits” hereof.

Other than as set forth above, this Amendment No. 1 does not, and does not purport to, amend, update or restate any other information or disclosure included in our 2009 Annual Report on Form 20-F or reflect any events occurred after the June 30, 2010 filing date of our 2009 Annual Report on Form 20-F in any way.

Item 18. Financial Statements

The following financial statements, together with the report of Salles Sáinz-Grant Thornton, S.C. thereon, are filed as part of this Annual Report.

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All supplementary schedules relating to the Company are omitted because they are not required or because the required information, where material, is contained in our audited consolidated financial statements or the notes thereto.

Item 19. Exhibits

Documents filed as an exhibit to this annual report are as follows:

Exhibit Number	Description of Exhibits
12.1	Certification of the Principal Executive Officer of Grupo Casa Saba, S.A.B. de C.V. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
12.2	Certification of the Principal Financial Officer of Grupo Casa Saba, S.A.B. de C.V. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
13.1	Certification of the Principal Executive and Financial Officer of Grupo Casa Saba, S.A.B. de C.V. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURE

GRUPO CASA SABA, S.A.B. DE C.V., hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: July 2, 2010

GRUPO CASA SABA, S.A.B. DE C.V.

By: /s/ Gabriel Saba D'jamus
Name: Gabriel Saba D'jamus
Title: Chief Executive Officer

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of

Grupo Casa Saba, S.A.B. de C.V.:

We have audited the accompanying consolidated balance sheets of Grupo Casa Saba, S.A.B. de C.V. and Subsidiaries (collectively the Group) as of December 31, 2008 and 2009, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraphs a) and b), we conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America) and with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles 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.

As discussed in Note 1(c), the Group acquired a Brazilian company, Drogasmil (now CSB Drogarias, S.A. or Drogarias), for approximately thousand of Mexican pesos Ps. 911,253 on May 15, 2008. The Group was unable to prepare a purchase price allocation for the acquisition because of inadequate accounting records of Drogasmil as of December 31, 2008. Therefore, we were not able to audit the underlying assets and liabilities or assess the potential impairment of assets as of and for the year then ended. We were also not able to audit the operations of this subsidiary from May 15 to December 31, 2008 of which a net loss for thousand of Mexican pesos Ps. 62,348 was included in the net income in the consolidated statements of income for the year ended December 31, 2008.

At the date of this report, the Group finished clearing and adjusting the accounting records of Drogarias as of December 31, 2008, except the inventory balance of approximately thousands of Mexican pesos Ps. 246,000, as well as certain unquantifiable contingencies as disclosed in Note 15(i). In addition, at December 31, 2009, Drogarias still lacked adequate accounting records to enable us to audit the inventory balance of approximately thousands of Mexican pesos Ps. 217,000, as well as certain unquantifiable contingencies referred in Note 15 (i).

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary if we had been able to audit the balance of inventories as of December 31, 2008 and 2009 and certain unquantifiable contingencies as mentioned above, as well as the operations of Drogarias for May 15 through December 31, 2008, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Casa Saba, S. A. B. de C. V. and Subsidiaries as of December 31, 2008 and 2009, and the results of their operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2009, in conformity with financial reporting standards applicable in Mexico.

Mexican FRS varies in certain material respects to accounting principles generally accepted in the United States of America (U.S. GAAP). A summary of these differences and a partial reconciliation of consolidated net income for each of the three years in the period ended December 31, 2009 and consolidated stockholders' equity as of December 31, 2008 and 2009 from Mexican FRS to U.S. GAAP, as permitted by Form 20-F of the Securities and Exchange Commission of the United States of America, are set forth in Notes 18 and 19.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the Group's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 30, 2010 expressed an adverse opinion on the effectiveness of the Group's internal control over financial reporting.

Salles Sainz-Grant Thornton, S.C.

/s/ Salles Sainz-Grant Thornton, S.C.
Mexico City, Mexico
June 30, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Directors and Stockholders of

Grupo Casa Saba, S.A.B. de C.V.:

We have audited Grupo Casa Saba, S.A.B. de C.V. and Subsidiaries' ("Group") internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting (Management's Report) as of December 31, 2009. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with financial reporting standards. A Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with financial reporting standards, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been

identified and included in management's assessment.

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The Group subsidiary CSB Drogarias, S.A., a Brazilian company, has deficiencies in the IT General Computer Controls related to administration of user access levels to the financially significant applications which have resulted in users with unauthorized and excessive access to sensitive transactions that will preclude the Company from preventing or detecting a material misstatement in a timely basis. In addition, the Brazilian subsidiary's IT systems are not capable of maintaining and generating the necessary inventory information for us to be able to audit the Brazilian subsidiary's inventory balance as of December 31, 2009. Moreover, the Brazilian subsidiary lacks controls related to assessing certain contingencies.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, Grupo Casa Saba, S.A.B. de C.V. and Subsidiaries has not maintained, effective internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated balance sheets of the Group as of December 31, 2008 and 2009, and the related consolidated statements of income and changes in stockholders' equity for each of the three years in the period ended December 31, 2009, as well as the consolidated financial statements of changes in financial position for the year ended December 31, 2007 and cash flows for the years ended December 31, 2008 and 2009. Our report dated June 30, 2010 expressed a qualified opinion on the consolidated financial statements for 2009 and 2008 due to limitations in the scope of our engagement regarding subsidiary CSB Drogarias, S.A., as mentioned in our report of that date.

Mexican financial reporting standards vary in certain material respects to accounting principles generally accepted in the United States of America. Information related to the nature and effects of such differences is presented in Notes 18 and 19 to the consolidated financial statements.

SALLES SAINZ-GRANT THORNTON, S.C.

/s/ SALLES SAINZ-GRANT THORNTON, S.C.

Mexico City, Mexico

June 30, 2010