GRUMA, S.A.B. DE C.V.

Calzada del Valle 407 Ote.
Colonia del Valle
San Pedro Garza García, Nuevo León
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ANNUAL REPORT FILED IN ACCORDANCE WITH THE GENERAL PROVISIONS APPLICABLE TO SECURITIES' ISSUERS AND OTHER SECURITIES MARKET'S PARTICIPANTS FOR THE YEAR ENDED DECEMBER 31, 2015.

As of December 31, 2015, our capital stock is represented by 432,749,079 ordinary, registered, Series "B", Class I no par value shares.

Such securities are registered in the Securities National Registry and are traded in the Mexican Stock Exchange.

Ticker symbol: **GRUMAB**

"The registration before the National Securities Registry does not imply a certification regarding the woth of the securities, the solvency of the issuer or the accuracy or veracity of the information contained in the report, nor ratifies the actions which, in its case, we carried out in contravention of the laws."

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1. GENERAL INFORMATION

Glossary of Terms and Definitions

"ADM"	Archer-Daniels-Midland.
"ADR"	American Depositary Receipts.
"ADS"	American Depositary Shares.
"AGROINSA"	Agroindustrias Integradas del Norte, S.A. de C.V. and Servicios Industriales Agroinsa, S.A. de C.V.
"ASERCA"	Agricultural Incentives and Trade Services, an agency of the Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry.
"Azteca Milling"	Azteca Milling, L.P.
"BANCOMEXT"	Banco Nacional de Comercio Exterior, S.N.C.
"BMV"	Bolsa Mexicana de Valores, S.A.B. de C.V.
"Bolivars o Bs."	Venezuelan bolivars.
"CETES"	Treasury Certificates of the Federation *(Certificados de la Tesorería de la Federación).*
"CIASA"	Constructora Industrial Agropecuaria, S.A. de C.V.
"COFECE"	Federal Economic Competition Commission (*Comisión Federal de Competencia Económica*).
"Consorcio Andino"	Consorcio Andino, S.L.
"CNBV"	National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*).
"DEMASECA"	Derivados de Maíz Seleccionados C.A.
"Dollars" o "US$"	Dollars of the United States of America.
"EBITDA"	*Earnings Before Interest, Taxes, Depreciation, and Amortization*
"Fitch"	Fitch Ratings.
"GIMSA"	Grupo Industrial Maseca, S.A.B. de C.V.
"GRUMA"	Gruma, S.A.B. de C.V. and its consolidated subsidiaries, as a whole, except where a specific reference is made to Gruma, S.A.B. de C.V. (holding company) or where the context requires otherwise.
"IASB"	International Accounting Standard Board.

“ICSID”	International Centre for Settlement of Investment Disputes.
“IFRS”	International Financial Reporting Standards.
“INDEVAL”	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.
“INTASA”	Investigación de Tecnología Avanzada, S.A. de C.V.
“INTESA”	Investigación Técnica Avanzada, S.A. de C.V.
“LIBOR”	London InterBank Offered Rate.
“MÉXICO”	Mexican United States.
“MONACA”	Molinos Nacionales, C.A.
“Notes due 2024”	U.S. $400 million 4.875% senior notes due 2024, issued on December 2014.
“NYSE”	New York Stock Exchange.
“Perpetual Bonds”	U.S. $300 million 7.75% senior unsecured perpetual bonds issued on December 2004 and redeemed in full in 2014.
“Peso”, “Pesos”, “Ps.”, o “$”	Mexican national currency.
“Primary Shareholder Group”	Ms. Graciela Hernández Moreno, widow of the late Mr. Roberto González Barrera, and certain of her descendants.
“PRODISA”	Productos y Distribuidora Azteca, S.A. de C.V.
“PWC”	PricewaterhouseCoopers, S.C.
“RNV”	National Securities Registry (*Registro Nacional de Valores*).
“SEC”	Securities and Exchange Commission.
“SEMARNAT”	Ministry of the Environment and Natural Resources (*Secretaría del Medio Ambiente y Recursos Naturales*).
“Standard & Poor’s”	Standard & Poor’s Ratings Services.
“TECNOMAÍZ”	Tecno Maíz, S.A. de C.V.
“TIIE”	Mexican equilibrium interbank interest rate.
“Valores Azteca”	Valores Azteca, S.A. de C.V.
“Valores Mundiales”	Valores Mundiales, S.L.
“Venezuelan Companies”	Jointly MONACA and DEMASECA.

1.1. INTRODUCTION

1.1.1. Our Company

Gruma, S.A.B. de C.V. is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) registered in Monterrey, Mexico under the *Ley General de Sociedades Mercantiles*, or Mexican Corporations Law, on December 24, 1971, with a corporate life of 99 years. Our full legal name is Gruma, S.A.B. de C.V., but we are also known by our commercial names: GRUMA and MASECA. The address of our principal executive office is Calzada del Valle, 407 Ote., Colonia del Valle, San Pedro Garza García, Nuevo León, 66220, Mexico and our telephone number is (52) 81 8399-3300. Our legal domicile is San Pedro Garza García, Nuevo León, Mexico.

The company was founded in 1949, when Mr. Roberto González Barrera started producing and selling corn flour in Northeastern Mexico as a raw materials for producing tortillas and other corn-based products. Prior to our founding, all corn tortillas were made using the wet corn dough method of tortilla production (the traditional method). Today, both wet corn dough and dry corn flour methods are used. Dry corn flour and wet corn dough can be utilized in various proportions to produce tortillas and other corn-based products. Our main operations are in Mexico and the United States and, to a lesser extent, in Central America and Europe.

Later, the company was able to integrate vertically with tortilla production and related products with important operations primarily in the United States and, to a lesser extent, Europe, Asia, Oceania, Central America and Mexico. In addition, we have diversified our product mix to include other types of flatbreads (pita, naan, chapati, pizza bases and piadina) mainly in Europe, Asia and Oceania, and corn grits mainly in Europe, among other products in the regions where we have presence.

1.1.2. Presentation of Financial Information

This annual report contains our audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended in said dates, as well as the ones as of December 31, 2014 and 2013 and for the years ended in said dates, which have been audited by PricewaterhouseCoopers, S.C., an independent public accounting firm and were approved by our shareholders at the Annual General Shareholders' Meetings held on April 29, 2016 and on April 24, 2015, respectively.

We publish our financial statements in pesos and prepare our consolidated financial statements included in this annual report in accordance with IFRS, as issued by the IASB.

The financial statements of our entities are measured using the currency of the main economic environment where the entity operates (functional currency). The audited consolidated financial statements are presented in Mexican pesos, which corresponds to our presentation currency. Prior to the peso translation, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted for inflation in order to reflect changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the date of the most recent balance sheet. To determine the existence of hyperinflation, we evaluate the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS, including an accumulated inflation rate equal or higher than 100% in the past three years.

In this annual report, references to "pesos" or "Ps." are to Mexican pesos, references to "U.S. dollars," "U.S.$," "dollars" or "$" are to United States dollars and references to "bolivars" and "Bs." are to the Venezuelan bolivar. "We," "our," "us," "our company," "GRUMA" and similar expressions refer to Gruma, S.A.B. de C.V. and its consolidated subsidiaries, except when the reference is specifically to Gruma, S.A.B. de C.V. (parent company only) or the context otherwise requires.

Certain figures included in this annual report have been rounded for ease of presentation. Percentage figures included in this annual report are not all calculated on the basis of such rounded figures; some are calculated on the basis of such amounts prior to rounding. For this reason, percentage amounts in this annual report may vary from those obtained by performing the same calculations using the figures in our audited consolidated financial statements. Certain numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them due to rounding.

All references to "tons" in this annual report refer to metric tons. One metric ton equals 2,204 pounds. Estimates of production capacity contained herein assume the operation of relevant facilities on the basis of 360 days a year, on three shifts, and assume only regular intervals for required maintenance.

In December 2014, we concluded the sale of our wheat flour operations in Mexico (the "Wheat Milling Transaction"). The results and cash flows generated by these wheat flour operations in Mexico for the periods ended December 31, 2014 and 2013 were reported as a discontinued operation in our audited consolidated financial statements. As required by IFRS the presentation as a discontinued operation was applied retrospectively for the periods presented in those financial statements. Additionally certain other disclosures herein have also been updated to segregate amounts between continuing and discontinued operations and therefore differ from those included in our annual report for the year ended December 31, 2013. See Note 26 to our audited consolidated financial statements. See “Section 1.3.1 Risks Related to Our Company—Our Financial Information Presented in Previous Filings May Not Be Comparable Because of the Accounting Treatment as Discontinued Operations of our Venezuelan Operations and Mexican Wheat Flour Operations.”

We ceased to consolidate the financial information of MONACA and DEMASECA as of January 22, 2013 and derecognized the assets and liabilities of these companies from the consolidated balance sheet. For disclosure and presentation purposes, we considered these subsidiaries as a significant segment and therefore, applying the guidelines from IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, MONACA and DEMASECA are presented as discontinued operations. Therefore, the results and cash flows generated by these Venezuelan Companies for the periods presented in our audited consolidated financial statements, for the years ended December 31, 2015, 2014 and 2013 were reported as discontinued operations. See Notes 26 and 28 to our audited consolidated financial statements. See “Section 1.3.1 Risks Related to Our Company—Our Financial Information Presented in Previous Filings May Not Be Comparable Because of the Accounting Treatment as Discontinued Operations of our Venezuelan Operations and Mexican Wheat Flour Operations.”

1.1.3. *Market Share*

The information contained in this annual report regarding our market positions is based primarily on our own estimates and internal analysis and data obtained from AC Nielsen. Market position information for the United States is also based on data from Technomic. For Mexico, information is also based on data from Información Sistematizada de Canales y Mercados (Channels and Markets' Systematized Information) or “ISCAM”, Asociación Nacional de Tiendas de Autoservicio y Departamentales (National Supermarkets and Department Stores Association) or “ANTAD”, Asociación Nacional de Abarroteros Mayoristas (National Groceries Wholesalers Association) or “ANAM” and reports from industry chambers. For Europe, information is also based on data from Symphony IRI Group. While we believe our internal research and estimates are reliable, they have not been verified by any independent source and we cannot ensure their accuracy.

1.1.4. *Exchange Rate*

This annual report contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. These translations are solely intended to facilitate the investors reading comprehension. You should not construe these translations as declarations by us that the monetary amounts used to prepare the financial statements actually represent those in peso amounts or could be converted into Mexican pesos at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from pesos (i) as of December 31, 2015 at the exchange rate of Ps.17.2065 to U.S.$1.00, which was the rate established by *Banco de México* on December 29, 2015 and (ii) as of March 31, 2016 at the exchange rate of Ps.17.4015 to U.S.$1.00, which was the rate established by *Banco de México* on March 29, 2016.

1.1.5. Forward Looking Statements

This annual report includes forward-looking statements and information regarding our company based on the management’s believes, including statements about our plans, strategies and prospects, as well as on supposed facts with information available to the company as of this date. Some of these statements contain words such as “believe,” “expect,” “intend,” “anticipate,” “estimate,” “strategy,” “plans”, “budget”, “project” and other similar words. Although we believe that our plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. Actual results could differ materially from the forward-looking statements as a result of risks, uncertainties and other factors discussed in “Section 1.3. Risk Factors,” “Section 2. The Company,” “Section 3.4.3. Financial Condition, Liquidity and Capital Resources.” These risks, uncertainties and factors include general economic and business conditions, including changes in exchange rates, and conditions that affect the price and availability of corn and other raw materials; potential changes in demand for our products; price and product competition; and other factors discussed herein.

1.2. **EXECUTIVE SUMMARY**

This summary does not intend to contain all information, which may be relevant to make investment decisions regarding the securities herein mentioned. Therefore, the investor public shall read all the Annual Report, including the financial information and related notes, before making an investment decision. The following summary was prepared in accordance, and subject to, the detailed information and financial statements included in this Annual Report. It is recommended to pay special attention to Section 1.3. “Risk Factors” of this Annual Report, to determine the convenience of making an investment in the securities issued by the Issuer.

1.2.1. *General Description of the Company*

Founded in 1949, GRUMA, S.A.B. de C.V., is one of the world's leading tortilla and corn flour producers. With leading brands in most of its markets, GRUMA has operations in the United States, Mexico, Central America, Europe, Asia and Oceania.

Our Series B shares are listed in the BMV under the Ticker Symbol GRUMAB since 1994. Likewise, our shares were listed in the United States through ADRs. Nevertheless, such program has been terminated and our shares were delisted from the New York Stock Exchange or NYSE as of September 8, 2015 and our reporting obligations under the Securities Exchange Act of 1934, were extinguished as of December 9, 2015.

1.2.2. *Selected Financial Information*

The following tables present our selected consolidated financial data as of and for each of the years indicated. The data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2015, 2014 and 2013, is derived from and should be analyzed together with our audited consolidated financial statements included herein and “Section 3.4.2 Results of Operations.”

In accordance with IFRS, we concluded that we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA, on January 22, 2013. As a result of such loss of control, we ceased the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013. Therefore, the results and cash flows generated by these Venezuelan Companies for the periods presented are reported as discontinued operations. At December 31, 2015, our Company recognized a full impairment to its indirect net investment in MONACA and DEMASECA, as well as the accounts receivable that certain subsidiaries of Gruma had with the Venezuelan Companies. See Notes 26 and 28 to our audited and consolidated financial statements.

Income Statement Data:	**2015**	**2014**	**2013**
	(thousands of Mexican Pesos, except per share amounts)		
Net sales	Ps. 58,279,004	Ps. 49,935,328	Ps. 49,035,523
Cost of sales	(35,937,867)	(31,574,750)	(32,265,587)
Gross profit	22,341,137	18,360,578	16,769,936
Selling and administrative expenses	(14,442,285)	(12,040,402)	(11,937,116)
Other expense, net	(530,905)	(297,262)	(193,069)
Operating income	7,367,947	6,022,914	4,639,751
Comprehensive financing cost, net	(323,102)	(1,105,403)	(987,625)
Income before income tax	7,044,845	4,917,511	3,652,126
Income tax expense	(1,646,449)	(1,059,583)	(195,361)
Consolidated net income from continuing operations	5,398,396	3,857,928	3,456,765
(Loss) income from discontinued operations, net ……………………………………………	(4,313,803)	598,852	(146,796)
Consolidated net income	1,084,593	4,456,780	3,309,969
Attributable to:			
Shareholders	761,812	4,287,310	3,163,133
Non-controlling interest	322,781	169,470	146,836
Per share data[1]:			
Basic and diluted earnings per share (pesos):			
From continuing operations	11.68	8.38	7.28
From discontinued operations	(9.92)	1.53	(0.12)
From continuing and discontinued operations …………………………………..	1.76	9.91	7.16

Balance Sheet Data (at period end):	**2015**	**2014**	**2013**
	(thousands of Mexican pesos, except per share amounts and operating data)		
Property, plant and equipment, net	Ps.20,169,988	Ps.17,814,336	Ps.17,904,972
Total assets...	44,333,021	40,636,730	42,608,640
Short-term debt (2)..............................	2,660,035	1,437,108	3,275,897
Long-term debt (2)..............................	10,494,406	9,324,052	13,096,443
Total liabilities.	25,739,135	22,552,484	28,181,780
Common stock	5,363,595	5,363,595	5,363,595
Total equity (3)	18,593,886	18,084,246	14,426,860
Other Financial Information:			
Capital expenditures...	3,073,498	1,719,379	1,408,730
Depreciation and amortization	1,598,309	1,460,451	1,569,376
Net cash provided by (used in):			
Operating activities	5,056,769	6,730,000	6,679,431
Investing activities	(2,845,369)	1,995,588	(1,524,901)
Financing activities	(1,076,981)	(8,591,246)	(5,112,396)

(1) Based upon the weighted average of outstanding shares of our common stock (in thousands), as follows: 432,749 shares for the year ended December 31, 2015, 432,749 shares for the year ended December 31, 2014 and 441,835 shares for the year ended December 31, 2013. Each of our ADSs represented four Series B Common Shares.

(2) Short-term debt consists of bank loans, the current portion of long-term debt and debentures. Long-term debt consists of bank loans, our Notes due 2024 and the Perpetual Bonds. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources - Indebtedness."

(3) Total equity includes non-controlling interests as follows: Ps.1,560 million as of December 31, 2015, Ps.1,521 million as of December 31, 2014, and Ps.1,454 million as of December 31, 2013.

Operating Data:	**2015**	**2014**	**2013**
	(thousands of tons)		
Gruma Corporation (corn flour, tortillas and other) (1)	1,745	1,653	1,651
GIMSA (corn flour and other)……………	1,847	1,798	1,780
Gruma Centroamérica (corn flour and other)………….	199	200	198
Production capacity:			
Gruma Corporation (corn flour, tortillas and other)	2,354	2,400	2,406
GIMSA (harina de maíz y otros)(2)……………………..	2,819	2,823	3,046
Gruma Centroamérica (corn flour and other)…….……	300	319	323
Number of employees……………………..	19,117	17,845	19,202

(1) Net of intercompany transactions.

(2) Includes 333 thousand tons of temporarily idled production capacity as of December 31, 2015

1.2.3. Trading History

Our Series B Shares have been traded on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*, or Mexican Stock Exchange, since 1994. The ADSs, each representing four Series B Shares, commenced trading on the New York Stock Exchange in November 1998 and were delisted on September 8, 2015. As of December 31, 2015, our capital stock was represented by 432'749,079 issued Series B shares, all of them fully subscribed and paid for.

1.2.4. Price History

The following table sets forth, for the periods indicated, the annual high and low closing sale prices for the Series B Shares and the ADSs as reported by the Mexican Stock Exchange and the NYSE, respectively.

	Mexican Stock Exchange		**NYSE**	
	Common Stock		**ADS(2)**	
	High	**Low**	**High**	**Low**
	(Ps. Per share [1])		**(U.S.$ per ADS)**	
Annual Price History				
2011	28.66	19.61	8.96	6.33
2012	41.54	26.45	12.76	7.79
2013	98.92	39.50	31.00	12.32
2014	157.32	100.01	48.28	30.48
2015	259.41	147.78	55.15	39.83
Quarterly Price History				
2014				
1st Quarter	110.95	100.01	33.53	30.79
2nd Quarter	155.25	105.96	47.85	32.20
3rd Quarter	156.60	137.69	48.28	41.60
4th Quarter	157.32	138.12	45.11	38.10
2015				
1st Quarter	206.70	147.78	54.06	39.83
2nd Quarter	205.73	184.99	54.18	48.24
3er Quarter	239.03	196.29	55.15	48.62
4th Quarter	259.41	227.15		
2016				
1st Quarter	293.87	233.10		
Monthly Price History [1][3]				
October 2015	257.19	237.17		
November 2015	259.41	241.29		
December 2015	249.04	227.15		
January 2016	274.80	233.10		
February 2016	291.32	268.03		
March 2016	293.87	255.06		
April 2016[3]	282.07	246.11		

(1) Pesos per share reflect nominal price at trade date.
(2) Price per ADS in U.S.$ represents four Series B Shares. As of September 8, 2015, GRUMA's ADSs stopped trading in NYSE.
(3) Through April 22, 2016.

On April 22, 2016, the last reported sale price of the B Shares on the Mexican Stock Exchange was Ps.249.36 per B Share.

As of September 8, 2015, GRUMA's ADR stopped trading in NYSE, and the deposit agreement was terminated simultaneously. The latter in order to concentrate the trading of the shares in the BMV, and thereby increasing its liquidity. Likewise, on September 10, 2015 the company requested the deregistration before the SEC, and given that the SEC did not pose any objection on that regard, the cancellation became effective on December 9, 2015. See "Section 1.4. Other Securities".

1.3. RISK FACTORS

The investor public should carefully consider the risk factors described herein prior to any investment decision. Those described herein are not the only risks and uncertainties the company faces. The risks and uncertainties that the company is not aware of, as well as those that the company currently considers of minor significance, may also affect its operations and activities.

The occurrence of any of the risks described herein may have a material adverse effect on the operations, financial condition or operating results of the company.

The risks described herein are intended to highlight those specific to the company, but in no way should be considered as the only risks the company and/or the investor public may face. Such additional risks and uncertainties, including those that generally affect the industry in which the company operates, the geographic areas where it has presence or those risks that it does not deem as important, may also affect its business and value of the investment.

1.3.1. Risks Related to Our Company

Fluctuations in the Cost and Availability of Corn and Wheat May Affect Our Financial Performance

Our financial performance may be affected by the price and availability of corn and wheat. Corn and wheat flour represented 39% and 9%, respectively, of our cost of sales in 2015. Mexican and world markets have experienced periods of either over-supply or shortage of corn and wheat as a result of different factors such as weather conditions, some of which have caused adverse effects on our results of operations. Additionally, because of this volatility and price variations, we may not always be able to pass along our increased costs to our customers in the form of price increases. We cannot always predict whether or when shortages or over-supply of corn or wheat will occur. In addition, future Mexican or other countries' governmental actions could affect the price and availability of corn or wheat. Any adverse developments in domestic and international corn or wheat markets could have a material adverse effect on our business, financial condition, results of operations, and prospects.

To manage these price risks, we regularly monitor our risk tolerance and evaluate the possibility of using derivative instruments to hedge our exposure to commodity prices. We generally hedge to cope with fluctuations in the costs of corn and wheat, in particular at our U.S. operations, using futures and options contracts and fixed price supply contracts according to our risk management policy, but remain exposed to losses in the event of non-performance by counterparties to the financial instruments or the supply contracts. In addition, if corn or wheat prices decrease below the levels specified in our various hedging agreements, we would lose the value of a decline in these prices.

Increases in the Cost of Energy Could Affect Our Profitability

We use a significant amount of electricity, natural gas and other energy sources to operate our corn flour plants and processing ovens for the manufacture of tortillas and related products at our facilities. These energy costs represented approximately 5% of our cost of sales in 2015. In addition, considerable amounts of fuels are used in connection with the distribution of our products. The cost of energy may fluctuate widely due to economic and political conditions, government policy and regulation, war, weather conditions or other unforeseen circumstances. An increase in such costs would increase our operating costs and, therefore, could affect our profitability.

The Inadvertent Presence of Genetically Modified Corn Not Approved for Human Consumption in Our Products May Have a Negative Impact on Our Results of Operations

As we do not grow our own corn, we are required to buy it from various producers in the United States, Mexico and elsewhere. Although we only buy corn from farmers and grain elevators who agree to supply us with varieties of corn approved for human consumption and we have developed a protocol in all our operations to test and monitor our corn for certain strains of bacteria and chemicals that have not been approved for human consumption, we may unwittingly buy genetically modified corn that is not approved for human consumption, and use such raw materials in the manufacture of our products. This may result in costly recalls, subject us to lawsuits, and may have a negative impact on our results of operations.

In the past, various allegations have been made, mostly in the United States and the European Union, that genetically modified foods are unsafe for human consumption, pose risks of damage to the environment and create legal, social and ethical dilemmas. Some countries, particularly in the European Union, as well as Australia and some countries in Asia, have instituted a partial limitation on the import of grain produced from genetically modified seeds. Other countries, including the United States have imposed labeling requirements and traceability obligations on genetically modified agricultural and food products, which may affect the acceptance of these products.

To the extent that we may unknowingly buy or may be perceived to be a seller of products manufactured with genetically modified grains not approved for human consumption, this may have a significant negative impact on our financial condition and results of operation.

Regulatory Developments May Adversely Affect Our Business

We are subject to regulation in each of the territories in which we operate. The principal areas in which we are subject to regulation are health, environmental, labor, taxation and antitrust. The adoption of new laws or regulations in the countries in which we operate may increase our operating costs, impose restrictions on our operations or impact our growth opportunities which, in turn, may adversely affect our financial condition, business and results of operations. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on our financial condition and results of operations. See "Section 2.2.5. Applicable Laws and Taxation."

Economic and Legal Risks Associated with a Global Business May Affect Our International Operations

We conduct our business in many countries and anticipate that revenues from our international operations will account for a significant portion of our future revenues. There are risks inherent in conducting our business internationally, including:

- general political and economic instability in international markets;
- limitations in the repatriation, nationalization or governmental seizure of our assets, including cash;
- direct or indirect expropriation of our international assets;
- varying prices and availability of corn and wheat and the cost and practicality of hedging such fluctuations under current market conditions;
- different liability standards and legal systems;
- developments in the international credit markets, which could affect capital availability or cost, and could restrict our ability to obtain financing or refinance our existing indebtedness at favorable terms, if at all; and
- intellectual property laws of countries that do not protect our international rights to the same extent as the laws of Mexico.

We have expanded our operations to several countries, including Ukraine, Russia, Turkey and Spain. Our presence in these and other markets could present us with new and unanticipated operational challenges. For example, we may encounter labor restrictions or shortages and currency conversion obstacles, or be required to comply with stringent local governmental and environmental regulations. Any of these factors could increase our operating expenses and decrease our profitability.

Our Business May Be Adversely Impacted By Risks Related to Our Derivatives Trading Activities

From time to time, we enter into commodities, currency and other derivative transactions, pursuant to our risk management policy, that cover varying periods of time and have varying pricing provisions. We may incur losses in connection with potential changes in the value of our derivative instruments as a result of changes in economic conditions, investor sentiment, monetary and fiscal policies, the liquidity of global markets, international and regional political events, and acts of war or terrorism. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources."

We Cannot Predict the Impact that Changing Climate Conditions, Including Legal, Regulatory and Social Responses Thereto, May Have on Our Business

Various scientists, environmentalists, international organizations, regulators and other commentators believe that global climate change has added, and will continue to add, to the unpredictability, frequency and severity of natural disasters (including, but not limited to droughts, hurricanes, tornadoes, freezes, other storms and fires) in certain parts of the world. In response to this belief, a number of legal and regulatory measures as well as social initiatives have been introduced in an effort to reduce greenhouse gas and other carbon emissions which some believe may be chief contributors to global climate change. We cannot predict the impact that changing climate conditions, if any, will have on our results of operations or our financial condition. Moreover, we cannot predict how legal, regulatory and social responses to concerns about global climate change will impact our business in the future.

Our Business and Operations May Be Adversely Affected by Global Economic Conditions

The global macroeconomic environment has not fully recovered from the downturn commencing in 2008. Subsequent years were characterized by instability in the financial markets and the threat of a continued global economic downturn, primarily as a result of the ongoing sovereign debt crisis and general economic outlook of the Eurozone, the high degree of unemployment in certain countries and the level of public debt in the United States and certain European countries. Those developments adversely affected the economy of the United States, Europe and many other parts of the world, including Mexico, and had significant consequences worldwide, including unprecedented volatility, significant lack of liquidity, loss of confidence in the financial markets, disruptions in the credit sector, reduced business activity, rising unemployment, decline in interest rates and erosion of consumer confidence. It is uncertain how long the effects of this global macroeconomic instability will continue and how much of an impact it will have on the global economy in general, or the economies in which we operate in particular, and whether slowing economic growth in any such countries could result in our customers and consumers reducing their spending. As a result, we may need to lower the prices of certain of our products and services in order to maintain their attractiveness, which could lead to reduced turnover and profit or a decline in demand for our products. Any such development could adversely affect our business, results of operations and financial condition and lead to a drop in the trading price of our shares.

Our Current or Future Indebtedness Could Adversely Affect Our Business and, Consequently, Our Ability to Pay Interest and Repay Our Indebtedness.

We had total consolidated indebtedness of Ps.13,235 million (US$769 million) as of December 31, 2015. On a stand-alone basis, we had Ps.12,172 million (US$707 million) of outstanding indebtedness as of December 31, 2015, none of which was secured indebtedness. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources—Indebtedness."

Our level of indebtedness may have important consequences, including:

- increasing our vulnerability to adverse general economic and industry conditions, including increases in interest rates, increases in prices of raw materials, foreign currency exchange rate fluctuations and market volatility;
- limiting our ability to generate sufficient cash flow to satisfy our obligations with respect to our indebtedness, particularly in the event of a default under one of our debt instruments;
- limiting cash flow available to fund our working capital, capital expenditures or other general corporate requirements;
- limiting our ability to obtain additional financing on favorable terms to refinance debt or to fund future working capital, capital expenditures, other general corporate requirements and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry.

To the extent that we incur additional indebtedness, the risks outlined above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our ability to make scheduled payments on and refinance our indebtedness when due depends on, and is subject to, several factors, including our financial and operating performance, which is subject to prevailing economic and financial conditions, business and other factors, the availability of financing in the Mexican and international banking and capital markets, and our ability to sell assets and implement operating improvements.

We May be Adversely Affected by Increases in Interest Rates

Interest rate risk exists primarily with respect to our floating-rate peso denominated debt, which generally bears interest based on the Mexican equilibrium interbank interest rate ("TIIE"). In addition, we have additional interest rate risk with respect to floating-rate dollar-denominated debt, which generally bears interest based on the LIBOR. We have significant exposure to interest rate fluctuations due to our floating-rate peso and dollar-denominated debt. As a result, if the TIIE or LIBOR rates increase significantly, our ability to service our debt may be adversely affected.

Downgrades of Our Debt May Increase Our Financing Costs, Adversely Affect Us or Our Stock Price

Our long-term corporate credit rating is rated "BBB" by Standard & Poor's Ratings Services ("Standard & Poor's"). Our Foreign Currency Long-Term Issuer Default Rating and our Local Currency Long-Term Issuer Default Rating are rated "BBB" by Fitch Ratings ("Fitch"). Our U.S.$400 million 4.875% unsecured senior notes due 2024 bond is rated "BBB" by Fitch.

If our financial condition deteriorates, we may experience future declines in our credit ratings, with attendant consequences. Our access to external sources of financing, as well as the cost of that financing, could be adversely affected by a deterioration of our long-term debt ratings. A downgrade in our credit ratings could increase the cost of and/or limit the availability of financing, which may make it more difficult for us to raise capital when necessary. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition would be adversely affected.

We Expect to Pay Interest and Principal on Our Debt with Cash Generated in Dollars or Pesos, as Needed, But Cannot Assure You That We Will Generate Sufficient Cash Flow in the Relevant Currency at the Required Times From Our Operations

We had approximately 89% of our outstanding debt denominated in dollars, 8% in Mexican pesos and 3% in other currencies as of December 31, 2015. While it is unlikely, we may not generate sufficient cash in the relevant currency from our operations to service the entire amount of our debt in such currency. A devaluation of certain currencies or a change in our business could adversely affect our ability to service our debt

Our Financial Information Presented in Previous Filings May Not Be Comparable Because of the Accounting Treatment as Discontinued Operations of our Venezuelan Operations and Mexican Wheat Flour Operations

We ceased to consolidate the financial information of the Venezuelan Companies as of January 22, 2013, therefore, the results and cash flows generated by such Venezuelan Companies for the periods presented in our audited consolidated financial statements, for the years ended December 31, 2015 and 2014 and for the years ended December 31, 2014 and 2013, were reported as discontinued operations and may not be comparable to our financial information presented in previous periods.

In December 2014, we concluded the sale of our wheat flour operations in Mexico. Accordingly, the results and cash flows generated by our wheat flour operations in Mexico for the years ended December 31, 2014 and 2013, were reported as discontinued operations in our audited consolidated financial statements and may not be comparable to our financial information presented in previous periods.

See Note 26 to our audited consolidated financial statements.

1.3.2. Risks Related to Mexico

Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico

We are a Mexican company with 33% of our consolidated assets located in Mexico and 27% of our consolidated net sales derived from our Mexican operations as of and for the year ended December 31, 2015. As a result, Mexican economic conditions could impact our results of operations.

In the past, Mexico has experienced exchange rate instability and devaluation as well as high levels of inflation, domestic interest rates, unemployment, negative economic growth and reduced consumer purchasing power. These events resulted in limited liquidity for the Mexican government and local corporations. Crime rates and civil and political unrest in Mexico and around the world could also negatively impact the Mexican economy. See "Section 1.3.2. Risk Factors—Developments in Other Countries Could Adversely Affect the Mexican Economy, the Market Value of our Securities and Our Results of Operations."

Mexico has experienced periods of slow growth since 2001, primarily as a result of the downturn in the U.S. economy. The Mexican economy contracted by 6.1% in 2009 but grew by 5.5% in 2010. In 2011, 2012, 2013, 2014 and 2015, the Mexican economy grew by 3.9%, 3.9%, 1.1%, 2.1% and 2.5%, respectively.

Developments and trends in the world economy affecting Mexico may have a material adverse effect on our business, financial condition and results of operations. The Mexican economy is tightly connected to the U.S. economy through international trade (approximately 81% of Mexican exports were directed to the United States in 2015), international remittances (billions of dollars from Mexican workers in the United States are the country's second-largest source of foreign exchange), foreign direct investment (approximately 53% of Mexican foreign direct investment came from U.S.-based investors in 2015), and financial markets (the U.S. and Mexican financial systems are highly integrated). As the U.S. economy contracts, U.S. citizens consume fewer Mexican imports, Mexican workers in the United States send less money to Mexico, U.S. firms with businesses in Mexico make fewer investments, U.S.-owned banks in Mexico make fewer loans, and the quality of U.S. financial assets held in Mexico deteriorates. Moreover, a collapse in confidence in the U.S. economy may spread to other economies closely connected to it, including Mexico's. The result may be a potentially deep and protracted recession in Mexico. If the Mexican economy falls into a deep and protracted recession, or if inflation and interest rates increase, consumer purchasing power may decrease and, as a result, demand for our products may decrease. In addition, a recession could affect our operations to the extent we are unable to reduce our costs and expenses in response to falling demand.

Our Business Operations Could Be Affected by Government Policies in Mexico

The Mexican government has exerted, and continues to exert, significant influence over the Mexican economy. Mexican governmental actions concerning the economy could have a significant effect on Mexican private sector entities, as well as on market conditions, prices and returns on securities of Mexican issuers, including our securities. Governmental policies have negatively affected our sales of corn flour in the past and may continue to do so in the future.

We cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, we cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations, financial condition and prospects. Mexico has recently experienced periods of violence and crime due to the activities of organized crime. In response, the Mexican government has implemented various security measures and has strengthened its police and military forces. Despite these efforts, organized crime (especially drug-related crime) continues to exist in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, results of operations, financial condition and prospects.

The Mexican government supports the commercialization of corn for Mexican corn growers through the Agricultural Incentives and Trade Services Agency (*Apoyos y Servicios a la Comercialización Agropecuaria*, or ASERCA). This program and others may affect our business.

The level of environmental and competition regulations and enforcement in Mexico has increased in recent years for all companies. We consider that the trend toward greater regulation and enforcement will continue and will be accelerated. The promulgation of new and more stringent regulations or higher levels of enforcement could adversely affect our business condition and results of operations.

The Approved Amendments to Mexican Tax Laws May Adversely Affect Us

On December 11, 2013, certain reforms to Mexican tax laws were published in the Official Gazette of Mexico, which became effective as of January 1, 2014. While the corporate income tax rate, which had previously been scheduled for reduction, remained at 30%, the tax reforms resulted in several amendments to corporate tax deductions including, among other things, (i) elimination of deductions that were previously allowed for related-party payments to certain foreign entities and narrowing tax deductions on salaries paid to employees, (ii) imposition of a 10% withholding income tax on dividends paid by the corporation to Mexican individuals or foreign residents in Mexico, (iii) an increase in the value-added tax in certain areas of Mexico, (iv) requirement of the use of electronic invoices and new monthly tax reports to be provided to governmental tax authorities and (v) imposition of a 10% income tax payable by individuals on the sale of stock listed on the BMV.

Additionally, on November 18, 2015, several tax measurements were published in the Official Gazette of Mexico for business groups residing in Mexico, based on the guidelines issued by the OCDE in connection with the BEPS plan (Base Erosion and Profit Shifting) aimed at providing information on the tax situation of Mexican business groups trading in the BMV, as well as those which exceed certain income thresholds. According to such measures and as from 2017, 2016 information regarding inter-company transactions, business activity of the group and its subsidiaries, as well as, information of each country where it has presence, shall be furnished.

Our business, financial condition and results of operations may be adversely affected as a result of increased taxes on salaries and increased costs due to additional compliance measures.

Devaluations of the Mexican Peso May Affect our Financial Performance

Because we have significant international operations generating revenue in different currencies (mainly in U.S. dollars) and debt denominated in various currencies (mainly in U.S. dollars), we remain exposed to foreign exchange risks that could affect our ability to meet our obligations and result in foreign exchange losses. We posted a net foreign exchange gain of Ps.46 million in 2013, a gain of Ps.72 million in 2014 and a loss of Ps.103 million in 2015. Major devaluation or depreciation of the Mexican peso may limit our ability to transfer or to convert such currency into U.S. dollars for the purpose of making timely payments of interest and principal on our indebtedness. The Mexican government does not currently restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer other currencies out of Mexico. The government could, however, institute restrictive exchange rate policies in the future.

Additionally, the majority of our supplies are dollar linked, which may affect our profitability if we are not able to reflect higher supply costs in our prices.

We May Not Be Able to Make Payments in U.S. Dollars

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Mexican Pesos to foreign currencies, including U.S. Dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. Dollars to meet our U.S. Dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. We cannot predict the impact of any such measures on the Mexican economy.

High Levels of Inflation and High Interest Rates in Mexico Could Adversely Affect the Business Climate in Mexico and our Financial Condition and Results of Operations

Mexico has experienced high levels of inflation in the past. The annual rate of inflation, as measured by changes in the National Consumer Price Index was 3.82% for 2011. 3.57% for 2012, 3.97% for 2013, 4.08% for 2014 and 2.13% for 2015. From January through March 2016, the inflation rate was 0.97%. On April 19, 2016, the 28-day CETES rate was 3.74%. While a substantial part of our debt is dollar-denominated at this time, high interest rates in Mexico may adversely affect the business climate in Mexico generally and our financing costs in the future and thus our financial condition and results of operations.

Developments in Other Countries Could Adversely Affect the Mexican Economy, the Market Value of Our Securities and Our Results of Operations

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, economic conditions in Mexico have become increasingly correlated to economic conditions in the United States. Accordingly, the slow recovery of the economy in the United States, and the uncertainty of the impact it could have on the general economic conditions in Mexico and the United States could have a significant adverse effect on our businesses and results of operations. See "Section 1.3.2. Risk Factors—Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico," and "Section 1.3.4. Risk Factors—Risks Related to the United States—Unfavorable General Economic Conditions in the United States Could Negatively Impact Our Financial Performance." In addition, economic crises in the United States as well as in Asia, Russia, Brazil, Argentina and other emerging market countries have adversely affected the Mexican economy in the past.

Our financial performance may also be significantly affected by general economic, political and social conditions in the emerging markets where we operate, particularly Mexico, Venezuela, Eastern Europe and Asia. Many countries in Latin America, including Mexico and Venezuela, have suffered significant economic, political and social crises in the past, and these events may occur again in the future. See also "Section 1.3.3. Risks Related to Venezuela— We have Cancelled our Investment in the Venezuelan

Companies which are currently Involved in Expropriation and Arbitration Proceedings." Instability in Latin America has been caused by many different factors, including:

- Significant governmental influence over local economies;
- Substantial fluctuations in economic growth;
- High levels of inflation;
- Changes in currency values;
- Exchange controls or restrictions on expatriation of earnings;
- High domestic interest rates;
- Wage and price controls;
- Changes in governmental, economic or tax policies;
- Imposition of trade barriers;
- Unexpected changes in regulation; and
- Overall political, social and economic instability.

Adverse economic, political and social conditions in Latin America may create uncertainty regarding our operating environment, which could have a material adverse effect on us.

We cannot assure you that the events in other emerging market countries, in the United States, Europe, or elsewhere will not adversely affect our business, financial condition and results of operations.

You May Be Unable to Enforce Judgments Against Us in Mexican Courts

We are a Mexican publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*). Most of our directors and executive officers are residents of Mexico, and a significant portion of the assets of our directors and executive officers, and a significant portion of our assets, are located in Mexico. You may experience difficulty in effecting service of process on us or our directors and executive officers in the United States, or, more generally, outside of Mexico and in enforcing civil judgments of non-Mexican courts in Mexico, including judgments predicated on civil liability under U.S. federal securities laws, against us, or our directors and executive officers. We have been advised by our General Counsel that there is doubt as to the enforceability of original actions in Mexican courts of liabilities predicated solely on the U.S. federal securities laws.

1.3.3. *Risks Related to Venezuela*

We have Cancelled our Investment in the Venezuelan Companies which are Currently Involved in Expropriation and Arbitration Proceedings

On May 12, 2010, the Venezuelan government published in the Official Gazette of Venezuela decree number 7,394 (the "Expropriation Decree"), which announced the forced acquisition of all assets, property, and real estate of MONACA. The Venezuelan government has expressed to GRUMA's representatives that the Expropriation Decree extends to DEMASECA.

GRUMA's interests in MONACA and DEMASECA are held through two Spanish companies Valores Mundiales and Consorcio Andino. In 2010, Valores Mundiales and Consorcio Andino (collectively, the "Investors") commenced discussions with the Venezuelan government regarding the Expropriation Decree and related measures affecting MONACA and DEMASECA. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these discussions which have explored the possibility of (1) entering into a joint venture with the Venezuelan government; and/or (ii) obtaining adequate compensation for the assets subject to expropriation. As of this date, these discussions have not resulted in an agreement with the Venezuelan Government.

Venezuela and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments dated November 2, 1995 (the "Investment Treaty"), under which the Investors may settle investment disputes by means of arbitration before the ICSID. On November 9, 2011, the Investors, MONACA, and DEMASECA validly provided formal notice to Venezuela that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Venezuelan government. In that notification, the Investors, MONACA, and DEMASECA also agreed to submit the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

In January 2013, the Venezuelan government issued a resolution (*providencia administrativa*) granting the "broadest powers of administration" over MONACA and DEMASECA to special managers (*administradores especiales*) who had been imposed on those companies since 2009 and 2010, respectively as described below. As a result and in accordance with IFRS, we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA, on January 22, 2013 and, in light of the loss of control, we ceased the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013 and reported any effects retroactively.

On May 10, 2013, Valores Mundiales and Consorcio Andino (the "Claimants") submitted a Request for Arbitration to the ICSID. The proceeding is currently pending. The tribunal that presides over this arbitration proceeding was constituted in January 2014. In this arbitration proceeding, Claimants assert that the Expropriation Decree and related measures are in breach of certain provisions of the Treaty. Under the provisions of the Treaty, the Claimants have made a claim for compensation resulting from, among others, Venezuela's expropriation of MONACA and DEMASECA.

While discussions with the government have taken place and may again take place from time to time, we cannot assure that such discussions will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree and related measures. Additionally, we cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on our results of operations or financial position, or the likelihood of collecting a successful arbitration award. See "Section 2.2.11: Legal, Administrative or Arbitration Proceedings—Venezuela—Expropriation Proceedings by the Venezuelan Government." We do not have insurance for the risk of expropriation.

As disclosed in Note 26 to our audited consolidated financial statements, our income (loss) from our Venezuelan operations was (Ps.40 million) and (Ps. 4,314 million) for the years ended December 31, 2014 and 2015, respectively.

Our interest in the total net assets of Venezuelan operations was Ps.3,109 million at January 22, 2013 and was accounted for as "Available-for-sale financial asset". At December 31, 2015 our Company recognized a full impairment to its indirect net investment in MONACA and DEMASECA (total net assets), as well as the accounts receivable that certain subsidiaries of GRUMA had with the Venezuelan Companies totaling Ps.1,253 million. See Notes 26 and 28 to our audited consolidated financial statements.

1.3.4. Risks Related to the United States

Unfavorable General Economic Conditions in the United States Could Negatively Impact Our Financial Performance

Net sales in the United States constituted 54% of our total sales in 2015. Unfavorable general economic conditions in the United States could negatively affect the affordability of and consumer demand for some of our products. Under difficult economic conditions, customers and consumers may seek to forego purchases of our products or, if available, shift to lower-priced products offered by other companies. Softer customer and consumer demand for our products in the United States or in other major markets could reduce our profitability and could negatively affect our financial performance.

Additionally, as the retail grocery trade continues to consolidate and our retail customers grow larger, they could demand lower pricing and increased promotional programs. Also, our dependence on sales to certain retail and food service customers could increase. There is a risk that we will not be able to maintain our U.S. profit margin in this environment.

Demand for our products in Mexico may also be disproportionately affected by the performance of the United States economy. See also "Section 1.3.2. Risk Factors—Risks Related to Mexico—Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico."

1.3.5. Risks Related to Our Primary Shareholder Group and Capital Structure

The Protections Afforded to Minority Shareholders in Mexico Are Different From Those in Other Countries

Under Mexican law, the protections afforded to minority shareholders are different from those in other countries. In particular, the law concerning fiduciary duties of directors, executive officers and controlling shareholders has been recently developed and there is no legal precedent to predict the outcome of any such action. Additionally, shareholders' class actions are not available under Mexican law and there are different procedural requirements for bringing shareholder derivative lawsuits. As a result, in practice it may be more difficult for our minority shareholders to enforce their rights against us, our directors, our executive officers or our controlling shareholders than it would be for shareholders of another country.

Exchange Rate Fluctuations May Affect the Value of Our Shares

Fluctuations in the exchange rate between the peso and currencies of other countries will affect the value of an investment in our shares and of dividend and other distribution payments on those shares. See "Section 1.1.4. Exchange Rate."

Mexican Law Restricts the Ability of Non-Mexican Shareholders to Invoke the Protection of Their Governments With Respect to Their Rights as Shareholders

As required by Mexican law, our bylaws provide that non-Mexican shareholders shall be treated as Mexican shareholders in respect to their ownership interests in us, and shall be deemed to have agreed not to invoke the protection of their governments under any circumstance, under penalty of forfeit, in favor of the Mexican government, any participation or interest held in us.

Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of its own government by requesting the initiation of a diplomatic claim against the Mexican government with respect to its shareholder's rights. However, this provision shall not deem non-Mexican shareholders to have waived any other rights they may have with respect to their investment in us.

Our Primary Shareholder Group Exerts Substantial Control Over Us

As of April 29, 2016 the "Primary Shareholder Group controlled approximately 53.12% of our outstanding shares. See "Section 4.4. Bylaws and other Agreements—Changes in Capital Stock." Consequently, the Primary Shareholder Group, acting together, has the power to elect the majority of our directors and to determine the outcome of most actions requiring approval of our stockholders, including the declaration of dividends.

The interests of the Primary Shareholder Group may differ from those of our other shareholders. See "Section 4.3.3. Major Shareholders."

We cannot assure you that members of the Primary Shareholder Group will continue to hold their shares or act together for purposes of control. Additionally, members of the Primary Shareholder Group may pledge part of their shares in us to secure any future borrowings. If such was the case and members of the Primary Shareholder Group were to default on their payment obligations, the lenders could enforce their rights with respect to such shares and the Primary Shareholder Group could lose its controlling interest in us resulting in a change of control. A change of control could trigger a default in some of our credit agreements and financial instruments. Upon the occurrence of a change of control triggering event (which means the occurrence of both a change of control and a ratings decline, as defined in the indenture governing the Notes due 2024) we may be required to repurchase the Notes due 2024. Such a default or repurchase obligation could have a material adverse effect upon our business, financial condition, results of operations and prospects.

Our Antitakeover Protections May Deter Potential Acquirers

Certain provisions of our bylaws could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions could discourage transactions in which our shareholders might otherwise receive a premium for their shares over the then current market price. Holders of our securities who acquire shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of, these securities and would be obligated to pay us a penalty. For a description of these provisions, see "Section 4.4. Bylaws and other Agreements—Other Provisions—Antitakeover Protections."

We Are a Holding Company and Depend Upon Dividends and Other Funds from Subsidiaries to Service Our Debt

We are a holding company with no significant assets other than the shares of our subsidiaries. As a result, our ability to meet our debt service obligations depends primarily on the dividends received from our subsidiaries. Under Mexican law, companies may only pay dividends:

- from earnings included in year-end financial statements that are approved by shareholders at a duly convened meeting;

- after any existing losses applicable to prior years have been made up or absorbed into stockholders' equity;

- after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company's paid-in capital stock; and

- after shareholders have approved the payment of the relevant dividends at a duly convened meeting.

In addition, Gruma Corporation is subject to covenants in some of its debt agreements which require the maintenance of specified financial ratios and balances and, upon an event of default, prohibit the payment of cash dividends. For additional information concerning these restrictions on intercompany transfers, see "Section 2.2.13. Dividends" and "Section 3.4.3. Financial Condition, Liquidity and Capital Resources."

We own approximately 85.5% of the outstanding shares of Grupo Industrial Maseca, S.A.B. de C.V., or GIMSA; accordingly, we are entitled to receive only our *pro rata* share of any of its dividends.

1.4. **OTHER SECURITIES**

The company and its Series B shares are listed in the BMV. The company does not have other securities registered before the RNV.

The type of reports which are sent to the corresponding regulatory agencies and stock exchanges are: Annual Report and Audited Financial Statements, which include the periods reported for the current year versus last year and are filed on an annual basis. Additionally, Quarterly Results Reports are delivered, which include periods reported for the current quarter against the last quarter, as well as the current quarter against the same quarter of the previous year and the aggregate of the current year against the aggregate of the last year. This information is filed on a quarterly basis. The company has timely and completely filed the information in the last three fiscal years.

As of 1998 GRUMA's shares traded in the NYSE, in the form of ADS, through the Series B, 4 shares per ADS, Citibank N.A., being the Depositary Bank. Per decision of the Board of Directors of the Company, on June 26, 2015 GRUMA notified Citibank of its intention to terminate the Deposit Agreement regarding its ADRs, in order to delist its ADRs from the NYSE. As of September 8, 2015, GRUMA's ADR stopped trading in NYSE, and the deposit agreement was terminated simultaneously. The latter in order to concentrate the trading of the shares in the BMV, and thereby increasing its liquidity.

On September 10, 2015 the company filed the 15F Form before the SEC, requesting the deregistration before the SEC. Consequently and given that the SEC did not pose any objection on that regard, the cancellation became effective on December 9, 2015 and GRUMA's reporting obligations under the Securities Exchange Act of 1934 (the "Exchange Act") were extinguished as of that date.

1.5. **SIGNIFICANT CHANGES TO THE RIGHTS OF SECURITIES REGISTERED IN THE REGISTRY**

There are no changes to the rights of the securities of the Issuer registered in the RNV.

1.6. **DESTINATION OF THE FUNDS**

Not applicable.

1.7. **PUBLIC DOCUMENTS**

The information contained in this report may be reviewed through the investor relations section of our website: www.gruma.com. A description of our company as well as updated financial information can be found there. Likewise, the investor may request a copy of this document directly to the company.

For a more personalized attention, you can address our Investor Relations department:

Investor Relations

Telephone: (52 81) 8399-3349
E-mail: ir@gruma.com

Address: Calzada del Valle 407 Ote.
Col. Del Valle
San Pedro Garza García, N.L.
66220, Mexico

2. THE COMPANY.

2.1 HISTORY AND DEVELOPMENT OF THE COMPANY

Gruma, S.A.B. de C.V. is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) incorporated on December 24, 1971 in Monterrey, Mexico under the *Ley General de Sociedades Mercantiles*, or Mexican Corporations Law, with a corporate life of 99 years. Our full legal name is Gruma, S.A.B. de C.V., but we are also known by our commercial names: GRUMA and MASECA. The address of our principal executive office is Calzada del Valle, 407 Ote., Colonia del Valle, San Pedro Garza García, Nuevo León, 66220, Mexico and our telephone number is (52) 81 8399-3300. Our legal domicile is San Pedro Garza García, Nuevo León, Mexico.

The company was founded in 1949, when Mr. Roberto González Barrera started producing and selling corn flour in Northeastern Mexico as one of the raw materials for producing tortillas and other corn-based products. Prior to our founding, all corn tortillas were made using the wet corn dough method of tortilla production (the traditional method). Today, both wet corn dough and dry corn flour methods are used. Dry corn flour and wet corn dough can be utilized in various proportions to produce tortillas and other corn-based products. Our main operations are in Mexico and the United States and, to a lesser extent, in Central America and Europe.

Later, the company was able to integrate vertically with tortilla production and related products with important operations primarily in the United States and, to a lesser extent, Europe, Asia, Oceania, Central America and Mexico. In addition, we have diversified our product mix to include other types of flatbreads (pita, naan, chapati, pizza bases and piadina) mainly in Europe, Asia and Oceania, and corn grits mainly in Europe, among other products in the regions where we have presence.

The following are some significant historical highlights:

- **In 1949**, Roberto González Barrera and a group of predecessor Mexican corporations founded GIMSA, which is engaged principally in the production, distribution and sale of corn flour in Mexico.

- **In 1972**, we entered the Central American market with our first operation in Costa Rica. Today, we have operations in Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua, as well as Ecuador, which we include as part of our Central American operations.

- **In 1977**, we entered the U.S. market. Our operations have grown to include products such as tortillas, corn flour, and other tortilla related products.

- **From 1989 to 1995**, we significantly increased our installed manufacturing capacity in the United States and in Mexico.

- **In 1993**, we entered the Venezuelan corn flour market through an investment in DEMASECA, a Venezuelan corporation producing corn flour.

- **In 1994**, GRUMA became a publicly listed company in both Mexico and the U.S.

- **In 1996**, we strengthened our position in the U.S. corn flour market through an association with ADM. Through this association we combined our existing U.S. corn flour operations and strengthened our position in the United States. This association also allowed us to enter the Mexican wheat flour market by acquiring a 60% ownership interest in ADM's Mexican wheat flour operations. ADM no longer holds an ownership interest in us. See "Section 3.4 Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer – Acquisitions and other Relevant Events within our Business Units. —Share Purchase Transaction with Archer-Daniels-Midland."

- **From 1997 to 2000**, we initiated a significant plant expansion program. During this period, we acquired or built tortilla plants, corn flour plants and wheat flour plants in the United States, Mexico, Central America, Venezuela and Europe.

- **In 2004**, we increased our presence in Europe by acquiring Ovis Boske, a tortilla company based in the Netherlands, and Nuova De Franceschi & Figli, a grits and corn flour company based in Italy. We continued to expand capacity and upgrade several of our U.S. operations, the most relevant of which was the expansion of a corn mill in Indiana.

- **In 2005**, we continued to expand capacity at existing plants, began the construction of a tortilla plant in the northeast of the U.S., acquired three tortilla plants from Cenex Harvest States or CHS (located in Minnesota, Texas and Arizona) and one more in San Francisco, California.

- **In 2006**, we acquired two small tortilla plants in Australia (Rositas Investments and Oz-Mex Foods) and opened our first tortilla plant in China, which strengthened our presence in the Asian and Oceanian markets. We concluded the acquisition of Pride Valley Foods, a company based in England that produces pita bread, naan, and chapati, thus expanding our product portfolio to other types of flatbreads.

- **In 2007**, we entered into a contract to sell a 40% stake in MONACA to our former partner in DEMASECA. In conjunction with this transaction, we also agreed to purchase an additional 10% ownership interest in DEMASECA from our former partner. We also purchased the remaining 49% ownership interest in Nuova De Franceschi & Figli. In addition, we made major investments in capacity expansions and upgrades in Gruma Corporation, started the construction of a new tortilla plant in Australia for Gruma Asia & Oceania, and expanded two of GIMSA's plants.

- **From 2008 to 2010**, we invested in the construction of a tortilla plant in southern California, capacity expansions, general manufacturing and technology upgrades to several of our existing facilities, the construction of a tortilla plant in Australia, the construction of a wheat mill in Venezuela, and the acquisition of the leading producer of corn grits in Ukraine.

- **In 2011**, we acquired Semolina, the Turkish leading producer of corn grits, two tortilla plants in the U.S. located in Omaha, Nebraska and Albuquerque, New Mexico, and Solntse Mexico, the leading tortilla manufacturer in Russia.

- **In 2012**, our founder Mr. Roberto González Barrera passed away. In December 2012, we repurchased 23.16% of our issued shares from ADM as well as ADM's minority stakes in Azteca Milling, Molinera de México, S.A. de C.V., Consorcio Andino, and Valores Mundiales. There was also a major focus of the company towards value creation. See "Section 3.4. Management's Discussion and Analysis of the Results of Operation and Financial Situation of the Issuer – Adquisitions and Other Significant Events Within our Business Units—Share Purchase Transaction with Archer-Daniels-Midland."

- **In 2013,** we deconsolidated the Venezuelan Companies. See "Section 1.3.3. Risk Factors—Risks Related to Venezuela— We have Cancelled our Investment in the Venezuelan Companies which are Currently Involved in Expropriation and Arbitration Proceedings".

- **In 2014,** we concluded the sale of our wheat mills. See "Section 3.4. Management's Discussion and Analysis of the Results of Operations and Financial Situation of the Issuer—Acquisitions and Other Significant Events Within Our Business Units." We also issued US$400 million aggregate principal amount of 4.875% senior notes due 2024. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources—Indebtedness."

- **In 2015,** GRUMA deregistered its ADRs from the NYSE and cancelled its registration before the SEC, thereby its reporting obligations under the Securities Exchange Act of 1934, were extinguished. See "Section 1.4. Other Securities." Additionally, GRUMA cancelled its total investment in the Venezuelan Companies, writing-off the indirect net investment in the Venezuelan Companies, as well as the accounts receivable that certain subsidiaries of GRUMA had with the Venezuelan Companies. See Notes 26 and 28 to our audited consolidated financial statements.

2.2. BUSINESS OVERVIEW

2.2.1. Principal Activity

We are a holding company and one of the world's largest tortilla and corn flour producers. With leading brands in most of our markets, we have operations in the United States, Mexico, Central America, Europe, Asia, and Oceania. We are headquartered in San Pedro Garza García, Mexico, and have approximately 19,000 employees. Our shares are publicly traded in Mexico through the

BMV and during 2015, in the United States of America (until September 8, 2015) through the NYSE. We are organized as a *sociedad anónima bursátil de capital variable* under the laws of Mexico.

We believe we are one of the leading producers of corn flour and tortillas in the United States, and one of the leading producers of corn flour in Mexico. We believe that we are also one of the largest producers of corn flour and tortillas in Central America, one of the largest producers of tortilla and other flatbreads, including pita, naan, chapati, pizza bases and piadina in Europe, Asia and Oceania, and one of the leading producers of corn grits in Europe and the Middle East.

Our focus has been and continues to be the efficient and profitable expansion of our core business—corn flour and tortilla. We pioneered the dry corn flour method of tortilla production, which offers significant opportunities for growth. Using our know-how, we will seek to encourage tortilla and other corn-based products manufacturers in the United States, Mexico, Central America, and elsewhere to use corn flour in the production of tortillas and other corn-based products.

The following table sets forth our consolidated revenues by geographic market for the years ended December 31, 2015, 2014, and 2013.

	2015		2014		2013	
			(in millions of pesos)			
United States and Europe…………	Ps.	36,136	Ps.	29,279	Ps.	27,761
Mexico …………..………………		15,691		15,110		16,111
Central America ……………..……		4,057		3,479		3,386
Asia and Oceania …..……………		2,395		2,067		1,778
Total...………….……………………	Ps.	58,279	Ps.	49,935	Ps.	49,036

Strategy

Our strategy is to focus on our core business—corn flour and tortilla—as well as to expand our product portfolio towards the flatbreads category in general. We will continue taking advantage of the increasing popularity of Mexican food and, more importantly, tortillas, in the U.S., European, Asian and Oceanian markets. We will also continue taking advantage of the adoption of tortillas by the consumers of several regions of the world for the preparation of different recipes other than Mexican food. Our strategy includes the following key elements:

Expand in the Retail and Food Service Tortilla Markets Where We Currently Have a Presence and to New Regions: We believe that the size and growth of the U.S. retail and food service tortilla markets offer significant opportunities for expansion.

Enter and Expand in the Tortilla and Flatbread Markets in Other Regions of the World: We believe that tortilla and flat-bread markets in other continents such as Europe, Asia and Oceania offer us significant opportunities. We believe our current operations in Europe will enable us to better serve markets there and in the Middle East. Our presence in Asia and Oceania will enable us to offer our customers in those regions fresher products and respond more quickly to their needs.

Maintain Gruma Corporation's MISSION® and GUERRERO® Tortilla Brands as the First and Second National Brands in the United States and to Position our Mission Brand in Other Regions: We intend to achieve this by increasing our efforts at building brand name recognition, and by further expanding and utilizing the same distribution network that works with Gruma Corporation, first in Gruma Corporation's existing markets, where we believe there is potential for further growth, and second, in regions where Gruma Corporation currently does not have a significant presence but where we believe strong demand for tortillas already exists.

Encourage Transition from the Traditional Cooked-Corn Method to the Dry Corn Flour Method as Well as New Uses for Corn Flour: We introduced the dry corn flour method for the production of tortilla and other corn-based products to the market. We continue to view the transition from the traditional method to the dry corn flour method of making tortillas and other corn-based products, as the primary opportunity for increased corn flour sales. We are also working to expand the use of corn flour in the manufacture of different types of products.

Expand and Leverage the Mission Brand Name Globally to Achieve Economies of Scale: We intend to continue to launch the Mission brand name in markets where we have reached critical mass to leverage our premium brand name and consolidate profitability.

Invest in our Core Business and Focus on Optimizing Operational Matters: Recently we have experienced renewed growth in the U.S., European, Asian and Oceanian tortilla markets. We intend to focus our investment program on our core business to enable us to meet future demand, consolidate our leading position in the industry and continue delivering a return to shareholders that is above the cost of capital.

2.2.1.1. U.S. and European Operations

Overview

We conduct our United States and European operations principally through our subsidiary Gruma Corporation, which manufactures corn flour, tortillas, corn chips and other related products. Gruma Corporation commenced operations in the United States in 1977, initially developing a presence in certain major tortilla consumption markets by acquiring small tortilla manufacturers and converting their production processes from the traditional "wet corn dough" method to our dry corn flour method. Eventually, we began to build our own state-of-the-art tortilla plants in certain major tortilla consumption markets. We have vertically integrated our operations by (i) building corn flour and tortilla manufacturing facilities; (ii) establishing corn purchasing operations; (iii) launching marketing and advertising campaigns to develop brand name recognition; (iv) expanding distribution networks for corn flour and tortilla products; and (v) using our technology to design and build proprietary corn flour, tortilla and tortilla chip manufacturing machinery.

In September 1996, we combined our U.S. corn flour milling operations with ADM's corn flour milling operations into a newly formed limited partnership known as Azteca Milling, in which Gruma Corporation held an 80% interest. As a result of the ADM Transaction, Gruma Corporation now holds a 100% interest in Azteca Milling. See "Section 3.4. Management's Discussion and Analysis of the Results of Operation and Financial Condition of the Issuer – Acquisitions and Other Significant Events Within our Business Units—Share Purchase Transaction with Archer-Daniels-Midland."

During the year 2000, Gruma Corporation opened its first European tortilla and corn chips plant in Coventry, England, initiating our entry into the European market.

Gruma Corporation

Gruma Corporation operates primarily through its Mission Foods division, which produces tortillas and related products, and through Azteca Milling, a limited partnership wholly owned by Gruma Corporation which produces corn flour. We believe Gruma Corporation is one of the leading manufacturers and distributors of tortillas and related products throughout the United States and Europe through its Mission Foods division. We believe Gruma Corporation is also one of the leading producers of corn flour in the United States through its Azteca Milling division.

Principal Products. Mission Foods manufactures and distributes corn and wheat tortillas and related products (which include tortilla chips) mainly under the MISSION®, GUERRERO® and CALIDAD® brand names in the United States. By continuing to build MISSION® into a strong national brand oriented to the general market, GUERRERO® into a strong Hispanic consumer focused brand and CALIDAD® as our value brand in tortillas and chips, we expect to increase Mission Foods' market penetration, brand awareness and profitability. Azteca Milling manufactures and distributes corn flour in the United States under the MASECA® brand, and, to a lesser extent, under our value brand TORTIMASA®.

Sales and Marketing. Mission Foods serves both retail and food service customers. In the U.S., retail customers represented approximately 73% of our sales volume in 2015, including supermarkets, mass merchandisers, membership stores and smaller independent stores. Our food service customers include major chain restaurants, food service distributors, schools, hospitals and the military. In our European business, approximately half of our tortilla production is allocated to retail sales, and the other half to the food service segment, including quick-service restaurants and food processors.

For the U.S. tortilla market, Mission Foods' current marketing strategy is to focus on core products and drive organic, profitable, and sustainable growth, while creating a strong value proposition for our consumers through superior consumer knowledge and understanding, excellence in customer service and effective marketing programs. Mission Foods promotes its products primarily through merchandising programs with supermarkets, and, to a lesser extent, joint promotions with other companies' products that may be complementary to ours as well as mass and digital media, targeting both the Hispanic population and the general market. We believe these efforts have contributed to greater consumer awareness, and household penetration. Mission Foods also targets food service companies and works with restaurants, establishments and distributors to address their individual needs and provide them with a full line of products. Mission Foods continuously attempts to identify new customers and markets for its tortillas and related products in the United States and in Europe.

Azteca Milling distributed approximately 34% of the corn flour it produces mainly to Mission Foods' plants in the United States and, to a lesser extent, to the plants in Australia and Asia in 2015. Azteca Milling's third-party customers consist largely of other tortilla manufacturers, corn chip producers, retail customers and wholesalers. Azteca Milling sells corn flour in various quantities, ranging from four-pound retail packages to bulk railcar loads.

We anticipate growth in the U.S. market for corn flour, tortillas, and related products. We believe that the growing consumption of Mexican-style foods by non-Hispanics will continue to increase demand for tortillas and tortilla related products, particularly wheat flour tortillas. Additionally, we believe that demand for tortilla and other related products will continue to increase derived by the fact that tortillas are no longer solely used in Mexican food; for example, tortillas are also used for wraps,. Also, growth in the U.S. corn flour market is attributable to the conversion of tortilla and tortilla chip producers from the wet corn dough process to our dry corn flour method. The increase is also derived by of the Hispanic population growth, the consumption of tortillas and tortilla chips by the general consumer market, and stronger and increased distribution.

Competition and Market Position. We believe Mission Foods is one of the leading manufacturers of tortillas and related products throughout the United States and Europe. We believe the tortilla market is highly fragmented, regional in nature and extremely competitive. Mission Foods' main competitors in the U.S. are hundreds of tortilla producers who manufacture locally or regionally and tend to be sole proprietorships. However, there are some competitors that have a presence in several U.S. regions such as Olé Mexican Foods, La Tortilla Factory, El Milagro and Reser's Fine Foods, among others. In addition, a few large companies have tortilla manufacturing divisions that compete with Mission Foods, for example, Tyson, Bimbo, Hormel Foods, and General Mills.

We believe Azteca Milling is one of the leading producers of corn flour in the United States. Among our competitors in the U.S. within the corn flour milling industry are Minsa, Hari Masa, Bunge, and Cargill. Azteca Milling competes with these corn flour manufacturers in the United States primarily on the basis of superior quality, technical support, customer service and brand recognition. However, we believe there is great potential for growth by converting tortilla and tortilla chip manufacturers that still use the traditional method to our corn flour method.

We believe there is significant growth potential for tortillas, wraps and other flatbreads in all geographic areas of Europe. Mexican-based cuisine is gaining popularity in key markets. Likewise, consumer trends indicate a growing need for versatile, healthy, nutritious and tasty food on-the-go, as well as for more interesting food accompaniments. Our products address all of these needs, and their profile allows them to be easily customized to local cultures. Mission Foods is well-placed to both drive and benefit from this situation.

We believe Mission Foods is one of the leading tortilla producers in Europe, where the main competitors are Santa Maria, General Mills and Aryzta. There are a number of more recent players operating in Europe occupying niche positions in tortilla production.

Operations and Capital Expenditures. Annual total production capacity for Gruma Corporation is estimated at 2.4 million metric tons as of December 31, 2015, with an average utilization of 82% in 2015. The average size of our plants as of December 31, 2015 was approximately 9,120 square meters (about 98,164 square feet).

Capital expenditures for the past three years were U.S.$251 million, and were primarily used for capacity expansions and general manufacturing and technology upgrades. Capital expenditures for such period were also used for the construction of a new tortilla plant in Florida in 2012; and in 2014, we acquired Mexifoods, a leading food company based in Spain, engaged in the production of tortillas and other Mexican food-related products for U.S.$15 million, in March, 2015, we acquired Azteca Foods Europe, a leading producer of tortillas and other Mexican food-related products also in Spain, for approximately U.S.$43 million.

Gruma Corporation's projected capital expenditures for 2016 are expected to be approximately U.S.$176 million, mainly for production capacity expansions and manufacturing and technology upgrades. The 2016 capital expenditures budget includes potential acquisitions.

Mission Foods produces its tortillas and other related products at 26 manufacturing facilities worldwide. Twenty of these facilities are located in large population centers throughout the United States and six are located in Europe. Outside the United States, Mission Foods has two plants in England, one plant in The Netherlands, one plant in Russia and two plants in Spain.

Mission Foods is committed to offering the best quality products to its customers through the implementation of the American Institute of Baking ("AIB") food safety standards, and Global Food Safety Initiative ("GFSI") recognized certification schemes such as British Retail Consortium ("BRC") and Safe Quality Food ("SQF"). Additionally, our plants are regularly evaluated by other third party organizations and customers.

All of the Mission Foods manufacturing facilities worldwide have earned either a superior or excellent category rating from the AIB-GMP (Good Manufacturing Practice) audits. All of Mission Foods' United States plants have earned the BRC or SQF certification.

In 2008 Mission Foods started the BRC certification process at four plants in the United States. By 2012, 16 plants had completed the certification process and one of our plants was SQF certified. In 2015 we began the transition from BRC to SQF and 14 plants were certified. The remaining four plants are scheduled to get certified in 2016. Our plants in England and The Netherlands are also evaluated by third party organizations such as the AIB, International Food Standards and BRC. Our facility in Russia, which was acquired in July of 2011, operates in compliance with Russian food production laws and is audited by multiple clients. At the end of 2012, our Russian facility successfully completed an ISO 22000 audit for food safety.

Azteca Milling produces corn flour at six plants located in Amarillo, Edinburg and Plainview, Texas; Evansville, Indiana; Henderson, Kentucky; and Madera, California. Gruma Corporation also produces corn flour and corn grits at our plants in Ceggia, Italy; Cherkassy, Ukraine; and Samsun, Turkey. The majority of our plants are located within important corn growing areas. Due to Azteca Milling's manufacturing practices and processes, all six facilities located in the United States have achieved ISO 9002 certification as well as the AIB certification. Our corn flour plants in Italy and Ukraine have obtained the BRC certification. Additionally, our corn flour mill in Italy obtained the OHSAS 18001 international workplace safety standards certification, and our corn flour plant in Turkey has obtained the International Featured Standards certification, among others.

Seasonality. We believe there is no significant seasonality in our products, however certain products tend to experience a slight volume increase during the summer months. Tortillas and tortilla chips sell year round, with special peaks during the summer, when we increase our promotions and advertising by taking advantage of several holidays and major sporting events. Tortilla and tortilla chip sales decrease slightly towards the end of the year when many Mexicans go back to Mexico for the holidays. Sales of corn flour fluctuate seasonally as demand is higher in the fourth quarter during the holidays because of higher demand for corn flour used in certain Mexican foods that are very popular during this time of the year.

Raw Materials. Corn is the principal raw material used in the production of corn flour, which is purchased from local producers. Azteca Milling buys corn only from farmers and grain elevators that agree to supply varieties of corn approved for human consumption. Azteca Milling tests and monitors its raw material purchases for corn not approved for human consumption, for certain strains of bacteria, fungi metabolites and chemicals. In addition, Azteca Milling applies certain testing protocols to incoming raw materials to identify genetically modified products not approved for human consumption.

Because corn prices tend to be somewhat volatile, Azteca Milling engages in a variety of hedging activities in connection with the purchase of its corn supplies, including the purchase of corn futures contracts. In so doing, Azteca Milling attempts to assure corn availability approximately 12 months in advance of harvest time and guard against price volatility approximately six months in advance. The Texas Panhandle currently is the single largest source of food-grade corn. Azteca Milling is also involved in short-term contracts for corn procurement with many corn suppliers. Where suppliers fail to deliver, Azteca Milling can easily access the spot markets. Azteca Milling does not anticipate any difficulties in securing adequate corn supplies in the future.

Corn flour for Mission Foods U.S. operations is supplied by Azteca Milling, and to a much lesser extent, by GIMSA. Corn flour for Mission Foods European operations is supplied mainly by our corn mill in Italy.

Wheat flour for the production of wheat tortillas and other types of wheat flatbreads is purchased from third party producers at prices prevailing in the commodities markets. Mission Foods believes the market for wheat flour is sufficiently large and competitive to ensure that wheat flour will be available at competitive prices to supply our needs. Contracts for wheat flour supply are made on a short-term basis.

Distribution. An important element of Mission Foods' sales growth has been the expansion and improvement of the tortilla distribution network, including a direct-store-delivery system to distribute most of its products, providing national coverage in the United States to the retail stores channel. Distribution in the United States is mainly through independent distributors most of them working exclusively with Mission Foods. Depending on the size of the customer, and the category development index / brand development index metrics ("CDI/BDI Metrics") of the geography, tortillas and other products are generally delivered daily or several times a week. In parts of the country, for example the Northeast, where CDI/BDI Metrics are low, besides the system of direct distribution to stores, Mission Foods also employs a distribution system through warehouses for products that are particularly displayed in the refrigerated foods section.

The vast majority of corn flour produced by Azteca Milling in the United States is sold to tortilla and tortilla chip manufacturers and is delivered directly from the plants to the customer. Azteca Milling's retail customers are primarily serviced by a network of distributors, although a few large retail customers have their corn flour delivered directly to them from the plants.

Almost all of the corn flour and corn grits produced in Europe are sold to beer, snacks, tortilla chip and taco shell manufacturers, and are delivered directly from the plants to the customer. We also supply customers in several industries like breakfast cereals and polenta, among others. Retail customers are primarily serviced by a network of distributors, although a few large retail customers have the corn flour delivered directly to them from the plants.

2.2.1.2. Mexican Operations

Overview

Our largest business in Mexico is the manufacture and sale of corn flour, which we conduct through our subsidiary GIMSA. Our other subsidiaries engage in the manufacturing and distribution of tortillas and other related products mainly in in northern Mexico, conduct research and development regarding corn flour and tortilla manufacturing equipment, produce machinery for corn flour and tortilla production and construct our corn flour manufacturing facilities.

GIMSA—Corn Flour Operation

Principal Products. GIMSA produces corn flour in Mexico, which is then used as a raw material in the preparation of tortillas and other corn-based products. GIMSA also produces corn grits.

GIMSA sells corn flour in Mexico mainly under the brand name MASECA®, which is a fine-textured, white corn flour and is a ready-mixed corn flour that becomes dough when water is added. This corn dough can then be pressed to an appropriate thickness, cut to shape and cooked to produce tortillas and other corn-based products.

GIMSA produces over 50 varieties of corn flour for the manufacture of different food products which are developed to meet the requirements of our different types of customers according to the kind of products they manufacture and markets they serve.

Sales and Marketing. GIMSA sells packaged corn flour in bulk mainly to tortilla manufacturers and manufacturers of other corn-based products, including corn chips and snacks, which purchase corn flour mainly in 20-kilogram sacks. Additionally, GIMSA sells corn flour in the retail market in one-kilogram packages.

The following table sets forth GIMSA's bulk and retail sales volume of corn flour, and other products for the periods indicated.

	2015		2014		2013	
	Tons in thousands	**%**	**Tons in thousands**	**%**	**Tons in thousands**	**%**
Corn Flour …..………	1,815	98	1,730	96	1,684	95
Bulk ……………….	1,568	85	1,486	83	1,443	81
Retail ………………	247	13	244	13	241	14
Other …………………	32	2	68	4	96	5
Total	1,847	100	1,798	100	1,780	100

Retail sales of corn flour are channeled to two distinct markets: urban centers and rural areas. Sales to urban consumers are made mostly through supermarket chains that use their own distribution networks or through wholesalers who sell the product to smaller grocery stores throughout Mexico. Sales to rural consumers are made principally through the Mexican government's social welfare retail chain, a social and distribution program named DICONSA, which consists of a network of small stores which supplies rural areas with basic food products.

Mexico’s tortilla industry is highly fragmented, consisting of approximately 100,000 *tortillerías*, most of which continue to utilize the wet corn dough method of tortilla production (the traditional method), while some use dry corn flour and some of which mix wet corn dough and dry corn flour in various proportions.

We believe that our corn flour is used in certain proportion by approximately 30,000 of the existing *tortillerías* to produce tortillas and other corn-based products. We estimate that the traditional method is used to manufacture two thirds of the tortillas produced in Mexico. We estimate that approximately 25% of the corn dough used to produce tortillas in Mexico is made with our corn flour.

GIMSA has embarked on several programs to promote corn flour sales. The promotional activities GIMSA offers include a wide range of top-quality products that meet the diverse needs of our customers, as well as, the availability of easy to use equipment designed specifically for small-volume users and individualized training.

GIMSA has always been observant of market changes in order to adapt at a faster pace or even anticipate, its customers’ needs, diversifying its sales force into specialized teams to satisfy different customer profiles, while focusing on product availability and expanding market coverage. During 2015, we continued to execute a strategy that allows us to reach all our customers regardless of their size, through the development of different sales formats.

GIMSA has implemented commercial initiatives aimed at developing a successful business model that its customers will be able to use to increase consumption of corn flour products in general and, specifically, to increase their product sales. GIMSA's strategy is based on offering a comprehensive business proposal that includes the following objectives in terms of products, services and marketing:

- Initiatives designed to strengthen commercial relations with our existing customers, primarily by offering personalized service and sales programs to our customers, including the development of several comprehensive business models;
- Initiatives designed to increase coverage in regions with low corn flour consumption with special promotions tailored specifically to these markets;
- Design of individualized support regarding the type of machinery required for their business, financing and training;
- Assistance to customers in the development of new operation methods to reduce their costs and increase their profitability;
- Development of tailored promotions to increase consumption in certain customer segments; and
- Assistance to customers in the development of higher value added products, in order to adapt to new consumption trends.

GIMSA continues to work with its customers to strengthen these initiatives while focusing on providing a corn flour that suits their needs, along with providing the training and technical support that will allow them to build a more profitable operation.

Competition and Market Position. In the market of raw materials for producing tortilla and other corn-based products, GIMSA faces competition on three levels: from (i) corn used by tortilla producers to make wet corn dough in their premises; (ii) wet corn dough produced industrially and distributed to *tortillerías* and manufacturers of other corn-based products; and (iii) from other corn flour producers, such as: Grupo Minsa, Molinos Anáhuac, Hari Masa, Cargill de México, among others. We compete against other corn flour manufacturers on the basis of quality, customer service and geographic coverage. We believe that GIMSA has certain competitive advantages resulting from its economies of scale, production efficiencies and geographic coverage, which may provide it with opportunities to more effectively source raw materials and reduce transportation costs.

Operations and Capital Expenditures. GIMSA currently owns 18 corn flour mills, all of which are located throughout Mexico, typically within corn growing regions and close to large tortilla consumption areas. GIMSA also owns a plant which produces other products like corn grits and several types of corn-based products. Two of GIMSA’s plants are idle. The Chalco plant has been inactive since October 1999 but the company plans to restart operations in this plant during 2016. The other plant is in Celaya, which has been idle since February 2006. These assets are being depreciated.

Annual total production capacity for GIMSA is estimated at 2.8 million metric tons as of December 31, 2015, with an average utilization of 65% in 2015. The average size of our plants as of December 31, 2015 was approximately 21,600 square meters (approximately 232,500 square feet).

In recent years, GIMSA's capital expenditures have been primarily used to upgrade technology, corn flour production processes, maintenance and capacity expansions at certain plants. From 2013 through 2015, GIMSA spent U.S.$55 million, U.S.$35 million and U.S.$19 million for maintenance, capacity expansions, and technology, respectively. GIMSA currently projects total capital expenditures during 2016 of approximately U.S.$49 million, which will be used primarily for updating technology and production capacity expansion projects at certain plants.

Each of GIMSA's corn flour facilities uses proprietary technology developed by our technology and equipment operations. For more information about our in-house technology and design initiatives, see "Section 2.2.1.5. Technology and Equipment Operations" and "Section 2.2.9. Organizational Structure."

Seasonality. The demand for corn flour varies slightly with the seasons, with some minor increases during the December holidays.

Raw Materials. Corn is the principal raw material required for the production of corn flour, and constituted 61% of GIMSA's cost of sales for 2015. We purchase corn primarily from Mexican growers and grain elevators, and from world markets usually at international prices. In 2015, GIMSA imported approximately 34% of our corn purchases. Most of GIMSA's domestic corn purchases are made through ASERCA, a governmental program established and supported by the Mexican Ministry of Agriculture, where contracts with grain growers and elevators are registered once the corn is planted to guarantee price and delivery upon harvest. Compañía Nacional Almacenadora, S.A. de C.V. and PRODISA, subsidiaries of GIMSA, which enter into contracts for GIMSA, purchase the corn, and also monitor, select, handle and ship the corn.

We believe that the diverse geographic locations of GIMSA's production facilities in Mexico enable GIMSA to achieve savings in raw material transportation and handling. In addition, by sourcing corn locally for its plants, GIMSA is better able to communicate with local growers concerning the size and quality of the corn crop and is better able to maintain quality control. In Mexico, GIMSA purchases corn on delivery in order to strengthen its ability to obtain the highest quality corn on the best terms.

Domestic corn prices in Mexico typically follow trends in the international market. During most periods, the price at which GIMSA purchases corn depends on the price of corn in the international market. As a result, corn prices are sometimes unstable and volatile. Additionally, in the past, the Mexican government has supported the price of corn. For more information regarding the government's effect on corn prices, see "Section 1.3.2. Risk Related to México—Our Business Operations Could Be Affected by Government Policies in Mexico" and "Section 2.2.5. Applicable Laws and Taxation."

In addition to corn, the other principal materials and resources used in the production of corn flour are packaging materials, water, lime, additives and energy. GIMSA believes that its sources of supply for these materials and resources are adequate, although energy, additives and packaging costs tend to be volatile.

Distribution. We have our own sales teams that are capable of servicing all sales channels, which allows us to know and serve our clients' needs. GIMSA's products are distributed mainly through independent transport firms contracted by GIMSA and, to a lesser extent, using our own fleet, depending on the type of client. Most of GIMSA's sales are made ex-works at GIMSA's plants. GIMSA usually pays the freight cost for sales to the Mexican government, large supermarket chains, and snack producers.

2.2.1.3. Central American Operations

Overview

In 1972, we entered the Costa Rican market. Our operations since then have expanded into Guatemala, Honduras, El Salvador and Nicaragua, as well as Ecuador, which we include as part of our Central American operations.

Gruma Centroamérica

Principal Products. Gruma Centroamérica produces corn flour, and to a lesser extent, tortillas and snacks. We also cultivate hearts of palm and process rice. We believe we are one of the largest corn flour producers in the region. We sell corn flour under the MASECA®, TORTIMASA®, MASARICA®, MINSA®, JUANA® and MIMASA® brands. In Costa Rica, we sell corn and wheat tortillas under the TORTIRICAS® and MISSION® brands. We operate a Costa Rican we manufacture tortilla chips, extruded snacks, potato chips and similar products under the TOSTY®, RUMBA®, BRAVOS® and TRONADITAS® brands. Hearts of palm are produced in Costa Rica and Ecuador and are exported to numerous European countries as well as the United States, Canada, Brazil, Argentina, Chile and Mexico.

Sales and Marketing. 80% of Gruma Centroamérica's sales volume in 2015 derived from the sale of corn flour.

Gruma Centroamérica corn flour bulk sales are oriented predominantly to small tortilla manufacturers through direct delivery and wholesalers. Supermarkets make up the customer base for retail corn flour. Bulk sales volume represented approximately 53% and retail sales represented approximately 47% of Gruma Centroamérica's corn flour sales volume during 2015.

Competition and Market Position. We believe that we hold a strong leadership position in the corn flour market in Central America based on revenues and sales volume. We believe that there is significant potential for growth in Central America as the majority of tortilla manufacturers use the wet corn dough method. Corn flour was used in only approximately 19% of all tortilla production in 2015. We believe that Gruma is the largest producer of tortillas and snacks in Costa Rica.

Within the corn flour industry, the brands of our main competitors are: Del Comal, Doña Blanca, Selecta, Bachosa, Más Tortilla, Chortimasa, Instamasa and Doñarepa. However, our key growth opportunity is to convert tortilla manufacturers that still use the traditional method to our corn flour method.

Operations and Capital Expenditures. We had an annual installed production capacity of 300 thousand tons for corn flour and other products as of December 31, 2015, with an average utilization of approximately 70% during 2015. We operate one corn flour plants in each of Costa Rica, Honduras, and Guatemala, for a total of three plants throughout the region. In Costa Rica, we also have one plant producing tortillas, one plant producing snacks, one plant processing hearts of palm and one plant processing rice. In Nicaragua we have a small tortilla plant, while in Guatemala we have a small plant that produces snacks and in Ecuador we have a small facility which processes hearts of palm. On average, the size of our plants as of December 31, 2015 was approximately 7,320 square meters (approximately 77,819 square feet).

During 2013, 2014 and 2015 most of our capital expenditures were oriented towards general manufacturing upgrades and production capacity expansions at existing corn flour plants. Total capital expenditures for the past three fiscal years were approximately U.S.$17.7 million. Capital expenditures for 2016 are projected to be U.S$9 million, which will be used primarily for general manufacturing and technology upgrades.

Seasonality. Typically, corn flour sales volume is lower during the first and fourth quarters of the year due to higher corn availability and lower local corn prices.

Raw Materials. Corn is the most important raw material needed in our operations, representing 35% of the cost of sales during 2015, and is obtained primarily from imports from the United States as well as from local growers. Price fluctuation and volatility are subject to domestic conditions, such as annual crop results and international conditions.

Distribution. In Costa Rica, we have our own sales force to serve the largest and most important channels in the country in a specialized way and where we market our products from the corn flour, snacks, rice and hearts of palm businesses. In the retail segment we make direct store deliveries and provide a weekly visit, for which we have our own fleet. As for the supermarket chains, we make deliveries to their distribution centers. Regarding special accounts (wholesale, foodservice and industrial channels) we make deliveries to points of sale, foodservice distributors, industries, etc. In both the supermarket and special accounts channels, products are delivered to customers through independent transportation companies contracted through competitive bidding.

For the tortilla business (corn and wheat), we work with an independent and exclusive sales force, through nine distributors located in different geographic areas in Costa Rica. We have distribution coverage of 95% of Costa Rica, which positions us as the company with the fourth largest distribution network in the country, as confirmed by the National Chamber of Retailers, who has recognized us for 18 consecutive years with the Retailer Medal (1998-2015), an important award granted annually to the top 12 commercial companies of Costa Rica.

In Guatemala, the supermarket, wholesale, artisanal *tortillería* and industrial channels are served by our own routes; the retail channel is served through a distributor. In Honduras, the industrial and artisanal *tortillería* channels are served by our own routes and wholesale, retail and supermarkets channels through a distributor. In El Salvador the wholesale, supermarkets and retail channels are served through independent distributors and the industrial channel is served by our own route. In Nicaragua the industrial and artisanal *tortillería* channels are served through our own routes and the wholesale, retail and supermarkets channels through distributors.

2.2.1.4. Discontinued Operations

Molinera de México

In 1996, through our former association with Archer-Daniels-Midland, we entered the wheat milling market in Mexico by acquiring a 60% ownership interest in Archer-Daniels-Midland's wheat flour operation, Molinera de México, later increasing our ownership interest to 100% through the ADM transaction. See "Section 5. Operating and Financial Review and Prospects — Acquisitions and Other Significant Events Within our Business Units—Share Purchase Transaction with Archer-Daniels-Midland." Molinera de México's main product is wheat flour, although it also sells wheat bran and other byproducts. Its wheat flour brands are REPOSADA®, PODEROSA® and SELECTA®, among others. SELECTA® is the main brand in the retail segment.

On June 10, 2014, we entered into the Wheat Milling Transaction. As a result of this transaction, we no longer have a participation in the wheat milling industry in Mexico. See Note 26 to our audited consolidated financial statements.

Venezuelan Companies

In 1993, we entered the Venezuelan corn flour industry through a participation in DEMASECA, a corn flour company in Venezuela. In August 1999, we acquired 95% of DAMCA International Corporation, a Delaware corporation which owned 100% of MONACA, Venezuela's second largest corn and wheat flour producer at that time, for approximately U.S.$94 million. Additionally, ADM acquired the remaining 5% interest in MONACA.

In April of 2006, we entered into a series of transactions to: (i) purchase an additional 10% ownership interest in DEMASECA at a price of U.S.$2.6 million; (ii) purchase a 2% stake in MONACA from ADM at a price of U.S.$3.3 million; and (iii) sell a 3% interest in DEMASECA to ADM at a price of U.S.$780,000.

Additionally, in April of 2006, we entered into a contract for the sale of a stake in MONACA to Rotch Energy Holdings, N.V. ("Rotch"), a controlled entity of our former indirect partner in DEMASECA, Ricardo Fernández Barrueco. As a result Rotch acquired a 24.14% interest in MONACA, and subsequently pledged its equity interests for the benefit of a Mexican financial institution (the "Rotch Lender") as security for a loan to a controlled entity of Rotch. In June of 2010, Rotch defaulted under the loan and the stake in MONACA was sold and assigned to a third investor, whose interest is held by a Mexican company, Valcon Holdings, S.A. de C.V. Valcon Holdings, S.A. de C.V. is not affiliated with our former indirect partner in DEMASECA, Ricardo Fernández Barrueco.

As a result of the foregoing transactions and the ADM Transaction, we currently own 75.86% of Valores Mundiales and Valcon Holdings, S.A. de C.V. owns the remaining 24.14%. As of December 31, 2015, Valores Mundiales was the sole registered shareholder of MONACA. In addition, we own 60% of Consorcio Andino and Valcon Holdings, S.A. de C.V. owns the remaining 40%. As of December 31, 2015, Consorcio Andino was the sole registered shareholder of DEMASECA.

On May 12, 2010, the Venezuelan government published the Expropriation Decree, which announced the forced acquisition of all assets, property and real estate of our subsidiary company in Venezuela, MONACA. Venezuela has expressed to GRUMA's representatives that the Expropriation Decree extends to our subsidiary DEMASECA. In January 22, 2013, the Ministry of Popular Power for Internal Relations issued a resolution (*providencia administrativa*) granting the "broadest powers of administration" over MONACA and DEMASECA to special managers (*administradores especiales*) who had been imposed on those companies since 2009 and 2010, respectively (see below). This resolution granted the Special Managers the broadest authority in order to safeguard the possession, care, custody, use, and conservation of movable and immovable assets of MONACA and DEMASECA. Accordingly, as of the date of this resolution, the Venezuelan government has had control of MONACA and DEMASECA through the Special Managers, who are neither appointed nor employed by GRUMA or its subsidiaries Valores Mundiales or Consorcio Andino. As a consequence of the resolution and on the date it was published, we concluded that we had lost control of the Venezuelan Companies and ceased the consolidation of the operations of MONACA and DEMASECA in our financial statements as of January 22, 2013 and now report them as a discontinued operation. See "Section 2.2.11. Legal, Administrative or Arbitration Proceedings—Venezuela—Expropriation Proceedings by the Venezuelan Government."

As of the issuance of this resolution, the role of GRUMA and its subsidiaries Valores Mundiales and Consorcio Andino in the management of MONACA and DEMASECA, is limited to preventing deterioration of the productivity of MONACA and DEMASECA, since now that the Special Managers designated by the Venezuelan government now possess the broadest management authority over these companies in accordance with the Providence.

At December 31, 2015, our Company recognized a full impairment to its indirect net investment in MONACA and DEMASECA, as well as the accounts receivable that certain subsidiaries of GRUMA had with the Venezuelan Companies. See Notes 26 and 28 of our audited consolidated financial statements.

2.2.1.5. Technology and Equipment Operations

We have developed our own technology operations since our founding. Since March 2014 our technology and equipment operations have been conducted principally through INTESA, Tecnomaíz, and CIASA. Prior to this date, our technology and equipment operation had been conducted mainly through INTASA. On March 21, 2014, INTASA was merged into Gruma, S.A.B. de C.V., and ceased to exist. See "Section 2.2.9. Organizational Structure."

The main purpose of INTESA is to provide research and development, equipment, and construction services to the food industry, specifically with respect to tortillas and other corn-based products. Through Tecnomaíz, we also engage in the design, manufacture and commercialization of machines for the production of corn and wheat flour tortillas and tortilla chips, which are sold under the TORTEC® and RODOTEC® trademarks. Through CIASA, we also design and manufacture equipment for corn masa flour such as corn milling machinery, and provide engineering, design and construction services. We manufacture machines for the production of corn tortillas to be sold to tortilla manufacturers and to be used in *tortillerías* located inside supermarkets, as well as modern and high capacity machines for the production of corn and wheat flour tortillas.

We have carried out proprietary technological research and development for corn milling and tortilla production as well as all engineering, plant design and construction mainly through INTESA. We invested Ps.145 million, Ps.153 million and Ps. 137 million on research and development in the years ended December 31, 2013, 2014 and 2015, respectively.

2.2.1.6. Climate Change Effects

Various scientists, environmentalists, international organizations, regulators and other commentators believe that global climate change has added, and will continue to add, to the unpredictability, frequency and severity of natural disasters (including, but not limited to droughts, hurricanes, tornadoes, freezes, other storms and fires) in certain parts of the world. In response to this belief, a number of legal and regulatory measures as well as social initiatives have been introduced in several countries in an effort to reduce greenhouse gas and other carbon emissions which some believe may be chief contributors to global climate change. We cannot predict the impact that changing climate conditions, if any, will have on our results of operations or our financial condition. Moreover, we cannot predict how legal, regulatory and social responses to concerns about global climate change will impact our business in the future. The natural disasters caused by the climate change may increase the volatility of the price of grains, which at the same time could have an impact in our results of operations and/or financial condition. See "Section 1.3.1. Risks Related to our Company - Fluctuations in the Cost and Availability of Corn and Wheat May Affect Our Financial Performance."

2.2.2. Distribution Channels

GRUMA operates through different distribution channels according to the needs of its clients and each segment of its business. For more information regarding the distribution channels, see "Section 2.2. Business Overview."

2.2.3. Patents, Licenses, Trademarks and other Agreements

Patents

We continuously engage in research and development activities that focus on, among other things: increasing the efficiency of our proprietary corn flour and corn/wheat tortilla production technology; maintaining high product quality; developing new and improved products and manufacturing equipment; improving the shelf life of certain corn and wheat products; improving and expanding our information technology system; engineering, plant design and construction and compliance with environmental regulations. We have obtained 59 patents in the United States since 1968, 20 of these patents are in force and effect in the United States as of December 31, 2015 and the remaining 39 have expired. We currently have four new patents in process in the United States. Additionally, eight of our registered patents and design patents are currently in the process of being published in other countries. None of our patents in force are due to expire. See "Section 2.2.1.5 Technology and Equipment Operations."

Licenses

On November 29, 2013, we entered into an agreement with GIMSA in connection with the trademark MASECA®, through which GRUMA granted GIMSA the license to exclusively use the trademark MASECA® in Mexico for a term of 6 years. In consideration, GRUMA collected from GIMSA a fixed net royalty for the following six years equivalent to Ps.390.5 million per year, after a 12.75% discount rate for early payment. Therefore, on December 19, 2013, GIMSA paid GRUMA Ps.2,343 million. In turn, in order to support GIMSA in its efforts to promote the MASECA® trademark in Mexico, GRUMA will contribute 0.75% of the annual net sales of GIMSA during each year of the term of the referred agreement, as a contribution for advertising and publicity expenses.

On January 1, 2014, we entered into an agreement with Azteca Milling, LP in connection with the trademarks MASECA®, AGROINSA®, TORTIMASA®, among others (the "Licensed Trademarks"), through which GRUMA granted Azteca Milling, LP a non-exclusive continuing license to use the Licensed Trademarks worldwide, other than within Mexico, Central America and Ecuador. As consideration therein, Azteca Milling will pay GRUMA 4% of the net sales of products bearing the Licensed Trademarks.

In turn, in order to support Azteca Milling in its efforts to promote the Licensed Trademarks, GRUMA will reimburse Azteca Milling for all marketing expenses related to such trademarks within the United States.

2.2.4. Principal Customers

During 2015, none of our customers represented more than 10% of our consolidated sales.

2.2.5. Applicable laws and taxation

Mexican Regulation

Corn Commercialization Program

Mexico's Agriculture, Livestock, Rural Development, Fisheries and Food Ministry (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*, or SAGARPA), supports and promotes a target income for growers who operate under contracted agricultural agreements for grains and oilseeds, through the ASERCA grain commercialization program. This program promotes the commercialization of grains, including corn, in virtually all of Mexico; the corn grower sells his products to the buyer before or after sowing the crop, setting a price calculated under conditions specific to the international grain prices.

The ASERCA corn commercialization program has the following objectives:

- Ensure that the corn harvest is brought to market, providing certainty to farmers concerning the sale of their crops and a guarantee of supply for the buyer.
- Establish a minimum price for the farmer, and a maximum price for the buyer, which is determined based on international market prices, plus a base formula specific to each region.
- Implement a price hedging program to allow both farmers and buyers to minimize their exposure to price fluctuations in the international markets.

To the extent that this or other similar programs are cancelled by the Mexican government, we may be required to incur additional costs in purchasing corn for our operations, which could result in an increase to our product prices to reflect these additional costs.

Environmental Regulations

Our Mexican operations are subject to Mexican federal, state and municipal laws and regulations relating to the protection of the environment. The principal federal environmental laws are the *Ley General de Equilibrio Ecológico y Protección al Ambiente*, or General Law of Ecological Equilibrium and Protection of the Environment or Mexican Environmental Law, which is enforced by the *Secretaría de Medio Ambiente y Recursos Naturales*, or Ministry of the Environment and Natural Resources or SEMARNAT, the *Ley General de Cambio Climático* or Mexican Climate Change Law and the *Ley Federal de Derechos* or the Mexican Federal Law of Governmental Fees. Under the Mexican Environmental Law, each of our facilities engaged in the production of corn flour, wheat flour, and tortillas is required to obtain an operating license from state environmental authorities upon initiating operations, and then periodically submit a certificate of operation to maintain the operating license. Furthermore, the Mexican Federal Law of Governmental Fees requires that Mexican manufacturing plants pay a fee for water consumption and the discharge of residual waste water to drainage, whenever the quality of such water exceeds mandated thresholds. Also, regulations have been issued concerning hazardous substances and water, air and noise pollution. In particular, Mexican environmental laws and regulations, including the Mexican Climate Change Law, require that Mexican companies file periodic reports with respect to air and water emissions and hazardous wastes. Additionally, they also establish standards for waste water discharge. We must also comply with zoning regulations as well and rules regarding health, working conditions and commercial matters. SEMARNAT and the Federal Bureau of Environmental Protection can bring administrative and criminal proceedings against companies that violate environmental laws, as well as close non-complying facilities.

We believe we are currently in compliance in all material respects with all applicable Mexican environmental regulations. The level of environmental regulation and enforcement in Mexico has increased in recent years. We expect this trend to continue and to be accelerated by international agreements between Mexico and the United States. To the extent that new environmental regulations are issued in Mexico, we may be required to incur additional remedial capital expenditures to comply. Management is not aware of any pending regulatory changes that would require additional remedial capital expenditures in a significant amount.

Competition Regulations

The Mexican Economic Competition Law (*Ley Federal de Competencia Económica*) and the related regulations regulate free markets, antitrust matters, monopolies and monopolistic practices, and require Mexican government approval for certain mergers and acquisitions. The Mexican Economic Competition Law grants the government the authority to establish price controls for products and services of national interest through Presidential decree.

On May 23, 2014, a new Mexican Economic Competition Law was published in the Mexican Official Gazette (*Diario Oficial de la Federación*) and became effective on July 7, 2014. This law was issued in order to implement the recent amendment to article 28 of the Mexican Constitution regarding antitrust matters, whereby the Mexican government was entitled to establish a new Mexican Federal Economic Competition Commission (*Comisión Federal de Competencia Económica*, or COFECE), which will have all powers necessary to fulfill its purpose, regulate access to essential facilities, and order any divestiture of assets, rights, ownership interests or shares of economic firms, as necessary to eliminate any anti-competitive effects. Mergers and acquisitions and other transactions that may restrain trade or that may result in monopolistic or anti-competitive practices or combinations must be approved by the Federal Economic Competition Commission.

The Mexican Economic Competition Law may potentially limit our business combinations, mergers and acquisitions and may subject us to greater scrutiny in the future; however, we do not believe that this legislation will have a material adverse effect on our business operations.

Anti-Money Laundering Regulations

The Mexican Federal Law to Prevent and Identify Operations with Resources from Illegal Sources (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) was published in the Mexican Official Gazette on October 17, 2012, and became effective on July 17, 2013. The purpose of this law is to prevent and detect operations carried out with funds obtained from illicit activities and prohibiting payments using cash for certain types of activities above certain amounts. Under this law, persons carrying out activities that are deemed as "vulnerable" are required to identify their clients and counterparties in such activities, to keep a detailed file in connection therewith, and under certain circumstances to report those activities to the Mexican Authorities. Most of the activities are deemed as "vulnerable" only when they exceed certain thresholds set forth in the law or regulations, and reporting of such activities is generally subject to higher thresholds. Examples of such regulated activities are: granting of loans, granting credit facilities and guarantees, leasing real estate properties and receive donations, among others.

Failure to comply with this law may result in monetary and criminal sanctions. We believe we are currently in compliance in all material respects with this law and we do not believe it will have a material adverse effect on our business operations.

Tax Regulations

The economic package for the 2014 fiscal year resulted in a tax reform. This tax reform was published on December 11, 2013 in the Mexican Official Gazette, and became effective on January 1, 2014. As part of this reform, a new Income Tax Law was enacted, which abrogated the Income Tax Law in effect since 2002.

One of the main changes provided by the new Income Tax Law consists of eliminating the tax consolidation regime in force at that date. As a result, we have the obligation to pay the deferred tax determined at that time during the five-year period starting in 2014.Also a new optional regime was established for company groups and we have decided to opt out of the new regime for the 2016 year.

Other changes introduced in the new Income Tax Law, consist of: (i) eliminating deductions that were previously allowed for related-party payments to certain foreign entities; (ii) establishing limits for exempt benefits in favor of workers; (iii) eliminating deductibility of the social security quotas (*Cuotas IMSS*) paid by the employer on behalf of the workers; (iv) reducing the limits for deductibility of automobile acquisitions; and (v) introducing a 10% withholding tax over dividends paid to natural persons and foreigners, among others. We believe we are currently in compliance in all material respects with this law and we do not believe it will have a material adverse effect on our business operations.

Additionally, on November 18, 2015, several tax measurements were published in the Official Gazette of Mexico for business groups residing in Mexico, based on the guidelines issued by the OCDE in connection with the BEPS plan (Base Erosion and Profit Shifting) aimed at providing information on the tax situation of Mexican business groups trading in the BMV, as well as those which exceed certain income thresholds. According to such measures and as from 2017, 2016 information regarding inter-company transactions, business activity of the group and its subsidiaries, as well as, information of each country where it has presence, shall be furnished.

Energy Regulations

The Electric Industry Law (*Ley de la Industria Eléctrica*) was published in the Mexican Official Gazette on August 11, 2014, and became effective on August 12, 2014. The purpose of this law is to regulate the energy generation, transmission, distribution and power marketing activities. The Electric Industry Law also provides for a Clean Energy Certificate (CEC) system, under which the Ministry of Energy (*Secretaría de Energía*) will set a percent threshold for annual clean-to-conventional energy production, and power suppliers and qualified consumers will uphold such threshold by purchasing CECs from clean power generators. We believe we are currently in compliance in all material respects with this law and we do not believe it will have a material adverse effect on our business operations.

U.S. Federal and State Regulations

Gruma Corporation is subject to regulation by various federal, state and local agencies, including the Food and Drug Administration, Department of Labor, the Occupational Safety and Health Administration, the Federal Trade Commission, the Department of Transportation, the Environmental Protection Agency and the Department of Agriculture. We believe that we are in compliance in all material respects with all environmental and other legal requirements. Our food manufacturing and distribution facilities are subject to periodic inspection by various federal, state and local agencies, and the equipment utilized in these facilities must generally be governmentally approved prior to operation.

European Regulation

Our European subsidiaries are subject to regulation in each country where they operate. We believe that we are currently in compliance with all applicable legal requirements in all material respects.

Central American and Venezuelan Regulation

Gruma Centroamérica and the Venezuelan Companies are subject to regulation in each country in which they operate. We believe that Gruma Centroamérica and the Venezuelan Companies are currently in compliance with all applicable legal requirements in all material respects. See "Section 1.3.3. Risk Factors—Risks Related to Venezuela."

Asia and Oceania Regulation

GRUMA Asia – Oceania is subject to regulation in each country in which it operates a. We believe that we are currently in compliance with all applicable legal requirements in all material respects.

Taxation

The following summary contains a general description of certain Mexican federal income tax provisions relaled to the acquisition, ownership and disposition of Series B shares, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase or hold Series B shares.

This summary is based upon tax laws of Mexico as in effect on the date of this document, which are subject to change, including changes that may have retroactive effect. Holders of Series B shares should consult their own tax advisers as to the Mexican, or other tax consequences of the purchase, ownership and disposition of GRUMA shares, including, in particular, the effect of any foreign, state or local tax laws.

For purposes of Mexican taxation, an individual is a resident of Mexico for tax purposes if he has established his home in Mexico, unless he has resided in another country for more than 183 days, whether consecutive or not, in any one calendar year and can demonstrate that he has become a resident of that country for tax purposes. Likewise and for tax purposes, an entity is a resident of Mexico if it was incorporated in Mexico or maintains the principal administration of its business or the effective location of its management in Mexico. A Mexican citizen is presumed to be a resident of Mexico unless such person can demonstrate the contrary. If a non-resident of Mexico is deemed to have a permanent establishment or fixed base in Mexico for tax purposes, all income attributable to such permanent establishment or fixed base will be subject to Mexican taxes, in accordance with applicable tax laws.

Tax Treaties

Mexico has entered into and is negotiating several other tax treaties that may reduce the amount of Mexican withholding tax to which payment of dividends on Series B shares may be subject. Holders of Series B shares should consult their own tax advisors as to the tax consequences, if any, of such treaties.

Under the Mexican Income Tax Law, in order for any benefits from any tax treaty to be applicable, residence for tax purposes must be demonstrated.

Payment of Dividends

Since January 1, 2014, under the Mexican Income Tax Law, dividends, either in cash or in kind, paid with respect to Series B Shares are subject to Mexican withholding tax of 10%, regardless of whether or not they come from the net tax profit account (*cuenta de utilidad fiscal neta*, or CUFIN). This tax will not be paid if the dividends are paid from the CUFIN generated until December 31, 2013, for which the company paying the dividend shall keep records of both CUFIN accounts, the one generated until December 31, 2013 and the one generated as from January 1, 2014, indicating to which CUFIN the dividends which are being paid belong to.

It is important to mention that the withholding tax may be lower, if the receiver of the dividend resides in a country which has entered into a treaty to avoid the double taxation with Mexico and if such treaty provides for a lower tax. In the case of residents in the United States, the withholding tax is 0%.

A Mexican corporation will not be subject to any tax if the amount of declared dividends does not exceed the CUFIN, regardless of the date on which such CUFIN was generated.

If we pay a dividend in an amount greater than our CUFIN balance (which may occur in a year when net profits exceed the balance in such accounts), then we are required to pay 30% income tax on an amount equal to the product of the portion of the grossed-up amount which exceeds such balance multiplied by 1.4286. This tax would be paid by the company paying the dividend.

Taxation of Dispositions

The sale of Series B shares by a non-resident holder will be subject to a withholding of 10% Mexican tax on the profits, if the transaction is carried out through the Mexican Stock Exchange or other securities markets approved by the Mexican Ministry of Finance.

The tax referred to in the previous paragraph is not payable, if the seller of the shares resides in a country which has entered into a treaty to avoid the double taxation with Mexico. For these purposes, the seller shall deliver to the intermediary a writ in which, under oath, it states that it is a resident for purposes of the treaty and will provide its tax registry identification number.

Sales or other dispositions of Series B shares made in other circumstances generally would be subject to higher rates of Mexican tax, regardless of the nationality or residence of the transferor.

Under the Mexican Income Tax Law, gains realized by a nonresident holder of shares on the sale or disposition of Series B shares not conducted through a recognized stock exchange generally are subject to a Mexican tax at a rate of 25% of the gross sale price. However, if the holder is a resident of a country which (i) is not considered to be a low tax rate country, (ii) its legislation does not contain territorial taxation, and (iii) such income is not subject to a preferential tax regime, the holder may elect to designate a resident of Mexico as its representative, in which case taxes would be payable at the applicable income tax rate on the gain on such disposition of Series B shares.

Other Mexican Taxes

A non-resident holder will not be liable for estate, inheritance or similar taxes with respect to its holdings of Series B shares; provided, however, that gratuitous transfers of Series B Shares may in certain circumstances result in imposition of a Mexican tax upon the recipient. There are no Mexican stamp, issue registration or similar taxes payable by a non-resident holder with respect to Series B shares.

Reimbursement of capital pursuant to a redemption of Series B shares will be tax exempt up to an amount equivalent to the adjusted contributed capital corresponding to the Series B shares that will be redeemed. Any excess distribution pursuant to a redemption will be considered a dividend for tax purposes and we may be taxed as described above.

2.2.6. Human Resources

As of December 31, 2015, we had a total of 19,117 employees, including 12,836 unionized and 6,281 non-unionized full- and part-time employees. Of this total, we employed 7,249 persons in Mexico, 7,256 in the United States, 1,941 in Central America and Ecuador, 876 in Asia and Oceania, and 1,795 in Europe. Total employees for 2013 and 2014 were 19,202 and 17,845, respectively. Of our total employees as of December 31, 2015, approximately 33% were white-collar and 67% were blue collar.

In Mexico, workers at each of our plants are covered by a separate contract, under which salary revisions take place once each year, usually in January or February. Non-salary provisions of these contracts are revised bi-annually. We renewed agreements with 15 unions that represent our workers in 2016.

In the United States, Gruma Corporation has five collective bargaining agreements that represent a total of 602 workers at five separate facilities (Pueblo, Tempe, Henderson, Omaha and Madera). We renewed such agreements on March 23, 2013, April 2, 2014, March 23, 2013, March 29, 2015, and June 28, 2015, respectively.

In England, we have one collective bargaining agreement covering 12 employees at a facility, which is renewed every 12 months.

In the Netherlands, we are covered by a national labor agreement for bakery workers. This agreement is reviewed every 18 months.

In Australia, we have a collective bargaining agreement covering 256 employees at our facility, which is renewed every four years.

In Italy, we are covered by a national labor agreement for industrial food staff. This agreement is reviewed every 36 months nationally.

Wages are reviewed during the negotiations and wage increases processed according to the terms of each agreement as well as non-monetary provisions of the agreement. Wage reviews for non-union employees are conducted once each year, typically in March for Mission Foods and depending on the non-union plant, wage reviews are conducted from June through October for Azteca Milling. We believe our current labor relations are sound.

2.2.7. Environmental performance

GRUMA has environmental policies in place related to the mitigation and prevention of environmental pollution in all its plants, and with programs for the protection of the environment. Through our subsidiaries, INTESA and CIASA, our environmental system has carried our investigations and developed technologies aimed at maintaining our plants within the discharge parameters allowed under the norms and laws of Mexico, U.S., Central America, Europe, Asia and Oceania. Likewise, we do not believe our activities pose a significant environmental risk. See “Section 2.2.1.6. Climate Change Effects.”

Additionally, GRUMA has the ISO 14001 environmental acknowledgment for six plants of GIMSA in México.

2.2.8 Market Information

We believe we are one of the leading producers of corn flour and tortillas in the United States, and one of the leading producers of corn flour in Mexico. We believe that we are also one of the largest producers of corn flour and tortillas in Central

America, one of the largest producers of tortilla and other flatbreads, including pita, naan, chapati, pizza bases and piadina in Europe, Asia and Oceania, and one of the leading producers of corn grits in Europe and the Middle East.

Our focus has been and continues to be the efficient and profitable expansion of our core business—corn flour and tortilla. We pioneered the dry corn flour method of tortilla production, which offers significant opportunities for growth. Using our know-how, we will seek to encourage tortilla and other corn-based products manufacturers in the United States, Mexico, Central America, and elsewhere to use corn flour in the production of tortillas and other corn-based products.

The following table sets forth our consolidated revenues by geographic market for the years ended December 31, 2015, 2014, and 2013.

	2015		2014		2013	
			(in millions of pesos)			
United States and Europe …..…..…	Ps.	36,136	Ps.	29,279	Ps.	27,761
Mexico……….…………………		15,691		15,110		16,111
Central America ……………..……		4,057		3,479		3,386
Asia and Oceania …………………		2,395		2,067		1,778
Total ………………………………	Ps.	58,279	Ps.	49,935	Ps.	49,036

2.2.9. Organizational Structure

We are a holding company without significant assets except for the shares of our subsidiaries. Currently we are whole or majority owners of the following subsidiaries deemed as significant for the company, same which, individually, represent more than the 10% of the total assets of GRUMA or more than the 10% of the total consolidated income.

Significant Subsidiaries:	**Ownership Percentage**
Gruma Corporation	100%
Azteca Milling, L.P.	100%
Compañía Nacional Almacenadora, S.A. de C.V.	85%

We conduct our operations through subsidiaries. The table below sets forth our most important subsidiaries as of December 31, 2015**.**

Name of Company	**Principal Markets**	**Jurisdiction of Incorporation**	**Percentage Owned(1)**	**Products/ Services**
Mexican Operations				
Grupo Industrial Maseca, S.A.B. de C.V. (“GIMSA”)	Mexico	Mexico	85.5%	Corn flour, Other
U.S. and Europe Operations				
Gruma Corporation	United States and Europe	Nevada	100%	Tortillas, Other tortilla related products, Corn flour, Flatbreads, Grits, Other
Azteca Milling, LP.. (“Azteca Milling”)	United States	Texas	100%	Corn flour

Central American Operations.....................				
Gruma de Guatemala, S.A., Derivados de Maíz Alimenticio, S.A., Industrializadora y Comercializadora de Palmito, S.A., Derivados de Maíz de Guatemala, S.A., Tortimasa, S.A., Derivados de Maíz de El Salvador, S.A., and Derivados de Maíz de Honduras, S.A. de C.V. (“Gruma Centroamérica”)..............................	Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, Ecuador	Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, Ecuador	100%	Corn flour, Tortillas, Snacks, Hearts of palm and Rice
Other Subsidiaries				
Mission Foods (Shanghai) Co. Ltd., Gruma Oceania Pty. Ltd., and Mission Foods (Malaysia) Sdn. Bhd. (“Gruma Asia - Oceania”)	Asia and Oceania	China, Malaysia and Australia	100%	Tortillas, Chips, Other products
Mission Foods México, S.R.L. de C.V. (“Mission Foods México”)	Mexico	Mexico	100%	Tortillas and Other related products
Investigación Técnica Avanzada, S.A. de C.V. (“ INTESA”) (2)	Mexico	Mexico	100%	Construction, Technology and Equipment operations
Deconsolidated Venezuelan Operations (3)				
Molinos Nacionales, C.A. (“MONACA”) (4)	Venezuela	Venezuela	76%	Corn flour, Wheat flour, Other products
Derivados de Maíz Seleccionado, C.A. (“DEMASECA”) (4)......................................	Venezuela	Venezuela	60%	Corn flour

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(1) Percentage of equity capital owned by us directly or indirectly through subsidiaries.

(2) As of March 21, 2014, Investigación de Tecnología Avanzada, S.A. de C.V. (“INTASA”), our former subsidiary that used to conduct our technology and equipment operations, merged into Gruma, S.A.B. de C.V., and ceased to exist. As a result of such merger, all assets and liabilities, rights and obligations of INTASA, including its rights over trademarks, patents and/or any other intellectual property, are now owned by Gruma, S.A.B. de C.V. Since March 2014, our technology and equipment operations have been conducted principally through INTESA.

(3) Together these subsidiaries are referred to as the “Venezuelan Companies.” We deconsolidated the Venezuelan Companies as of January 22, 2013 and report it as a discontinued operation.

(4) Valcon Holdings, S.A. de C.V. (formerly named RFB Holdings de Mexico, S.A. de C.V.) holds a 24.14% indirect interest in MONACA and 40% in DEMASECA. See “Section 1.3.3. Risks Related to Venezuela— We have Cancelled our Investment in the Venezuelan Companies which are currently Involved in Expropriation and Arbitration Proceedings” and “Section 3.4. Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Issuer – Acquisitions and other Relevant Events within our Business Units. —Share Purchase Transaction with Archer-Daniels-Midland”.

Our consolidated subsidiaries accounted for the following percentages and amount of our net sales in millions of pesos for the years ended December 31, 2015, 2014 and 2013.

	Year ended December 31,					
	2015		2014		2013	
	In millions of Pesos	% of Net Sales	In millions of Pesos	% of Net Sales	In millions of Pesos	% of Net Sales
Gruma Corporation	Ps.36,218	62%	Ps.29,323	59%	Ps.27,801	57%

GIMSA..............................	15,871	27	15,074	30	15,944	33
Gruma Centroamérica	4,057	7	3,479	7	3,386	7
Others and eliminations	2,133	4	2,059	4	1,905	3
Total..................................	Ps.58,279	100%	Ps.49,935	100%	Ps.49,036	100%

2.2.10. Description of Principal Assets

Our most important fixed assets are the plants of our main subsidiaries, a description of which can be found in "Section 2.2. Business Overview."

All physical assets owned by the company, or under the company's control and safekeeping, as well as the profit loss caused by the occurrence of incidents, are widely covered for most of the risks insurable in the insurance and reinsurance international markets. As of December 31, 2015, none of the assets of the company or its subsidiaries have been pledged for the purpose of obtaining loans.

2.2.11. Legal, Administrative or Arbitration Proceedings

In the ordinary course of our business, we have been involved in various disputes and litigation, none of which has nor we expect them to have a material adverse effect for the Company.

Discontinued Operations-Venezuela

Expropriation Proceedings by the Venezuelan Government

On May 12, 2010, the Venezuelan government published the Expropriation Decree, which announced the forced acquisition of all assets, property and real estate of MONACA. The Venezuelan government has expressed to GRUMA's representatives that the Expropriation Decree extends to DEMASECA.

GRUMA's interests in MONACA and DEMASECA are held through two Spanish companies: Valores Mundiales and Consorcio Andino, respectively. In 2010, Valores Mundiales and Consorcio Andino commenced discussions with the Venezuelan government regarding the Expropriation Decree and related measures affecting MONACA and DEMASECA. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these discussions which have explored the possibility of (i) entering into a joint venture with the Venezuelan government; and/or (ii) obtaining adequate compensation for the assets subject to expropriation. As of this date, these discussions have not resulted in an agreement with the Republic.

Venezuela and the Kingdom of Spain are parties to the Investment Treaty, under which the Investors may settle investment disputes by means of arbitration before ICSID. On November 9, 2011, the Investors, MONACA and DEMASECA validly provided formal notice to the Venezuelan government that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Venezuelan government. In that notification, the Investors, MONACA, and DEMASECA also gave their consent to submission of the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

In January 22, 2013, the Republic issued a resolution (*providencia administrativa*) granting the "broadest powers of administration" over MONACA and DEMASECA'S operations to special managers (*administradores especiales*) who had been imposed on those companies since 2009 and 2010, respectively as described below.

On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration to ICSID, which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration is to seek compensation for the damages caused by Venezuela's violation of the Investment Treaty.

The tribunal that presides over this arbitration proceeding was constituted in January 2014. Valores Mundiales and Consorcio Andino filed their memorial in July 2014. On September 14, 2014, Venezuela filed a motion requesting to bifurcate the proceeding into separate jurisdictional and merits phases. On October 1, 2014 the tribunal rejected Venezuela's request. Venezuela filed its counter-memorial on jurisdiction and merits in March 2015. Valores Mundiales and Consorcio Andino filed their reply on June 25, 2015 and Venezuela filed its rejoinder in October 19, 2015. The arbitration proceeding is still ongoing.

While discussions with the government have taken place and may take place from time to time, we cannot assure that such discussions will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree and related measures. Additionally, we cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a favorable arbitration award.

Intervention Proceedings by the Venezuelan Government.

On December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of assets in which Ricardo Fernández Barrueco had any interest. Purportedly due to Ricardo Fernández Barrueco's former indirect minority interest in MONACA and DEMASECA, these subsidiaries were subject to the precautionary measure. Between 2009 and 2012, the Ministry of Finance of Venezuela, pursuant to the precautionary measure ordered by the court, designated several special managers of the indirect minority shareholding that Ricardo Fernández Barrueco had previously owned in MONACA and designated several special managers of DEMASECA. On January 22, 2013, the Ministry of Justice and Internal Relations revoked the prior designations made by the Ministry of Finance of Venezuela and made a new designation of individuals as special managers and representatives of the Venezuelan government in MONACA and DEMASECA, granting those managers the "broadest powers of administration" over both companies.

MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as direct shareholders of the Venezuelan subsidiaries, filed a petition as aggrieved third-parties in the proceedings against Ricardo Fernández Barrueco challenging the precautionary measures and all related actions. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly owned and controlled by Valores Mundiales and Consorcio Andino, respectively. In spite of this ruling, the court kept the precautionary measures issued on December 4, 2009 in effect. An appeal has been filed, which is pending resolution as of this date.

The People's Defense Institute for the Access of Goods and Services of Venezuela ("INDEPABIS[1]") issued an order, authorizing the temporary occupation and operation of MONACA for a period of 90 calendar days from December 16, 2009, which was renewed for the same period on March 16, 2010. The order expired on June 16, 2010 and as of the date hereof MONACA has not been notified of any extension. INDEPABIS has also initiated a regulatory proceeding against MONACA in connection with the alleged failure to comply with regulations governing precooked corn flour and for allegedly refusing to sell this product as a result of the December 4, 2009 precautionary asset seizure described above. MONACA filed an appeal against these proceedings that has not been resolved as of this date.

Additionally, INDEPABIS initiated an investigation of DEMASECA and issued an order, authorizing the temporary occupation and operation of DEMASECA for a period of 90 calendar days from May 25, 2010, which was extended until November 21, 2010. INDEPABIS issued a new precautionary measure of occupation and temporary operation of DEMASECA, valid for the duration of this investigation. DEMASECA has challenged these measures but as of the date hereof, no resolution has been issued. The proceedings are still pending.

We intend to exhaust all legal remedies available in order to safeguard and protect our legitimate interests. See Note 28 to our audited consolidated financial statements.

2.2.12. Shares evidencing the capital stock

As of December 31, 2011 the capital stock was represented by 563,650,709 issued ordinary, registered, Series B, Class I no par value shares. Subsequently and as a result of the ADM Transaction, see "Section 3.4. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer – Acquisitions and other Relevant Events within our Business Units", we acquired 18.81% of the then outstanding shares of GRUMA, S.A.B: de C.V. (equivalent to 106,335,069 shares) and, indirectly, an additional 4.35% of the then outstanding shares of Gruma, S.A.B. de C.V. via the acquisition of 45% of the shares of Valores Azteca. Consequently and as of December 14, 2012, the capital stock was represented by 457,315,640 then outstanding shares.

Finally, as a result of the merger of GRUMA, as Surviving company, with Valores Azteca, as Merged company to be extinguished, approved by the General Extraordinary Shareholders' Meeting of GRUMA held on May 15, 2013, 24'566,561 ordinary,

[1] By means of the "Decreto-Ley contentivo de la Ley Orgánica de Precios Justos" published on the Official Gazette of Venezuela Nº 40.340 dated January 23, 2014, INDEPABIS was absorbed by the "Superintendencia Nacional para la Defensa de los Derechos Socioeconómicos" (SUNDDE)

registered, Series “B”, Class I no par value shares, previously held by Valores Azteca, were cancelled. Consequently, the capital stock as of May 15, 2013 is represented by 432,749,079 issued ordinary, registered, Series B, Class I no par value shares, all of them fully subscribed and paid.

During the last 2 fiscal years, the company has not made any modification to its capital stock.

2.2.13. Dividends

Our ability to pay dividends may be limited by Mexican law, our *estatutos sociales*, or bylaws, and by financial covenants contained in some of our credit agreements. Because we are a holding company with no significant operations of our own, we have distributable profits to pay dividends to the extent that we receive dividends from our subsidiaries. Accordingly, there can be no assurance that we will pay dividends or of the amount of any such dividends. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources.”

Pursuant to Mexican law and our bylaws, the declaration, amount and payment of dividends are determined by a majority vote of the holders of the outstanding shares represented at a duly convened shareholders’ meeting. The amount of any future dividend would depend on, among other things, operating results, financial condition, cash requirements, losses for prior fiscal years, future prospects, the extent to which debt obligations impose restrictions on dividends and other factors deemed relevant by the board of directors and the shareholders.

In addition, under Mexican law, companies may only pay dividends:

- from earnings included in year-end financial statements that are approved by shareholders at a duly convened meeting;
- after any existing losses applicable to prior years have been made up or absorbed into shareholders’ equity;
- after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company’s paid-in capital stock; and
- after shareholders have approved the payment of the relevant dividends at a duly convened meeting.

Until, September 8, 2015, holders of our ADRs, on the applicable record date were entitled to receive dividends declared on the shares represented by American Depositary Shares, or ADSs, evidenced by such ADRs.

The ability of our subsidiaries to make distributions to us is limited by the laws of each country in which they were incorporated and by their constitutive documents. For example, in the case of Gruma Corporation, our principal U.S. subsidiary, its ability to pay dividends in cash is prohibited upon the occurrence of any default or event of default under its principal credit agreements. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources”.

On April 29, 2016, GRUMA approved a cash dividend in the amount of Ps. 865.5 million, or Ps.2.00 per share, payable in four installments: on July 8 and October 7, 2016 and January 10 and April 7, 2017. During 2015 we paid a cash dividend in the amount of Ps.692 millions, or Ps.1.60 per common share, during 2014 we paid Ps.649.12 million, or Ps.1.50 per common share, and during 2013, 2012 and 2011 we did not pay any dividends to shareholders.

Dividend Rights and Distribution

Within the first four months of each year, the board of directors must submit our company’s financial statements for the preceding fiscal year to the shareholders for their approval at the ordinary general shareholders’ meeting. They are required by law to allocate 5% of any new profits to a legal reserve which is not thereafter available for distribution until the amount of the legal reserve equals 20% of our capital stock (before adjusting for inflation). Amounts in excess of those allocated to the legal reserve fund may be allocated to other reserve funds as the shareholders may determine, including a reserve for the repurchase of our shares. The remaining balance of new profits, if any, is available for distribution as dividends prior to their approval at the shareholders’ meeting. Cash dividends on the shares held through Indeval will be distributed by us through Indeval. Cash dividends on the shares evidenced by physical certificates will be paid when the relevant dividend coupon registered in the name of its holder is delivered to us. No dividends may be paid, however, unless losses for prior fiscal years have been paid up or absorbed. See “Section 2.2.13. Dividends”.

2.2.14. Exchange controls and other limitations which affect holders of certificates

Not applicable.

3. FINANCIAL INFORMATION

3.1 SELECTED FINANCIAL INFORMATION

The following tables present our selected consolidated financial data as of and for each of the years indicated. The data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2015, 2014 and 2013 are derived from and should be read together with our audited consolidated financial statements included herein and “Section 3.4.3. Financial Condition, Liquidity and Capital Resources”.

In accordance with IFRS, we concluded that we lost control of our Venezuelan subsidiaries, MONACA and DEMASECA, on January 22, 2013. As a result of such loss of control, we ceased the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013. Therefore, the results and cash flows generated by these Venezuelan Companies for the periods presented are reported as discontinued operations. As of December 31, 2015, our Company recognized a full impairment to its indirect net investment in MONACA and DEMASECA, as well as the accounts receivable that certain subsidiaries of GRUMA had with the Venezuelan Companies. See Notes 26 and 28 of our audited consolidated financial statements.

In December 2014, we concluded the Wheat Milling Transaction. As a result of the sale, the results and cash flows generated by these wheat flour operations for the years ended December 31, 2014 and 2013 are reported as discontinued operations.

	2015	2014	2013
	(thousands of Mexican Pesos, except per share amounts)		
Income Statement Data:			
Net sales	Ps.58,279,004	Ps. 49,935,328	Ps. 49,035,523
Cost of sales	(35,937,867)	(31,574,750)	(32,265,587)
Gross profit	22,341,137	18,360,578	16,769,936
Selling and administrative expenses	(14,442,285)	(12,040,402)	(11,937,116)
Other expense, net	(530,905)	(297,262)	(193,069)
Operating income	7,367,947	6,022,914	4,639,751
Comprehensive financing cost, net	(323,102)	(1,105,403)	(987,625)
Income before income tax	7,044,845	4,917,511	3,652,126
Income tax expense...	(1,646,449)	(1,059,583)	(195,361)
Consolidated net income from continuing operations	5,398,396	3,857,928	3,456,765
Loss (Income) from discontinued operations……………………………………	(4,313,803)	598,852	(146,796)
Consolidated net income	1,084,593	4,456,780	3,309,969
Attributable to:			
Shareholders..	761,812	4,287,310	3,163,133
Non-controlling interest	322,781	169,470	146,836
Per share data(1):			
Basic and diluted earnings per share (pesos):			
From continuing operations	11.68	8.38	7.28
From discontinued operations	(9.92)	1.53	(0.12)
From continuing and discontinued operations ....………………	1.76	9.91	7.16

Balance Sheet Data (at period end):	**2015**	**2014**	**2013**
	(thousands of Mexican Pesos, except per share amounts and operating data)		
Property, plant and equipment, net	Ps.20,169,988	Ps.17,814,336	Ps.17,904,972
Total assets	44,333,021	40,636,730	42,608,640
Short-term debt (2)	2,660,035	1,437,108	3,275,897
Long-term debt (2)	10,494,406	9,324,052	13,096,443
Total liabilities..................................	25,739,135	22,552,484	28,181,780
Common stock	5,363,595	5,363,595	5,363,595
Total equity (3)	18,593,886	18,084,246	14,426,860
Other Financial Information:			
Capital expenditures...	3,073,498	1,719,379	1,408,730
Depreciation and amortization...........	1,598,309	1,460,451	1,569,376
Net cash provided by (used in):			
Operating activities......................	5,056,769	6,730,000	6,679,431
Investing activities	(2,845,369)	1,995,588	(1,524,901)
Financing activities......................	(1,076,981)	(8,591,246)	(5,112,396)

(1) Based upon the weighted average of outstanding shares of our common stock (in thousands), as follows: 432,749 shares for the year ended December 31, 2015, 432,749 shares for the year ended December 31, 2014 and 441,835 shares for the year ended December 31, 2013. Each ADS represented four Series B Common Shares.

(2) Short-term debt consists of bank loans, the current portion of long-term debt and debentures. Long-term debt consists of bank loans, our Notes due 2024, and our Perpetual Bonds. "Section 3.4.3. Financial Condition, Liquidity and Capital Resources - Indebtedness."

(3) Total equity includes non-controlling interests as follows: Ps.1,560 million as of December 31, 2015, Ps.1,521 million as of December 31, 2014 and Ps.1,454 million as of December 31, 2013

	2015	**2014**	**2013**
	(thousands of tons)		
Operating Data:			
Sales volume:			
Gruma Corporation (corn flour, tortillas and other) [(1)]	1,745	1,653	1,651
GIMSA (corn flour and other)………………………	1,847	1,798	1,780
Gruma Centroamérica (corn flour and other)………..	199	200	198
Production capacity:			
Gruma Corporation (corn flour, tortillas and other)	2,354	2,400	2,406
GIMSA (corn flour and other)[(2)]………………...	2,819	2,823	3,046
Gruma Centroamérica (corn flour and other)…….	300	319	323
Number of employees ……………………………	19,117	17,845	19,202

(1) Net of intercompany transactions.

(2) Includes 333 thousand tons of temporarily idled production capacity as of December 31, 2015.

3.2. FINANCIAL INFORMATION BY LINE OF BUSINESS, GEOGRAPHIC MARKET AND EXPORT SALES

The following table sets forth our consolidated revenues by geographic market for the years ended December 31, 2015, 2014, and 2013.

	2015		2014		2013	
			(in millions of pesos)			
United States and Europe …..…..…	Ps.	36,136	Ps.	29,279	Ps.	27,761
Mexico …..…...……………………		15,691		15,110		16,111
Central America ………..…………		4,057		3,479		3,386
Asia and Oceania...…….…………		2,395		2,067		1,778
Total …………...…………………	Ps.	58,279	Ps.	49,935	Ps.	49,036

For more information with respect to the financial information by geographic market see “Section 2.2 Business Overview”.

3.3. RELEVANT CREDIT FACILITIES REPORT

Below is a description of our main credit facilities.

Notes Due 2024

On December 5, 2014, we issued US$400 million aggregate principal amount of 4.875% senior notes due 2024 (the “ Notes due 2024”), which at the time were rated BB+ by Standard & Poor's Rating Service and BBB- by Fitch Ratings, Ltd. The Notes due 2024 mature on December 1, 2024 and have a make-whole redemption option exercisable by us at any time and a redemption option without a make-whole premium exercisable by us at any time beginning on the date that is three months prior to the scheduled maturity of the notes. We used the net proceeds of the issuance of the Notes due 2024 primarily to redeem and extinguish the Perpetual Bonds and repay other long term indebtedness. The indenture governing the Notes due 2024 contains covenants including limitations on liens, limitations on sale-leaseback transactions, and limitations on consolidations, mergers and transfers of property. As of December 31, 2015, we have not hedged any interest payments on the Notes due 2024. As of December 31, 2015, US$400 million of the Notes due 2024 were outstanding.

2012 Bridge Loan Facility

During the fourth quarter of 2012 we entered into a short term-unsecured loan in an amount of U.S. $300 million with Goldman Sachs and Santander for a term of 1 year; (the “2012 Bridge Loan Facility”), same which was repaid in full in 2013.

Inbursa Loan

In December 2012, the Company obtained an amount of U.S. $100 million through a short term-unsecured financing with Banco Inbursa by means of a promissory note, with an initial interest rate of LIBOR +3.00%, which was initially schedule to mature on March 13, 2013 and was renewed until May 22, 2013 at an interest rate of LIBOR +3.50% (the “Inbursa Loan”). This loan was repaid in full in 2013.

Rabobank Syndicated Facility

In June 2013, we obtained a 5-year Syndicated Credit Facility for U.S.$220 million with Coöperatieve Centrale Raiffeisen Boerenleenbank B.A., “Rabobank Nederland”, New York Branch, as administrative agent, with an average term of 4.2 years and amortizations starting on December 2014. This facility has an interest rate based on LIBOR plus a spread between 150 and 300 basis points based on our leverage ratio. BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer and Bank of America, N.A., also participated in this facility (the “Rabobank Syndicated Facility”). The Rabobank Syndicated Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the Rabobank Syndicated Facility) to interest charges of not less than 2.5:1, and to maintain a maximum ratio of total funded debt to EBITDA (as this term is defined in the Rabobank Syndicated Facility) of not more than 4.75:1 from June 18, 2013 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Rabobank Syndicated Facility also limits our ability, and our subsidiaries' ability in certain cases, among other things to, create liens, make certain investments, merge or consolidate with other companies or sell substantially all of our assets, make certain restricted payments, enter into agreements that prohibit the payment of dividends, engage in transactions with affiliates and enter into certain hedging transactions. Additionally, the Rabobank Syndicated Facility limits our subsidiaries' ability to guarantee additional indebtedness and to incur additional indebtedness under certain circumstances. As of December 31, 2015, U.S.$187 million was outstanding under the Rabobank Syndicated Facility.

Gruma Corporation Loan Facility

In October 2006, Gruma Corporation entered into a U.S.$100 million 5-year revolving credit facility with a syndicate of financial institutions, which was refinanced and extended to U.S.$200 million for an additional 5-year term on June 20, 2011, (the "Gruma Corporation Loan Facility"). The facility, as refinanced in 2011, has an interest rate based on LIBOR plus a spread of 1.375% to 2% that fluctuates in relation to Gruma Corporations' leverage and contains less restrictive provisions than those in the facility replaced. In November, 2012 we increased the aggregate commitment under this facility up to the maximum permitted amount of US $250,000,000. The additional US $50,000,000 were used by Gruma Corporation to cover part of the purchase price under the ADM Transaction, specifically the purchase of ADM's stake in Azteca Milling. This facility contains covenants that limit Gruma Corporation's ability to merge or consolidate, and require it to maintain a ratio of total funded debt to consolidated EBITDA (as this term is defined in the Gruma Corporation Loan Facility) of not more than 3.0:1. In addition, this facility limits Gruma Corporation's, and certain of its subsidiaries' ability, among other things, to create liens; make certain investments; make certain restricted payments; enter into any agreements that prohibit the payment of dividends; and engage in transactions with affiliates. This facility also limits Gruma Corporation's subsidiaries' ability to incur additional debt. On November 24, 2014, the maturity was extended from June 2016 to November 2019 and the interest rates were reduced 25 basis points for a total all-in rate of LIBOR plus a spread between 112.5 and 175 basis points, depending on the leverage of the company. The Gruma Corporation Loan Facility was available with no outstanding balance as of December 31, 2015.

Gruma Corporation is also subject to covenants which limit the amounts that may be advanced to, loaned to, or invested in us under certain circumstances. Upon the occurrence of any default or event of default under its credit agreements, Gruma Corporation generally would be prohibited from making any cash dividend payments to us. The covenants described above and other covenants could limit our and Gruma Corporation's ability to help support our liquidity and capital resource requirements

Syndicated Loan Facility

On March 22, 2011 we obtained a U.S.$225 million, five-year senior credit facility through a syndicate of banks (the "Syndicated Loan Facility"). The Syndicated Loan Facility consists of a term loan ("Term Loan Facility") and a revolving loan facility (the "Revolving Loan Facility"). Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the Syndicated Loan Facility was increased, and the interest rate grid was also modified, among other revisions made through the execution of an amendment dated December 3, 2012. After such amendment, the interest rate for the Term Loan Facility and for the Revolving Loan Facility is either (i) LIBOR or (ii) an interest rate determined by the administrative agent based on its "prime rate" or the federal funds rate, respectively, plus, in either case, (a) 3.00% if our ratio of total funded debt to EBITDA (as this term is defined in the Syndicated Loan Facility) (the "Maximum Leverage Ratio") is greater than or equal to 4.5x, (b) 2.75% if our Maximum Leverage Ratio is greater than or equal to 4.0x and less than 4.5x, (c) 2.50% if our Maximum Leverage Ratio is greater than or equal to 3.5x and less than 4.0x; (d) 2.25% if our Maximum Leverage Ratio is greater than or equal to 3.0x and less than 3.5x; (e) 2.00% if our Maximum Leverage Ratio is greater than or equal to 2.5x and less than 3.0x; (f) 1.75% if our Maximum Leverage Ratio is greater than or equal to 2.0x and less than 2.5x; and (g) 1.50% if our Maximum Leverage Ratio is less than 2.0x. The Syndicated Loan Facility (as amended) contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the Syndicated Loan Facility) to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Syndicated Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Syndicated Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by us and to incur additional indebtedness under certain circumstances. On December 8, 2014, we repaid the Term Loan Facility in full and the commitment under the Syndicated Loan Facility was cancelled in full on August 21, 2015.

Peso Syndicated Loan Facility

On June 15, 2011 we obtained a Ps.1,200 million, seven-year senior credit facility through a syndicate of banks (the "Peso Syndicated Loan Facility"). The Peso Syndicated Loan Facility consists of a term loan maturing in June 2018 with yearly principal amortizations beginning in December 2015. Prior to the execution of the 2012 Bridge Loan Facility mentioned above, the permitted leverage ratio established under the Peso Syndicated Loan Facility was increased, and the interest rate grid was also modified, among other revisions made through the execution of an amendment dated December 3, 2012. After such amendment, the interest rate payable under the Peso Syndicated Loan Facility is the 91-day TIIE plus a spread between 137.5 and 262.5 basis points based on our ratio of total funded debt to EBITDA (as this term is defined in the Peso Syndicated Facility). The Peso Syndicated Loan Facility (as amended) contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the Peso Syndicated Facility) to interest charges of not less than 2.5:1, and to maintain a Maximum ratio of total funded debt to EBITDA (as this term is defined in the Peso Syndicated Facility) of not more than 4.75:1 from December 4, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Peso Syndicated Loan Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Peso Syndicated Loan Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by us and to incur additional indebtedness under certain circumstances. We repaid the Peso Syndicated Loan Facility in full on January 12, 2015.

Rabobank Revolving Facility

On June 15, 2011 we obtained a U.S.$50 million, five-year senior credit facility from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the "Rabobank Revolving Facility"). On June 28, 2012, this facility was increased by U.S.$50 million to a total principal amount of U.S. $100 million. Also, prior to the execution of the 2012 Bridge Loan Facility, the permitted leverage ratio established under the Rabobank Revolving Facility was increased, and the interest rate grid was modified, among other revisions made through the execution of an amendment dated November 29, 2012. After such amendments, the Rabobank Revolving Facility consists of a revolving loan facility, at an interest rate of LIBOR plus (a) 3.00% if our ratio of total funded debt to EBITDA (as this term is defined in the Rabobank Revolving Facility) is greater than or equal to 4.5x, (b) 2.75% if our Maximum Leverage Ratio is greater than or equal to 4.0x and less than 4.5x, (c) 2.50% if our Maximum Leverage Ratio is greater than or equal to 3.5x and less than 4.0x; (d) 2.25% if our Maximum Leverage Ratio is greater than or equal to 3.0x and less than 3.5x; (e) 2.00% if our Maximum Leverage Ratio is greater than or equal to 2.5x and less than 3.0x; (f) 1.75% if our Maximum Leverage Ratio is greater than or equal to 2.0x and less than 2.5x; and (g) 1.50% if our Maximum Leverage Ratio is less than 2.0x. The Rabobank Revolving Facility (as amended) contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the Rabobank Revolving Facility) to interest charges of not less than 2.5:1, and a Maximum Leverage Ratio of not more than 4.75:1 from November 29, 2012 until September 30, 2013; 4.50:1 from October 1, 2013 until September 30, 2014; 4.0:1 from October 1, 2014 until September 30, 2015; and 3.5:1 from October 1, 2015 and thereafter. The Rabobank Revolving Facility (as amended) also limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, the Rabobank Revolving Facility (as amended) limits our subsidiaries' ability to guarantee additional indebtedness issued by us and to incur additional indebtedness under certain circumstances. With the funds obtained through the new Rabobank Syndicated Revolving Facility, we repaid the Rabobank Revolving Facility in full on August 17, 2015.

Rabobank Syndicated Revolving Facility

On August 17, 2015 we obtained a U.S.$125 million, three-year revolving credit facility from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and The Bank of Nova Scotia (the "Rabobank Syndicated Revolving Facility"). The interest rate is LIBOR plus a margin between 0.90% and 1.20% depending on the company's Maximum Leverage Ratio. The Rabobank Syndicated Revolving Facility includes covenants that limits our ability, and our subsidiaries' ability in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into certain hedging transactions. Additionally, it limits our subsidiaries' ability to guarantee additional indebtedness issued by us and to incur additional indebtedness under certain circumstances. As of December 31, 2015, the Rabobank Revolving Facility was available with an outstanding balance of U.S.$50 million.

Other Information

Our credit agreements currently in force and mentioned above contain event of default provisions, which include: (i) non-payment default regarding principal or interests; (ii) cross default and cross acceleration in connection with any of our other indebtedness; (iii) affirmative and negative covenants default; (iv) declaration or request of bankruptcy, liquidation or proceedings seeking *concurso mercantil*; (v) delivery of false or incorrect material information; and (vi) change of control provisions. The foregoing events of default are applicable pursuant to the terms and conditions set forth in such credit agreements, including without limitation certain exceptions and baskets and cure periods.

As of December 31, 2015 we were in compliance with all of the covenants and obligations under our existing debt agreements.

As of December 31, 2015, we had committed lines of credit for the amount of U.S.$375 million from banks in Mexico or the United States of which we had an outstanding balance of U.S.$50 million as of that date.

As of December 31, 2015, we had total cash and cash equivalents of Ps.2,919 million.

The following table presents our amortization requirements with respect to our total indebtedness as of December 31, 2015.

Year	In Millions of U.S. Dollars
2016	$154.6
2017	$36.4
2018	$173.9
2019	$2.8
2020 and thereafter	$401.5
Total	**$769.2**

The following table sets forth our ratios of consolidated debt to total capitalization (i.e., consolidated debt plus total stockholders' equity) and consolidated liabilities to total stockholders' equity as of the dates indicated. For purposes of these ratios, consolidated debt includes short-term debt.

Date	Ratio of Consolidated Debt to Total Capitalization	Ratio of Consolidated Liabilities to Total Stockholders' Equity
December 31, 2013	0.53	1.95
December 31, 2014	0.37	1.25
December 31, 2015	0.41	1.38

3.4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE ISSUER.

You should read the following discussion in conjunction with our audited consolidated financial statements and the notes thereto contained elsewhere herein. Our audited consolidated financial statements have been prepared in accordance with IFRS as issued by IASB.

For more information about our financial statements in general, see "Section 1.1.2. Presentation of Financial Information" and "Section 3.4.3. Financial Condition, Liquidity and Capital Resources."

Acquisitions and Other Significant Events Within Our Business Units

Share Purchase Transaction with Archer-Daniels-Midland

We entered into an association with ADM in September 1996. ADM is one of the world's largest agricultural processors and traders. Through our partnership we improved our position in the U.S. corn flour market and gained an immediate presence in the Mexican wheat flour market. On December 14, 2012, we completed a transaction (the "ADM Transaction") in which we acquired, through the exercise of a purchase option pursuant to certain rights of first refusal, the stake that ADM owned directly and indirectly in us and certain of our subsidiaries (the "Equity Interests"), consisting of:

- 18.81% of the then outstanding shares of Gruma S.A.B. de C.V. and, indirectly, an additional 4.35% of the then outstanding shares of Gruma, S.A.B. de C.V. via the acquisition of 45% of the shares of Valores Azteca, a company that at the time of the ADM Transaction owned 9.66% of the shares of Gruma, S.A.B. de C.V.;

- 3% of the partnership interest of Valores Mundiales and Consorcio Andino, holding companies of the Venezuelan Companies, MONACA and DEMASECA, respectively;

- 40% of the shares of Molinera de Mexico, our former wheat flour business in Mexico; and

- 100% of the shares of Valley Holding Inc., a company that at the time of the ADM Transaction owned 20% of Azteca Milling, our corn flour business in the United States.

The Equity Interests were acquired from ADM for US$450 million plus a contingent payment of up to US$60 million. Such contingent payment is payable only if, during the 42 months following the closing of the ADM Transaction (ending on June 14, 2016), certain conditions are met in connection with (i) an increase in the price of our stock over the closing price of our stock determined for purposes of the ADM Transaction (the "Closing Price") by the end of the 42-month period; (ii) the difference between the price of our stock established for public offers made by us and the Closing Price; (iii) the acquisition by a strategic investor of 15% or more of our capital stock or (iv) a reduction in the percentage of our shares that are considered to be held by the public at any time, starting from 26%. We maintain a reserve in the event that any or all of the foregoing contingent payment is made to Archer-Daniels-Midland. Payment of this contingent amount has been reserved for. See Note 29 to our audited consolidated financial statements. The economic terms of the ADM Transaction were based on the terms contained in the offer made by a third party to ADM for the purchase of the Equity Interests. As a result of the ADM Transaction, Archer-Daniels-Midland no longer holds an ownership interest in us.

To fund the ADM Transaction, we obtained the 2012 Bridge Loan Facility and the Inbursa Loan and used proceeds from the Gruma Corporation Loan Facility with Bank of America, N.A. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources —Indebtedness."

Prior to the closing of the ADM Transaction and obtaining the 2012 Bridge Loan Facility and the Inbursa Loan, our board of directors, with the previous favorable opinion of the Audit Committee and the Corporate Governance Committee based on a fairness opinion issued by an independent expert, approved the exercise by us of the option pursuant to a right of first refusal to acquire the Equity Interests and obtain the required financing.

Wheat Milling Transaction

On June 10, 2014, we reached an agreement with Trimex for the sale of our wheat flour operations in Mexico. As a result of this transaction, Trimex acquired all the shares representing Molinera de México's capital stock owned by us, as well as the assets owned by a subsidiary of GIMSA related to wheat flour production. This sale was approved by COFECE. The purchase price for the wheat milling business was Ps.3,678 million and was paid on December 8, 2014. The proceeds from the Wheat Milling Transaction were used primarily to repay debt. See Note 26 to our audited consolidated financial statements.

3.4.1. Accounting Presentation Overview

Our audited consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

Note 31 to our audited consolidated financial statements discusses new accounting pronouncements under IFRS that will become effective in 2016 or thereafter. In some cases we are assessing the potential impact on our financial statements resulting from the application of these new standards.

Effects of Inflation

To determine the existence of hyperinflation, we evaluate the qualitative characteristics of the economic environment of each country, as well as the quantitative characteristics established by IFRS, including an accumulated inflation rate equal or higher than 100% in the past three years. Pursuant to this analysis, Mexico is not considered to be hyperinflationary, with annual inflation rates of 3.97% in 2013, 4.08% in 2014 and 2.13% in 2015.

Effects of Depreciation or Appreciation of the Mexican Peso

Because a significant portion of our net sales are generated in U.S. dollars, changes in the peso/dollar exchange rate can have a significant effect upon our results of operations as reported in pesos. When the peso depreciates against the U.S. dollar, Gruma Corporation's net sales in U.S. dollars represent a larger portion of our net sales in peso terms than when the peso appreciates against the U.S. dollar. When the peso appreciates against the dollar, Gruma Corporation's net sales in U.S. dollars represent a smaller portion of our net sales in peso terms than when the peso depreciates against the dollar. For a description of the peso/dollar exchange rate see "Section 1.1.4. Exchange Rate."

In addition to the above, our net income may be affected by changes in our foreign exchange gain or loss, which may be impacted by significant variations in the peso/dollar exchange rate. During 2013, 2014 and 2015, we recorded a net foreign exchange gain of Ps.46 million, a gain of Ps.72 million and a loss of Ps.103 million, respectively.

Accounting Effects of the Wheat Milling Transaction

As disclosed in Note 26 to our audited consolidated financial statements, in December 2014, we concluded the Wheat Milling Transaction. The total sale price was Ps. 3,678 million and we recognized in income, a net gain from the sale of wheat flour operations in Mexico of Ps. 215 million, as discontinued operations.

The results and cash flows generated by these wheat flour operations in Mexico for the years ended December 31, 2014 and 2013, were reported as a discontinued operation in our audited consolidated financial statements. As indicated by IFRS the presentation as a discontinued operation was applied retrospectively for the periods presented in these financial statements.

Accounting Effects of Deconsolidation of the Venezuelan Companies

As disclosed in Note 26 to our audited consolidated financial statements, we concluded that we had lost control of the Venezuelan Companies on January 22, 2013. Consequently and as a result of such loss of control, we proceeded with the following:

a) ceased the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013 and derecognized the assets and liabilities of these companies from our consolidated balance sheet; for disclosure and presentation purposes, we considered these subsidiaries as a significant segment and therefore, applying the guidelines from IFRS 5, MONACA and DEMASECA are presented as discontinued operations; consequently, the results and cash flows generated by the Venezuelan Companies for the periods presented are reported as discontinued operations;

b) the amounts recognized in other comprehensive income relating to these companies were reclassified in the year 2013 to the consolidated income statement as part of the results from discontinued operations, considering that MONACA and DEMASECA were disposed of due to the loss of control; and

c) recognized the investment in MONACA and DEMASECA as a financial asset, classifying it as an available-for-sale financial asset. We classified our investment in these companies as available for sale since management believed that is the appropriate treatment applicable to a non-voluntary disposition of assets and the asset did not fulfill the requirements of classification in another category of financial assets. Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, we recognized this financial asset at its carrying value translated to the functional currency of GRUMA using an exchange rate of Ps.2.9566 per bolivar (Bs.4.3 per dollar), which was effective at the date of the loss of control, and not at its fair value. The investment in MONACA and DEMASECA is subject to impairment tests at the end of each reporting period when there is objective evidence that the financial asset is impaired.

Impairment tests of the Indirect Net Investment in the Venezuelan Companies

a) Years 2014 and 2013: As required by IFRS, as of December 31, 2014 and 2013, we performed impairment tests on the investments in MONACA and DEMASECA to determine a potential recoverable amount using two valuation techniques: 1) an income approach taking into account estimated future cash flows as a going concern business, discounted at present value using an appropriate discount rate (weighted average cost of capital) and 2) a market approach, specifically, the public company market multiple method using implied multiples such as earnings before interest, taxes, depreciation and amortization, and revenues of comparable companies adjusted for liquidity, control and disposal costs. In both cases, the potential recoverable amounts using the income and market approach were higher than the carrying value of these investments and therefore, no impairment adjustment was deemed necessary at December 31, 2014 and 2013. Regarding the calculations to determine the potential recoverable amount, our management considered that any reasonably foreseeable change in the key assumptions would not cause the carrying value of our investment in MONACA and DEMASECA to materially exceed the potential recoverable amount described above.

For purposes of these calculations, we used the SICAD I available exchange rate (Bs.12.00 per dollar as of December 31, 2014 and Bs.11.30 per dollar as of December 31, 2013) which was the reference considered by our management for settlement, based on its legal ability to do so. The Venezuelan exchange system, comprising the SICAD, involves different rates at which certain transactions should be executed, including “foreign investments and payment of royalties” for which the reference rate was the Bs.12.00 per dollar.

An alternative exchange rate available as of December 31, 2014 was SICAD II (Bs.49.99 per dollar) and for a simulation exercise using this exchange rate, the result would be an impairment loss in income of year 2014 of Ps.125 million related with our company’s investment in MONACA and DEMASECA.

b) Year 2015: As of December 31, 2015, we considered that SIMADI exchange rate is the most representative among legal exchange rates available. In the absence of auctions for SICAD in the recent past, in a macroeconomic context aggravated by historically low prices in the oil market and the condition of Venezuela's hyperinflationary economy, we decided to consider as reference rate, the one resulting in the allocations conducted through SIMADI, to calculate any related impairment balances that GRUMA has in the Venezuelan Companies, MONACA and DEMASECA. Simultaneously, outstanding accounts receivable were diluted by the application of the new exchange rate and balances of indirect investment of GRUMA in MONACA and DEMASECA, held through its Spanish subsidiaries Valores Mundiales (GRUMA 75.86%, other 24.14%) and Consorcio Andino (GRUMA 60%, other 40%) were impaired, so that both have significant adjustments. The impairment test performed in the fourth quarter of 2015, resulted in an impairment loss of Ps.4,362 million recognized in consolidated income of the month of December 2015, in connection with the balances aforementioned in MONACA and DEMASECA, which was recognized in income as “Income (loss) from discontinued operations”.

The historical value of GRUMA’s net investment in MONACA and DEMASECA as of January 22, 2013, the date when we ceased the consolidation of the financial information of MONACA and DEMASECA, was Ps.2,914 million and Ps.195 million, respectively. As of December 31, 2015 our Company recognized a full impairment of its indirect net investment in MONACA and DEMASECA, as well as the accounts receivable that certain subsidiaries of GRUMA had with the Venezuelan Companies totaling Ps.1,253 million.

For more information about discontinued operations of the Venezuelan Companies, please see Notes 26 and 28 to our audited consolidated financial statements.

Exchange Rates in Venezuela

As of December 31, 2014, there were three legal exchange rates in Venezuela that could be used: the government-operated National Center of Foreign Commerce (CENCOEX) exchange rate, mainly intended for the import of essential goods and services by designated industry sectors and two auction-based exchange rates, Supplementary Foreign Currency Administration System (SICAD I and SICAD II).

As of February 12, 2015, the SICAD I and SICAD II exchange rates were merged (currently SICAD) by the Venezuelan government and a new exchange rate denominated Foreign Exchange Marginal System (SIMADI) was created, which means that there are continue to be three legal exchange rates between the Venezuelan currency (Bs.) and U.S. dollars, all of which meet the definition of a spot exchange rate in IAS 21.

For more information, please see Notes 4 A and 26 to our audited consolidated financial statements.

Factors Affecting Financial Condition and Results of Operations

Our financial condition and results of operations may be influenced by some of the following factors:

- level of demand for tortillas and corn flour;
- increase or decrease in the Hispanic population in the United States;

- increases in Mexican food consumption by the non-Hispanic population in the United States; and use of tortillas in non-Mexican cuisine in the United States, Europe, Asia and Oceania;

- costs and availability of corn and wheat flour;

- costs of energy and other related products;

- acquisitions, plant expansions and divestitures;

- effects of government initiatives and policies;

- effects from variations of interest rates and exchange rates;

- volatility in corn and wheat prices and energetics costs;

- competition from tortilla manufacturers, especially in the United States;

- competition in the corn flour business; and

- general economic conditions in the countries where we operate and worldwide.

3.4.2. Results of Operations

The following table sets forth our consolidated income statement data on an IFRS basis for the years ended December 31, 2015, 2014 and 2013, expressed as a percentage of net sales. All financial information has been prepared in accordance with IFRS. For a description of the method, see “Section 3.4.1. Accounting Presentation Overview” and “Section 3.5. Critical Accounting Estimates, Provisions or Reserves.”

	2015	**2014**	**2013**
Income Statement Data			
Net Sales	100%	100%	100%
Cost of Sales	61.7	63.2	65.8
Gross profit	38.3	36.8	34.2
Selling and administrative expenses	24.8	24.1	24.3
Other expenses, net	(0.9)	(0.6)	(0.4)
Operating income	12.6	12.1	9.5
Net comprehensive financing cost	(0.6)	(2.2)	(2.0)
Current and deferred income taxes................	2.8	2.1	0.4
Loss (income) from discontinued operations …………………………………	(7.4)	1.2	(0.3)
Non-controlling interest	0.6	0.3	0.3
Net income attributable to shareholders.........	1.3	8.6	6.5

The following table sets forth our net sales and operating income as represented by our principal subsidiaries for 2015, 2014 and 2013. Net sales and operating income of our subsidiaries Mission Foods Mexico and INTESA are part of “others and eliminations.” Financial information with respect to GIMSA includes sales of Ps.369 million, Ps.473 million and Ps.966 million in 2013, 2014 and 2015, respectively, mainly of corn flour to Gruma Corporation, Mission Foods Mexico and Gruma Centroamérica. Financial information with respect to Mission Foods Mexico includes sales of Ps.117 million. Ps.160 million and Ps.336 million in 2013, 2014 and 2015, respectively, in tortilla related products mainly to Gruma Corporation.

Financial information with respect to INTESA includes sales of Ps.1,031 million and Ps.712 million and Ps.1,041 million in 2013, 2014 and 2015, respectively, in technological support to certain subsidiaries of Gruma, S.A.B. de C.V. In the process of consolidation, all the aforementioned intercompany transactions are eliminated from the financial statements.

	Year Ended December 31,					
	2015		2014		2013	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	(in millions of pesos)					
Gruma Corporation.................	Ps. 36,218	Ps. 3,939	Ps. 29,323	Ps. 2,862	Ps. 27,801	Ps. 2,137
GIMSA...................................	15,871	2,205	15,074	2,129	15,944	2,448
Gruma Centroamérica	4,057	369	3,479	232	3,386	183
Others and eliminations..........	2,133	855	2,059	800	1,905	(128)
Total	Ps. 58,279	Ps. 7,368	Ps. 49,935	Ps. 6,023	Ps. 49,036	Ps. 4,640

Net Sales by Subsidiary: By major subsidiary, the percentages of consolidated net sales in 2015, 2014 and 2013 were as follows:

	Percentage of Consolidated Net Sales		
Subsidiary	**2015**	**2014**	**2013**
Gruma Corporation..	62%	59%	57%
GIMSA	27	30	33
Gruma Centroamérica..	7	7	7
Others and eliminations	4	4	3

Year Ended December 31, 2015 Compared with Year Ended December 31, 2014

Consolidated Results

Sales volume increased 4.3% to 3,831 thousand tons in 2015 compared with 3,674 thousand tons in 2014. Sales volume was driven mainly by Gruma Corporation, GIMSA and, to a lesser extent, Gruma Asia-Oceania.

Net sales increased 17% to Ps.58,279 million in 2015 compared with Ps.49,935 million in 2014, due primarily to (1) the favorable Peso depreciation effect at foreign subsidiaries, which benefited sales mainly at Gruma Corporation; and (2) sales volume growth.

Cost of sales increased 14% to Ps.35,938 million in 2015 compared with Ps.31,575 million in 2014, due primarily to the Peso depreciation effect and, to a lesser extent, higher sales volume. Cost of sales as a percentage of net sales improved to 61.7% in 2015 from 63.2% in 2014, reflecting better performance, particularly at Gruma Corporation.

Selling and administrative expenses increased 20% to Ps.14,442 million in 2015 compared with Ps.12,040 million in 2014, due primarily to Peso weakness and, to a lesser extent, to higher expenses in all subsidiaries. Selling and administrative expenses as a percentage of net sales increased to 24.8% in 2015 from 24.1% in 2014, due primarily to several legal, tax and financial advisory services and higher expenses at Gruma Centroamérica.

Other expenses, net increased 79% to Ps.531 million in 2015 compared with Ps.297million in 2014, due primarily to impairment of assets and losses on corn hedging at Gruma Corporation.

Operating income increased 22% to Ps.7,368 million in 2015 compared with Ps.6,023 million in 2014, and operating margin improved to 12.6% in 2015 from 12.1% in 2014 due to better operating performance at Gruma Corporation, and to a lesser extent, at Gruma Centroamérica and Gruma Asia-Oceania.

Net comprehensive financing cost decreased 71% to Ps.323 million in 2015, compared with Ps.1,105 million in 2014. This decrease resulted from lower financial expenses due to (1) non-cash charges reported in 2014 related to the amortization of debt issuance expenses, mostly from the Perpetual Bonds; and (2) significant debt reductions and better conditions obtained by the company at the end of 2014. Additionally, during 2015 GRUMA had gains on currency derivative instruments related to corn procurement at GIMSA versus losses in 2014.

Income taxes increased 55% to Ps.1,646 million in 2015 compared with Ps.1,060 million in 2014, due primarily to higher income before taxes. The effective tax rate was 23.4% for 2015 and 21.5% for 2014.

Discontinued operations in 2015 resulted in a loss of Ps.4,314 million, compared with an income of Ps.599 million in 2014. The loss in 2015 was due to the non-cash charge for the write-off of the indirect net investment related to MONACA and DEMASECA, as well as accounts receivable from the Venezuelan Companies owed to some of GRUMA's subsidiaries.

Shareholders' net income was Ps.762 million in 2015 compared with Ps.4,287 million in 2014. The decline was due to the aforementioned write-off related to the indirect net investment in Venezuela.

Results of Subsidiaries

Gruma Corporation

Sales volume increased 6% to 1,745 thousand tons in 2015 compared with 1,653 thousand tons in 2014. Volume at European operations rose 11%, while in the U.S. operations increased 4%.

In the U.S., corn flour and tortilla operations benefited from the growth of the tortilla industry, especially among non-Hispanic consumers. Corn flour also rose as a result of gaining market share through our better quality and service; and from snack producers growth. The tortilla operations, retail in particular, benefited from increased distribution, shelf space gains, product assortment optimization, increased popularity of some of our tortillas due to better quality, new private label agreements and an increase in the number of secondary displays on perimeter locations of stores, usually aimed at making consumers aware of how to eat our products and providing recipe ideas. Tortilla operations in the food service channel benefited from organic growth and expansion of several Mexican restaurant chains, as well as the launch of tortilla-based meals by several restaurant chains and through new distribution customers.

In Europe, sales volume growth was due to higher sales of grits to the snack industry; higher sales of byproducts for animal feed; and the latest acquisition in Spain, which represented approximately 26% of the consolidated sales volume increase at Gruma Corporation.

Net sales increased 24% to Ps.36,218 million in 2015, compared with Ps.29,323 million in 2014 due primarily to a favorable Peso depreciation effect, and, to a lesser extent, sales volume. Measured in Dollar terms, net sales increased by 3%, at a lower pace than the volume increase due to the European currency weakness, the change in the sales mix towards less value added products in Europe and, to a lesser extent, price reductions in the corn flour business in connection with lower corn costs.

Cost of sales increased 20% to Ps.21,822 million in 2015 compared with Ps.18,139 million in 2014, due mainly to the Peso depreciation effect and, to a lesser extent, to the sales volume growth. Measured in Dollar terms, cost of sales increased by 1%. As a percentage of net sales, cost of sales improved to 60.3% in 2015 from 61.9% in 2014, due primarily to the U.S. tortilla business in connection with (1) a change in the sales mix towards higher-margin products, presentations and brands; (2) lower raw material costs while our product prices were relatively stable; (3) lower allowances; (4) better fixed cost absorption; and (5) production efficiencies, among other things.

Selling and administrative expenses increased 22% to Ps.10,028 million in 2015 compared with Ps.8,189 million in 2014 due primarily to the Peso depreciation effect. Measured in Dollar terms, selling and administrative expenses increased by 3% due primarily to (1) higher commissions as a result of volume growth and a better sales mix in the U.S. tortilla business; and, to a lesser extent, (2) the launching of the Mission brand in several European countries; (3) strengthening the sales team and administrative areas to support the growth of the tortilla and flat breads businesses in Europe; and (4) the recent acquisition in Spain. Selling and administrative expenses as a percentage of net sales improved to 27.7% in 2015 from 27.9% in 2014, due to better absorption in the U.S. operations.

Other expenses, net were Ps.429 million due mainly to the impairment of assets of the Netherlands tortilla plant and to losses in corn hedging.

Operating income increased 38% to Ps.3,939 million in 2015 from Ps.2,862 million in 2014, and operating margin improved to 10.9% from 9.8%. Measured in Dollar terms, operating income rose 14%.

GIMSA

Sales volume increased 3% to 1,847 thousand tons in 2015 compared with 1,798 thousand tons in 2014. Corn flour sales volume rose 5%, but was partially offset by the reclassification of by-products for animal feed since as of April 2015, this operation is no longer part of GIMSA and was constituted as a new subsidiary which is now reported under Other Subsidiaries and Eliminations. The increase in corn flour volume was mainly a result of higher sales to (1) tortilla producers due to the strengthening of commercial initiatives aimed at improving customer service and due to higher corn flour quality; (2) snack producers, who shifted from the traditional method to corn flour; and (3) the corn flour operations in the U.S. as a strategy to support their growth.

Net sales increased 5% to Ps.15,871 million in 2015 compared with Ps.15,074 million in 2014, due primarily to the growth in sales volume. In addition, net sales grew because of higher average prices as a result of the change in the sales mix towards corn flour due to the aforementioned reclassification of the by-products for animal feed business, and mainly because of the extraordinary corn sale to third parties for Ps.250 million in 2015, which benefited net sales but is not reflected in sales volume.

Cost of sales increased 6% to Ps.11,001 million in 2015 compared with Ps.10,380 million in 2014, due to (1) sales volume growth; (2) higher raw material costs mainly as a result of the Peso depreciation effect; (3) extraordinary sales of corn; and (4) an increase in transportation expenses due to higher tariffs and longer distances. As a percentage of net sales, cost of sales increased to 69.3% in 2015 from 68.9% in 2014 mainly due to the extraordinary sales of corn at very low margins and the aforementioned higher costs, whose increases were not fully absorbed by price increases.

Selling and administrative expenses rose 6% to Ps.2,573 million in 2015 compared with Ps.2,436 million in 2014 due primarily to (1) higher freight expenses in connection with volume growth, better customer service initiatives, higher freight tariffs and intercompany shipments due to capacity constraints in some regions; and by (2) higher commissions and salaries as a result of the strengthening of the sales teams and volume growth. Selling and administrative expenses as a percentage of net sales remained unchanged at 16.2% in 2015 and 2014.

Other expenses, net were Ps.92 million, a reduction of Ps.37 million due to impairment of assets in 2014.

Operating income increased 4% to Ps.2,205 million in the 2015 from Ps.2,129 million in 2014. Operating margin decreased to 13.9% from 14.1%.

Gruma Centroamérica

Sales volume declined 1% to 199 thousand tons in 2015 compared with 200 thousand tons in 2014, due primarily to lower corn flour sales in connection with more aggressive competition in Honduras and lower sales to government segments in Guatemala. To a lesser extent, the hearts of palm and rice segments also contributed to the decrease in volume.

Net sales increased 17% to Ps.4,057 million in 2015 compared with Ps. 3,479 million in 2014, due mainly to the Peso depreciation effect and, to a lesser extent, to price increases, particularly in corn flour.

Cost of sales increased 12% to Ps.2,544 million in 2015 compared with Ps.2,278 million in 2014, caused by the Peso depreciation effect. Cost of sales as a percentage of net sales improved to 62.7% in 2015 from 65.5% in 2014, due primarily to lower energy costs and the aforementioned price increases.

Selling and administrative expenses rose 24% to Ps.1,161 million in 2015 compared with Ps.936 million in 2014, due to (1) the Peso depreciation effect; and, to a lesser extent, (2) royalty fees to Gruma Holding; (3) higher marketing and advertising expenses; and (4) the strengthening of the sales teams. As a percentage of net sales, selling and administrative expenses increased to 28.6% in 2015 from 26.9% in 2014 due primarily to the aforementioned expenses and lower fixed cost absorption.

Other income, net was Ps.16 million compared with an expense of Ps.33 million in 2014. This improvement was a result of losses on asset disposals and impairment of assets related to the closing of El Salvador plant in 2014, as well as insurance claims recoveries during 2015.

Operating income increased 60% to Ps.369 million in 2015, compared with Ps.232 million in 2014. Operating margin improved to 9.1% in 2015 from 6.7% in 2014.

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013

Consolidated Results

Sales volume was nearly unchanged at 3,674 thousand tons in 2014 compared with 3,656 thousand tons in 2013. While sales volume in Gruma Corporation's U.S. operations and GIMSA grew in their core products, corn flour and tortillas, lower volumes were registered at Gruma Corporation's European operations in connection with extraordinary sales of corn in the prior period, offsetting the foregoing growth in core products.

Net sales increased by 2% to Ps.49,935 million in 2014 compared with Ps.49,036 million in 2013, due primarily to a favorable Peso depreciation effect at foreign subsidiaries.

Cost of sales decreased by 2% to Ps.31,575 million in 2014 compared with Ps.32,266 million in 2013, due primarily to lower raw material costs and efficiencies arising mostly from rationalization of products and presentations. Cost of sales as a percentage of net sales decreased to 63.2% in 2014 from 65.8% in 2013, reflecting better performance at all subsidiaries, particularly at Gruma Corporation and GIMSA.

Selling and administrative expenses increased by 1% to Ps.12,040 million in 2014 compared with Ps.11,937 million in 2013, due primarily to the peso depreciation effect. Selling and administrative expenses as a percentage of net sales decreased to 24.1% from 24.3% in 2013, due primarily to better expense absorption.

Other expenses, net increased by 54% to Ps.297 million in 2014 compared with Ps.193 million in 2013, due primarily to losses on raw material and natural gas hedging and write-off of fixed assets.

Operating income increased by 30% to Ps.6,023 million in 2014 compared with Ps.4,640 million in 2013, and operating margin increased to 12.1% from 9.5% in 2013 due to better operating performance at Gruma Corporation, and to a lesser extent, at Gruma Asia-Oceania.

Net comprehensive financing cost increased by 12% to Ps.1,105 million in 2014, compared with Ps.988 million in 2013. The increase was due primarily to non-cash charges related to the amortization of debt issuance expenses, mostly from the perpetual bonds called during December 2014, and the increased valuation of the contingent payment to Archer-Daniels-Midland related to the repurchase of GRUMA shares. Also, during 2014 we had losses on currency derivative instruments related to raw material procurement versus gains in 2013.

Income taxes increased by 442% to Ps.1,060 million in 2014 compared with Ps.195 million in 2013, due primarily in 2013 to the implementation of several initiatives that allowed GRUMA to use tax loss carry-forwards and the conclusion of several fiscal litigation cases. The effective tax rate was 21.5% for 2014 and 5.3% for 2013.

Discontinued operations in 2014 were Ps.599 million, Ps.746 million higher than in 2013 due especially to a gain on the sale of the wheat flour operations and better performance of these operations during the year. The discontinued operations line item relates mostly to the Venezuelan Companies, Molinera de México and the wheat flour operations at GIMSA.

Shareholders' net income was Ps.4,287 million in 2014 compared with Ps.3,163 million in 2013, due primarily to better operational performance at most subsidiaries, primarily at Gruma Corporation, and the gain on the sale of the wheat flour operations.

Results of Subsidiaries

Gruma Corporation

Sales volume was nearly unchanged at 1,653 thousand tons in 2014 compared with 1,651 thousand tons in 2013. The U.S. operations increased 4%, but were offset by reductions at the European operations due to extraordinary sales of corn during 2013. The increase in the United States was mainly driven by the corn flour business in connection with some corn chip manufacturers' organic growth, successful retail promotions, new tortilla customers and increased market share.

Net sales increased by 5% to Ps.29,323 million in 2014, compared with Ps.27,801 million in 2013 due primarily to (1) a favorable Peso depreciation effect, (2) the change in the sales mix away from corn in Europe, a low price product segment and (3) the change in the sales mix toward higher price products and presentations at the U.S. tortilla operations. These positive effects were partially offset by price reductions at the corn flour business in connection with lower corn costs. Measured in Dollar terms, net sales increased by 1%.

Cost of sales increased by 2% to Ps.18,139 million in 2014 compared with Ps.17,808 million in 2013, due to the peso depreciation effect. Measured in Dollar terms, cost of sales decreased by 2% due primarily to lower raw material costs, rationalization of products and presentations, efficiencies in corn inventory handling, among others. As a percentage of net sales, cost of sales decreased to 61.9% in 2014 from 64.1% in 2013, due primarily to the U.S. tortilla business in connection with (1) a change in the sales mix toward high-margin products (as in the case of wheat tortillas and low-count corn tortilla presentations), (2) a products and presentations rationalization program, and (3) lower raw material costs while our product prices were relatively stable. Our operations in Europe also improved, due primarily to lower raw material and packaging costs and production efficiencies related principally to packaging automation.

Selling and administrative expenses increased by 6% to Ps.8,189 million in 2014 compared with Ps.7,738 million in 2013, due primarily to (1) the Peso depreciation effect, (2) royalty fees from the U.S. corn flour operations to the holding company related to the MASECA® trademark, which were implemented beginning in 2014, (3) increasing headcount of the sales team and administrative areas at our operations in Europe, and (iv) the launching of the Mission brand in several countries. Measured in Dollar terms, selling and administrative expenses increased by 2%. Selling and administrative expenses as a percentage of net sales increased to 27.9% in 2014 from 27.8% in 2013, due primarily to the foregoing higher expenses coupled with lower expense absorption.

Operating income increased by 34% to Ps.2,862 million in 2014 from Ps.2,137 million in 2013, and operating margin increased to 9.8% from 7.7%, despite higher royalty fees. Measured in Dollar terms, operating income grew 26%.

GIMSA

Sales volume increased by 1% to 1,798 thousand tons in 2014 compared with 1,780 thousand tons in 2013. Corn flour sales volume increased 3%, but was offset by lower sales of by-products for animal feed. Corn flour sales volume grew primarily from (1) commercial initiatives, such as changes in the variable compensation structure of the company's sales team; and (2) price reductions in connection with lower cost of corn.

Net sales decreased by 5% to Ps.15,074 million in 2014 compared with Ps.15,944 million in 2013, due primarily to price reductions implemented to reflect lower corn cost and heightened competition.

Cost of sales decreased by 8% to Ps.10,380 million in 2014 compared with Ps.11,319 million in 2013, due primarily to lower corn cost. As a percentage of net sales, cost of sales decreased to 68.9% in 2014 from 71.0% in 2013. While gross profit per ton was similar to last year, gross margin benefited from the effect of a smaller base of net sales in connection with the foregoing price reduction and from the lower cost of corn.

Selling and administrative expenses increased by 15% to Ps.2,436 million in 2014 compared with Ps.2,114 million in 2013 due primarily to the amortization of royalty fees related to the MASECA® trademark license agreement between the holding company and GIMSA. Selling and administrative expenses as a percentage of net sales increased to 16.2% in 2014 from 13.3% in 2013 due primarily to the foregoing amortization of royalty fees and lower expense absorption resulting from the price reductions.

Operating income decreased by 13% to Ps.2,129 million in the 2014 from Ps.2,448 million in 2013, and operating margin decreased to 14.1% from 15.4%. Most of this effect was related to the amortization of royalty fees.

Gruma Centroamérica

Sales volume increased by 1% to 200 thousand tons in 2014 compared with 198 thousand tons in 2013, due primarily to the launching of new corn flour presentations, and more aggressive promotion of our corn flour flanker brand.

Net sales increased by 3% to Ps.3,479 million in 2014 compared with Ps.3,386 million in 2013, due mainly to higher prices related to higher raw-material costs (partially offset by depreciation of the Costa Rican Colón) and higher sales volume.

Cost of sales increased by 1% to Ps.2,278 million in 2014 compared with Ps.2,264 million in 2013, due primarily to the aforementioned volume growth. Cost of sales as a percentage of net sales decreased to 65.5% in 2014 from 66.9% in 2013, due primarily to the foregoing higher prices.

Selling and administrative expenses decreased by 1% to Ps.936 million in 2014 compared with Ps.947 million in 2013, due to depreciation of the Costa Rican Colón. As a percentage of net sales, selling and administrative expenses decreased to 26.9% in 2014 from 28.0% in 2013, due to better expense absorption related to higher net sales.

Operating income increased by 26% to Ps.232 million in 2014, compared with Ps.183 million in 2013. Operating margin increased to 6.7% in 2014 from 5.4% in 2013.

3.4.3. Financial Condition, Liquidity and Capital Resources

Historically, we have generated and expect to continue to generate positive cash flow from operations. Cash flow from operations primarily represents inflows from net earnings (adjusted for depreciation and other non-cash items) and outflows from increases in working capital needed to grow our business. Cash flow used in investing activities represents our investment in property and capital equipment required for our growth, as well as our acquisition activity. Cash flow from financing activities is primarily related to changes in indebtedness borrowed to grow the business or indebtedness repaid with cash from operations or refinancing transactions as well as dividends paid.

Our principal capital needs are for working capital, capital expenditures related to maintenance, expansion and acquisitions and debt service. Our ability to fund our capital needs depends on our ongoing ability to generate cash from operations, overall capacity and terms of financing arrangements and our access to the capital markets. We believe that our future cash from operations together with our access to funds available under such financing arrangements and the capital markets will provide adequate resources to fund our foreseeable operating requirements, capital expenditures, acquisitions and new business development activities.

We fund our liquidity and capital resource requirements, in the ordinary course of business, through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- occasional offerings of medium- and long-term debt; and
- sales of our equity securities and those of our subsidiaries and affiliates from time to time.

The following is a summary of the principal sources and uses of cash for the three years ended December 31, 2015, 2014, and 2013.

	2015	2014	2013
	(thousands of Mexican pesos)		
Resources provided by (used in):			
Operating activities ……………….…….	**Ps. 5,056,769**	**Ps. 6,730,000**	**Ps. 6,679,431**
From continuing operations……..………	5,056,769	6,379,354	6,515,984
From discontinued operations...………	-	350,646	163,447
Investing activities …………..……….	**(2,845,369)**	**1,995,588**	**(1,524,901)**
From continuing operations ……….……	(2,845,369)	2,071,052	(1,267,076)
From discontinued operations..………	-	(75,464)	(257,825)
Financing Activities …………………….	**(1,076,981)**	**(8,591,246)**	**(5,112,396)**
From continuing operations ……….……	(1,076,981)	(8,586,690)	(5,113,769)
From discontinued operations..………	-	(4,556)	1,373

During 2015, net cash generated from operations was Ps.5,057 million after changes in working capital of Ps.4,517 million, of which Ps.982 million was due to an increase in accounts receivable, Ps.707 million reflected an increase in inventory, Ps.70 million reflected an increase in accounts payable and Ps.2,685 million of income tax paid. Net cash used for financing activities during 2015 was Ps.1,077 million, of which Ps.8,099 million reflected payments of debt, Ps.8,453 million of proceeds from borrowings, Ps.486 million in cash interest payments, Ps.692 million of dividends paid to our shareholders and Ps.88 million of dividends paid to minority shareholders of GIMSA. Net cash used for investment activities during 2015 was Ps.2,845 million, primarily attributable to general manufacturing upgrades and efficiency improvements in our subsidiaries in the U.S., Mexico and Asia by Ps.2,432 million and to the acquisition of the Spanish subsidiary Azteca Foods Europe, S.A. by Ps.642 million.

Factors that could decrease our sources of liquidity include a significant decrease in the demand for, or price of, our products, each of which could limit the amount of cash generated from operations, and a lowering of our corporate credit rating or any other credit downgrade, which could impair our liquidity and increase our costs with respect to new debt and cause our stock price to suffer. Our liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources —Indebtedness."

As further described below, Gruma, S.A.B. de C.V. is subject to financial covenants contained in its debt agreements which requires it to maintain certain financial ratios and balances on a consolidated basis, among other limitations. Gruma Corporation is also subject to financial covenants contained in one of its debt agreements which require it to maintain certain financial ratios and balances on a consolidated basis. A default under any of our existing debt obligations for borrowed money could result in acceleration of the due dates for payment of the amounts owing thereunder and, in certain cases, in a cross-default under some of our existing credit agreements and the indenture governing our 2024 Notes. See "Section 3.3. Relevant Credit Facilities Report."

We are required to maintain a leverage ratio no greater than 3.5:1, and an interest coverage ratio no lower than 2.5:1. As of December 31, 2015, Gruma, S.A.B. de C.V.'s leverage ratio was 1.4:1, and the interest coverage ratio was 14.9:1. The amount of interest that Gruma Corporation pays on its debt may increase if its overall leverage ratio increases above 1.0:1. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources —Indebtedness." As of December 31, 2015, Gruma Corporation's leverage ratio was 0.0:1, therefore the applicable interest rate range under the Gruma Corporation Loan Facility is LIBOR + 112.5 bp.

Members of the Primary Shareholder Group may pledge part of their shares in us to secure any future borrowings. If there is a default and the lenders enforce their rights against any or all of these shares, the Primary Shareholder Group could lose control over us and a change of control could result. A change of control could trigger a default in some of our credit agreements, which could then trigger a default in our other debt documents. A change of control could also require us to offer to repurchase other debt, such a default or repurchase obligation could have a material adverse effect upon our business, financial condition, results of operations and prospects. For more information about this pledge, see "Section 4.3.3. Major Shareholders".

Our long-term corporate credit rating is rated "BBB" by Standard & Poor's. Our Foreign Currency Long-Term Issuer Default Rating and our Local Currency Long-Term Issuer Default Rating are rated "BBB" by Fitch. On December 14, 2012, after the announcement of the ADM Transaction and Gruma's increase in its leverage, Standard & Poor's confirmed its "BB" credit rating and the outlook remains stable. On December 17, 2012, Fitch also confirmed its "BB" rating. Fitch and Standard & Poor's upgraded the "BB" rating to "BB+" on December 11, 2013 and March 4, 2014, respectively. Fitch and Standard & Poor's upgraded the "BB+" rating to "BBB-" on November 10, 2014 and March 27, 2015, respectively. On November 9, 2015, Fitch upgraded the "BBB-" rating to "BBB" worldwide in local and foreign currency as well as for the 2024 Notes. On March 8, 2016, Standard & Poor's upgraded our corporate credit and debt ratings from "BBB-" to "BBB". A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revisions or withdrawals at any time.

If our financial condition deteriorates, we may experience future declines in our credit ratings, with attendant consequences. Our access to external sources of financing, as well as the cost of that financing, has been and may continue to be adversely affected by a deterioration of our long-term debt ratings. A downgrade in our credit ratings may continue to increase the cost of and/or limit the availability of unsecured financing, which may make it more difficult for us to raise capital when necessary. If we cannot obtain adequate capital on favorable terms, or at all, our business, operating results and financial condition would be adversely affected. However, management believes that its working capital and available external sources of financing are sufficient for our present requirements.

Indebtedness

Our indebtedness bears interest at fixed and floating rates. As of December 31, 2015, approximately 54% of our outstanding indebtedness bore interest at fixed rates and approximately 46% bore interest at floating rates, in U.S. dollars and Mexican pesos bearing interest based on LIBOR and TIIE, respectively. From time to time, we partially hedge both our interest rate exposure and our foreign exchange rate exposure as discussed below.

We are exposed to marked risks derived from changes in interest rates, exchange rates, stock prices and supplies prices. Occasionally, we use derivative instruments in a selective way to manage these risks. Also, in the past we have used certain derivative instruments for trading purposes. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources — Treasury Policy". As of December 31, 2015, 2014 and 2013, our total debt was approximately Ps.13,235 million, Ps.10,844 million and Ps.16,626 million, respectively. As of December 31, 2015, our long-term debt was approximately Ps.10,575 million.

As of December 31, 2015, approximately 88% of our total debt was U.S. dollar-denominated, 9% in Mexican Pesos and the rest in other currencies.

Treasury Policy

The company maintains centralized treasury operations.

GRUMA's short-term liquid assets are invested primarily in peso denominated short-term instruments, liquid government bonds, or in short-term debt instruments issued by companies with a minimum "A" rating or its equivalent. Occasionally GRUMA also invests in dollar denominated instruments, including short-term bank instruments and other short term securities issued by first tier financial institutions.

The excess liquidity of Gruma Corporation, our subsidiary in the United States, is invested in US short-term government instruments, money market funds, as well as US commercial paper issued by corporations rated "A1/P1".

We maintain and control our treasury operations and global financial risks through practices approved by our management and board of directors.

Off-balance Sheet Arrangements

As of December 31, 2015 we do not have any outstanding off-balance sheet arrangements.

3.4.4. Internal Control

(a) *Disclosure controls and procedures*.

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2015. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate to allow timely decisions regarding required disclosure.

Likewise, the effectivity of our internal control processes over the financial information is annually audited by PricewaterhouseCoopers, S.C.

(b) *Management's annual report on internal controls over financial reporting.*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer and other personnel, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (v.2013) by the Committee of Sponsoring Organizations of the Treadway Commission.

Our 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 IFRS as issued by IASB. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our 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. Based on our evaluation under the framework in Internal Control—Integrated Framework (v.2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

(c) *Changes in internal control over financial reporting*.

There has been no change in our internal control over financial reporting during 2015 that has materially affected, or is reasonably likely that could materially affect, our internal control over financial reporting.

3.5. CRITICAL ACCOUNTING ESTIMATES, PROVISIONS OR RESERVES

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our audited consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these 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, as well as the reported amounts of revenues and expenses during the reporting period.

We have identified certain key accounting estimates that are used to determine our financial condition and results of operations. These key accounting estimates often involve complex matters or are based on subjective judgments or decisions that require management to make estimates and assumptions that affect the amounts reported in our financial statements. We have identified below the most critical accounting principles that involve a higher degree of judgement and complexity and that management believes are important to a more complete understanding of our financial position and results of operations. Additional accounting policies that are also used in the preparation of our audited consolidated financial statements are outlined in the notes thereto included in this annual report.

Property, Plant and Equipment

We depreciate our property, plant and equipment over their respective estimated useful lives. Useful lives are based on management's estimates of the period that the assets will remain in service and generate revenues. Estimates are based on independent appraisals and the experience of our technical personnel. We review the assets' residual values and useful lives each year to determine whether they should be changed, and adjusted if appropriate. To the extent that our estimates are incorrect, our periodic depreciation expense or carrying value of our assets may be impacted.

Under IFRS, we are required to test long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable for property, plant and equipment. When the carrying amount exceeds the recoverable amount, the difference is accounted for as an impairment loss. The recoverable amount is the higher of (1) the long-lived asset's (asset group's) fair value less costs to sell, representing the amount obtainable from the sale of the long-lived asset (asset group) in an arm's length transaction between knowledgeable, willing parties less the costs of disposal and (2) the long-lived asset's (asset group's) value in use, representing its future cash flows discounted to present value by using a rate that reflects the current assessment of the time value of money and the risks specific to the long-lived asset (asset group) for which the cash flow estimates have not been adjusted.

The estimates of cash flows take into consideration expectations of future macroeconomic conditions as well as our internal strategic plans. Therefore, inherent to the estimated future cash flows is a certain level of uncertainty which we have considered in our valuation; nevertheless, actual future results may differ.

Primarily as a result of plant rationalization, certain facilities and equipment are not currently in use in operations. We have recorded impairment losses related to certain of those assets and additional losses may potentially occur in the future if our estimates are not accurate and/or future macroeconomic conditions differ significantly from those considered in our analysis.

Goodwill and Other Intangible Assets

Intangible assets with definite lives are amortized on a straight-line basis over estimated useful lives. Management exercises judgment in assessing the useful lives of other intangible assets including patents and trademarks, customers lists and software for internal use. Under IFRS, goodwill and indefinite-lived intangible assets are not amortized, but are subject to impairment tests either annually or earlier in the case of a triggering event.

A key component of the impairment test is the identification of cash-generating units and the allocation of goodwill to such cash-generating units. Estimates of fair value are primarily determined using discounted cash flows. Cash flows are discounted at present value and an impairment loss is recognized if such discounted cash flows are lower than the net book value of the cash-generating units.

These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge. We perform internal valuation analyses and consider relevant internal data as well as other market information that is publicly available.

This approach uses significant estimates and assumptions including projected future cash flows (including timing), a discount rate reflecting the risk inherent in future cash flows and a perpetual growth rate. Inherent in these estimates and assumptions is a certain level of risk which we believe we have considered in our valuation. Nevertheless, if future actual results differ from estimates, a possible impairment charge may be recognized in future periods related to the write-down of the carrying value of goodwill and other intangible assets.

Impairment of GRUMA's investment in Venezuela

Our investment in Venezuela is subject to impairment tests to determine a potential annual recoverable amount, using two valuation techniques: 1) an income approach taking into account estimated future cash flows as a going concern business, discounted at present value using an appropriate discount rate (weighted average cost of capital) and 2) a market approach, specifically, the public company market multiple method using implied multiples such as earnings before interest, taxes, depreciation and amortization, and revenues of comparable companies adjusted for liquidity, control and disposal costs. An impairment is recognized when the carrying value is higher than the recoverable amount.

Income Tax

We are subject to income taxes in many jurisdictions. A significant judgment is required in the determination of the global provision for income taxes. There are many transactions and calculations for which the final tax determination is uncertain. Where the final tax result is different from the amounts initially recorded, such differences will have an effect on current income tax and deferred income tax assets and liabilities in the period when the determination is made.

We record deferred income tax assets and liabilities using enacted tax rates for the effect of temporary differences between the book and tax basis of assets and liabilities. If enacted tax rates change, we adjust the deferred tax assets and liabilities through the provision for income tax in the period of change, to reflect the enacted tax rate expected to be in effect when the deferred tax items reverse. Under IFRS, a deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Fair Value of Derivatives and Other Financial Instruments

We use derivative financial instruments in the normal course of business, primarily to hedge certain operational and financial risks to which we are exposed, including without limitation: (i) future and options contracts for certain key production requirements like natural gas, heating oil and some raw materials such as corn and wheat, in order to minimize the cash flow variability due to price fluctuations; (ii) interest rate swaps, with the purpose of managing the interest rate risk related to our debt; and (iii) exchange rate contracts (mainly Mexican peso to U.S. dollar or other currencies).

We account for derivative financial instruments used for hedging purposes either as cash-flow hedges or fair value hedges with changes in fair value reported in other comprehensive income and earnings, respectively. Derivative financial instruments not designated as an accounting hedge are recognized at fair value, with changes in fair value recognized currently in income.

We use our judgment to select from a variety of methods and make assumptions that are mainly based on existing market conditions at the end of each reporting period. When available, we measure the fair value of the derivatives and other financial instruments based on quoted market prices. If quoted market prices are not available, we estimate the fair value of derivatives and other financial instruments using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market observable inputs, including interest rates and currency rates, among others. Also included in the determination of the fair value of our liability positions is our own credit risk, which has been classified as an unobservable input.

Many of the factors used in measuring fair value are outside the control of management, and these assumptions and estimates may change in future periods. Changes in assumptions or estimates may materially affect the fair value measurement of derivatives and other financial instruments.

Employee Benefits

We recognize liabilities in our balance sheet and expenses in our income statement to reflect our obligations related to our post-employment benefits (retirement plan and seniority premium). The amounts we recognize are determined on an actuarial basis that involves many estimates and accounts for these benefits in accordance with IFRS.

We use estimates in three specific areas that have a significant effect on these amounts: (a) the rate of increase in salaries that we assume we will observe in future years, (b) the discount rate that we use to calculate the present value of our future obligations and the expected returns on plan assets and (c) the expected rate of inflation. The assumptions we have applied are identified in Note 17 to our audited consolidated financial statements. These estimates are determined based on actuarial studies performed by independent experts using the projected unit credit method. The latest actuarial computation was prepared as of December 31, 2015. We review the estimates each year, and if we change them, our reported expense for post-employment benefits may increase or decrease according to market conditions.

4. MANAGEMENT

4.1. EXTERNAL AUDITORS

Audit Committee Approval Policies and Procedures

We have adopted pre-approval policies and procedures under which all audit and non-audit services provided by our external auditors must be pre-approved by the audit committee. Any service proposals submitted by external auditors need to be discussed and approved by the audit committee during its meetings, which take place at least four times a year. Once the proposed service is approved, we or our subsidiaries formalize the engagement of services. The approval of any audit and non-audit services to be provided by our external auditors is specified in the minutes of our audit committee. In addition, the members of our board of directors are briefed on matters discussed in the meetings of the audit committee.

In the last three fiscal years there has been no change in the external auditors of GRUMA. In the last three fiscal years the external auditors have not issued any reserved opinion, negative opinion, nor have abstained from issuing an opinion regarding GRUMA's consolidated financial statements.

The procedure to appoint the external auditors is mainly based on the following:

- International presence based in the coverage of countries where GRUMA has operations and the coverage of countries worldwide.
- Capability and experience in Mexican companies regulated by the CNBV.
- Costs of the audit fees.
- Quality of the audit services.

The board of directors of GRUMA is in charge of approving the changes of auditors, with the endorsement of the audit committee.

The services rendered to GRUMA during 2015 by the external auditors, different to those of audit, were:

- Transfer pricing studies for tax purposes.
- Legal, tax and accounting consultancy services.
- Audit procedures required to comply with several regulatory certifications.

Fees for Audit and Non Audit Services

The following table sets forth the fees billed to us and our subsidiaries by our independent public accountants, PricewaterhouseCoopers, during the fiscal year ended December 31, 2015:

	Year ended December 31, 2015	
	(thousands of Mexican pesos)	**Percentage of Total Fees**
Audit Fees……….	Ps. 50,497	81%
Tax Fees………….....	9,246	15%
Other Fees…………….......	2,942	4%
Total Fees…………….	Ps. 62,685	100%

Audit fees in the above table are the aggregate fees billed by PricewaterhouseCoopers in connection with the audit of our annual financial statements, the review of our interim financial statements and statutory and regulatory audits.

Tax fees in the above table are fees billed by PricewaterhouseCoopers for tax compliance services, tax planning services and tax advice services.

Other fees in the above table are fees billed by PricewaterhouseCoopers for non-audit services, mainly related to accounting advice on the implementation of new accounting standards as well as accounting advice on derivative financial instruments, as permitted by the applicable independence rules.

4.2. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The transactions set forth below were made in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

Transactions with Subsidiaries

We periodically enter into short-term credit arrangements with our subsidiaries, where we provide them with funds for working capital at market interest rates.

Since 2013, the outstanding balance of loans from GIMSA to GRUMA, at their peak on December 13, 2013, were Ps.3,197 million. The average interest rate for these loans from January 1, 2013 to March 31, 2016 was 4.2789%. As of March 31, 2016, we had an outstanding balance owed to GIMSA of Ps. 1,131 million, with an interest rate of 5.05%.

Additionally, as of March 31, 2016, GIMSA has no outstanding balance owing to us.

In September of 2001, Gruma Corporation started to make loans to us. From 2013 to 2015, these operations, at their peak on December 2015, reached the amount of U.S.$25 million. From 2013 to March 31, 2016, we borrowed money from Gruma Corporation at an average rate of 1%. As of March 31, 2016, GRUMA has an outstanding balance owing to Gruma Corporation of U.S.$25 million.

Additionally, on July 1, 2013, Gruma Corporation entered into a 2-year loan with GRUMA for the amount of U.S.$180 million, with equal quarterly payments and an interest rate of 4.5%, which has already been paid.

Likewise, GRUMA have entered into license agreements with GIMSA and Azteca Milling. L.P. See "Section 2.2.3. Patents, Licenses, Trademarks and other Agreements."

Other Transactions

Until February 15, 2011, we held approximately 8.8% of the outstanding shares of GFNorte, a Mexican financial services holding company and parent of Banco Mercantil del Norte, S.A., or Banorte, a Mexican bank. On February 15, 2011, we concluded the sale of all of our shares of GFNorte's capital stock. As a result of the sale, GRUMA no longer holds any stake in GFNorte.

In the past, we obtained financing from GFNorte's subsidiaries at market rates and terms. For the past eight years, the highest outstanding loan amount has been Ps.600 million (in nominal terms) with an interest rate of 7.3% in June 2011. In addition, we have entered into insurance contracts in place with Seguros Banorte Generali, S.A. de C.V., a subsidiary of GFNorte, to manage certain risks associated with some of our subsidiaries. In 2013, we paid insurance premiums of approximately Ps.18,379. In 2014 and 2015 we did not pay any insurance premiums to GFNorte.

For more information about related party transactions, please see Note 30 to our audited consolidated financial statements.

4.3. MANAGEMENT AND SHAREHOLDERS

Our management is vested in our board of directors. Our day to day operations are handled by our executive officers.

4.3.1. Board of Directors

Our bylaws require that our board of directors be composed of a minimum of five and a maximum of twenty-one directors, as decided at our Ordinary General Shareholders' Meeting. Pursuant to the Mexican Securities Law, at least 25% of the members of the board of directors must be independent. In addition, under Mexican law, any holder or group of holders representing 10% or more of our capital stock may elect one director and its corresponding alternate.

The board of directors, which was elected at the Ordinary General Shareholders' Meeting held on April 29, 2016, currently consists of 12 directors, with each director having a corresponding alternate director; seven of our directors are independent within the meaning of the Mexican Securities Law. At said meeting, Mr. Juan A. González Moreno was ratified as Chairman of our board of directors and Mr. Carlos Hank Gonzalez was ratified as Vice Chairman. The following table sets forth the current members of our board of directors, their ages, years of service, principal occupations, outside directorships, other business activities and experience, their directorship classifications as defined in the Code of Best Corporate Practices issued by a committee formed by the *Consejo Coordinador Empresarial*, or Mexican Entrepreneur Coordinating Board, and their alternates. The terms of their directorships are for one year or for up to thirty additional days if no designation of their substitute has been made or if the substitute has not taken office.

Juan A. González Moreno	Age:	58
	Years as Director:	22
	Principal Occupation:	Chairman of the Board and Chief Executive Officer of GRUMA and GIMSA
	Outside Directorships:	Director of Grupo Financiero Banorte, Banco Mercantil del Norte, Fundación Gruma, Consejo Mexicano de Hombres de Negocios, Fondo de Agua Metropolitano de Monterrey, Museo del Acero, Red Ambiental and Nueva Visión para el Desarrollo Agroalimentario de México, A.C. (VIDA)
	Business Experience:	Several positions in GRUMA, including Chief Executive Officer of Special Projects of Gruma Corporation, President of Azteca Milling, Vice President of Central and Eastern Regions of Mission Foods, President and Vice President of Sales of Azteca Milling, Chief Executive Officer of Gruma Asia-Oceania
	Directorship Type:	Shareholder, Related
	Alternate:	Raúl Cavazos Morales
Carlos Hank González	Age:	44
	Years as Director:	3
	Principal Occupation:	Chairman of the Board of Grupo Financiero Banorte

	Outside Directorships:	Director of Grupo Hermes, Bolsa Mexicana de Valores and Chairman of the Board of Cerrey
	Business Experience:	Chief Executive Officer of Grupo Hermes, Grupo Financiero Interacciones, Casa de Bolsa Interacciones, Banco Interacciones and Automotriz Hermer
	Directorship Type:	Shareholder, Related
	Alternate:	Graciela González Moreno
Homero Huerta Moreno	Age:	53
	Years as Director:	3
	Principal Occupation:	Chief Administrative Officer of GRUMA
	Outside Directorships:	None
	Business Experience:	Several positions within GRUMA including Corporate Internal Audit Vice President, Management Information Systems Vice President, Controller Vice President of Gruma Corporation and Finance and Administrative Vice President of Gruma Venezuela
	Directorship Type:	Related
	Alternate:	Rogelio Sánchez Martínez
Eduardo Livas Cantú	Age:	73
	Years as Director:	23
	Principal Occupation:	Member of GRUMA's Executive Committee
	Outside Directorships:	Director of GIMSA and Grupo Financiero Banorte
	Business Experience:	Business consultant in different companies, several positions in GRUMA, including Chief Financial Officer and Chief Executive Officer of Gruma Corporation and GRUMA
	Directorship Type:	Shareholder, Related
	Alternate:	Gonzalo García Méndez
Javier Vélez Bautista	Age:	59
	Years as Director:	13
	Principal Occupation:	Chief Executive Officer of Mission Foods U.S. and member of GRUMA's Executive Committee
	Outside Directorships:	Director of GIMSA and United States-Mexico Chamber of Commerce
	Business Experience:	Chief Executive Officer of Value Link and Nacional Monte de Piedad, Executive Vice President and Chief Financial Officer of GRUMA, Project Director at Booz Allen Hamilton
	Directorship Type:	Related
	Alternate:	Jorge Vélez Bautista
Gabriel A. Carrillo Medina	Age:	59
	Years as Director:	3
	Principal Occupation:	President and shareholder of Mail Rey and Detecno
	Outside Directorships:	Director of GIMSA
	Business Experience:	President of Asociación de Casas de Bolsa de Nuevo León and Club Deportivo San Agustín, several positions within Interacciones Casa de Bolsa, including Chief Financial Officer
	Directorship Type:	Independent
	Alternate:	Gabriel Carrillo Cattori
Everardo Elizondo Almaguer	Age:	72
	Years as Director:	2
	Principal Occupation:	Economics Professor at EGADE/ITESM and regular columnist of Reforma/El Norte
	Outside Directorships:	Director of GIMSA, Grupo Financiero Banorte, Autlán, Rassini, Grupo Senda and Fibra Inn; Advisory Council of

		Coca-Cola/KOF and External Advisory Council of the UANL
	Business Experience:	Deputy Director of Banco de México, Economic Studies Director of Grupo Financiero Bancomer and Economic Studies Director of Grupo Industrial Alfa
	Directoship Type:	Independent
	Alternate:	Ricardo Sada Villarreal
Jesús Oswaldo Garza Martínez	Age:	59
	Years as Director:	Since April 2016
	Principal Occupation:	Advisor to CEO of Grupo Financiero Afirme and Financial Consultant
	Outside Directorships:	None
	Business Experience:	Director of Grupo Financiero Banorte, Casa de Bolsa Banorte, Banorte-IXE Tarjetas, Seguros Banorte and Afore XXI Banorte, President of Centro Bancario del Estado de Nuevo León, Regional Director of Banco de México, Chief Executive Officer of Banco Mercantil del Norte and several executive positions at Banco Bilbao Vizcaya, Casa de Bolsa Probursa and Valores Finamex
	Directorship Type:	Independent
	Alternate:	Miguel Ángel Garza Martínez
Thomas S. Heather Rodríguez	Age:	61
	Years as Director:	3
	Principal Occupation:	Lawyer, Partner of Ritch, Mueller, Heather y Nicolau, S.C.
	Outside Directorships:	Director of GIMSA, Grupo Bimbo and EMX Capital-CKD
	Business Experience:	Forty years of professional independent practice; Director and Administrator of Satélites Mexicanos, Director of Grupo Financiero Scotiabank, JP Morgan, Bank of America México, Hoteles Nikko and Grupo Modelo; Collaborator in the Ethics and Law Committees of Consejo Coordinador Empresarial and arbitrator in international courts
	Directorship Type:	Independent
	Alternate:	Thomas Edward Heather
Javier Martínez-Ábrego Gómez	Age:	74
	Years as Director:	1
	Principal Occupation:	Chairman and Chief Executive Officer of Grupo Motomex
	Outside Directorships:	Chairman of Grupo Motomex
	Business Experience:	Businessman since 1959
	Directorship Type:	Independent
	Alternate:	Javier Martínez-Ábrego Martínez
Alberto Santos Boesch	Age:	44
	Years as Director:	3
	Principal Occupation:	Chairman of the Board of Empresas Santos, Chairman of the Board and Chief Executive Officer of Ingenios Santos and Vice Chairman of the Board of Grupo Tres Vidas Acapulco
	Outside Directorships:	Director of Axtel, Interpuerto Monterrey, Instituto Nuevo Amanecer, Renace, En Nuestras Manos, Red de Filantropía de Egresados y Amigos del Tec, Museo Nacional de Energía y Tecnología, Comité de Desarrollo del Instituto Tecnológico y de Estudios Superiores de Monterrey, Comité del Consejo Consultivo de la Facultad de Ciencias Políticas y Administración Pública de la Universidad Autónoma de Nuevo León and Unidos por el Arte contra el Cáncer Infantil
	Business Experience:	President of Aeropuerto del Norte, Director of Arena Monterrey and Chief Executive Officer of Mundo Deadeveras
	Directorship Type:	Independent

	Alternate:	Carlos González Bolio
Joseph Woldenberg Russell	Age:	49
	Years as Director:	Since April 2016
	Principal Occupation:	Vice-Chairman of the Board and Executive President of Tubacero
	Outside Directorships:	Director of CANACERO, Banamex North Region, Silica Desarrollos, Divanz Capital, Horno3 Steel Museum and W International Group
	Business Experience:	Vice President of Aceros Generales and Director of CAINTRA
	Directorship Type:	Independent
	Alternate:	Teodoro González Garza

Juan A. González Moreno and Graciela González Moreno (jointly referred to as "Messrs. González Moreno"), members and alternate members of our board of directors, are siblings. Homero Huerta Moreno, member of our board of directors, is the cousin of Messrs. González Moreno. Carlos Hank González, member of our board of directors, is the son of Graciela González Moreno and the nephew of Juan A. González Moreno.

Jorge Vélez Bautista, alternate member of our board of directors, is the brother of Javier Vélez Bautista. Gabriel Carrillo Cattori, alternate member of our board of directors, is the son of Gabriel A. Carrillo Medina. Javier Martínez-Abrego Martínez, alternate member of our board of directors, is the son of Javier Martínez-Ábrego Gómez. Miguel Ángel Garza Martínez, alternate member of our board of directors, is the brother of Jesús Oswaldo Garza Martínez. Thomas Edward Heather alternate member of our board of directors, is the son of Thomas S. Heather Rodríguez.

Secretary

The secretary of the board of directors is Mr. Salvador Vargas Guajardo, and his alternate is Mr. Guillermo Elizondo Ríos. Mr. Vargas Guajardo is not a member of the board of directors.

Audit and Corporate Governance Committees

As required by the Mexican Securities Law and our bylaws, an audit committee and a corporate governance committee were appointed by the meeting of the board of directors held on April 20, 2016. Members of the audit and corporate governance committees were selected from members of the board of directors. Consequently, as required by the Mexican Securities Law and our bylaws, a chairman for each committee was elected by the General Ordinary Shareholders' Meeting held on April 29, 2016, from among the members appointed by the board.

The current audit and corporate governance committees are comprised of four members, all of whom are independent directors. Set forth below are the names of the members of our audit and corporate governance committees, their positions within the committees, and their directorship type:

Thomas S. Heather	Position:	Chairman of the audit and corporate governance committees.
	Directorship Type:	Independent
Gabriel A. Carrillo Medina	Position:	Member of the audit and corporate governance committees.
	Directorship Type:	Independent
Everardo Elizondo Almaguer	Position:	Member and Financial Expert of the audit and corporate governance committees.
	Directorship Type:	Independent
Jesús Oswaldo Garza Martínez(1)	Position:	Member of the audit and corporate governance committees.
	Directorship Type:	Independent

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(1)The designation of Mr. Jesús Oswaldo Garza Martínez was subject to its appointment as independent director of GRUMA by the General Ordinary Shareholders' Meeting.

Executive Committee

An executive committee was created by the meeting of the board of directors held on February 27, 2013 to strengthen the link between the Board of Directors and our management for the decision making process. Members of the executive committee were selected from members of the board of directors.

Set forth below are the names of our executive committee members, their positions, and their directorship type:

Juan A. González Moreno	Position:	Chairman of the Board of Directors and Chief Executive Officer
	Directorship Type:	Shareholder, Related
Carlos Hank González	Position:	Vice Chairman of the Board of Directors
	Directorship Type:	Shareholder, Related
Eduardo Livas Cantú	Position:	Member of the Board of Directors
	Directorship Type:	Shareholder, Related
Javier Vélez Bautista	Position:	Member of the Board of Directors
	Directorship Type:	Related

4.3.2 Senior Management

The following table sets forth our executive officers, their ages, years of service, current positions, and prior business experience:

Juan A. González Moreno	Age:	58
	Years as Executive Officer:	12
	Years at GRUMA:	36
	Current Position:	Chief Executive Officer
	Other Positions:	Chief Executive Officer of GIMSA
	Business Experience:	Several positions in GRUMA, including Chief Executive Officer of Special Projects of Gruma Corporation, President of Azteca Milling, Vice President of Central and Eastern Regions of Mission Foods, President and Vice President of Sales of Azteca Milling, Chief Executive Officer of Gruma Asia-Oceania
Raúl Cavazos Morales	Age:	56
	Years as Executive Officer:	4
	Years at GRUMA:	28
	Current Position:	Chief Financial Officer
	Other Positions:	Chief Financial Officer of GIMSA
	Business Experience:	Several finance positions within GRUMA, including Chief Treasury Officer and Vice President of Corporate Treasury
Homero Huerta Moreno	Age:	53
	Years as Executive Officer:	14
	Years at GRUMA:	31
	Current Position:	Chief Administrative Officer
	Business Experience:	Several positions within GRUMA including Corporate

		Internal Audit Vice President, Management Information Systems Vice President, Controllership Vice President of Gruma Corporation and Finance and Administrative Vice President of Gruma Venezuela
Francisco Martínez Saldívar	Age:	56
	Years as Executive Officer:	Since September 2015
	Years at GRUMA:	3
	Current Position:	Chief Procurement Officer
	Business Experience:	National Manager of Corn Procurement and Vice President of Corn Procurement at Azteca Milling; Vice President of Corn Procurement in the US, Mexico, Central America, Asia and Oceania
Felipe Antonio Rubio Lamas	Age:	58
	Years as Executive Officer:	14
	Years at GRUMA:	33
	Current Position:	Chief Technology Officer
	Business Experience:	Several managerial and Senior Vice President positions within Gruma Corporation related to manufacturing processes, engineering, design, and construction of production facilities
Eduardo J. Valdés del Bosque	Age:	54
	Years as Executive Officer:	2
	Years at GRUMA:	32
	Current Position:	Chief Information Officer
	Business Experience:	Several positions within GRUMA including IT supervisor and Systems Manager
Salvador Vargas Guajardo	Age:	63
	Years as Executive Officer:	19
	Years at GRUMA:	19
	Current Position:	General Counsel
	Other Positions:	General Counsel of GIMSA
	Business Experience:	Positions at Grupo Alfa, Protexa and Proeza; Senior Partner of two law firms, including Margáin-Rojas-González-Vargas-De la Garza y Asociados

Homero Huerta Moreno, our Chief Administrative Officer, is the cousin of Messrs. González Moreno.

Code of Ethics

We have adopted a code of ethics, which is applicable to, among others, our Board of Directors, executive officers and employees. This code sets forth the conduct standards that these persons must observe in the performance of their duties, which shall serve as guidelines to achieve a transparent decision making process in accordance with the ethical responsibility concept governing the members of GRUMA. Our code of ethics is available on our website: www.gruma.com.

Compensation of Directors and Senior Management

Members of the board of directors are paid a fee of Ps.84,000 for each board meeting they attend. Additionally, members of the audit committee are paid a fee of Ps.84,000 and members of the corporate governance committee are paid a fee of Ps.42,000 for each committee meeting they attend.

For 2015, the aggregate amount of compensation paid to all directors, alternate directors, executive officers and audit and corporate governance committees members was approximately Ps.189 million. The contingent or deferred compensation reserved as of December 31, 2015 was Ps.43 million.

We offer an Executive Bonus Plan that applies to managers, vice presidents, and executive officers. The variable compensation under this plan can range from 21% to 50% of annual base compensation, depending upon the employee's level, his individual performance and the results of our operations.

Share Ownership

Based on the information available to us, Ms. Graciela Hernández Moreno, widow of the late Mr. Roberto González Barrera, and certain of her descendants, directly and indirectly own 229,878,941 representing approximately 53.12% of our outstanding shares. Jointly all of them comprise the Primary Shareholder Group.

In the case of Ms. Graciela Hernández Moreno, she holds her shares indirectly through a trust created by her for her benefit and the benefit of certain of her descendants (the "Trust"). Most of the other members of the Primary Shareholder Group hold our shares directly, while a smaller portion of the members hold them indirectly through other trusts.

The Trust is the only shareholder that individually owns more than 10% of our capital stock; holding 35.42% of our capital stock as of April 29, 2016. Amongst the beneficiaries of the Trust, Mr. Juan Antonio Gonzalez Moreno and Mrs. Graciela Sylvia Gonzalez Moreno are main beneficiary shareholders, given that each of them is beneficiary of more than 10% of our capital stock through the Trust. This Trust, acting alone or jointly with the rest of the persons comprising the Primary Shareholder Group, exerts significant influence, control and power of command over us.

As of April 29, 2016, Carlos Hank González is the only director with an individual shareholding greater than 1% and lower than 10% of our outstanding shares, which amounts to 1.84% of our capital stock. His shareholding is part of the total stake attributed to the Primary Shareholder Group.

4.3.3. Major Shareholders

The following table sets forth certain information regarding the direct and indirect ownership of our capital stock as of April 29, 2016 (which consists entirely of Series B Shares), according to the information on record obtained from our Annual Shareholders Meeting held on such date and information available to us. The Primary Shareholder Group, which includes the Trust, are the only shareholders we know to collectively own, directly and indirectly, more than 10% of our capital stock. See "Section 2.2.12. Shares evidencing the Capital Stock" for a further discussion of our capital stock. Our majority shareholder does not have different or preferential voting rights with respect to those shares they own.

Name	**Number of Series B Shares**	**Percentage of Outstanding Shares**
Primary Shareholder Group [(1)]	229,878,941 [(1)]	53.12%
Other shareholders	202,870,138	46.88%
Total	432,749,079 [(2)]	100.00%

(1) The shares beneficially owned by the Primary Shareholder Group include 153,275,217 shares held indirectly by certain members of the Primary Shareholder Group through the Trust.
(2) As of April 29, 2016, our capital stock was represented by 432,749,079 issued Series B, class I, no par value shares ("Series B shares"), of which 432,749,079 shares were outstanding, all of them fully subscribed and paid.

The Primary Shareholder Group controls approximately 53.12% of our outstanding shares and therefore has the power to elect a majority of our 12 directors. In addition, under Mexican law, any holder or group of holders representing 10% or more of our capital stock may elect one director for each 10% of capital stock held.

We cannot provide assurances that members of the Primary Shareholder Group will continue to hold their shares or act together for purposes of control. Additionally, members of the Primary Shareholder Group may pledge part of their shares in us to secure any future borrowings. If such were the case, and members of the Primary Shareholder Group were to default on their payment obligations, the lenders could enforce their rights with respect to such shares, and the Primary Shareholder Group could lose its controlling interest in us resulting in a change of control. A change of control could trigger a default in some of our credit agreements. Upon the occurrence of a Change of Control Triggering Event (which means the occurrence of both a Change of Control and a Ratings Decline, as defined in the indenture governing the Notes due 2024) we may be required to repurchase the Notes due 2024. Such a default or repurchase obligation could have a material adverse effect upon our business, financial condition, results of operations and prospects. Other than changes resulting from the ADM Transaction, the death of Mr. Roberto González Barrera's and the creation and administration of the Trust, we are not aware of any significant changes in the percentage of ownership of any shareholders that held 5% or more of our outstanding shares during the past three years.

4.4. BYLAWS AND OTHER AGREEMENTS

Set forth below is a brief summary of certain significant provisions of our bylaws, according to their last comprehensive amendment. This description does not purport to be complete and is qualified by reference to our bylaws, which are incorporated as an exhibit to this annual report.

The new Mexican Securities Law of 2006 included provisions seeking to improve the applicable regulations on disclosure of information, minority shareholder rights and corporate governance of the issuers, among other matters. It also imposes additional duties and liabilities on the members of the board of directors as well as senior officers. Thus, we were required to carry out a comprehensive amendment of our bylaws through an extraordinary general shareholders' meeting held on November 30, 2006.

Incorporation and Register

We were incorporated in Monterrey, Mexico on December 24, 1971 as a corporation (*Sociedad Anónima de Capital Variable*) under the Mexican Corporations Law, for a term of 99 years. On November 30, 2006 we became a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*), a special corporate form for all Mexican publicly traded companies pursuant to the regulations of the new Mexican Securities Law.

Corporate Purpose

Our main corporate purpose, as fully described in Article Second of our bylaws, is to serve as a holding company and to engage in various activities such as: (i) purchasing, selling, importing, exporting, and manufacturing all types of goods and products, (ii) issuing any kind of securities and taking all actions in connection therewith (iii) creating, organizing and managing all types of companies, (iv) acting as an agent or representative, (v) purchasing, selling and holding real property, (vi) performing or receiving professional, technical or consulting services, (vii) establishing branches, agencies or representative offices, (viii) acquiring, licensing, or using intellectual or industrial property, (ix) granting and receiving loans, (x) subscribing, issuing and negotiating all types of credit instruments, and (xi) performing any acts necessary to accomplish the foregoing.

Directors

Our bylaws provide that our management shall be vested in the board of directors and our Chief Executive Officer. Each director is elected by a simple majority of the shares. Under Mexican law and our bylaws, any holder or group of holders owning 10% or more of our capital stock may elect one director and its corresponding alternate. The board of directors must be comprised of a minimum of five and a maximum of twenty-one directors, as determined by the shareholders at the annual ordinary general shareholders' meeting. Additionally, under the Mexican Securities Law, at least 25% of the members of the board of directors must be independent. Currently, our board of directors consists of 12 members.

The board of directors shall meet at least four times a year. These meetings can be called by the Chairman of the board of directors, the Chairman of the Audit and Corporate Governance Committees, or by 25% of the members of the board of directors. The directors serve for a one year term, or for up to 30 (thirty) additional days, if no designation of their substitute has been made or if the substitute has not taken office. Directors receive compensation as determined by the shareholders at the annual ordinary general shareholders' meeting. The majority of directors are needed to constitute a quorum, and board resolutions must be passed by a majority of the votes present at any validly constituted meeting or by unanimous consent if no meeting is convened.

Our bylaws provide that the board of directors has the authority and responsibility to: (i) set the general strategies for our business; (ii) oversee the performance and conduct of our business; (iii) oversee our main risks, identified by the information submitted by the committees, the Chief Executive Officer and the firm providing the external auditing services; (iv) approve the information and communication policies with shareholders and the market; and (v) instruct the Chief Executive Officer to disclose to the investor public any material information when known.

Additionally, the board of directors has the authority and responsibility to approve, with the previous opinion of the corresponding Committee: (i) the policies for the use of our assets by any related party; (ii) related party transactions other than those occurring in the ordinary course of business, those of insignificant amount, and those deemed as done within market prices; (iii) the purchase or sale of 5% or more of our corporate assets; (iv) granting of guarantees or the assumption of liabilities for more than 5% of our corporate assets; (v) the appointment, and in its case, removal of the Chief Executive Officer, as the designation of integral compensation policies for all other senior officers; (vi) internal control and internal audit guidelines; (vii) our accounting guidelines; (viii) our financial statements; and (ix) the hiring of the firm providing external audit services and, in its case, any services additional or supplemental to the external audit. The approval in regard to the above matters is exclusive to the board and may not be delegated.

See "Section 4.3.1. Board of Directors" for further information about the board of directors.

Audit and Corporate Governance Committees

Under our bylaws and in accordance with the Mexican Securities Law, the board of directors, through the Audit and Corporate Governance Committees as well as through the firm performing the external audit, shall be in charge of the surveillance of us. Such Committees should be exclusively comprised by independent directors and by a minimum of three members, elected by the board of directors at the proposal of the Chairman of the Board. The Chairman of such Committees shall be exclusively designated and/or removed from office by the annual ordinary general shareholders' meeting.

For the performance of its duties, the Corporate Governance Committee shall: (i) render its opinion to the board of directors, pursuant to the Mexican Securities Law; (ii) request the opinion of independent experts, when deemed convenient; (iii) convene shareholders meetings and include issues in the agenda they deem appropriate; (iv) assist the board of directors when making the annual reports; and (v) be responsible for other activity provided by law or our bylaws.

Likewise, for the performance of its duties, the Audit Committee shall: (i) render its opinion to the board of directors, pursuant to the Mexican Securities Law; (ii) request the opinion of independent experts when deemed convenient; (iii) convene shareholders meetings and include issues in the agenda they deem appropriate; (iv) assess the performance of the external auditing firm, as well as analyze the opinions and reports rendered by the external auditor; (v) discuss our financial statements and, if appropriate, recommend its approval to the board of directors; (vi) inform the board of directors of the condition of the internal controls and internal auditing systems, including any irregularities detected therein; (vii) prepare the opinion of the report rendered by the Chief Executive Officer; (viii) assist the board of directors when making the annual reports; (ix) request from the senior officers and from other employees, reports relevant to the preparation of the financial information and of any other kind deemed necessary for the performance of their duties; (x) investigate possible irregularities within our company, as well as carry out the actions deemed appropriate; (xi) request meetings with senior officers in connection with the internal control and internal audit; (xii) inform the board of directors about the material irregularities detected while exerting their duties, and in case of any irregularities, notify the board of directors of any corrective measures taken; (xiii) ensure that the Chief Executive Officer complies with the resolutions taken by the Shareholders' Meetings and by the board of directors; (xiv) oversee the establishment of internal controls in order to verify that our transactions conform to the applicable legal regulations; and (xv) be responsible of any other activity provided by law or our bylaws.

Fiduciary Duties - Duty of Diligence

Our bylaws and the Mexican Securities Law provide that the directors shall act in good faith and in our best interest. In order to fulfill this duty, our directors may: (i) request information about us that is reasonably necessary to take actions; (ii) require the presence of any officers or other key employees, including the external auditors, that may contribute elements for taking actions at board meetings; (iii) postpone board meetings when a director has not been given sufficient notice of the meeting or in the event that a director has not been provided with the information provided to the other directors; and (iv) discuss and vote on any item requesting, if deemed convenient, the exclusive presence of the members and the secretary of the board of directors.

Our directors may be liable for damages caused when breaching their duty of diligence if such failure causes economic damage to us or our subsidiaries, as well as if the director: (i) fails to attend board or committee meetings and, as a result of such absence, the board was unable to take action, unless such absence is approved by the shareholders meeting; (ii) fails to disclose to the board of directors or the committees material information necessary to reach a decision; and/or (iii) fails to comply with its duties imposed by the Mexican Securities Law or our bylaws. Members of the board of directors may not represent shareholders at any shareholders' meeting.

Fiduciary Duties - Duty of Loyalty

Our bylaws and the Mexican Securities Law provide that the directors and secretary of the board shall keep confidential any non-public information and matters about which they have knowledge as a result of their position. Also, directors must abstain from participating, attending or voting at meetings related to matters where they have or may have a conflict of interest.

The directors and secretary of the board of directors will be deemed to have violated their duty of loyalty and will be liable for any damages when they, directly or through third parties, obtain an economic benefit by virtue of their position without legitimate cause. Furthermore, the directors will fail to comply with their duty of loyalty if they: (i) vote at a board meeting or take any action where there is a conflict of interest; (ii) fail to disclose a conflict of interest they may have during a board meeting; (iii) knowingly favor a particular shareholder of our company against the interests of other shareholders; (iv) approve related party transactions without complying with the requirements of the Mexican Securities Law; (v) use our assets in a manner which infringes upon the policies approved by the board of directors; (vi) unlawfully use material non-public information concerning us; and/or (vii) usurp a corporate business opportunity for their own benefit, or the benefit of a third party, without the prior approval of the board of directors. Our directors may be liable for damages when breaching their duty of loyalty if such failure causes economic damage to us or our subsidiaries.

Civil Actions Against Directors

Under Mexican law, shareholders can initiate actions for civil liabilities against directors through resolutions passed by a majority of the shareholders at a general ordinary shareholders' meeting. In the event the majority of the shareholders decide to bring such action, the director against whom such action is brought will immediately cease to be a member of the board of directors. Additionally, shareholders representing not less than 5% of our outstanding shares may directly bring such action against directors. Any recovery of damages with respect to such action will be for our benefit and not for the benefit of the shareholders bringing the action.

Chief Executive Officer

According to our bylaws and the Mexican Securities Law, the Chief Executive Officer shall be in charge of running, conducting and executing our business, complying with the strategies, policies and guidelines approved by the board of directors.

For the performance of its duties the Chief Executive Officer shall: (i) submit, for the approval of the board of directors, our business strategies; (ii) execute the resolutions of the Shareholders' Meetings and of the board of directors; (iii) propose to the Audit Committee, the internal control system and internal audit guidelines applicable to us, as well as execute the guidelines approved thereof by the board of directors; (iv) disclose any material information and events that should be disclosed to the investor public; (v) comply with the provisions relevant to the repurchase and placement transactions of our own stock; (vi) exert any corresponding corrective measures and liability suits; (vii) assure that adequate accounting, registry and information systems are maintained by us; (viii) prepare and submit to the board of directors his annual report; (ix) establish mechanisms and internal controls permitting certification that our actions and transactions conform to the applicable regulations; and (x) exercise his right to file the liability suits referred to in the Mexican Securities Law against related parties or third parties that allegedly cause damage to us.

Voting Rights and Shareholders' Meetings

Each share entitles the holder thereof to one vote at any general meeting of our shareholders. Shareholders may vote by proxy. At the ordinary general shareholders' meeting, any shareholder or group of shareholders representing 10% or more of the outstanding capital stock has the right to appoint one director and his corresponding alternate, with the remaining directors being elected by majority vote.

General shareholders' meetings may be ordinary or extraordinary. Extraordinary general shareholders' meetings are called to consider matters specified in Article 182 of the Mexican Corporations Law, including, principally, changes in the authorized fixed share capital and other amendments to the bylaws, the issuance of preferred stock, the liquidation, merger and spin-off of our company, changes in the rights of security holders, and transformation from one corporate form to another. All other matters may be approved by an ordinary general shareholders' meetings. Ordinary general shareholders' meetings must be called to consider and approve matters specified in Article 181 of the Mexican Corporations Law, including, principally, the appointment of the members of the board of directors and the Chairman of the Audit and Corporate Governance Committees, the compensation paid to the directors, the distribution of our profits for the previous year, and the annual reports presented by the board of directors and the Chief Executive Officer. Our shareholders establish the number of members that will serve on our board of directors at the ordinary general shareholders' meeting.

A general ordinary shareholders' meeting must be held during the first four months after the end of each fiscal year. In order to attend a general shareholders' meeting, the day before the meeting shareholders must deposit the certificates representing their capital stock or other appropriate evidence of ownership either with the secretary of our board of directors, with a credit institution, or with Indeval. The secretary, credit institution or Indeval will hold the certificates until after the general shareholders' meeting has taken place.

Under our bylaws, the quorum for an ordinary general shareholders' meeting is at least 50% of the outstanding capital stock, and action may be taken by the affirmative vote of holders representing a majority of the shares present. If a quorum is not present, a subsequent meeting may be called at which the shareholders present, whatever their number, will constitute a quorum and action may be taken by a majority of the shares present. A quorum for extraordinary general shareholders' meetings is at least 75% of the outstanding capital stock, but if a quorum is not present, a subsequent meeting may be called. A quorum for the subsequent meeting is at least 50% of the outstanding shares. Action at an extraordinary general shareholders' meeting may only be taken by a vote of holders representing at least 50% of the outstanding shares.

Shareholders' meetings may be called by the board of directors, the Chairman of the Board of Directors, the Audit and/or Corporate Governance Committees, or a court. The Chairman of the board of directors or the Chairman of the Audit or Corporate Governance Committees may be required to call a shareholders' meeting if holders of at least 10% of our outstanding share capital request a meeting in writing, or at the written request of any shareholder if no shareholders' meeting has been held for two consecutive years, or, if during a period of two consecutive years, the board of directors' annual report for the previous year and our financial statements were not presented to the shareholders, or if the shareholders did not elect directors.

Notice of shareholders' meetings must be published in the Federal Official Gazette or in a newspaper of general circulation in San Pedro Garza García, Nuevo León at least 15 days prior to the meeting. Shareholders' meetings may be held without such publication provided that 100% of the outstanding shares are represented. Shareholders' meetings must be held within the corporate domicile in San Pedro Garza García, Nuevo León.

Under Mexican law, holders of 20% of our outstanding capital stock may have any shareholder action set aside by filing a complaint with a Mexican court of competent jurisdiction within 15 days after the close of the meeting at which such action was taken, by showing that the challenged action violates Mexican law or our bylaws. Relief under these provisions is only available to holders who were entitled to vote on the challenged shareholder action and whose shares were not represented when the action was taken or, if represented, voted against it.

Dividend Rights and Distribution

Within the first four months of each year, the board of directors must submit our company's financial statements for the preceding fiscal year to the shareholders for their approval at the ordinary general shareholders' meeting. They are required by law to allocate 5% of any new profits to a legal reserve which is not thereafter available for distribution until the amount of the legal reserve equals 20% of our capital stock (before adjusting for inflation). Amounts in excess of those allocated to the legal reserve fund may be allocated to other reserve funds as the shareholders may determine, including a reserve for the repurchase of our shares. The remaining balance of new profits, if any, is available for distribution as dividends prior to their approval at the shareholders' meeting. Cash dividends on the shares held through Indeval will be distributed by us through Indeval. Cash dividends on the shares evidenced by physical certificates will be paid when the relevant dividend coupon registered in the name of its holder is delivered to us. No dividends may be paid, however, unless losses for prior fiscal years have been paid up or absorbed. See "Section 2.2.13. Dividends."

Liquidation

Upon our dissolution, one or more liquidators must be appointed by an extraordinary shareholders' general meeting to wind up its affairs. If the extraordinary general shareholders' meeting does not make said appointment, a Civil or District Judge can do so at the request of any shareholder. All fully paid and outstanding common stock will be entitled to participate equally in any distribution upon liquidation after the payment of our debts, taxes and the expenses of the liquidation. Common stock that has not been paid in full will be entitled to these proceeds in proportion to the paid-in amount.

If the extraordinary general shareholders' meeting does not give express instructions on liquidation, the bylaws stipulate that the liquidators will (i) conclude all pending matters they deem most convenient, (ii) prepare a general balance and inventory, (iii) collect all credits and pay all debts by selling assets necessary to accomplish this task, (iv) sell assets and distribute income, and (v) distribute the amount remaining, if any, pro rata among the shareholders.

Changes in Capital Stock

Our outstanding capital stock consists of Class I and Class II series B shares. Class I shares are the fixed portion of our capital stock and have no par value. Class II shares are the variable portion of our capital stock and have no par value. The fixed portion of our capital stock cannot be withdrawn. The issuance of variable capital shares, unlike the issuance of fixed capital shares, does not require an amendment of the bylaws, although it does require approval at an ordinary general shareholders' meeting. The fixed portion of our capital stock may only be increased or decreased by resolution of an extraordinary general shareholders' meeting and an amendment to our bylaws, whereas the variable portion of our capital stock may be increased or decreased by resolution of an ordinary general shareholders' meetings. Currently, our outstanding capital stock consists only of fixed capital.

An increase of capital stock may generally be made through the issuance of new shares for payment in cash or in kind, by capitalization of indebtedness or by capitalization of certain items of shareholders' equity. An increase of capital stock generally may not be made until all previously issued and subscribed shares of capital stock have been fully paid. A reduction of capital stock may be effected to absorb losses, to redeem shares, to repurchase shares in the market or to release shareholders from payments not made.

As of April 29, 2016, our capital stock was represented by 432,749,079 issued Series B shares, all of them fully subscribed and paid.

Preemptive Rights

In the event of a capital increase through the issuance of shares, other than in connection with a public offering of newly issued shares or treasury stock, a holder of existing shares of a given series at the time of the capital increase has a preferential right to subscribe for a sufficient number of new shares of the same series to maintain the holder's existing proportionate holdings of shares of that series. Preemptive rights must be exercised within the period and under the conditions established for such purpose by the shareholders at the corresponding shareholders' meeting. Under Mexican law and our bylaws, the exercise period may not be less than 15 days following the publication of notice of the capital increase in the Federal Official Gazette or following the date of the shareholders' meeting at which the capital increase was approved if all shareholders were represented; otherwise such rights will lapse.

Furthermore, shareholders will not have preemptive rights to subscribe for common stock issued in connection with mergers, upon the conversion of convertible debentures, or in the resale of treasury stock as a result of repurchases on the Mexican Stock Exchange.

Under Mexican law, preemptive rights may not be waived in advance by a shareholder, except under limited circumstances, and cannot be represented by an instrument that is negotiable separately from the corresponding share.

Restrictions Affecting Non-Mexican Shareholders

Foreign investment in capital stock of Mexican corporations is regulated by the 1993 Foreign Investment Law and by the 1998 Foreign Investment Regulations to the extent they are not inconsistent with the Foreign Investment Law. The Ministry of Economy and the National Commission on Foreign Investment are responsible for the administration of the Foreign Investment Law and the Foreign Investment Regulations.

Our bylaws do not restrict the participation of non-Mexican investors in our capital stock. However, approval of the National Foreign Investment Commission must be obtained for foreign investors to acquire a direct or indirect participation in excess of 49% of the capital stock of a Mexican company that has an aggregate asset value that exceeds, at the time of filing the corresponding notice of acquisition, an amount determined annually by the National Foreign Investment Commission.

As required by Mexican law, our bylaws provide that any non-Mexicans who acquire an interest or participation in our capital at any time will be treated as having Mexican nationality for purposes of their interest in us, and with respect to the property, rights, concessions, participations or interests that we may own or rights and obligations that are based on contracts to which we are a party with the Mexican authorities. Such shareholders cannot invoke the protection of their government under penalty of forfeiting to the Mexican State the ownership interest that they may have acquired.

Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of his own government with respect to his rights as a shareholder, but is not deemed to have waived any other rights he may have with respect to its investment in us, including any rights under U.S. securities laws. If a shareholder should invoke governmental protection in violation of this provision, his shares could be forfeited to the Mexican government. Mexican law requires that such a provision be included in the bylaws of all Mexican companies unless such bylaws prohibit ownership of shares by non-Mexicans. See "Section 1.3.5. Risk Factors—Risks Related to Our Primary Shareholder Group and Capital Structure—Mexican Law Restricts the Ability of Non-Mexican Shareholders to Invoke the Protection of Their Governments with Respect to Their Rights as Shareholders."

Registration and Transfer

Our shares are evidenced by certificates in registered form. We maintain a stock registry and, in accordance with Mexican law, only those persons whose names are recorded on the stock registry are recognized as owners of the series B shares.

Other Provisions

Appraisal Rights

Under Mexican law, whenever the shareholders approve a change of corporate purpose, change of our nationality or transformation from one type of corporate form to another, any shareholder entitled to vote on such change or transformation who has voted against it has the right to tender its shares and receive the amount attributable to its shares, provided such shareholder exercises its right to withdraw within 15 days following the adjournment of the meeting at which the change or transformation was approved. Under Mexican law, the amount which a withdrawing shareholder is entitled to receive is equal to its proportionate interest in our capital stock according to our most recent balance sheet approved by an ordinary general shareholders' meeting. The reimbursement may have certain tax consequences.

Share Repurchases

We may repurchase our common stock on the Mexican Stock Exchange at any time at the then market price. The repurchase of shares will be made by charging our equity, in which case we may keep them without reducing our capital stock, or charging our capital stock, in which case we must convert them into unsubscribed treasury stock. The ordinary general shareholders' meeting shall determine the maximum amount of funds to be allocated for the repurchase of shares, which amount shall not exceed our total net profits, including retained earnings.

Repurchased common stock will either be held by us or kept in our treasury, pending future sales thereof through the Mexican Stock Exchange. If the repurchased shares are kept in our treasury, we may not exercise their economic and voting rights, and such shares will not be deemed to be outstanding for purposes of calculating any quorum or voting at any shareholders' meeting. The repurchased shares held by us as treasury shares may not be represented at any shareholder meeting. The decrease or increase of our capital stock as a result of the repurchase does not require the approval of a shareholders' meeting or of the board of directors.

Under Mexican securities regulation, our directors, officers, external auditors, the secretary of the board of directors and holders of 10% or more of our outstanding stock may not sell stock to us, or purchase repurchased stock from us, unless the sale or purchase is made through a tender offer. The repurchase of stock representing 3% or more of our outstanding share capital in any 20 trading-day period must be conducted through a public tender offer.

Repurchase in the Event of Delisting

In the event of the cancellation of the registration of our shares at the *Registro Nacional de Valores*, or National Registry of Securities, or RNV, whether at our request or at the request of the CNBV, under our bylaws and the regulations of the CNBV, we will be obligated to make a tender offer to purchase all of our shares held by non-controlling shareholders. Such tender offer shall be made at least at the greater price of the following: (i) the closing sale price under the terms of the following paragraph, or (ii) the book value of the shares according to the most recent quarterly report submitted to the CNBV and the Mexican Stock Exchange.

The quoted share price on the Mexican Stock Exchange referred to in the preceding paragraph shall be the weighted average share price as quoted on the Mexican Stock Exchange for the last 30 days in which our shares were traded, in a period not greater than six months prior to the date of the public tender offer. If the number of days in which our shares have traded during the period referred to above is less than 30, then only the actual number of days in which our shares have traded during such period will be taken into account. If shares have not been exchanged during such period, then the tender offer shall be made at a price equal to at least the book value of the shares.

In connection with any such cancellation of the registration of our shares, we will be required to deposit sufficient funds into a trust account for at least six months following the date of cancellation to ensure adequate resources to purchase at the public tender offer price any remaining outstanding shares from non-controlling shareholders that did not participate in the offer.

If we ask the RNV to cancel the registration of our shares, we will be exempt from carrying out a public tender offer, provided that: (i) we have the consent of the holders of at least 95% of our outstanding common shares, by a resolution at a shareholders' meeting; (ii) the aggregate amount offered for the securities in the market is less than 300,000 investment units (UDIs);

(iii) the trust referred to in the preceding paragraph is executed, and (iv) notice is given to the CNBV of the execution and cancellation of the trust through the established electronic means.

Within ten business days of the commencement of a public tender offer, our board of directors must prepare and disclose to public investors its opinion with respect to the reasonableness of the tender offer price as well as any conflicts of interest that its members may have in connection with the tender offer. The opinion of the board of directors may be accompanied by another opinion issued by an independent expert that we may hire.

We may request the approval from the CNBV to use different criteria to determine the price of the shares. In requesting such approval, the following must be submitted to the CNBV: (i) the resolution of the board of directors approving such request, (ii) the opinion of the Corporate Governance Committee addressing the reasons why it deems appropriate the use of a different price, and (iii) a report from an independent expert indicating that the price is consistent with the terms of the Mexican Securities Law.

Shareholder's Conflicts of Interest

Any shareholder that has a direct or indirect conflict of interest with respect to any transaction must abstain from voting thereon at the relevant shareholders' meeting. A shareholder that votes on a business transaction in which its interest conflicts with ours may be liable for damages if the transaction would not have been approved without such shareholder's vote.

Rights of Shareholders

The protections afforded to minority shareholders under Mexican law are different from those in the United States and other jurisdictions. The law concerning duties and responsibilities of directors and controlling shareholders has not been the subject of extensive judicial interpretation in Mexico, unlike the United States where judicial decisions have been issued regarding the duties of diligence and loyalty, which more effectively protect the rights of minority shareholders. Additionally, shareholder class actions are not available under Mexican law and there are different procedural requirements for bringing shareholder derivative lawsuits, which permit shareholders in U.S. courts to bring actions on behalf of other shareholders or to enforce rights of the corporation itself. Shareholders cannot challenge corporate action taken at a shareholders' meeting unless they meet certain procedural requirements.

As a result of these factors, in practice it may be more difficult for our minority shareholders to enforce rights against us or our directors or controlling shareholders than it would be for shareholders of a foreign company. See "Section 1.3.5. Risk Factors—Risks Related to Our Primary Shareholder Group and Capital Structure—The Protections Afforded to Minority Shareholders in Mexico Are Different From Those in other Countries."

Antitakeover Protections

Our bylaws provide that, subject to certain exceptions as explained below, prior written approval from the board of directors shall be required for any person (as defined hereunder), or group of persons to acquire, directly or indirectly, any of our common shares or rights to our common shares, by any means or under any title whether in a single event or in a set of consecutive events, such that its total shares or rights to shares would represent 5% or more of our outstanding shares.

Prior approval from the board of directors must be obtained each time such ownership threshold of 5% (and multiples thereof) is intended to be exceeded, except for persons who, directly or indirectly, are competitors (as such term is defined below) of us or of any of our subsidiaries, who must obtain the prior approval of the board of directors for future acquisitions where a threshold of 2% (or multiples thereof) of our common shares is intended to be exceeded.

Pursuant to our bylaws, a "person" is defined as any natural person, corporate entity, trust or similar form of venture, vehicle, entity, corporation or economic or mercantile association or any subsidiaries or affiliates of any of the former or, as determined by the board of directors, any group of persons who may be acting jointly, coordinated or as a whole; and a "competitor" is defined as any person engaged, directly or indirectly, in (i) the business of production and/or marketing of corn or wheat flour, and/or (ii) any other activity carried on by us or by any of our subsidiaries or affiliates.

Persons that acquire our common shares in violation of these requirements will not be considered the beneficial owners of such shares under our bylaws and will not be able to vote such shares or receive any dividends, distributions or other rights in respect of these shares. In addition, pursuant to our bylaws, these holders will be obligated to pay us a penalty in an amount equal to the greater of (i) the market value of the shares such party acquired without obtaining the prior approval of the board of directors and (ii) the market value of shares representing 5% of our capital stock.

Board Notices, Meetings, Quorum Requirements and Approvals.

To obtain the prior approval of our board of directors, a potential purchaser must properly deliver a written application complying with the applicable requirements set forth in our bylaws. Such application shall state, among other things: (i) the number and class of our shares the person beneficially owns or to which such person has any right, (ii) the number and class of shares the Person intends to acquire, (iii) the number and class of shares with respect to which such Person intends to acquire any right, (iv) the percentage that the shares referred to in (i) represent of our total outstanding shares and of the class or series to which such shares belong, (v) the percentage that the shares referred to in (ii) and (iii) represent of our total outstanding shares and of the class or series to which such shares belong, (vi) the person's identity and nationality, or in the case of a purchaser which is a corporation, trust or legal entity, the nationality and identity of its shareholders, partners or beneficiaries as well as the identity and nationality of each person effectively controlling such corporation, trust or legal entity, (vii) the reasons and purpose behind such acquisition, (viii) if such person is, directly or indirectly, a competitor of us or any of our subsidiaries or affiliates, and if such person has the authority to legally acquire the shares pursuant to our bylaws and Mexican law, (ix) its source of financing the intended acquisition, (x) if the Person is part of an economic group, formed by one or more of its related parties, which intends to acquire shares of our common stock or rights to such shares, (xi) if the person has obtained any financing from one of its related parties for the payment of the shares, (xii) the identity and nationality of the financial institution, if any, that will act as the underwriter or broker in connection with any tender offer, and (xiii) the person's address for receiving notices.

Either the Chairman, the Secretary or the Alternate Secretary of our board of directors must call a meeting of the board of directors within 10 business days following the receipt of the written application. The notices for the meeting of the board of directors shall be in writing and sent to each of the directors and their alternates at least 45 calendar days prior to the meeting. Action by unanimous written consent is not permitted.

Any acquisition of capital shares representing at least 2% or 5%, as the case may be, of our outstanding capital stock, must be approved by at least the majority of the members of our board of directors present at a meeting at which at least the majority of the members is present. Such acquisitions must be resolved by our board of directors within 60 calendar days following the receipt of the written application described above, unless the board of directors determines that it does not have sufficient information upon which to base its decision. In such case, the board of directors shall deliver a written request to the potential purchaser for any additional information that it deems necessary to make its determination. The 60 calendar days referred to above will commence following the receipt of the additional information from the potential purchaser.

Mandatory Tender Offers in the Case of Certain Acquisitions.

If our board of directors authorizes an acquisition of capital shares which increases the purchaser's ownership to 30% or more, but not more than 50%, of our capital stock, then the purchaser must effect its acquisition by way of a cash tender offer for a specified number of shares equal to the greater of (i) the percentage of common shares intended to be acquired or (ii) 10% of our outstanding capital stock, in accordance with the applicable Mexican securities regulations.

No approval of the board of directors will be required if the acquisition would increase the purchaser's ownership to more than 50% of our capital stock or result in a change of control, in which case the purchaser must effect its acquisition by way of a tender offer for 100% minus one of our total outstanding capital stock, which tender shall be made pursuant to applicable Mexican laws.

The aforementioned tender offers must be made simultaneously in the Mexican and US stock markets. Furthermore, an opinion issued by the board of directors regarding any such tender offer must be made available to the public through the authorized means of communication within 10 days after commencement of the tender offer. In the event of any tender offer, the shareholders shall have the right to hear more competitive offers.

Notices.

In addition to the aforementioned approvals, if a person increases its beneficial ownership by 1% in the case of competitors, or 2% in the case of non-competitors, written notice must be submitted to the board of directors within five days of reaching or exceeding such thresholds.

Exceptions.

The provisions of our bylaws summarized above will not apply to: (i) transfers of shares by operation of the laws of succession; (ii) acquisitions of shares by (a) any person who, directly or indirectly, has the authority or possibility of appointing the majority of the directors of our board of directors, (b) any company, trusts or similar form of venture, vehicle, entity, corporation or economic or mercantile association, which may be under the control of the aforementioned person, (c) the heirs of the aforementioned person, (d) the aforementioned person when such person is repurchasing the shares of any corporation, trust or similar form of venture, vehicle, entity, corporation or economic or mercantile association referred to in the item (b) above, and (e) our company or by trusts created by us; (iii) any person(s) that as of December 4, 2003 hold(s), directly or indirectly, more than 20% of the shares representing our capital stock; and (iv) any other exceptions provided for in the Mexican Securities Law and other applicable legal dispositions.

4.5. OTHER CORPORATE GOVERNANCE PRACTICES

Not applicable.

5. CAPITAL MARKET

5.1. SHAREHOLDING STRUCTURE

Our Series B shares are listed in the BMV under the Ticker Symbol GRUMAB as of 1994. Formerly our shares were listed in the United States of America through ADR's. Each ADR represented four Series B Shares. As previously explained, such program has been terminated and our shares were delisted from the NYSE as of September 8, 2015. See "Section 1.4. Other Securities".

5.2. BEHAVIOR OF THE SHARES IN THE STOCK MARKET

The following table sets forth, for the periods indicated, the annual high and low closing sale prices for the Series B Shares and the ADSs as reported by the Mexican Stock Exchange and the NYSE, respectively.

	Mexican Stock Exchange		NYSE	
	Common Stock		ADS(2)	
	High	Low	High	Low
	(Ps. per share (1))		(U.S.$ per ADS)	
Annual Price History				
2011	28.66	19.61	8.96	6.33
2012	41.54	26.45	12.76	7.79
2013	98.92	39.50	31.00	12.32
2014	157.32	100.01	48.28	30.48
2015	259.41	147.78	55.15	39.83
Quarterly Price History				
2014				
1st Quarter	110.95	100.01	33.53	30.79
2nd Quarter	155.25	105.96	47.85	32.20
3rd Quarter	156.60	137.69	48.28	41.60
4th Quarter	157.32	138.12	45.11	38.10
2015				
1st Quarter	206.70	147.78	54.06	39.83
2nd Quarter	205.73	184.99	54.18	48.24
3er Quarter	239.03	196.29	55.15	48.62
4th Quarter	259.41	227.15		
2016				
1st Quarter	293.87	233.10		
Monthly Price History (1)(3)				
October 2015	257.19	237.17		
November 2015	259.41	241.29		
December 2015	249.04	227.15		
January 2016	274.80	233.10		

	Mexican Stock Exchange		NYSE	
	Common Stock		ADS[2]	
	High	Low	High	Low
	(Ps. per share [1])		(U.S.$ per ADS)	
February 2016	291.32	268.03		
March 2016	293.87	255.06		
April 2016[3]	282.07	246.11		

(1) Pesos per share reflect nominal price at trade date.
(2) Price per ADS in U.S.$; one ADS represents four Series B Shares. As of September 8, 2015, GRUMA's ADS stopped trading in NYSE.
(3) Through April 22, 2016.

On April 22, 2016, the last reported sale price of the B Shares on the Mexican Stock Exchange was Ps.249.36 per B Share.

As of September 8, 2015, GRUMA's ADR stopped trading in NYSE, and the deposit agreement was terminated simultaneously. The latter in order to concentrate the trading of the shares in the BMV, and thereby increasing its liquidity. Likewise, on September 10, 2015 the company requested the deregistration before the SEC, and given that the SEC did not pose any objection on that regard, the cancellation became effective on December 9, 2015. See "Section 1.4. Other Securities".

5.3. MARKET MAKER

On September 30, 2009, we entered into an agreement with UBS Casa de Bolsa ("UBS") pursuant to which UBS acts as a market maker for our common shares listed on the Mexican Stock Exchange. The purpose of the agreement was to provide liquidity for our shares. This agreement was in effect until September 30, 2014. Given the increased liquidity that GRUMA's stock has experienced in recent years, we determined it was not necessary to keep using the services of a market maker.

6. UNDERLYING ASSETS

Not applicable.

7. RESPONSIBLE PARTIES

The undersigned state under oath of telling the truth, that within the scope of our respective positions, we prepared the information regarding the issued contained in this annual report, which, to our true knowledge and understanding, reasonably reflects its situation. Likewise, we state that we have no knowledge of relevant information which was omitted or distorted in this annual report nor that the same contains information which may mislead investors.

GRUMA, S.A.B. de C.V.

[*Illegible Signature*]

Name: Juan A. González Moreno
Title: Chief Executive Officer

GRUMA, S.A.B. de C.V.

[*Illegible Signature*]

Name: Homero Huerta Moreno
Title: Chief Administrative Officer

GRUMA, S.A.B. de C.V.

[*Illegible Signature*]

Name: Salvador Vargas Guajardo
Title: General Counsel

Dated: April 29, 2016

[*ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY*]

Monterrey, N.L., April 29, 2016

The undersigned under oath of saying the truth state, that the attached consolidated financial statements of Gruma, S.A.B. de C.V. and subsidiaries, which comprise the consolidated statements of financial position at December 31, 2015 and the consolidated statement of income, of comprehensive income, of changes in stockholders' equity and of cash flows for the year ended on that date, contained in this Annual Report, were audited on March 18, 2016; pursuant to the International Standards on Auditing.

Likewise, we state that we have read this annual report and based on our reading and within the scope of the audit work carried out, we have no knowledge of material mistakes or inconsistencies in the financial information that is included and that is derived from the audited financial statements referred to in the previous paragraph, nor that the information has been omitted or distorted in this annual report, nor that the same contains financial information that may mislead the investors.

Notwithstanding, the undersigned were not hired, and did not carry out additional procedures to express our opinion regarding the other information, contained in this annual report, which is not derived from the financial statements audited by us.

C.P.C. Victor A. Robledo Gomez
Audit Partner

C.P.C. Sergio Aguirre Reyna
Legal Representative

8. EXHIBITS

- Audited Financial Statements for the last three fiscal years.
- Audit Committee's Report
- Board of Directors' Opinion regarding the Content of the Chief Executive Officer's Report
- Board of Directors' Report regarding the Accounting and Information Policies and Criteria Followed for the Preparation of the Financial Information.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

CONTENT

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Independent auditor's report

Monterrey, N. L, March 18, 2016

To the Shareholders' Meeting of
Gruma, S. A. B. de C. V.

We have audited the accompanying consolidated financial statements of Gruma, S. A. B. de C. V. and subsidiaries (the "Company"), which comprise the consolidated statement of financial position at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The management of the Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

PricewaterhouseCoopers, S. C., Avenida Rufino Tamayo No. 100, Colonia Valle Oriente, C.P. 66269 Garza García, Nuevo León
T: (81) 8152 2000 F: (81) 8152 2075 www.pwc.com/mx

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gruma, S. A. B. de C. V. and its subsidiaries at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosed in notes to the financial statements: (i) Notes 26 and 28, where is explained that, on January 22, 2013, the Ministry of Justice and Internal Relations in Venezuela designated individuals as special managers representing the Bolivarian Republic of Venezuela, for the foreign subsidiaries located in that country, providing the right to take control over such subsidiaries. Consequently and as a result of the loss of control, the Company stopped consolidating the financial information of the Venezuelan subsidiaries as of January 22, 2013. Additionally, during 2015 and following the guideline established by IFRS and considering the assumptions and factors mentioned in Note 26, the Company performed impairment tests on the investments and balances held with the Venezuelan subsidiaries, which resulted in an impairment loss of Ps.4,362,108 (thousands) and was recognized in the consolidated income statement as "(Loss) income from discontinued operations" following the presentation according to the financial statements in which the loss of control of the Venezuelan subsidiaries was initially recognized; (ii) Note 26, related to the sale of the wheat flour operations in Mexico on December 2014 and as a result, the financial performance and cash flows for those operations, on the accompanying financial statements, were classified as discontinued operations, as required by IFRS.

PricewaterhouseCoopers, S. C.

C.P.C. Víctor A. Robledo Gómez
Audit Partner

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Note	2015	2014
Assets			
Current:			
Cash and cash equivalents	7	Ps. 2,919,054	Ps. 1,465,088
Derivative financial instruments	20	158,411	96,376
Accounts receivable, net	8	6,723,757	6,489,396
Inventories	9	7,816,767	6,556,777
Recoverable income tax		704,131	707,242
Prepaid expenses		191,894	153,770
Total current assets		18,514,014	15,468,649
Non-current:			
Long-term notes and accounts receivable	10	245,741	182,843
Property, plant and equipment, net	11	20,169,988	17,814,336
Intangible assets, net	12	3,502,060	2,792,146
Deferred tax assets	13	1,901,218	1,269,743
Investment in Venezuela available for sale	26	-	3,109,013
Total non-current assets		25,819,007	25,168,081
Total Assets		Ps. 44,333,021	Ps. 40,636,730
Liabilities			
Current:			
Short-term debt	14	Ps. 2,660,035	Ps. 1,437,108
Trade accounts payable		3,914,328	3,555,521
Derivative financial instruments	20	28,526	49,024
Provisions	15	191,319	129,047
Income tax payable		487,711	623,867
Other current liabilities	16	4,385,196	3,011,424
Total current liabilities		11,667,115	8,805,991
Non-current:			
Long-term debt	14	10,494,406	9,324,052
Provision for deferred taxes	13	2,370,918	2,344,759
Employee benefits obligations	17	645,673	619,983
Provisions	15	490,344	445,177
Other non-current liabilities	29	70,679	1,012,522
Total non-current liabilities		14,072,020	13,746,493
Total Liabilities		25,739,135	22,552,484
Equity			
Shareholders' equity:			
Common stock	18	5,363,595	5,363,595
Reserves		516,287	(171,932)
Retained earnings	18	11,154,288	11,371,983
Total shareholders' equity		17,034,170	16,563,646
Non-controlling interest		1,559,716	1,520,600
Total Equity		18,593,886	18,084,246
Total Liabilities and Equity		Ps. 44,333,021	Ps. 40,636,730

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Mexican pesos, except per-share data)
(Notes 1, 2 and 3)

	Note		2015		2014
Net sales	6	Ps.	58,279,004	Ps.	49,935,328
Cost of sales	21		(35,937,867)		(31,574,750)
Gross profit			22,341,137		18,360,578
Selling and administrative expenses	21		(14,442,285)		(12,040,402)
Other expenses, net	22		(530,905)		(297,262)
Operating income			7,367,947		6,022,914
Comprehensive financing cost, net	24		(323,102)		(1,105,403)
Income before income tax			7,044,845		4,917,511
Income tax expense	25		(1,646,449)		(1,059,583)
Consolidated net income from continuing operations			5,398,396		3,857,928
(Loss) income from discontinued operations, net	26		(4,313,803)		598,852
Consolidated net income		Ps.	1,084,593	Ps.	4,456,780
Attributable to:					
Shareholders		Ps.	761,812	Ps.	4,287,310
Non-controlling interest			322,781		169,470
		Ps.	1,084,593	Ps.	4,456,780
From continuing operations:					
Basic and diluted earnings per share (pesos)		Ps.	11.68	Ps.	8.38
From discontinued operations:					
Basic and diluted (losses) earnings per share (pesos)		Ps.	(9.92)	Ps.	1.53
From continuing and discontinued operations:					
Basic and diluted earnings per share (pesos)		Ps.	1.76	Ps.	9.91
Weighted average shares outstanding (thousands)			432,749		432,749

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Note	2015	2014
Consolidated net income		Ps. 1,084,593	Ps. 4,456,780
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of employment benefit obligations	17	(14,544)	(11,414)
Income taxes	13	6,935	(4,223)
		(7,609)	(15,637)
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		647,571	(162,033)
Cash flow hedges		35,877	110,810
Other		(9,420)	-
Income taxes	13	6,286	17,981
		680,314	(33,242)
Other comprehensive income, net of tax		672,705	(48,879)
Total comprehensive income		Ps. 1,757,298	Ps. 4,407,901
Attributable to:			
Shareholders		Ps. 1,440,405	Ps. 4,239,705
Non-controlling interest		316,893	168,196
		Ps. 1,757,298	Ps. 4,407,901

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Common stock (Note 18-A)		Reserves					
	Number of shares (thousands)	Amount	Foreign currency translation (Note 18-D)	Cash flow hedges and other reserves (Note 20-C)	Retained earnings (Note 18-B)	Total share-holders' equity	Non-controlling interest	Total equity
Balances at December 31, 2013………………..	432,749	Ps. 5,363,595	Ps. (28,317)	Ps. (103,892)	Ps. 7,741,678	Ps. 12,973,064	Ps. 1,453,796	Ps. 14,426,860
Transactions with owners of the Company:								
Dividends paid (Ps.1.50 per share)……………					(649,123)	(649,123)	(101,392)	(750,515)
	-	-	-	-	(649,123)	(649,123)	(101,392)	(750,515)
Comprehensive income:								
Net income of the year……………………...					4,287,310	4,287,310	169,470	4,456,780
Foreign currency translation adjustment (Net of taxes of Ps.30,712)…………………			(137,802)			(137,802)	6,481	(131,321)
Remeasurement of employment benefit obligations (Net of taxes of Ps.(4,223))….....					(7,882)	(7,882)	(7,755)	(15,637)
Cash flow hedges (Net of taxes of Ps.(12,731))....………………...…...…….....				98,079		98,079	-	98,079
Comprehensive income of the year…………...	-	-	(137,802)	98,079	4,279,428	4,239,705	168,196	4,407,901
Balances at December 31, 2014………………..	432,749	5,363,595	(166,119)	(5,813)	11,371,983	16,563,646	1,520,600	18,084,246
Transactions with owners of the Company:								
Dividends paid (Ps.1.60 per share)……………					(692,399)	(692,399)	(87,686)	(780,085)
Effect on acquisition of non-controlling interest, net of taxes (Note 19)...…..…………..					(277,482)	(277,482)	(190,091)	(467,573)
	-	-	-	-	(969,881)	(969,881)	(277,777)	(1,247,658)
Comprehensive income:								
Net income of the year……………………...					761,812	761,812	322,781	1,084,593
Foreign currency translation adjustment (Net of taxes of Ps.13,048)………..……..			659,104			659,104	1,515	660,619
Remeasurement of employment benefit obligations (Net of taxes of Ps.6,935)….......					(6,157)	(6,157)	(1,452)	(7,609)
Cash flow hedges (Net of taxes of Ps.(6,762))....………………...………...……				29,115		29,115	-	29,115
Other………………………………………..					(3,469)	(3,469)	(5,951)	(9,420)
Comprehensive income of the year…………...	-	-	659,104	29,115	752,186	1,440,405	316,893	1,757,298
Balances at December 31, 2015………………..	432,749	Ps. 5,363,595	Ps. 492,985	Ps. 23,302	Ps. 11,154,288	Ps. 17,034,170	Ps. 1,559,716	Ps. 18,593,886

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Note	2015	2014
Operating activities:			
Income before taxes		Ps. 7,044,845	Ps. 4,917,511
Foreign exchange (gain) loss from working capital		(66,963)	(188,825)
Net cost of the year for employee benefit obligations		182,190	142,017
Items related with investing activities:			
Depreciation and amortization		1,598,309	1,460,451
Impairment of long-lived assets		172,792	14,395
Written-down fixed assets		-	64,503
Interest income		(7,300)	(13,273)
Loss in sale of fixed assets and damaged assets		114,390	42,788
Items related with financing activities:			
Derivative financial instruments	22 and 24	(153,655)	145,274
Foreign exchange loss (gain) from debt		170,249	116,412
Interest expense		519,244	1,008,251
		9,574,101	7,709,504
Accounts receivable, net		(981,684)	258,084
Inventories		(707,173)	382,429
Prepaid expenses		(17,591)	46,445
Trade accounts payable		69,564	(110,409)
Accrued liabilities and other accounts payables		4,508	44,845
Income taxes paid		(2,684,816)	(1,816,012)
Payments of employee benefits obligations		(200,140)	(135,532)
Net cash flows from operating activities of discontinued operations		-	350,646
		(4,517,332)	(979,504)
Net cash flows from operating activities		5,056,769	6,730,000
Investing activities:			
Acquisitions of property, plant and equipment	6	(2,431,514)	(1,597,298)
Sale of property, plant and equipment		230,743	115,574
Acquisition of subsidiaries, net of cash acquired	5	(641,984)	(122,081)
Acquisition of intangible assets	12	(3,818)	(17,126)
Sale of wheat flour operation in Mexico	26	-	3,677,788
Interests collected		7,300	13,273
Other		(6,096)	922
Net cash flows used in investing activities of discontinued operations		-	(75,464)
Net cash flows (used in) provided by investing activities		(2,845,369)	1,995,588
Cash to be used in financing activities		2,211,400	8,725,588
Financing activities:			
Proceeds from debt		8,453,486	8,838,154
Payment of debt		(8,098,907)	(15,649,521)
Interests paid		(485,805)	(1,010,976)
Derivative financial instruments collected		301,903	(13,832)
Acquisition of non-controlling interest	19	(467,573)	-
Dividends paid		(780,085)	(750,515)
Net cash flows used in investing activities of discontinued operations		-	(4,556)
Net cash flows used in financing activities		(1,076,981)	(8,591,246)
Net increase in cash and cash equivalents		1,134,419	134,342
Exchange differences on cash		319,547	(7,809)
Cash and cash equivalents at the beginning of the year		1,465,088	1,338,555
Cash and cash equivalents at the end of the year		Ps. 2,919,054	Ps. 1,465,088

The accompanying notes are an integral part of these consolidated financial statements.

1. ENTITY AND OPERATIONS

Gruma, S.A.B. de C.V. (GRUMA) is a Mexican company with subsidiaries located in Mexico, the United States of America, Central America, Europe, Asia and Oceania, together referred to as the “Company”. The Company’s main activities are the production and sale of corn flour, tortillas and related products.

GRUMA is a publicly held corporation (S*ociedad Anónima Bursátil de Capital Variable)* organized under the laws of Mexico. The address of its registered office is Rio de la Plata 407 in San Pedro Garza García, Nuevo León, Mexico. GRUMA is listed on the Mexican Stock Exchange.

On June 26, 2015, GRUMA notified Citibank, N.A. (the "Depositary") of its intention to terminate its Deposit Agreement regarding its American Depositary Receipts ("ADRs"), to delist its ADRs from the New York Stock Exchange ("NYSE"). As of September 8, 2015, GRUMA’s ADRs suspended its trading on the NYSE and the deposit agreement was terminated simultaneously.

Furthermore, on September 10, 2015, the Company filed Form 15F with the U.S. Securities and Exchange Commission (the "SEC") requesting its deregistration. Consequently and given that the SEC did not pose any objection on such regard, the cancellation became effective on December 9, 2015 and GRUMA’s reporting obligations under the Securities Exchange Act of 1934 (U.S. Securities Market Law) were extinguished as of that date.

The consolidated financial statements were authorized by the Chief Administrative Office of the Company on February 24, 2016.

2. BASIS OF PREPARATION

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries for all the periods presented have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the IFRS Interpretations Committee, including those previously issued by the Standing Interpretations Committee. The Company applied IFRS that were effective at December 31, 2015, with no significant impact on its financial statements.

A) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of historical cost, except for the fair value of certain financial instruments as described in the policies shown below (see Note 3-K).

The preparation of financial statements requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

B) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Mexican pesos, which is the functional currency of GRUMA.

(In thousands of Mexican pesos, except where otherwise indicated)

C) USE OF ESTIMATES AND JUDGMENTS

The relevant estimates and assumptions are reviewed on a regular basis. The review of accounting estimates are recognized in the period in which the estimate is reviewed and in any future period that is affected.

In particular, the information for assumptions, uncertainties from estimates, and critical judgments in the application of accounting policies, that have the most significant effect in the recognized amounts in these consolidated financial statements are described below:

- The assumptions used for the determination of fair values of financial instruments (Note 20).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 13 and 25).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 11 and 12).
- The actuarial assumptions used for the determination of employee benefits obligations (Note 17).
- The key assumptions in impairment testing of the investment in Venezuela (Notes 26 and 28).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF CONSOLIDATION

a. Subsidiaries

The subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements starting on the date on which the control begins, until the date such control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

At December 31, 2015 and 2014, the main subsidiaries included in the consolidation are:

	% of ownership	
	2015	**2014**
Gruma Corporation and subsidiaries……………………..……	100.00	100.00
Grupo Industrial Maseca, S.A.B. de C.V. and subsidiaries……	85.50	83.18
Gruma International Foods, S.L. and subsidiaries….................	100.00	100.00
Mission Foods México, S. de R.L. de C.V…………………….	100.00	100.00

At December 31, 2015 and 2014, there were no significant restrictions for the investment in the subsidiaries mentioned above, except for those described in Note 26.

b. Transactions with non-controlling interest without change of control

The Company applies a policy of treating transactions with non-controlling interest as transactions with equity owners of the Company. When purchases from non-controlling interest take place, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recognized as equity transactions; therefore, no goodwill is recognized with these acquisitions. Disposals of non-controlling interests result in gains or losses for the Company and are recorded in equity when there is no loss of control.

c. Business combinations

Business combinations are recognized through the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred by the Company with the previous owners and the equity instruments issued by the Company. The cost of an acquisition also includes the fair value of any contingent payment.

The related acquisition costs are recognized in the income statement when incurred.

Identifiable assets acquired, liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date.

The Company recognizes any non-controlling interest as the proportional share of the net identifiable assets of the acquired entity.

The Company recognizes goodwill when the cost including any amount of non-controlling interest in the acquired entity exceeds the fair value at acquisition date of the identifiable assets acquired and liabilities assumed.

When the entity or entities acquired are, before and after the acquisition, ultimately controlled by the same entity, and such control is not temporary, it is assumed that the entities are under common control and therefore, there is no business combination. Transactions and exchanges between entities under common control are recognized on the basis of the carrying value of assets and liabilities transferred on the date of the transaction, and therefore, goodwill is not recognized.

B) FOREIGN CURRENCY

a. Transactions in foreign currency

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates effective at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The differences that arise from the translation of foreign currency transactions are recognized in the income statement.

b. Foreign currency translation

The financial statements of the Company’s entities are measured using the currency of the main economic environment where each entity operates (functional currency). The consolidated financial statements are presented in Mexican pesos, currency that corresponds to the presentation currency of the Company.

(In thousands of Mexican pesos, except where otherwise indicated)

The financial position and results of the entities that have a functional currency which differs from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate of the period.
- Income and expenses are translated at average exchange rates when it has not fluctuated significantly during the period.
- Equity is translated at the effective exchange rate in the date when the contributions were made and the earnings were generated.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated "Foreign currency translation adjustments".

Previous to the translation to Mexican pesos, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted by inflation in order to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the end of the period. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of an accumulated inflation rate equal or higher than 100% in the past three years.

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of the Company. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in "other comprehensive income" as a separate component denominated "Foreign currency translation adjustments" while the hedge is effective. See Note 3-L for the accounting of the net investment hedge.

The closing exchange rates used for preparing the financial statements are as follows:

	As of December 31, 2015	As of December 31, 2014
Pesos per U.S. dollar……………………………..…	17.2065	14.7180
Pesos per Euro…………………………………....	18.8101	17.8912
Pesos per Swiss franc……………………..……..	17.4084	14.8847
Pesos per Venezuelan bolivar (Bs.)……………...	1.2746	1.2265
Pesos per Australian dollar…………………….…...	12.5330	12.0462
Pesos per Chinese yuan……………………….……	2.6514	2.4040
Pesos per Pound sterling…………………………	25.4880	22.9042
Pesos per Malaysian ringgit……………………..	4.0096	4.2081
Pesos per Costa Rica colon…………………..….	0.0316	0.0270
Pesos per Ukrainian hryvnia………………..……	0.7173	0.9302
Pesos per Russian ruble…………………….……	0.2361	0.2616
Pesos per Turkish lira……………………………	5.9178	6.3470

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short term highly liquid investments with original maturities of less than three months. These items are recognized at historical cost, which do not differ significantly from its fair value.

D) ACCOUNTS RECEIVABLE

Trade receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method, less provision for impairment. The Company has determined that the amortized cost does not represent significant differences with respect to the invoiced amount from short-term trade receivables, since the transactions do not have relevant associated costs.

Allowances for doubtful accounts or impairment represent the Company's estimates of losses that could arise from the failure or inability of customers to make payments when due. These estimates are based on the maturity dates of customers' balances, specific credit circumstances and the Company's historical experience on doubtful accounts.

E) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value is the estimated selling price of inventory in the normal course of business, less applicable variable selling expenses. The cost of finished goods and production in process includes raw materials, direct labor, other direct costs and related production overheads. Cost of inventories could also include the transfer from comprehensive income of any gains or losses on cash flow hedges for purchases of raw materials.

F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at acquisition cost, less accumulated depreciation and recognized impairment losses. Cost includes expenses that are directly attributable to the asset acquisition.

Subsequent costs, including major improvements, are capitalized and are included in the carrying value of the asset or recognized as a separate asset, only when it is probable that future economic benefits associated with the specific asset will flow to the Company and the costs can be measured reliably. Repairs and maintenance are recognized in the income statement when incurred. Major improvements are depreciated during the remaining useful life of the related asset. Leasehold improvements are depreciated using the lower of the lease term or useful life. Land is not depreciated.

Costs of borrowings, general and specific, of qualifying assets that require a substantial period of time (over one year) for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation is calculated over the asset cost less residual value, considering its components separately. Depreciation is recognized in income using the straight-line method and applying annual rates that reflect the estimated useful lives of the assets. The estimated useful lives are summarized as follows:

	Years
Buildings	25 – 50
Machinery and equipment	5 – 25
Leasehold improvements	10 *

* The lesser of 10 years or the term of the leasehold agreement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses from sale of assets result from the difference between revenues of the transaction and the book value of the assets, which is included in the income statement as other expenses, net.

G) INTANGIBLE ASSETS

a. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or whenever the circumstances indicate that the value of the asset might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

b. Intangible assets with finite useful lives

Intangible assets with finite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	Years
Non-compete agreements	3 - 20
Patents and trademarks	3 - 20
Customer lists	5 - 20
Software for internal use	3 - 7

c. Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

d. Research and development

Research costs are expensed when incurred.

Costs from development activities are recognized as an intangible asset when such costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits will be obtained, and the Company pretends and has sufficient resources in order to complete the development and use or sell the asset. The amortization is recognized in income based on the straight-line method during the estimated useful life of the asset.

Development costs that do not qualify as intangible assets are recognized in income when incurred.

H) IMPAIRMENT OF LONG-LIVED ASSETS

The Company performs impairment tests for its property, plant and equipment and intangible assets with finite useful lives, when certain events and circumstances suggest that the carrying value of the assets might not be recovered. Intangible assets with indefinite useful lives and goodwill are subject to impairment tests at least once a year.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset's fair value less costs to sell and value in use. To determine value in use, estimated future cash flows are discounted at present value, using a pre-tax discount rate that reflect time value of money and considering the specific risks associated with the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Impairment losses on goodwill are not reversed. For other assets, impairment losses are reversed if a change in the estimates used for determining the recoverable amount has occurred. Impairment losses are reversed to the extent that the book value does not exceed the book value that was determined, net of depreciation or amortization, if no impairment loss was recognized.

I) LONG-LIVED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Long-lived assets are classified as held for sale when (a) their carrying amount is to be recovered mainly through a sale transaction, rather than through continuing use, (b) the assets are held immediately for sale and (c) the sale is considered highly probable in its current condition.

For the sale to be considered highly probable:

- Management must be committed to a sale plan.
- An active program must have begun in order to locate a buyer and to complete the plan.
- The asset must actively be quoted for its sale at a price that is reasonable to its current fair value; and
- The sale is expected to be completed within a year starting the date of classification.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Discontinued operations are the operations and cash flows that can be clearly distinguished from the rest of the entity, that either have been disposed of or have been classified as held for sale, and:

- Represent a line of business or geographical area of operations.
- Are part of a single coordinated plan to dispose of a line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

J) FINANCIAL INSTRUMENTS

Regular purchases and sales of financial instruments are recognized in the balance sheet on the trade date, which is the date when the Company commits to purchase or sell the instrument.

a. Financial assets

Classification

In its initial recognition and based on its nature and characteristics, the Company classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) financial assets held until maturity, and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Balances of financial instruments held by the Company at December 31, 2015 and 2014 are disclosed in Note 20-A.

i. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss when designated as held for trading or classified as such in its initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are carried at fair value, and directly attributable transaction costs and corresponding changes of fair value are recognized in the income statement. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months. Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iii. Financial assets held until maturity

When the Company has the intention and capacity to keep debt instruments until maturity, these financial assets are classified as held until maturity. Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other categories. They are included in current assets, except for assets with maturities greater than 12 months. These assets are initially recognized at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at fair value. If these assets cannot be measured through an active market, then they are measured at cost (See Note 26). Profit or losses from changes in the fair value are recognized in other comprehensive income in the period when incurred. At disposition date, such profit or losses are recognized in income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognized in the income statement when the Company's right to receive payments is established.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. See Note 3-D for the accounting policy for the impairment of accounts receivable.

b. Financial liabilities

i. Debt and financial liabilities

Debt and financial liabilities that are non-derivatives are initially recognized at fair value, net of transaction costs directly attributable to them: subsequently, these liabilities are recognized at amortized cost. The difference between the net proceeds and the amount payable is recognized in the income statement during the debt term, using the effective interest rate method.

ii. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated at initial recognition.

K) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding twelve months.

Fair value is determined based on recognized market prices. When not quoted in markets, fair value is determined using valuation techniques commonly used in the financial sector. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Company or the counterparty, when applicable.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge and, if so, the nature of the item being hedged. The Company designates derivative financial instruments as follows:

- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, including objectives, strategies for risk management and the method for assessing effectiveness in the hedge relationship.

a. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. At December 31, 2015 and 2014, the Company did not have this type of hedging.

b. Cash flow hedges

For cash flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in equity, based on the evaluation of the hedge effectiveness, and are reclassified to the income statement in the periods when the projected transaction is realized, see Note 20-C.

Hedge effectiveness is determined when changes in the fair value or cash flows of the hedged position are compensated with changes in the fair value or cash flows of the hedge instrument in a quotient that ranges between 80% and 125% of inverse correlation. Ineffective portions from changes in the fair value of derivative financial instruments are recognized immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately registered in the income statement.

c. Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold, see Note 18-D.

L) LEASES

a. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the period of the lease.

b. Finance leases

Leases where the Company has substantially all the risks and rewards of ownership, are classified as finance leases.

Under finance leases, at the initial date, both assets and liabilities are recognized at the lower of the fair value of the leased property and the present value of the minimum lease payments. In order to discount the minimum payments, the Company uses the interest rate implicit in the lease, if this practicable to determine; if not, the Company's incremental borrowing rate is used.

Lease payments are allocated between the interest expense and the reduction of the pending liability. Interest expense is recognized in each period during the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

M) EMPLOYEE BENEFITS

a. Post-employment benefits

In Mexico, the Company has the following defined benefit plans:

- Single-payment retirement plan, when employees reach the required retirement age, which is 60.
- Seniority premium, after 15 years of service.

The Company has established trust funds in order to meet its obligations for the seniority premium. Employees do not contribute to these funds.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using discount rates in accordance with IAS-19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

In the United States, the Company has saving and investment plans that incorporate voluntary employees 401(k) contributions with matching contributions of the Company in this country. The Company’s contributions are recognized in the income statement when incurred.

b. Termination benefits

Termination benefits are payable when employment is terminated by decision of the Company, before the normal retirement date.

The Company recognizes termination benefits as a liability at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes restructuring costs that represents a provision and involves the payment of termination benefits. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

c. Short term benefits

Short term employee benefits are measured at nominal base and are recognized as expenses as the related service is provided. If the Company has the legal or constructive obligation to pay as a result of a service rendered by the employee in the past and the amount can be estimated, an obligation is recognized for short term bonuses or profit sharing.

N) PROVISIONS

Provisions are recognized when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

O) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

P) REVENUE RECOGNITION

Sales are recognized upon shipment of products to, and acceptance by, the Company’s customers or when the risk of ownership has passed to the customers. Revenue is recognized at the fair value of the consideration received or receivable, net of returns, discounts, and rebates. Provisions for discounts and rebates to customers, returns and other adjustments are recognized in the same period that the related sales are recorded and are based upon either historical estimates or actual terms.

Q) INCOME TAXES

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been approved or substantially approved at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

R) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

For the years ended December 31, 2015 and 2014, the Company had no dilutive instruments issued.

S) SEGMENT INFORMATION

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. RISK AND CAPITAL MANAGEMENT

A) RISK MANAGEMENT

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The Company's risk management policy focuses on the risks that prevents or endangers the accomplishment of its financial objectives, seeking to minimize the potential adverse effects on its financial performance. The Company uses derivative financial instruments to hedge some of these risks.

Currency risk

The Company operates internationally and thus, is exposed to currency risks, particularly with the U.S. dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

The following tables detail the exposure of the Company to currency risks at December 31, 2015 and 2014. The tables show the carrying amount of the Company's financial instruments denominated in currencies other than Mexican pesos.

At December 31, 2015:

	Amounts in thousands of Mexican pesos				
	U.S. Dollar	**Pound sterling**	**Euros**	**Costa Rica colons and others**	**Total**
Monetary assets:					
Current (1)…….…	Ps. 4,717,782	Ps. 408,071	Ps. 522,109	Ps. 1,514,281	Ps. 7,162,243
Non-current……	13,129	-	2,054	25,210	40,393
Monetary liabilities:					
Current…………	(6,007,908)	(308,674)	(377,618)	(832,925)	(7,527,125)
Non-current……	(10,912,265)	(1,704)	(196,522)	(72,816)	(11,183,307)
Net position.……...	Ps. (12,189,262)	Ps. 97,693	Ps. (49,977)	Ps. 633,750	Ps. (11,507,796)

At December 31, 2014:

	Amounts in thousands of Mexican pesos				
	U.S. Dollar	**Pound sterling**	**Euros**	**Costa Rica colons and others**	**Total**
Monetary assets:					
Current (1)........	Ps. 2,917,159	Ps. 370,185	Ps. 384,298	Ps. 1,402,849	Ps. 5,074,491
Non-current......	9,994	-	836	19,742	30,572
Monetary liabilities:					
Current............	(5,476,106)	(278,869)	(291,244)	(869,436)	(6,915,655)
Non-current......	(9,100,161)	(2,075)	(36,458)	(180,569)	(9,319,263)
Net position..........	Ps. (11,649,114)	Ps. 89,241	Ps. 57,432	Ps. 372,586	Ps. (11,129,855)

(1) Approximately 70% of this balance corresponds to accounts receivable.

For the years ended December 31, 2015 and 2014, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

	2015	2014
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments..	Ps. (1,594,427)	Ps. (961,855)
Exchange differences arising from foreign currency transactions recognized in the income statement...	(103,286)	72,413
	Ps. (1,697,713)	Ps. (889,442)

Net sales are denominated in Mexican pesos, U.S. dollars, and other currencies. Sales generated in Mexican pesos were 27% in 2015 and 30% in 2014 of total net sales. Sales generated in U.S. dollars were 56% in 2015 and 53% in 2014 of total net sales. Additionally, at December 31, 2015 and 2014, 68% and 70%, respectively, of total assets were denominated in different currencies other than Mexican pesos, mainly in U.S. dollars. An important portion of operations are financed through debt denominated in U.S. dollars. For the years ended December 31, 2015 and 2014, net sales in currencies other than Mexican pesos amounted to Ps.42,588,370 and Ps.34,825,230, respectively.

An important currency risk for the debt denominated in U.S. dollars is present in subsidiaries that are not located in the United States, which represented 100% of total debt denominated in U.S. dollars. Nevertheless, the investment that the Company maintains in its operations in the United States generated a hedge.

During 2015 and 2014, the Company entered into forward transactions in order to hedge the Mexican peso to U.S. dollar foreign exchange rate risk related to the price of corn purchases for the summer and winter corn harvests in Mexico. At December 31, 2015, the Company has open positions of foreign exchange derivative instruments of Ps.40,298 At December 31, 2014, the Company had no open positions of foreign exchange derivative instruments.

The effect of foreign exchange differences recognized in the consolidated income statements for the years ended December 31, 2015 and 2014, related with the assets and liabilities denominated in foreign currency, totaled a loss of Ps.(103,286) and a gain of Ps.72,413, respectively. Considering the exposure at December 31, 2015 and 2014, and assuming an increase or decrease of 10% in the exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be an increase or a decrease of Ps.10,840 and Ps.12,521, respectively.

Interest rate risk

The variations in interest rates could affect the interest expense of financial liabilities bearing variable interest rates, and could also modify the fair value of financial liabilities bearing fixed interest rates.

For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly, LIBOR, and to a lesser extent, TIIE and EUROLIBOR) that are used to determine the interest rates applicable to the borrowings.

The following table shows, at December 31, 2015 and 2014, the Company's debt at fixed and variable rates:

	Amounts in thousands of Mexican pesos			
	2015		2014	
Debt at fixed interest rate……..……………………..	Ps.	7,059,623	Ps.	5,855,096
Debt at variable interest rate……..…………………..		6,094,818		4,906,064
Total…………..……………………………………	Ps.	13,154,441	Ps.	10,761,160

From time to time, the Company uses derivative financial instruments such as interest rate swaps for the purposes of hedging a portion of its debt, in order to reduce the Company's exposure to increases in interest rates.

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2015 and 2014 will have an effect on the results of the Company of Ps.60,948 and Ps.49,061, respectively, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

Commodity price risk and derivatives

The availability and price of corn, wheat and other agricultural commodities and fuels, are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand/supply due to population growth and global production of similar and competitive crops, as well as fuels. The Company hedges a portion of its production requirements through commodity futures and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, diesel and soy oils which exist as part of ongoing business operations. The open positions for hedges of purchases do not exceed the maximum production requirements for a period no longer than 18 months, based on the Company's corporate policies.

During 2015 and 2014, the Company entered into short-term hedge transactions through commodity futures and options to hedge a portion of its requirements. All derivative financial instruments are recorded at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income in equity, depending on whether the derivative qualifies for hedge accounting and is effective as part of a hedge transaction. Ineffectiveness results when the change in the fair value of the hedge instruments differs from the change in the fair value of the position.

For hedge transactions that qualify and are effective, gains and losses are deferred until the underlying asset or liability is settled, and then are recognized as part of that transaction.

Gains and losses from derivative transactions that do not qualify for hedge accounting and do not comply with hedge effectiveness tests are recognized in the income statement.

At December 31, 2015 and 2014, financial instruments that qualify as hedge accounting represented a unfavorable effect of Ps.31,266 and Ps.25,133, respectively, which was recognized as comprehensive income within equity.

From time to time the Company hedges commodity price risks using futures and options strategies that do not qualify for hedge accounting. As a result of non-qualification, these derivative financial instruments are recognized at their fair values and the associated effect is recorded in current period earnings. For the years ended December 31, 2015 and 2014, the Company recognized an unfavorable effect of Ps.19,220 and Ps.45,534, respectively. Additionally, as of December 31, 2015 and 2014 the Company realized Ps.169,330 and Ps.76,635, respectively, in net losses on commodity price risk hedges that did not qualify for hedge accounting.

Based on the Company’s overall commodity exposure at December 31, 2015 and 2014, a decrease or increase of 10 percent in market prices applied to the fair value of these instruments would result in a gain or loss in the income statement of Ps.31,745 and Ps.34,693, respectively (for non-qualifying contracts).

In Mexico, to support the commercialization of corn for Mexican corn growers, Mexico’s Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, or SAGARPA), through the Agricultural Incentives and Services Agency (Apoyos y Servicios a la Comercialización Agropecuaria, or ASERCA), a government agency founded in 1991, implemented a program designed to promote corn sales in Mexico. The program includes the following objectives:

- Ensure that the corn harvest is brought to market, providing certainty to farmers concerning the sale of their crops and supply security for the buyer.
- Establish a minimum price for the farmer and a maximum price for the buyer, which are determined based on international market prices, plus a basic formula specific for each region.
- Implement a corn hedging program to allow both farmers and buyers to minimize their exposure to price fluctuations in the international markets.

To the extent that this or other similar programs are cancelled by the Mexican government, the Company may be required to incur additional costs in purchasing corn for its operations, and therefore will need to increase the prices of its products to reflect such additional costs.

Credit risk

The Company's regular operations expose it to defaults when customers and counterparties are unable to comply with their financial or other commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its activities of cash management and obtaining debt and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Europe, Asia and Oceania. For this reason, there is not a significant concentration of credit risk. However, the Company still maintains allowances for doubtful accounts. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since most of the clients do not have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, taking into account its financial position, past experience, and other factors. Credit limits are established according to policies set by the Company, which also includes controls that assure its compliance.

During 2015 and 2014, credit limits were complied with and, consequently, management does not expect any important losses from trade accounts receivable.

The Company has centralized its treasury operations in Mexico and in the United States for its operations in that country. Liquid assets are invested primarily in government bonds and short term debt instruments with a minimum grade of "A1/P1" in the case of operations in the United States and "A" for operations in Mexico. For operations in Central America, the Company only invests cash reserves with leading local banks and local branches of international banks. Additionally, small investments are maintained abroad. The Company faces credit risk from potential defaults of their counterparts with respect to the financial instruments used. Substantially all of these financial instruments are not guaranteed. Additionally, when the Company enters into hedge contracts for exchange rates, interest rates and/or commodities, it minimizes the risk of default by the counterparts by contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the International Swaps and Derivatives Association, Inc. ("ISDA") and operations standard confirmation formats.

Investment risk in Venezuela

The recent political and civil instability that has prevailed in Venezuela has represented a risk to the Company's investment in this country. The Company does not have insurance for the risk of expropriation of its investments. See Notes 26 and 28 for additional information.

Liquidity risk

The Company funds its liquidity and capital resource requirements through a variety of sources, including:

(In thousands of Mexican pesos, except where otherwise indicated)

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- medium- and long-term debt contracting;
- offerings in Bond markets; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, its products, each of which could limit the amount of cash generated from operations, and a decrease of the corporate credit rating, which could further impair the liquidity and increase costs with respect to new debt and cause stock price to suffer. The Company's liquidity is also affected partially by factors such as the depreciation or appreciation of the peso and changes in interest rates.

The following tables show the remaining contractual maturities of financial liabilities of the Company:

At December 31, 2015:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long term debt…...	Ps. 2,655,427	Ps.3,615,614	Ps. 64,699	Ps.6,892,186	Ps. 13,227,926
Interest payable from short and long term debt………	438,655	769,107	671,933	1,342,108	3,221,803
Financing leases……….…..	4,608	2,859	-	-	7,467
Trade accounts and other payables………..……...	8,978,554	-	-	-	8,978,554
Derivative financial instruments…….………....	28,526	-	-	-	28,526
	Ps.12,105,770	Ps.4,387,580	Ps. 736,632	Ps.8,234,294	Ps. 25,464,276

At December 31, 2014:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long term debt…...	Ps. 1,428,641	Ps.1,647,598	Ps. 1,860,880	Ps.5,887,200	Ps. 10,824,319
Interest payable from short and long term debt………	387,229	692,162	589,194	1,148,003	2,816,588
Financing leases……….…..	8,467	10,931	-	-	19,398
Trade accounts and other payables………..……...	7,319,859	-	-	-	7,319,859
Other non-current liabilities..	-	823,960	-	-	823,960
Derivative financial instruments…….………....	49,024	-	-	-	49,024
	Ps. 9,193,220	Ps.3,174,651	Ps.2,450,074	Ps.7,035,203	Ps. 21,853,148

The Company expects to meet its obligations with cash flows generated by operations. Additionally, the Company has access to credit line agreements with various banks to address potential cash needs.

B) CAPITAL MANAGEMENT

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to protect the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 14.

5. BUSINESS COMBINATIONS

A) AZTECA FOODS EUROPE

On March 31, 2015, the Company executed a purchase agreement through its subsidiary Gruma International Foods, S.L. together with Fat Taco, S.L. and Azteca Foods, Inc., by which the Company acquired the operations for the production and distribution of tortillas, wraps, corn chips, salsas and processed foods in Spain. All of the shares and ownership interests representing the capital stock of Azteca Foods Europe, S.A. and AFIFT Azteca, S.L. (jointly, "Azteca Foods Europe") were acquired through this transaction. Azteca Foods Europe owns one plant in Spain and distributes its products in Europe, the Middle East and Northern Africa.

The price agreed for this transaction is approximately Ps.652,837 (EUR$38,580 thousand).

This purchase was accounted for using the acquisition method, following the business combination rules. The purpose of this acquisition is to contribute to the expansion of the Company and the strengthening of the tortilla business and related products in Europe, Africa and the Middle East and represents the Company's consolidation in the Sothern Europe market.

(In thousands of Mexican pesos, except where otherwise indicated)

The following table summarizes the consideration paid and the fair value of the net assets acquired at acquisition date:

Cash	Ps. 10,853
Accounts receivable	60,222
Inventories	16,327
Prepaid expenses	1,162
Current liabilities	(51,714)
Working capital	Ps. 36,850
Property, plant and equipment	144,392
Customer lists	96,215
Trademarks and other assets	2,297
Long term debt	(120,658)
Deferred tax liabilities	(19,945)
Fair value of identifiable net assets	Ps. 139,151
Goodwill	513,686
Total consideration paid in cash	Ps. 652,837

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in Europe, Africa and the Middle East. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.3,947, were recognized in the income statement as selling and administrative expenses.

No contingent liabilities and contingent consideration arrangements have arisen from this acquisition.

From January 1, 2014 to December 31, 2014, this business recorded revenues of Ps.341,292 and a net income of approximately Ps.31,200.

6. SEGMENT INFORMATION

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.

The Company's reportable segments are as follows:

- Corn flour and packaged tortilla division (United States and Europe):
  Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.

(In thousands of Mexican pesos, except where otherwise indicated)

- Corn flour division (Mexico):
  Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.

- Other segments:
  This section represents those segments whose amounts on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:
  a) Corn flour, hearts of palm, rice, and other products (Central America).
  b) Wheat flour (México) – Discontinued operation.
  c) Packaged tortillas (México).
  d) Wheat flour tortillas and snacks (Asia and Oceania).
  e) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Notes 2 and 3.

Segment information as of and for the year ended December 31, 2015:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers……………	Ps. 36,135,518	Ps. 14,905,180	Ps. 7,231,108	Ps. 7,198	Ps. 58,279,004
Inter-segment net sales……………..	82,496	966,168	1,418,516	(2,467,180)	-
Operating income (loss)…………………	3,939,084	2,205,140	646,929	576,794	7,367,947
Depreciation and amortization………….	1,384,110	736,697	215,160	(564,866)	1,771,101
Total assets…………..	23,374,550	12,302,185	9,984,501	(1,328,215)	44,333,021
Total liabilities………	7,647,613	2,579,023	5,138,424	10,374,075	25,739,135
Expenditures paid in the year for fixed assets………………	1,060,554	616,934	738,872	15,154	2,431,514

(In thousands of Mexican pesos, except where otherwise indicated)

Segment information as of and for the year ended December 31, 2014:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers……………	Ps. 29,278,747	Ps. 14,601,217	Ps. 6,033,808	Ps. 21,556	Ps. 49,935,328
Inter-segment net sales……………..	44,162	472,889	1,128,571	(1,645,622)	-
Operating income (loss)…………………	2,861,967	2,129,365	355,281	676,301	6,022,914
Depreciation and amortization………….	1,066,561	698,493	242,269	(467,974)	1,539,349
Total assets…………..	18,742,701	10,908,911	8,327,030	2,658,088	40,636,730
Total liabilities………	7,452,455	2,943,529	3,688,623	8,467,877	22,552,484
Expenditures paid in the year for fixed assets….	796,255	343,813	426,239	30,991	1,597,298

A summary of information by geographic segment for the years ended December 31, 2015 and 2014 is presented below:

	2015	%	2014	%
Net sales to external customers:				
United States and Europe…..…………………………………	Ps. 36,135,518	62	Ps. 29,278,747	59
Mexico……………………...………………………………	15,690,630	27	15,110,099	30
Central America………………..………………………………..	4,057,470	7	3,478,894	7
Asia and Oceania………………………………………………..	2,395,386	4	2,067,588	4
	Ps. 58,279,004	100	Ps. 49,935,328	100
Expenditures paid in the year for fixed assets:				
United States and Europe…..…………………………………..	Ps. 1,060,554	44	Ps. 796,255	50
Mexico……………………...……………………………….	897,601	37	621,123	39
Central America………………..…………………………………	121,816	5	83,213	5
Asia and Oceania………………………………………………..	351,543	14	96,707	6
	Ps. 2,431,514	100	Ps. 1,597,298	100
Identifiable assets				
United States and Europe…..……………………………………	Ps. 23,374,550	53	Ps. 18,742,701	46
Mexico……………………...………………………………	14,628,251	33	16,397,034	40
Central America………………..………………………………..	2,593,895	6	2,416,331	6
Asia and Oceania…………………………………………………	3,736,325	8	3,080,664	8
	Ps. 44,333,021	100	Ps. 40,636,730	100

(In thousands of Mexican pesos, except where otherwise indicated)

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	At December 31, 2015	At December 31, 2014
Cash at bank	Ps. 2,392,900	Ps. 1,250,167
Short-term investments (less than 3 months)	526,154	214,921
	Ps. 2,919,054	Ps. 1,465,088

8. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following:

	At December 31, 2015	At December 31, 2014
Trade accounts and notes receivable	Ps. 5,776,570	Ps. 4,893,079
Accounts receivable with Venezuelan companies	1,253,095	1,123,900
Recoverable value-added tax	576,874	327,938
Other debtors	657,499	399,546
Allowance for doubtful accounts	(287,186)	(255,067)
Impairment of accounts receivable with Venezuelan companies.	(1,253,095)	-
	Ps. 6,723,757	Ps. 6,489,396

The age analysis of accounts receivable is as follows:

			Past due balances		
	Total	Not past due date balances	1 to 120 days	121 to 240 days	More than 240 days
Accounts receivable	Ps. 7,010,943	Ps. 4,680,095	Ps. 2,138,115	Ps. 65,369	Ps. 127,364
Allowance for doubtful accounts	(287,186)	(61,096)	(89,899)	(25,357)	(110,834)
Total at December 31, 2015	Ps. 6,723,757	Ps. 4,618,999	Ps. 2,048,216	Ps. 40,012	Ps. 16,530

			Past due balances		
	Total	Not past due date balances	1 to 120 days	121 to 240 days	More than 240 days
Accounts receivable	Ps. 6,744,463	Ps. 4,327,191	Ps.1,196,623	Ps. 39,869	Ps.1,180,780
Allowance for doubtful accounts	(255,067)	(132,714)	(55,424)	(5,285)	(61,644)
Total at December 31, 2014	Ps. 6,489,396	Ps. 4,194,477	Ps.1,141,199	Ps. 34,584	Ps.1,119,136

(In thousands of Mexican pesos, except where otherwise indicated)

For the years ended December 31, 2015 and 2014, the movements on the allowance for doubtful accounts are as follows:

		2015		2014
Beginning balance	Ps.	(255,067)	Ps.	(327,856)
Allowance for doubtful accounts		(60,802)		(20,426)
Receivables written off during the year		42,221		99,870
Exchange differences		(13,538)		(6,655)
Ending balance	Ps.	(287,186)	Ps.	(255,067)

9. INVENTORIES

Inventories consisted of the following:

		At December 31, 2015		At December 31, 2014
Raw materials, mainly corn and wheat	Ps.	4,418,806	Ps.	3,971,721
Finished products		1,133,922		939,410
Materials and spare parts		1,647,877		1,223,602
Production in process		237,827		160,243
Advances to suppliers		168,980		90,267
Inventory in transit		209,355		171,534
	Ps.	7,816,767	Ps.	6,556,777

For the years ended December 31, 2015 and 2014, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to Ps.21,386,168 and Ps. 19,047,263, respectively.

For the years ended December 31, 2015 and 2014, the Company recognized Ps.145,993 and Ps. 93,013, respectively, for inventory that was damaged, slow-moving and obsolete.

10. LONG-TERM NOTES AND ACCOUNTS RECEIVABLE

Long-term notes and accounts receivable are as follows:

		At December 31, 2015		At December 31, 2014
Long-term notes receivable from sale of tortilla machines	Ps.	185,600	Ps.	134,502
Guarantee deposits		36,426		29,596
Long-term recoverable value-added tax		8,964		7,453
Other		14,751		11,292
	Ps.	245,741	Ps.	182,843

At December 31, 2015 and 2014, long-term notes receivable are denominated in pesos, maturing from 2017 to 2019 and bearing monthly interests at an annual average rate of 16.5% for both years.

(In thousands of Mexican pesos, except where otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment for the years ended December 31, 2015 and 2014 were as follows:

	Land and buildings	Machinery and equipment	Leasehold improvements	Construction in progress	Total
At December 31, 2013					
Cost……………………	Ps. 7,747,517	Ps. 26,801,643	Ps. 1,314,759	Ps. 772,825	Ps. 36,636,744
Accumulated depreciation…………….	(2,695,536)	(15,459,182)	(577,054)	-	(18,731,772)
Net book value…………	Ps. 5,051,981	Ps. 11,342,461	Ps. 737,705	Ps. 772,825	Ps. 17,904,972
For the year ended December 31, 2014					
Opening net book value...	Ps. 5,051,981	Ps. 11,342,461	Ps. 737,705	Ps. 772,825	Ps. 17,904,972
Exchange differences.…..	278,400	699,298	80,285	36,649	1,094,632
Additions……………….	138,727	427,996	13,791	1,132,298	1,712,812
Disposals……………..…	(4,684)	(232,215)	(2,341)	(14,095)	(253,335)
Depreciation charge from continuing operations….	(176,029)	(1,090,620)	(88,750)	-	(1,355,399)
Transfers…….……….....	404,565	967,484	31,194	(1,403,243)	-
Acquisition through business combinations….	-	26,282	-	-	26,282
Impairment…………….…	(14,395)	-	-	-	(14,395)
Discontinued operations..	(596,689)	(681,295)	(658)	(22,591)	(1,301,233)
Closing net book value…	Ps. 5,081,876	Ps. 11,459,391	Ps. 771,226	Ps. 501,843	Ps. 17,814,336
At December 31, 2014					
Cost……………………	Ps. 7,661,597	Ps. 27,864,912	Ps. 1,504,589	Ps. 501,843	Ps. 37,532,941
Accumulated depreciation…………….	(2,579,721)	(16,405,521)	(733,363)	-	(19,718,605)
Net book value…………	Ps. 5,081,876	Ps. 11,459,391	Ps. 771,226	Ps. 501,843	Ps. 17,814,336
For the year ended December 31, 2015					
Opening net book value...	Ps. 5,081,876	Ps. 11,459,391	Ps. 771,226	Ps. 501,843	Ps. 17,814,336
Exchange differences.…..	483,717	1,118,691	114,340	59,128	1,775,876
Additions……………….	46,660	455,466	50,906	1,761,939	2,314,971
Disposals……………..…	(20,922)	(299,605)	(11,997)	(11,849)	(344,373)
Depreciation charge of the year……………..….	(190,202)	(1,236,834)	(92,331)	-	(1,519,367)
Transfers…….……….....	63,709	1,148,509	116,291	(1,328,509)	-
Acquisition through business combinations….	49,377	92,890	-	2,125	144,392
Impairment…………….…	-	(15,847)	-	-	(15,847)
Closing net book value…	Ps. 5,514,215	Ps. 12,722,661	Ps. 948,435	Ps. 984,677	Ps. 20,169,988
At December 31, 2015					
Cost……………………	Ps. 8,570,612	Ps. 31,164,784	Ps. 1,802,066	Ps. 984,677	Ps. 42,522,139
Accumulated depreciation	(3,056,397)	(18,442,123)	(853,631)	-	(22,352,151)
Net book value…………	Ps. 5,514,215	Ps. 12,722,661	Ps. 948,435	Ps. 984,677	Ps. 20,169,988

(In thousands of Mexican pesos, except where otherwise indicated)

For the years ended December 31, 2015 and 2014, depreciation expense was recognized as follows:

	2015	2014
Cost of sales…………………………………………………	Ps. 1,189,514	Ps. 1,094,832
Selling and administrative expenses……………………………..	329,853	260,567
	Ps. 1,519,367	Ps. 1,355,399

At December 31, 2015 and 2014, property, plant and equipment included idle assets with a carrying value of approximately Ps.367,604 and Ps. 476,760, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico and the United States, mainly in the corn flour division in Mexico and packaged tortilla division in the United States.

For the years ended December 31, 2015 and 2014, the Company recognized impairment losses on fixed assets by Ps.15,847 and Ps.14,395, respectively, within "Other expenses".

The impairment loss recognized in 2015 for Ps.15,847 referred to the subsidiary Gruma Holding Netherlands B.V., which is part of the segment “Corn flour and packaged tortilla division (United States and Europe)”. This impairment loss reflects a decrease in the recoverable value of the fixed assets of this cash-generating unit due to its continuous operating losses and the effect of strategic changes in the region in which it operates. The impairment loss recognized in 2014 for Ps.14,395 referred to the subsidiary Gruma Centroamérica, which is part of “other segments”. This impairment loss reflects a decrease in the recoverable value of the fixed assets of this cash-generating unit since these assets will not be used for the purposes they were acquired for.

The Company recognized equipment under finance lease arrangements that are described in Note 27-B.

12. INTANGIBLE ASSETS

Changes in intangible assets for the years ended December 31, 2015 and 2014 were as follows:

	Intangible assets acquired						
	Goodwill	Covenants not to compete	Patents and trade-marks	Customer lists	Software for internal use	Internally generated intangible assets and others	Total
At December 31, 2013							
Cost……………………..	Ps. 2,472,692	Ps. 465,125	Ps. 135,508	Ps. 71,657	Ps. 417,002	Ps. 23,980	Ps. 3,585,964
Accumulated amortization…………….	-	(419,644)	(96,384)	(24,557)	(401,895)	(12,383)	(954,863)
Net book value…………	Ps. 2,472,692	Ps. 45,481	Ps. 39,124	Ps. 47,100	Ps. 15,107	Ps. 11,597	Ps. 2,631,101
For the year ended December 31, 2014							
Opening net book value...	Ps. 2,472,692	Ps. 45,481	Ps. 39,124	Ps. 47,100	Ps. 15,107	Ps. 11,597	Ps. 2,631,101
Exchange differences…..	67,676	401	5,679	5,416	995	(474)	79,693
Additions……………….	-	-	-	-	10,434	6,692	17,126
Disposals………………..	-	-	-	-	(34)	(3,326)	(3,360)
Amortization charge from continuing operations..…	-	(43,012)	(5,684)	(6,561)	(1,836)	(849)	(57,942)
Acquisition through business combinations….	84,089	-	44,287	29,049	-	-	157,425
Discontinued operations..	(28,774)	-	-	-	(1,742)	(1,381)	(31,897)
Closing net book value…	Ps. 2,595,683	Ps. 2,870	Ps. 83,406	Ps. 75,004	Ps. 22,924	Ps. 12,259	Ps. 2,792,146

(In thousands of Mexican pesos, except where otherwise indicated)

	Intangible assets acquired					Internally generated intangible assets and others	
	Goodwill	Covenants not to compete	Patents and trade-marks	Customer lists	Software for internal use		Total
At December 31, 2014							
Cost……………………..	Ps. 2,595,683	Ps. 467,357	Ps. 197,384	Ps. 109,748	Ps. 389,933	Ps. 23,138	Ps. 3,783,243
Accumulated amortization…………….	-	(464,487)	(113,978)	(34,744)	(367,009)	(10,879)	(991,097)
Net book value………….	Ps. 2,595,683	Ps. 2,870	Ps. 83,406	Ps. 75,004	Ps. 22,924	Ps. 12,259	Ps. 2,792,146
For the year ended December 31, 2015							
Opening net book value...	Ps. 2,595,683	Ps. 2,870	Ps. 83,406	Ps. 75,004	Ps. 22,924	Ps. 12,259	Ps. 2,792,146
Exchange differences…..	251,523	293	7,057	19,162	1,547	113	279,695
Additions……………….	-	-	-	-	997	2,821	3,818
Amortization charge from continuing operations..….	-	(2,492)	(7,734)	(12,963)	(3,602)	(2,061)	(28,852)
Acquisition through business combinations….	513,686	-	2,297	96,215	-	-	612,198
Impairment……………..	(156,945)	-	-	-	-	-	(156,945)
Closing net book value…	Ps. 3,203,947	Ps. 671	Ps. 85,026	Ps. 177,418	Ps. 21,866	Ps. 13,132	Ps. 3,502,060
At December 31, 2015							
Cost……………………..	Ps. 3,203,947	Ps. 460,762	Ps. 213,095	Ps.231,798	Ps. 396,713	Ps. 29,400	Ps. 4,535,715
Accumulated amortization…………….	-	(460,091)	(128,069)	(54,380)	(374,847)	(16,268)	(1,033,655)
Net book value………….	Ps. 3,203,947	Ps. 671	Ps. 85,026	Ps. 177,418	Ps. 21,866	Ps. 13,132	Ps. 3,502,060

At December 31, 2015 and 2014, except for goodwill, the Company does not have indefinite-lived intangible assets.

For the years ended December 31, 2015 and 2014, amortization expense of intangible assets from continuing operations amounted to Ps.28,852 and Ps. 57,942, respectively, which were recognized in the income statement as selling and administrative expenses.

Research and development costs of Ps.136,538 and Ps. 152,967 that did not qualify for capitalization were recognized in the income statement for the years ended December 31, 2015 and 2014, respectively.

Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

Cash-generating unit	At December 31, 2015	At December 31, 2014
Mission Foods Division (1)..…………………………………….	Ps. 1,023,443	Ps. 875,427
Azteca Foods Europe (2)……………………………………...	571,020	-
Gruma Seaham Ltd (2)………………………………………..	352,993	335,748
Gruma Corporation……………………………………………	212,765	212,765
Rositas Investments Pty, Ltd (2)...…………………………….	184,856	177,676
Semolina, A.S (2)……………………………………………..	147,865	158,582
Azteca Milling, L.P (1)..………………………………………	126,691	108,369
NDF Azteca Milling Europe SRL (2)..…………………………..	99,318	92,177
Grupo Industrial Maseca, S.A.B. de C.V…....……......................	98,622	98,622
MexiFoods, S.L. (2)…………………………………………...	88,408	84,089

(In thousands of Mexican pesos, except where otherwise indicated)

Cash-generating unit	At December 31, 2015	At December 31, 2014
Agroindustrias Integradas del Norte, S.A. de C.V (3)……………	86,325	86,325
Gruma Centroamérica (2)..………………………………………	51,207	51,207
Altera LLC (2)...…………………………………………………	42,033	54,510
Solntse Mexico (2)………………………………………………	38,301	42,443
Molinos Azteca de Chiapas, S.A. de C.V (3)..…………………..	28,158	28,158
Harinera de Yucatán, S.A. de C.V (3)..………………………….	18,886	18,886
Harinera de Maíz de Mexicali, S.A. de C.V (3)..………………..	17,424	17,424
Molinos Azteca, S.A. de C.V (3)..……………………………….	8,926	8,926
Harinera de Maíz de Jalisco, S.A. de C.V (3)..………………….	6,706	6,706
Gruma Holding Netherlands B.V (1)..……………....................	-	137,643
	Ps. 3,203,947	Ps. 2,595,683

(1) Subsidiary of Gruma Corporation
(2) Subsidiary of Gruma International Foods, S.L.
(3) Subsidiary of Grupo Industrial Maseca, S.A.B. de C.V.

In 2015 and 2014, the discount rates and growth rates in perpetuity used by the Company for determining the discounted cash flows of the CGU with the main balances of goodwill are the following:

	After-tax discount rates		Growth rates	
Cash-generating unit	2015	2014	2015	2014
Mission Foods Division……………	7.3%	7.0%	2.0%	1.8%
Azteca Foods Europe………………	9.4%	-	2.5%	-
Gruma Seaham……………………..	8.2%	7.9%	2.5%	2.5%
Gruma Corporation………………...	6.1%	6.1%	2.5%	2.5%
Rositas Investment PTY, LTD……..	8.7%	7.3%	3.0%	3.0%
Semolina A.S………………………	9.9%	9.4%	2.5%	2.5%
Azteca Milling, L.P………………..	7.3%	7.0%	2.0%	1.8%
Grupo Industrial Maseca, S.A.B. de C.V…...……................................	8.7%	8.6%	2.5%	2.5%
Agroindustrias Integradas del Norte, S.A. de C.V………………………...	8.7%	8.6%	2.5%	2.5%

The discount rate used reflects the Company's specific risks related to its operations. The long-term growth rate used is consistent with projections included in industry reports.

With respect to the determination of the CGU's value in use, the Company's management considered that a reasonably possible change in the key assumptions used, will not cause that the CGU's carrying value to materially exceed their value in use. The recovery amount of cash-generating units has been determined based on calculations of the values in use. These calculations use cash flow projections based on financial budgets approved by the Company's management for a 5-year period.

For the years ended December 31, 2015, the Company recognized an impairment loss on goodwill of Ps.156,945 in "Other expenses". Impairment loss in 2015 refers to the CGU of Gruma Holding Netherlands B.V., which is part of the segment "Corn flour and packaged tortilla division (United States and Europe)". This impairment loss reflects a decrease in the recoverable value of this CGU due to its continuous operating losses and the effect of strategic changes in the region in which it operates. For the year ended December 31, 2014, no impairment losses on goodwill were recognized.

(In thousands of Mexican pesos, except where otherwise indicated)

13. DEFERRED TAX ASSETS AND LIABILITIES

A) COMPONENTS OF DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	At December 31, 2015	At December 31, 2014
Deferred tax asset:		
To be recovered after more than 12 months	Ps. (1,352,832)	Ps. (803,084)
To be recovered within 12 months	(548,385)	(466,659)
	(1,901,217)	(1,269,743)
Deferred tax liability:		
To be recovered after more than 12 months	2,314,111	2,273,512
To be recovered within 12 months	56,806	71,247
	2,370,917	2,344,759
Deferred tax liability, net	Ps. 469,700	Ps. 1,075,016

The principal components of deferred tax assets and liabilities are summarized as follows:

	(Asset) Liability	
	At December 31, 2015	At December 31, 2014
Net operating loss carryforwards and other tax credits	Ps. (988,448)	Ps. (252,872)
Customer advances	(5,362)	(956)
Allowance for doubtful accounts	(5,190)	(3,460)
Provisions	(751,102)	(643,612)
Deferred income for trademarks license with subsidiary	(468,969)	(586,119)
Derivative financial instruments	(15,193)	(18,780)
Other	(114,410)	(114,107)
Deferred tax asset	(2,348,674)	(1,619,906)
Property, plant and equipment, net	2,294,239	2,143,603
Prepaid expenses	2,862	1,515
Inventories	1,616	2,188
Intangible assets	369,057	372,632
Other	28,210	(18,946)
	2,695,984	2,500,992
Tax consolidation effect	122,390	193,930
Deferred tax liability	2,818,374	2,694,922
Net provision for deferred taxes	Ps. 469,700	Ps. 1,075,016

At December 31, 2015 and 2014, the Company did not recognize a deferred income tax asset of Ps.1,293,784 and Ps. 1,634,646, respectively, for tax loss carryforwards, since sufficient evidence was not available to determine that these tax loss carryforwards will be realized during their amortization period. These tax losses expire in the year 2024.

At December 31, 2015 and 2014, undistributed taxable income of subsidiaries amounted to Ps.1,603,365 and Ps. 1,930,922, respectively. No deferred income tax has been recognized for this undistributed taxable income, since the Company has the ability to control the time for its reversal and it is probable that in the foreseeable future these temporary differences will not reverse. If the Company had not chosen this option, the deferred tax liability of these items would have amounted to Ps.481,009 and Ps.579,277 as of December 31, 2015 and 2014, respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

The changes in the temporary differences during the year were as follows:

	Balance at January 1, 2015	Recognized in income	Recognized in other compre-hensive income	Reclassifi-cations	Foreign currency translation	Balance at December 31, 2015
Net operating loss carryforwards and other tax credits……………	Ps. (252,872)	Ps. (700,091)	Ps. -	Ps. 193	Ps. (35,678)	Ps. (988,448)
Customer advances…………….	(956)	5,365	-	(9,771)	-	(5,362)
Allowance for doubtful accounts	(3,460)	(1,118)	-	(58)	(554)	(5,190)
Provisions………………………	(643,612)	(34,919)	(5,160)	(2,281)	(65,130)	(751,102)
Deferred income from trademark license with subsidiary..………..	(586,119)	117,150	-	-	-	(468,969)
Derivative financial instruments.	(18,780)	-	6,762	-	(3,175)	(15,193)
Others………………………….	(114,107)	10,687	-	95	(11,085)	(114,410)
Deferred tax asset……………..	(1,619,906)	(602,926)	1,602	(11,822)	(115,622)	(2,348,674)
Property, plant and equipment…	2,143,603	(109,007)	-	6,673	252,970	2,294,239
Prepaid expenses……………….	1,515	1,347	-	-	-	2,862
Inventories……………………..	2,188	1,106	-	226	(1,904)	1,616
Intangible assets…………..……	372,632	(90,138)	-	22,003	64,560	369,057
Others………………………….	(18,946)	28,695	(14,823)	3,474	29,810	28,210
	2,500,992	(167,997)	(14,823)	32,376	345,436	2,695,984
Tax consolidation effect……….	193,930	(71,540)	-	-	-	122,390
Deferred tax liability..………….	2,694,922	(239,537)	(14,823)	32,376	345,436	2,818,374
Net provision for deferred taxes	Ps.1,075,0016	Ps. (842,463)	Ps. (13,221)	Ps. 20,554	Ps. 229,814	Ps. 469,700

	Balance at January 1, 2014	Recognized in income	Recognized in other compre-hensive income	Reclassifi-cations	Disconti-nued operations	Foreign currency translation	Balance at December 31, 2014
Net operating loss carryforwards and other tax credits……………	Ps. (322,530)	Ps. 49,757	Ps. -	Ps. (933)	Ps. 30,056	Ps. (9,222)	Ps. (252,872)
Customer advances…………….	(3,884)	(956)	-	3,866	18	-	(956)
Allowance for doubtful accounts	(17,858)	1,289	-	42	13,134	(67)	(3,460)
Provisions………………………	(516,933)	(112,509)	4,593	1,132	22,360	(42,255)	(643,612)
Deferred income from trademark license with subsidiary..………..	(703,269)	117,150	-	-	-	-	(586,119)
Derivative financial instruments.	(30,377)	-	12,731	-	-	(1,134)	(18,780)
Others………………………….	(115,040)	2,131	-	(32)	-	(1,166)	(114,107)
Deferred tax asset……………..	(1,709,891)	56,862	17,324	4,075	65,568	(53,844)	(1,619,906)
Property, plant and equipment…	1,758,421	363,920	-	5,937	(78,161)	93,486	2,143,603
Prepaid expenses……………….	3,376	(681)	-	-	(1,180)	-	1,515
Inventories……………………..	15,133	(16,375)	-	3,020	-	410	2,188
Intangible assets…………..……	352,573	(38,978)	-	17,346	1,091	40,600	372,632
Investment in associates……….	403,384	(490,059)	-	-	-	86,675	-
Others………………………….	24,836	(7,755)	(31,082)	(3,966)	-	(979)	(18,946)
	2,557,723	(189,928)	(31,082)	22,337	(78,250)	220,192	2,500,992
Tax consolidation effect……….	910,618	(716,688)	-	-	-	-	193,930
Deferred tax liability..………….	3,468,341	(906,616)	(31,082)	22,337	(78,250)	220,192	2,694,922
Net provision for deferred taxes	Ps.1,758,450	Ps. (849,754)	Ps. (13,758)	Ps. 26,412	Ps. (12,682)	Ps. 66,348	Ps. 1,075,016

(In thousands of Mexican pesos, except where otherwise indicated)

B) TAX LOSS CARRYFORWARDS

At December 31, 2015, the Company had tax loss carryforwards which amounted to approximately Ps.5,713,687. Based on projections prepared by the Company's management of expected future taxable income, it has been determined that only tax losses for an amount of Ps.1,401,072 will be used. Therefore, the Company did not recognize a deferred tax asset for the difference. Tax losses that will be used have the following expiration dates:

Year	Amount	
2016……………………….	Ps.	150,934
2017……………………….		161,365
2018……………………….		214,930
2019……………………….		201,476
2020 to 2024…..…………..		672,367
Total………………………	Ps.	1,401,072

C) UNCERTAIN TAX POSITIONS

At December 31, 2015 and 2014, the Company recognized a liability for uncertain tax positions of Ps.34,334 and Ps.41,200, respectively, excluding interest and penalties, and it is included in Other non-current liabilities. The following table shows a reconciliation of the Company's uncertain tax positions, excluding interest and penalties:

	2015		2014	
Uncertain tax positions at beginning of year……………………….	Ps.	41,200	Ps.	41,421
Translation adjustment of the beginning balance…………………..		(15,358)		(7,178)
Increase as result of uncertain tax positions taken in the year…...…		344		5,225
Reductions due to a lapse of the statute of limitations……………...		8,148		1,732
Uncertain tax positions at end of year…...………………………..…	Ps.	34,334	Ps.	41,200

It is expected that the amount of uncertain tax positions will change in the next 12 months; however, the Company does not expect the change to have a significant impact on its consolidated financial position or results of operations. The Company had accrued interest and penalties of approximately Ps.5,833 and Ps.4,298 related to uncertain tax positions for 2015 and 2014, respectively.

D) TAX EFFECTS FROM OTHER COMPREHENSIVE INCOME

Deferred taxes related to other comprehensive income are comprised of:

	At December 31, 2015		At December 31, 2014	
Foreign currency translation adjustments………………………………	Ps.	(13,048)	Ps.	(30,712)
Remeasurement of employment benefit obligations…………………...		(6,935)		4,223
Cash flow hedges……………………………………………………….		6,762		12,731
Total…………………………………………………………………….	Ps.	(13,221)	Ps.	(13,758)

(In thousands of Mexican pesos, except where otherwise indicated)

E) TAX CONSOLIDATION

Until December 31, 2013, the Company determined its income tax under the tax consolidation regime, together with its subsidiaries in Mexico. This was due to the abrogation of the Income Tax Law effective until December 31, 2013, which eliminated this tax regime. The Company decided not to join the new Optional Regime for Company Groups for the year 2014.

Due to the elimination of the tax consolidation regime, the Company has the obligation to pay the deferred tax determined at that time during the following five-year period. The payment corresponding to the 50% of the income tax resulting from the deconsolidation was paid in 2015 and 2014 (25% in each year) and the remaining income tax (restated with inflation factors) must be paid to the tax authority in accordance with the following deadlines:

1. 20% no later than April 30, 2016
2. 15% no later than April 30, 2017
3. 15% no later than April 30, 2018

In accordance with subsection d) of section XV of the transitional Article 9 of the 2014 Income Tax Law, and since the Company was the parent entity at December 31, 2013 and at such date was subject to the payment schedule contained in the section VI of Article 4 of the transitional provisions of the Income Tax Law published in the Official Gazette on December 7, 2009, or Article 70-A of the 2013 Income Tax Law that was abrogated, the Company shall continue to settle its deferred income tax from tax consolidation pertaining to 2007 and previous years, under the provisions above mentioned, until its payment is completed.

At December 31, 2015, the liability arising from tax consolidation regime effective December 31, 2013 amounted to Ps.213,951 and is estimated to be incurred as follows:

Year of payment		Amount
2016………………	Ps.	91,561
2017………………		64,410
2018……………….		57,980
Total………………	Ps.	213,951

At December 31, 2015, income tax to be settled in the next 12 months was classified in the statement of financial position as short-term income tax payable for Ps.91,561. The remaining liability considered as long-term for Ps.122,390 in accordance with the requirements of the Income Tax Law, was included as a component of the deferred income taxes.

(In thousands of Mexican pesos, except where otherwise indicated)

14. DEBT

Debt is summarized as follows:

Short-term:

	At December 31, 2015	At December 31, 2014
Bank loans………………………………………………..	Ps. 1,979,983	Ps. 973,499
Current portion of long-term bank loans..………………….	675,444	455,142
Current portion of financing lease liabilities……………….	4,608	8,467
	Ps. 2,660,035	Ps. 1,437,108

Long-term:

	At December 31, 2015	At December 31, 2014
Bank loans……………………………………………….	Ps. 11,166,991	Ps. 9,768,263
Financing lease liabilities……………………………….	7,467	19,398
	Ps. 11,174,458	Ps. 9,787,661
Current portion of long-term bank loans…………………..	(675,444)	(455,142)
Current portion of financing lease liabilities……………….	(4,608)	(8,467)
	Ps. 10,494,406	Ps. 9,324,052

The terms, conditions and carrying values of debt are as follows:

	Currency	Interest rate	Maturity date	At December 31, 2015	At December 31, 2014
10-year Senior notes [b]…...	U.S.$	4.875%	2024	Ps. 6,821,234	Ps. 5,820,558
Syndicated loan [a]………....	U.S.$	LIBOR + 1.5%	2015-2018	3,207,039	3,060,147
Credits…………………….	Pesos	3.75% - 3.80%	2016	1,000,000	-
Syndicated loan [a]………....	U.S.$	LIBOR + 0.95%	2018	851,315	-
Credits...…………………..	U.S.$	1.47% - 2.12%	2016	705,467	863,457
Credit…….………………..	Euros	1.19% - 5.50%	2015-2022	230,914	15,140
Credit…….………………..	U.S.$	0.92%	2016	154,859	-
Credit……………………...	Liras	13.50%	2016	119,657	101,096
Credit……………………..	Pesos	5.45% - 6.64%	2019	56,489	81,364
Financing lease liability…..	Euros	3.99%	2014-2017	7,467	19,398
Syndicated loan…………..	Pesos	TIIE + 1.625%	2015-2018	-	800,000
Total………………………				Ps. 13,154,441	Ps. 10,761,160

(a) Quarterly interest payments; (b) Semiannual interest payments
- The remaining debt pays interests on a monthly basis, at maturity.

At December 31, 2015 and 2014, short-term debt bore interest at an average rate of 4.04% and 3.42%, respectively. At December 31, 2015 and 2014, interest expense included interest related to debt amounting Ps.519,244 and Ps.1,008,251, respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2015, the annual maturities of long-term debt outstanding were as follows:

Year		Amount
2017………………	Ps.	626,453
2018………………		2,972,434
2019………………		48,709
2020………………		15,990
2021 and thereafter		6,830,820
Total………………	Ps.	10,494,406

On November 24, 2014 the conditions were renegotiated for Gruma Corporation revolving credit with Bank of America, N.A., which was carried out on June 20, 2011 for U.S.$250 million. Its maturity date was extended from June 2016 to November 2019, and the interest rate was reduced by 25 basis points to LIBOR plus a spread between 112.5 and 175 basis points, based on the Company's leverage ratio.

In order to refinance the perpetual notes, on December 5, 2014 the Company issued 10-year senior notes of Ps.5,820,558 (U.S.$400 million) in international markets, payable at maturity on December 1, 2024. The senior notes have an annual fixed interest rate of 4.875% payable semi-annually. The senior notes were placed by Goldman Sachs & Co. and Santander Investment Securities Inc., as leading agents, and Banco Bilbao Vizcaya Argentaria, SA, Credit Agricole Securities and Scotia Capital Inc., as secondary agents. The proceeds were used to redeem the Perpetual Notes on December 15, 2014 and for the repayment of additional indebtedness of U.S.$100 million.

The Company has credit line agreements for Ps.6,452,438 (U.S.$375 million), of which Ps.5,592,113 (U.S.$325 million) are available as of December 31, 2015. These credit line agreements require a quarterly payment of a commitment fee ranging from 0.15% to 0.30% over the unused amounts, which is recognized as interest expense of the year.

The outstanding credit agreements contain covenants mainly related to compliance with certain financial ratios and delivery of financial information, which, if not complied with during the period, as determined by creditors, may be considered a cause for early maturity of the debt.

Financial ratios are calculated according to formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of the last twelve months to consolidated interest charges, should not be less than 2.50 to 1.00.

- Leverage ratio, defined as the ratio of total consolidated indebtedness (as described in the credit agreements) to consolidated EBITDA, should be no greater than 3.50 to 1.00.

At December 31, 2015 and 2014, the Company was in compliance with the financial covenants, as well as with the delivery of the required financial information.

(In thousands of Mexican pesos, except where otherwise indicated)

15. PROVISIONS

The movements of provisions are as follows:

	Labor provisions	Restoration provision	Tax and custom dispute provision	Compensation for import of contaminated rice	Total
Balance at December 31, 2013……	Ps. 231,355	Ps. 123,482	Ps. 22,947	Ps. -	Ps. 377,784
Charge (credit) to income:					
Additional provisions…………….	289,715	14,729	15,719	12,146	332,309
Unused amounts reversed………..	(1,481)	(1,763)	-	-	(3,244)
Used during the year………………..	(190,719)	(1,015)	(62)	-	(191,796)
Exchange differences………………	38,551	16,637	2,715	1,268	59,171
Balance at December 31, 2014……	367,421	152,070	41,319	-	574,224
Charge (credit) to income:					
Additional provisions…………….	261,439	6,773	5,457	-	276,852
Unused amounts reversed………..	(2,375)	(4,048)	-	(14,503)	(24,109)
Used during the year………………..	(241,376)	-	(607)	-	(241,983)
Exchange differences………………	63,164	25,928	6,498	1,089	96,679
Balance at December 31, 2015……	Ps. 448,273	Ps. 180,723	Ps. 52,667	Ps. -	Ps. 681,663
Of which current..……………….	Ps. 139,545	Ps. 51,774	Ps. -	Ps. -	Ps. 191,319
Of which non-current…………….	308,728	128,949	52,667	-	490,344

Labor provisions

In the United States, when permitted by law, the Company self insures against workers' compensation claims arising from medical expenses incurred due to work accidents or illness. For uncovered risks, the Company estimates the associated liabilities through an actuarial calculation, considering historical information of claims, demographic factors, severity of past events and other actuarial assumptions; to estimate the expected outflows of economic resources and projected timing of the settlement of these claims. The discount rate applied during 2015 was 3.26%. At December 31, 2015, the Company has Ps.30,834 (U.S.$1,792 thousand) of expected insurance reimbursements that are included in consolidated balance sheet as a component of accounts receivable.

Likewise, the subsidiary in Italy established a provision to meet legal costs arising from labor claims related mainly to work accidents.

Restoration provision

In the United States and Europe, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using a pre-tax discount rate and taking into account any specific risks associated with these obligations. The discount rate applied during 2015 was 4.36%.

(In thousands of Mexican pesos, except where otherwise indicated)

Tax and custom dispute provision

In Central America, for the periods from 2005 to 2011, tax authorities have lodged tax assessments against the Company for approximately Ps.31,000 (971 million colons) in connection with sales and income tax. Based on the criteria of the Company’s management and the opinion of tax consultants hired for the Company´s defense, there is a probability that some of the tax assessments will be settled. For this reason, the Company has accrued the necessary amounts to cover the payment of these obligations.

Additionally in Central America, during 2014 tax authorities have decided not to issue authorizations for the use of tax loss carryforwards from previous years, arguing that they are reviewing the procedure for granting such tax benefit. Tax loss carryforwards prescribed during 2014 amounted to Ps.63,000 (1,988 million colons); therefore, the Company has accrued approximately Ps.19,000 (596 million colons) corresponding to the tax impact of this matter, considering that the Company will excercise its right in court, where a favorable outcome is reserved.

At December 31, 2015, the Company in one of its subsidiaries in Europe recognized a provision of Ps.3,551, corresponding to the ongoing legal case with the Customs office regarding a conflict with the Harmonized System Code for imported goods. The Company has accrued the necessary amounts to cover the payment of the obligations that may arise at the end of this process, such as penalties, fees, etc.

Compensation for import of contaminated rice

At December 31, 2014 in Central America, the Company recognized a provision for Ps.13,414 (496 million colons), corresponding to the probable loss due to the refusal of the government due to its determination of excess of agrochemicals in imported rice. During 2015, this provision was reversed, since the Company had an insurance reimbursement of 100% of this provision.

16. OTHER CURRENT LIABILITIES

At December 31, 2015 and 2014, Other current liabilities includes the following:

	At December 31, 2015		At December 31, 2014	
Contingent liability (Note 29)…………………..	Ps.	1,009,750	Ps.	-
Employee benefits payable……..……………...		913,788		802,706
Promotion and advertising payable……………..		393,722		255,694

The rest of the items that comprise Other current liabilities correspond to accrued expenses payable.

(In thousands of Mexican pesos, except where otherwise indicated)

17. EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations recognized in the balance sheet, by country, were as follows:

Country	At December 31, 2015		At December 31, 2014	
Mexico………………….........................	Ps.	509,306	Ps.	505,798
United States and Europe..……………..		116,219		103,864
Central America………………………..		20,148		10,321
Total………………..…………………..	Ps.	645,673	Ps.	619,983

A) MEXICO

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under Mexican law, which does not require minimum funding.

The plans in Mexico typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk:

- Investment risk. The expected return rate for investment funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and fixed-rate instruments. Due to the long-term nature of the plan liabilities, the Company considers appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund; however, a minimum 30% must be invested in government bonds as required by Mexican tax laws.

- Interest risk. A decrease in the interest rate will increase the plan liability; the volatility in interest rates depends exclusively in the economic environment.

- Longevity risk. The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

- Salary risk. The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary expectancy of the plan participants will increase the plan's liability.

(In thousands of Mexican pesos, except where otherwise indicated)

The reconciliation between the beginning and ending balances of the present value of the defined benefit obligations (DBO) is as follows:

		2015		2014
DBO at beginning of the year…………...…………..…	Ps.	561,445	Ps.	579,667
Add (deduct):				
Current service cost……………………….………..…		29,606		28,083
Financial cost…………………………………….……		32,675		31,591
Remeasurement for the period………………..............		17,888		7,851
Benefits paid…………………………….………….		(70,447)		(85,747)
Past service cost……………………………….……		52		-
DBO at end of the year………………………….……….	Ps.	571,219	Ps.	561,445

At December 31, 2015 and 2014, liabilities relating to vested employee benefits amounted to Ps.342,784 and Ps.337,619, respectively.

The reconciliation between the beginning and ending balances of the employee benefit plan assets at fair value for the years 2015 and 2014 is shown below:

		2015		2014
Plan assets at fair value at beginning of the year..	Ps.	55,647	Ps.	56,240
Add (deduct):				
Return on plan assets……………………..……..		2,922		2,970
Return on plan assets recognized in other comprehensive income………....………………		3,344		(3,563)
Plan assets at fair value at end of the year……..…	Ps.	61,913	Ps.	55,647

The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

		At December 31, 2015		At December 31, 2014
Employee benefit (assets) liabilities:				
DBO……………………..……………………	Ps.	571,219	Ps.	561,445
Plan assets……………………..........................		(61,913)		(55,647)
Employee benefits obligations.………………….	Ps.	509,306	Ps.	505,798

The value of the DBO related to the pension plan amounted to Ps.499,368 and Ps.495,808 at December 31, 2015 and 2014, respectively, while the value of the DBO related to seniority premiums amounted to Ps.71,851 and Ps.65,637, respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2015 and 2014, the components of net cost comprised the following:

	2015		2014	
Current service cost……………………………...........	Ps.	29,606	Ps.	28,083
Past service cost………………….…...................		52		-
Financial cost……………...……………………..		32,675		31,591
Return on plan assets………..……………….........		(2,922)		(2,970)
Net cost for the year……………..........................	Ps.	59,411	Ps.	56,704

The net cost for the year 2015 and 2014 of Ps.59,411 and Ps.56,704, respectively, was recognized as follows:

	2015		2014	
Cost of sales…..………………….......................	Ps.	12,488	Ps.	10,150
Selling and administrative expenses……………..		46,923		41,498
Discontinued operations…………....................		-		5,056
Net cost for the year……..………………………….	Ps.	59,411	Ps.	56,704

Remeasurements of the defined benefit obligation recognized in other comprehensive income are comprised of:

	2015		2014	
Return on plan assets (excluding amounts included in net cost of the year)…..………………………………	Ps.	(3,344)	Ps.	3,563
Actuarial gains and losses arising from changes in demographic assumptions……………………………		-		59,940
Actuarial gains and losses arising from changes in financial assumptions…………………………………		(14,967)		(15,234)
Actuarial gains and losses arising from experience adjustments……………………............................		32,855		(36,855)
	Ps.	14,544	Ps.	11,414

The total amount recognized in other comprehensive income is described below:

	2015		2014	
Balance at the beginning of the year…………….	Ps.	285,418	Ps.	274,004
Remeasurements that occurred during the year…		14,544		11,414
Balance at the end of the year…………………...	Ps.	299,962	Ps.	285,418

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2015 and 2014, plan assets stated at fair value and related percentages with respect to total plan assets were analyzed as follows:

	At December 31, 2015			At December 31, 2014		
Equity securities, classified by type of industry:	Ps.	50,664	82%	Ps.	42,508	76%
Consumer industry…………………………………		15,114			10,191	
Financial institutions………………………………..		35,550			32,317	
Fixed rate securities…………………………………..		11,249	18%		13,139	24%
Fair value of plan assets………………………………	Ps.	61,913	100%	Ps.	55,647	100%

The Company has a policy of maintaining at least 30% of its trust assets in Mexican Federal Government instruments. Guidelines have been established for the remaining 70% and investment decisions are taken in accordance with these guidelines to the extent market conditions and available funds allow it.

As of December 31, 2015, the funds maintained in plan assets were considered sufficient to face the Company's short-term needs; therefore, the Company's management has determined that for the time being there is no need for additional contributions to increase these assets.

The main actuarial assumptions used were as follows:

	At December 31, 2015	At December 31, 2014
Discount rate……………………………………….……….	6.50%	6.25%
Future increase rate in compensation levels……...…...	4.50%	4.50%
Long-term inflation rate…………………………..…..	3.50%	3.50%

At December 31 2015 and 2014, the impact in DBO for a decrease of 25 basis points in the discount rate amounts to Ps.16,082 and Ps.10,147, respectively.

The sensitivity analysis mentioned above is based on the change in the discount rate while keeping constant the rest of the assumptions. In practice, this is unlikely to occur, and changes in some of the assumptions can be correlated.

The methods used in preparing the sensitivity analysis did not change from those used in prior years.

The average duration of the benefit obligation at December 31, 2015 and 2014 is 12 and 13 years, respectively.

The Company does not expect to contribute during the next fiscal year.

B) OTHER COUNTRIES

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company in this country. For the years ended December 31, 2015 and 2014, total expenses related to this plan amounted to Ps.109,956 and Ps.81,215, respectively (U.S.$6,900 and U.S.$6,082 thousand, respectively).

(In thousands of Mexican pesos, except where otherwise indicated)

Additionally, the Company has established an unfunded nonqualified deferred compensation plan for a selected group of management and highly compensated employees. The plan is voluntary and allows employees to defer a portion of their salary or bonus in excess of the savings and investment plan limitations. The employees elect investment options and the Company monitors the result of those investments and records a liability for the obligation. For the years ended December 31, 2015 and 2014, total expenses related to this plan were approximately Ps.1,833 and Ps.7,184, respectively (U.S.$115 and U.S.$538 thousand, respectively). At December 31, 2015 and 2014, the liability recognized for these items amounted to Ps.105,579 and Ps.94,151, respectively (U.S.$6,136 and U.S.$6,397 thousand, respectively).

In Central America, the retirement and severance provisions are determined according to the current Labor Legislation of each country. At December 31, 2015 and 2014, the liability recognized for this item amounted to Ps.20,148 and Ps.10,321, respectively, and the total labor obligation cost amounted Ps.10,593 and Ps.1,586, respectively.

18. EQUITY

A) COMMON STOCK

At December 31, 2015 and 2014, the Company’s outstanding common stock consisted of 432,749,079 Series “B” shares, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders’ approval.

B) RETAINED EARNINGS

In accordance with Mexican Corporate Law, the legal reserve must be increased annually by 5% of annual net profits until it reaches a fifth of the fully paid common stock amount. The legal reserve is included within retained earnings.

Movements in the legal reserve for the years ended December 31, 2015 and 2014 are as follows:

	Amount
Balance at December 31, 2013………………………...	Ps. 304,631
Increases during the year……………………………...	283,674
Balance at December 31, 2014………………………...	588,305
Increases during the year……………………………...	65,986
Balance at December 31, 2015………………………...	Ps. 654,291

In October 2013, the Chamber of Senators and Deputies approved the issuance of the new Income Tax Law, effective starting January 1, 2014. Among other, the Law establishes a 10% tax rate on earnings from 2014 and thereafter, for dividend paid to foreign residents and Mexican individuals; additionally, this law states that for the years 2001 to 2013, the net taxable income will be determined in accordance with the Income Tax Law that was effective for each year.

(In thousands of Mexican pesos, except where otherwise indicated)

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN) and will be taxed at a rate that fluctuates between 32% and 35% if they are paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2016. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment. As of December 31, 2015, CUFIN amounted to Ps.9,544,413.

C) PURCHASE OF COMMON STOCK

The Shareholders' Meeting held on April 24, 2015 approved to increase the reserve to repurchase the Company's own shares up to Ps.650,000. The maximum amount of proceeds that can be used to purchase the Company's own shares cannot exceed, in any case, the net earnings of the entity, including retained earnings. The difference between the acquisition cost of the repurchased shares and their stated value, composed of common stock and share premium, is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. The gain or loss on the sale of the Company's own shares is recorded in retained earnings.

The balance of the reserve for acquisition of Company's own shares for the years ended December 31, 2015 and 2014 was Ps.650,000. During 2015 and 2014 no movements in this reserve occurred.

D) FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Foreign currency translation adjustments consisted of the following as of December 31:

		2015		2014
Balance at beginning of year………………………………..…………	Ps.	(179,408)	Ps.	(10,895)
Effect of the year from translating net investment in foreign subsidiaries…………………………………………………..………		2,240,481		793,342
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries…………………………………………….………		(1,594,427)		(961,855)
Balance at end of year……………………………………………….	Ps.	466,646	Ps.	(179,408)

The investment that the Company maintains in its operations in the United States and Europe generated a hedge of up to U.S.$637 and U.S.$597 million at December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, the accumulated effect of translating net investment in foreign subsidiaries impacted non-controlling interest in the amounts of Ps.(772) and Ps.(2,288), respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

19. SUBSIDIARIES

The table below shows details of non-wholly subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Country of incorporation and business	% of non-controlling interest at December 31, 2015	% of non-controlling interest at December 31, 2014	Income allocated to non-controlling interest for the years ended at December 31, 2015	Income allocated to non-controlling interest for the years ended at December 31, 2014
Grupo Industrial Maseca, S.A.B. de C.V.	Mexico	14.50%	16.82%	Ps. 343,416	Ps. 201,651

Name of subsidiary	Accumulated non-controlling interest at December 31, 2015	Accumulated non-controlling interest at December 31, 2014
Grupo Industrial Maseca, S.A.B. de C.V.	Ps. 1,630,161	Ps. 1,566,037

During 2015, GRUMA acquired an additional 2.32% of the non-controlling interest for an amount of Ps.467,573. Summarized financial information in respect of the Company's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before inter-company eliminations.

<u>Grupo Industrial Maseca, S.A.B. de C.V.</u>

	At December 31, 2015	At December 31, 2014
Current assets……………………….…………………	Ps. 5,514,737	Ps. 4,375,184
Non-current assets……………………….……………......	6,787,448	6,533,727
Current liabilities……………………….………………	2,087,683	2,291,459
Non-current liabilities…………………….………………….	491,340	652,070
Equity attributable to owners of the Company…………	8,093,001	6,399,345
Non-controlling interests……………………………….	1,630,161	1,566,037
Dividends paid to non-controlling interests……………	87,686	101,392

	For the year ended December 31, 2015	For the year ended December 31, 2014
Net sales…………………………….........................	Ps. 15,871,348	Ps. 15,074,107
Net income…………………………………………...	2,205,333	1,199,763
Comprehensive income……………………………...	2,190,159	1,162,092
Cash flows:		
Operating activities……………………………………..	Ps. 999,170	Ps. 2,481,087
Investment activities……………………………………	(561,015)	(171,624)
Financing activities……………………………………..	(140,861)	(2,111,933)

(In thousands of Mexican pesos, except where otherwise indicated)

20. FINANCIAL INSTRUMENTS

A) FINANCIAL INSTRUMENTS BY CATEGORY

The carrying values of financial instruments by category are presented below:

	At December 31, 2015			
	Loans, receivables and liabilities at amortized cost	**Financial assets and liabilities at fair value through profit or loss**	**Hedge derivatives**	**Total categories**
Financial assets:				
Cash and cash equivalents…………..	Ps. 2,919,054	Ps. -	Ps. -	Ps. 2,919,054
Derivative financial instruments................	-	51,816	106,595	158,411
Accounts receivable………..........	6,146,882	-	-	6,146,882
Long term notes receivable from sale of tortilla machines and other (Note 10)..……..	200,351	-	-	200,351
Financial liabilities:				
Current debt…………	Ps. 2,660,035	Ps. -	Ps. -	Ps. 2,660,035
Trade accounts payable………………	2,914,328	-	-	2,914,328
Derivative financial instruments…………..	-	28,526	-	28,526
Long-term debt…..….	10,494,406	-	-	10,494,406
Contingent payment due to repurchase of the Company's own shares (Note 29)……	-	1,009,750	-	1,009,750
Other liabilities (excludes non-financial liabilities)….	39,623	-	-	39,623

(In thousands of Mexican pesos, except where otherwise indicated)

	At December 31, 2014				
	Loans, receivables and liabilities at amortized cost	**Financial assets and liabilities at fair value through profit or loss**	**Hedge derivatives**	**Assets available for sale**	**Total categories**
Financial assets:					
Cash and cash equivalents…………..	Ps. 1,465,088	Ps. -	Ps. -	Ps. -	Ps. 1,465,088
Derivative financial instruments.................	-	8,575	87,801	-	96,376
Accounts receivable………..........	6,489,396	-	-	-	6,489,396
Investment in Venezuela available for sale……………….	-	-	-	3,109,013	3,109,013
Long term notes receivable from sale of tortilla machines and other (Note 10)..……..	145,794	-	-	-	145,794
Financial liabilities:					
Current debt…………	Ps. 1,437,108	Ps. -	Ps. -	Ps. -	Ps. 1,437,108
Trade accounts payable………………	3,555,521	-	-	-	3,555,521
Derivative financial instruments…………..	-	49,024	-	-	49,024
Long-term debt…...….	9,324,052	-	-	-	9,324,052
Contingent payment due to repurchase of the Company's own shares (Note 29)……	-	823,960	-	-	823,960
Other liabilities (excludes non-financial liabilities)….	27,053	-	-	-	27,053

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, trade accounts payable and other current liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable and recoverable taxes represent the expected cash flow to be received.

(In thousands of Mexican pesos, except where otherwise indicated)

The estimated fair value of the Company's financial instruments is as follows:

	At December 31, 2015			
	Carrying amount		Fair value	
Assets:				
Derivative financial instruments – corn [1]………………	Ps.	106,595	Ps.	106,595
Derivative financial instruments – exchange rate...………		40,298		40,298
Derivative financial instruments – fuel [1]………………		11,518		11,518
Long-term notes receivable from sale of tortilla machines		185,600		158,094
Liabilities:				
10-year Bonds in U.S. dollars bearing fixed interest at an annual rate of 4.875%..		6,821,234		7,071,872
Short and long-term debt…………………………………..		6,333,207		6,407,390
Contingent payment due to repurchase of the Company's own shares……………………………………………...		1,009,750		1,009,750
Derivative financial instruments – natural gas……….…..		28,526		28,526

(1) At December 31, 2015, the balance of derivative financial instruments receivable amounted to Ps.158,411, and is comprised of Ps.34,145 corresponding to the loss from the valuation of open positions in corn, fuel and exchange rate derivative financial instruments at the end of the year, and Ps.192,556 corresponding to revolving funds or margin calls that arise from price changes in the underlying asset that the Company maintains with the third party, to be applied against payments, related to corn and fuel derivatives.

	At December 31, 2014			
	Carrying amount		Fair value	
Assets:				
Derivative financial instruments – fuel [1]………………	Ps.	7,804	Ps.	7,804
Derivative financial instruments – corn [1]………………		88,572		88,572
Investment in Venezuela available for sale……..………		3,109,013		3,109,013 [2]
Long-term notes receivable from sale of tortilla machines		134,502		145,780
Liabilities:				
10-year Bonds in U.S. dollars bearing fixed interest at an annual rate of 4.875%..		5,820,558		6,063,816
Short and long-term debt…………………………………..		4,940,602		5,042,515
Contingent payment due to repurchase of the Company's own shares……………………………………………...		823,960		823,960
Derivative financial instruments - other raw materials…..		49,024		49,024

(1) At December 31, 2014, the balance of derivative financial instruments receivable amounted to Ps.96,376, and is comprised of Ps.23,127 corresponding to the loss from the valuation of open positions in corn and fuel derivative financial instruments at the end of the year, and Ps.119,503 corresponding to revolving funds or margin calls that arise from price changes in the underlying asset that the Company maintains with the third party, to be applied against payments, related to corn and fuel derivatives.

(2) Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value and not at its fair value. See Note 26.

(In thousands of Mexican pesos, except where otherwise indicated)

The fair values at December 31, 2015 and 2014 were determined by the Company as follows:

- The fair values of bonds in U.S. dollars were determined based on available market prices. Fair values of bonds are classified as level 1 in the fair value hierarchy.

- The fair value for the rest of the long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs. Fair value of long-term debt is classified as level 3 in the fair value hierarchy. The average discount rate used was 1.57% in 2015 and 3.34% in 2015.

- Long-term notes receivable from sale of tortilla machines are classified as level 2 in the fair value hierarchy. Its fair value was based on the present value of future cash flows using a discount rate of 8.58% in 2015 and 9.01% in 2014.

C) DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2015 derivative financial instruments comprised the following:

		Fair value	
Type of contract	**Notional amount**	**Asset**	**Liability**
Corn futures………………………………..	14,375,000 Bushels		Ps. 31,266
Natural gas swaps...…..……………………	4,990,000 Mmbtu		28,091
Fuel swaps…………………………………	3,696,000 Gallons		43,612
Exchange rate forwards……………………	$54,581,000 USD	Ps. 40,298	

At December 31, 2015, open positions of corn derivatives were recorded at fair value. The result of the valuation at December 31, 2015 of financial instruments that qualified as cash flow hedge represented a loss of Ps.31,266, which was recognized in comprehensive income within equity. At December 31, 2015, the Company had open positions of financial instruments for corn, natural gas and fuel that did not qualify as hedge accounting. These open positions represented a loss of Ps.19,220, which was recognized in income as other expenses, net.

Operations terminated at December 31, 2015 on corn, natural gas and fuel derivatives represented a loss of Ps.169,329 which was recognized in income as other expenses, net (Note 22).

Exchange rate derivative financial instruments were recorded at fair value. At December 31, 2015, valuation of the open positions of these instruments resulted in a gain of Ps.40,298 recognized in income as comprehensive financing cost, net (Note 24). Likewise, for the year ended December 31, 2015, terminated operations of these instruments represented a gain of Ps.301,906, which was recognized in income as comprehensive financing cost, net (Note 24).

At December 31, 2015, the Company had revolving funds denominated “margin calls” amounting Ps.192,566, which are required to be applied against payments, due to price changes in the underlying asset.

For the year ended December 31, 2015, the Company reclassified the amount of Ps.113,958 from comprehensive income and recognized it as part of inventory. This amount refers to the loss from the terminated operations for corn hedges, in which the grain, subject to these hedges, was received.

(In thousands of Mexican pesos, except where otherwise indicated)

Additionally, the corn hedges terminated during the period and for which no corn has been received, originated a gain of Ps.44,404, which was recognized in comprehensive income.

At December 31, 2014 derivative financial instruments comprised the following:

Type of contract	Notional amount	Fair value			
		Asset		Liability	
Corn futures………………………………..	12,345,000 Bushels	Ps.	-	Ps.	21,249
Natural gas swaps...…..……………………	3,360,000 Mmbtu		-		49,024
Fuel swaps…………………………………	5,544,000 Gallons		-		1,878

At December 31, 2014, open positions of corn derivatives were recorded at fair value. The result of the valuation of financial instruments that qualified as cash flow hedge represented a loss of Ps.25,133, which was recognized in comprehensive income within equity. At December 31, 2014, the Company had open positions of financial instruments for corn, natural gas and fuel that did not qualify as hedge accounting. These open positions represented a loss of Ps.45,534, which was recognized in income as other expenses, net.

Operations terminated at December 31, 2014 on corn and natural gas derivatives represented a loss of Ps.76,365 which was recognized in income as other expenses, net (Note 22).

Exchange rate derivative financial instruments were recorded at fair value. At December 31, 2014, the Company had no open positions of these instruments. Likewise, for the year ended December 31, 2014, terminated operations of these instruments represented a loss of Ps.23,375, which was recognized in income as comprehensive financing cost, net (Note 24).

At December 31, 2014, the Company had revolving funds denominated “margin calls” amounting Ps.119,503, which are required to be applied against payments, due to price changes in the underlying asset.

For the year ended December 31, 2014, the Company reclassified the amount of Ps.251,746 from comprehensive income and recognized it as part of inventory. This amount refers to the loss from the terminated operations for corn hedges, in which the grain, subject to these hedges, was received. Additionally, the corn hedges terminated during the period and for which no corn has been received, originated a gain of Ps.2,395, which was recognized in comprehensive income.

D) FAIR VALUE HIERARCHY

A three-level hierarchy is used to measure and disclose fair values. An instrument’s categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

The following is a description of the three hierarchy levels:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

(In thousands of Mexican pesos, except where otherwise indicated)

- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

a. Determination of fair value

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

b. Measurement

Assets and liabilities measured at fair value are summarized below:

	At December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Plan assets – seniority premium fund	Ps. 61,913	Ps. -	Ps. -	Ps. 61,913
Derivative financial instruments – corn……....……………...………	106,595	-	-	106,595
Derivative financial instruments – fuel………………………...………	11,518	-	-	11,518
Derivative financial instruments – exchange rate………………..………	-	40,298	-	40,298
	Ps. 180,026	Ps. 40,298	Ps. -	Ps. 220,324
Liabilities:				
Derivative financial instruments – natural gas.…………..………………	Ps. -	-	Ps. 28,526	Ps. 28,526
Contingent payment due to repurchase of the Company's own shares……….	-	-	1,009,750	1,009,750
	Ps. -	Ps. -	Ps. 1,038,276	Ps. 1,038,276

(In thousands of Mexican pesos, except where otherwise indicated)

	At December 31, 2014					
	Level 1		**Level 3**		**Total**	
Assets:						
Plan assets – seniority premium fund	Ps.	55,647	Ps.	-	Ps.	55,647
Derivative financial instruments – corn……......………………..………		88,572		-		88,572
Derivative financial instruments – fuel………………………...………		7,804		-		7,804
Investment in Venezuela available for sale……....……….……………………		-		3,109,013		3,109,013 (1)
	Ps.	152,023	Ps.	3,109,013	Ps.	3,261,036
Liabilities:						
Derivative financial instruments – natural gas.………….………………	Ps.	-	Ps.	49,024	Ps.	49,024
Contingent payment due to repurchase of the Company's own shares……….		-		823,960		823,960
	Ps.	-	Ps.	872,984	Ps.	872,984

(1) Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value and not at its fair value. See Note 26.

There were no transfers between the three levels in the period.

Level 1 - Quoted prices for identical instruments in active markets

Financial instruments that are negotiated in active markets are classified as Level 1. The inputs used in the Company's financial statements to measure the fair value include quoted market prices of corn listed on the Chicago Board of Trade.

Level 2 - Quoted prices for similar instruments in active markets

Financial instruments that are classified as Level 2 refer mainly to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, as well as model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

<u>Derivative financial instruments - exchange rate</u>

Exchange rate derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value. Significant data used to determine the fair value of these instruments is as follows:

	2015	
Forward exchange rate ………...............	Ps.	17.20
Discount rate…………………...............		3.55%

(In thousands of Mexican pesos, except where otherwise indicated)

Level 3 - Valuation techniques

The Company has classified as Level 3 those financial instruments whose fair values are obtained using valuation models that include observable inputs but also include certain unobservable inputs.

The table below includes a roll-forward of the balance sheet amounts for the years ended December 31, 2015 and 2014 for financial instruments classified by the Company within Level 3 of the valuation hierarchy. When a determination is made to classify a financial instrument within Level 3, it is due to the use of significant unobservable inputs. However, Level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains or losses in the table below include changes in fair value due, in part, to observable factors that are part of the valuation methodology:

	Contingent payment due to repurchase of the Company's own shares		Derivative financial instruments – natural gas		Investment available for sale	
Balance as of December 31, 2013…................	Ps.	671,069	Ps.	-	Ps.	3,109,013
Total gains or losses:						
In the income statement…………………		152,891		49,024		-
In the comprehensive income statement..		-		-		-
Additional provision………………………		-		-		-
Balance as of December 31, 2014…................		823,960		49,024		3,109,013
Total gains or losses:						
In the income statement…………………		185,790		(20,498)		(3,109,013)
In the comprehensive income statement..		-		-		-
Additional provision………………………		-		-		-
Balance as of December 31, 2015…................	Ps.	1,009,750	Ps.	28,526	Ps.	-

Contingent payment due to repurchase of the Company's own shares

Regarding the contingent payment due to repurchase of the Company's own shares and as mentioned in Note 29, the Company recognized a contingent payment liability amounting to Ps.1,009,750 (U.S.$58.6 million) and Ps. 823,960 (U.S.$ 55.9 million) at December 31, 2015 and 2014, respectively, regarding the scenario identified as (i) in that Note. This provision is related to the increase in GRUMA's shares market price, over the closing price of GRUMA's shares determined for purposes of the acquisition of non-controlling interest from Archer Daniels Midland, at the end of a 42-month period.

The contingent payment liability was recognized at fair value, which was determined using discounted future cash flows and a discount rate which represented the average rate of return of bonds issued by companies comparable to GRUMA. Subsequent changes in the fair value of the contingent payment liability will be recognized in the income statement. The Monte Carlo simulation model was used to estimate the future price of the shares; this model includes the expected return and weighted volatility of historical prices of GRUMA's shares over a period of 42 months.

(In thousands of Mexican pesos, except where otherwise indicated)

Significant data used to determine the fair value of the contingent payment liability is as follows:

	At December 31,	
	2015	2014
Weighted volatility of historical prices of GRUMA's shares…………………………………	28.43%	27.05%
Weighted average price of GRUMA's shares (simulated)..………………………………………	Ps.310.78 per share	Ps.364.97 per share
Forward exchange rate…...……………………….	Ps. 17.45 per dollar	Ps. 15.27 per dollar
Discount rate…………………………………...	4.89%	4.87%

An increase or decrease of 10% in the discount rate used for the calculation of fair value, would result in an effect of Ps.2,200 and Ps.5,480, at December 31, 2015 and 2014, respectively.

<u>Derivative financial instruments – natural gas</u>

Natural gas derivative financial instruments were recognized at fair value, which was determined using future cash flow discounted to present value, using quoted market prices of natural gas listed on the NYMEX Exchange.

For the Company, the unobservable input included in the valuation of this Level 3 financial instrument refers solely to the Company's own credit risk. For the year 2015 the Company's management believes that a possible reasonable change in this unobservable assumption will not cause a change where the fair value can materially exceed the carrying value.

<u>Investment available for sale</u>

The investment in Venezuela available for sale is recognized at the best estimated amount considered by the Company, which is represented by its carrying value, since no active market exists for this investment. See Note 26 for more information.

21. EXPENSES BY NATURE

Expenses by nature are presented in the income statement within the captions of cost of sales and selling and administrative expenses and are analyzed as follows:

	2015	2014
Cost of raw materials consumed and changes in inventory (Note 9)………………………………………………………..	Ps. 21,386,168	Ps. 19,047,263
Employee benefit expenses (Note 23)..………………..................	14,380,536	11,824,788
Depreciation…………..……………………………....................	1,569,457	1,402,509
Amortization…………..…………………………………………	28,852	57,942
Rental expense of operating leases (Note 27)….........................	832,719	875,293
Research and development expenses (Note 12)…….................	136,538	152,967

(In thousands of Mexican pesos, except where otherwise indicated)

22. OTHER EXPENSES, NET

Other expenses, net comprised the following:

	2015		2014	
Net loss from sale of fixed assets	Ps.	(130,384)	Ps.	(40,981)
Net gain from sale of scrap		1,543		1,845
Impairment loss on long-lived assets		(172,792)		(14,395)
Cost of written-down fixed assets		-		(64,503)
Current employees' statutory profit sharing		(55,174)		(53,677)
Non-recoverable cost of damaged assets		14,451		(3,652)
Result from derivative financial instruments		(188,549)		(121,899)
Total	Ps.	(530,905)	Ps.	(297,262)

23. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are comprised of the following:

	2015		2014	
Salaries, wages and benefits (including termination benefits)	Ps.	13,415,089	Ps.	11,028,190
Social security contributions		783,257		654,581
Employment benefits (Note 17)		182,190		142,017
Total	Ps.	14,380,536	Ps.	11,824,788

24. COMPREHENSIVE FINANCING COST

Comprehensive financing cost, net is comprised by:

	2015		2014	
Interest expense (Note 14)	Ps.	(611,772)	Ps.	(1,189,993)
Interest income		49,752		35,552
Result from derivative financial instruments (Note 20)		342,204		(23,375)
Result from foreign exchange differences, net		(103,286)		72,413
Comprehensive financing cost, net	Ps.	(323,102)	Ps.	(1,105,403)

(In thousands of Mexican pesos, except where otherwise indicated)

25. INCOME TAX EXPENSE

A) INCOME BEFORE INCOME TAX

The domestic and foreign components of income before income tax are the following:

	For the years ended December 31,	
	2015	2014
Domestic	Ps. 2,859,923	Ps. 1,987,178
Foreign	4,184,922	2,930,333
	Ps. 7,044,845	Ps. 4,917,511

B) COMPONENTS OF INCOME TAX EXPENSE

The components of income tax expense are the following:

	2015	2014
Current tax:		
Current tax on profits for the year	Ps. (2,680,036)	Ps. (2,103,594)
Adjustments in respect of prior years	191,124	194,257
Total current tax	(2,488,912)	(1,909,337)
Deferred tax:		
Origin and reversal of temporary differences	805,380	865,992
Use of tax loss carryforwards not previously recognized	37,083	(16,238)
Total deferred tax	842,463	849,754
Total income tax expense	Ps. (1,646,449)	Ps. (1,059,583)

Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	For the year ended December 31,	
	2015	2014
Current:		
Domestic federal	Ps. (770,571)	Ps. (714,311)
Foreign federal	(1,583,653)	(1,082,163)
Foreign state	(134,688)	(112,863)
	(2,488,912)	(1,909,337)
Deferred:		
Domestic federal	751,475	709,553
Foreign federal	110,572	156,612
Foreign state	(19,584)	(16,411)
	842,463	849,754
Total income taxes	Ps. (1,646,449)	Ps. (1,059,583)

(In thousands of Mexican pesos, except where otherwise indicated)

C) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME

For the years ended December 31, 2015 and 2014, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	2015	2014
Statutory federal income tax (30% for 2015 and 2014)……..…………….	Ps. (2,113,454)	Ps. (1,475,253)
Benefit due to subsidiaries' tax losses……………………………..	467,610	-
Inflation effects on tax values..…………………………………….	(46,690)	(109,626)
Foreign income tax rate differences………………………………..	(171,837)	(41,826)
Tax credit derived from foreign dividends…...................................	44,052	718,135
Unrecognized tax loss carryforwards of the year…………….……	292,565	23,341
Recoverable asset tax from prior years...…………………………..	61,632	-
Nondeductible expenses and others………………………………..	(180,327)	(174,354)
Effective income tax (23.37% and 21.55% for 2015 and 2014, respectively)……………….…………………………………………….	Ps. (1,646,449)	Ps. (1,059,583)

In October 2013, the Chamber of Senators and Deputies approved the issuance of the new Income Tax Law, effective starting January 1, 2014, abrogating the Income Tax Law published on January 1, 2002. The new Income Tax Law captures the essence of the previous Income Tax Law; however, this new law makes significant changes, including an income tax rate of 30% for 2014 and the following years; compared to the previous Income Tax Law, which established tax rates of 30%, 29% and 28% for 2013, 2014 and 2015, respectively. This change had no significant effect in the income of the year 2014.

26. DISCONTINUED OPERATIONS

A) LOSS OF CONTROL OF VENEZUELA

The Ministry of Popular Power for Internal Relations and Justice published on January 22, 2013 Administrative Providence number 004-13 dated January 21, 2013 (the "Providence") in the Official Gazette of the Bolivarian Republic of Venezuela (the "Republic"). Given this Providence, which designated special managers with the broadest management faculties conferred by the Republic, GRUMA determined that it had lost control of the subsidiaries in Venezuela: Molinos Nacionales, C.A. ("MONACA") and Derivados de Maíz Seleccionado, DEMASECA, C.A. ("DEMASECA"). Refer to Note 28 for additional detail on the processes in Venezuela.

Following the principles set by IFRS, the Company lost the ability to affect the variable returns and concluded that it had lost the control of MONACA and DEMASECA on January 22, 2013. Consequently and as a result of such loss of control, the Company proceeded with the following:

a) Ceased the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013 and derecognized the assets and liabilities of these companies from the consolidated balance sheet. For disclosure and presentation purposes, the Company considered these subsidiaries as a significant segment and therefore, applied the guidelines from IFRS 5 for their accounting treatment as discontinued operations. Consequently, the results and cash flows generated by the Venezuelan companies for the periods presented were classified as discontinued operations.

b) The amounts recognized in other comprehensive income relating to these companies were reclassified in the year 2013 to the consolidated income statement as part of the results from discontinued operations, considering that MONACA and DEMASECA were disposed of due to the loss of control.

c) Recognized the investment in MONACA and DEMASECA as a financial asset, classifying it as an available-for-sale financial asset. The Company classified its investment in these companies as available for sale since management believed that is the appropriate treatment applicable to a non-voluntary disposition of assets and the asset did not fulfill the requirements of classification in another category of financial assets. Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value translated to the functional currency of the Company using an exchange rate of $2.9566 Mexican pesos per bolivar (4.3 Venezuelan bolivars per U.S. dollar), which was effective at the date of the loss of control, and not at its fair value. The investment in MONACA and DEMASECA is subject to impairment tests at the end of each reporting period when there is objective evidence that the financial asset is impaired. See section B below.

While negotiations with the government may take place from time to time, the Company cannot assure that such negotiations will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award. The Company and its subsidiaries reserve and intend to continue to reserve the right to seek full compensation for any and all expropriated assets and investments under applicable law, including investment treaties and customary international law.

B) IMPAIRMENT OF THE INVESTMENT IN VENEZUELA

a) Year 2014: As required by IFRS, at December 31, 2014, GRUMA performed impairment tests on the investments in MONACA and DEMASECA to determine a potential recoverable amount, using two valuation techniques: 1) an income approach considering estimated future cash flows as a going concern business, discounted at present value using an appropriate discount rate (weighted average cost of capital), and 2) a market approach, such as the public company market multiple method using implied multiples such as earnings before interest, taxes, depreciation and amortization, and revenues of comparable companies adjusted for liquidity, control and disposal expenses. In both cases, the potential recoverable amounts using the income and market approach were higher than the carrying value of these investments and therefore, no impairment adjustment was deemed necessary at December 31, 2014. Regarding the calculations to determine the potential recoverable amount, the Company's management believed that a possible reasonable change in the key assumptions would not cause the carrying value of the Company’s investment in MONACA and DEMASECA materially exceed the potential recoverable amount before described.

As of December 31, 2014, there were three legal exchange rates in Venezuela that could be used: the government-operated National Center of Foreign Commerce (CENCOEX) exchange rate, mainly intended for the import of essential goods and services by designated industry sectors and two auction-based exchange rates Supplementary Foreign Currency Administration System (SICAD I and SICAD II).

For purposes of these calculations, the Company used the SICAD I available exchange rate (12.00 Venezuelan bolivars per U.S. dollar as of December 31, 2014, which was the reference considered by Management for settlement, based on its legal ability to do so. The Venezuelan exchange system, comprising the SICAD, involves different rates at which certain transactions should be executed, including "foreign investments and payment of royalties" for which the reference rate is 12.00 Venezuelan bolivars per U.S. dollar.

An alternative exchange rate available as of December 31, 2014 was SICAD II (49.99 Venezuelan bolivars per U.S. dollar) and for a simulation exercise using this exchange rate, the result would be an impairment loss in income of year 2014 of Ps.124,578 related with the Company's investment in MONACA and DEMASECA.

b) Year 2015: As of February 12, 2015, the SICAD I and SICAD II exchange rates were merged (currently SICAD) by the Venezuelan government and a new exchange rate denominated Foreign Exchange Marginal System (SIMADI) was created, which means that there are continue to be three legal exchange rates between the Venezuelan currency (VEF) and U.S. dollars (USD), all of which meet the definition of a spot exchange rate in IAS 21.

As of December 31, 2015, SICAD exchange rate was 13.50 Venezuelan bolivars per U.S. dollar and SIMADI exchange rate was 198.70 Venezuelan bolivars per U.S. dollar.

As of December 31, 2015, the Company considered that SIMADI exchange rate is the most representative among legal exchange rates available. In the absence of auctions for SICAD I in the recent past, in a macroeconomic context aggravated by historically low prices in the oil market and the condition of Venezuela's hyperinflationary economy, the Company has decided to consider as reference rate the one resulting in the allocations conducted through SIMADI, to calculate any related impairment balances that the Company has in its Venezuelan subsidiaries Molinos Nacionales, C.A. (MONACA) and Derivados de Maíz Seleccionado, DEMASECA, C.A. (DEMASECA). Simultaneously, outstanding accounts receivable were diluted by the application of the new exchange rate and balances of indirect investment of GRUMA in MONACA and DEMASECA, held through its Spanish subsidiaries Valores Mundiales, S.L. (GRUMA 75.86%, other 24.14%) and Consorcio Andino, S.L. (GRUMA 60%, other 40%), so that both have significant adjustments. The impairment test performed in the fourth quarter of 2015, resulted in an impairment loss of Ps.4,362,108 recognized in consolidated income for the year ended December 31, 2015, in connection with the balances aforementioned in MONACA and DEMASECA, which was recognized in income as "Income (loss) from discontinued operations", following a presentation according to the one of the financial statement, in which the loss of control of the Venezuelan subsidiaries was initially recognized.

(In thousands of Mexican pesos, except where otherwise indicated)

If a sensitivity analysis was performed using the SICAD exchange rate and other variables were held constant, the impairment loss would have been of Ps.1,983,619.

The historical value of the net investment in MONACA and DEMASECA at January 22, 2013, the date when the Company ceased the consolidation of the financial information of these entities, was Ps.2,913,760 and Ps.195,253, respectively.

The financial information of MONACA and DEMASECA at January 22, 2013 was:

	At January 22, 2013*
Current assets	Ps. 4,345,709
Non-current assets	2,558,444
Total assets	6,904,153
Percentage of consolidated total assets	14.0%
Current liabilities	2,641,540
Non-current liabilities	96,103
Total liabilities	2,737,643
Percentage of consolidated total liabilities	7.8%
Total net assets	4,166,510
Percentage of consolidated total net assets	29.1%
Non-controlling interest	1,057,497
Interest of Gruma in total net assets	Ps. 3,109,013

* No material transactions between MONACA and DEMASECA and the Company need to be eliminated.

Additionally, at December 31, 2015 certain subsidiaries of GRUMA have accounts receivable with the Venezuelan companies for a total amount of Ps.1,253,095, which were fully impaired and are included as part of the impairment loss recognized in income as of this date altogether with the investment.

(In thousands of Mexican pesos, except where otherwise indicated)

The analysis of the gain or loss from discontinued operation related to the loss of control of the Venezuelan subsidiaries is:

	2015	2014
Net sales……………………………………..	Ps. -	Ps. -
Cost of sales………………………………….	-	-
Gross profit…………………………………..	-	
Selling and administrative expenses…………	-	(23,393)
Other expenses, net………………………….	-	-
Operating income……………………………	-	(23,393)
Comprehensive financing cost, net………….	-	-
Income before income taxes…………………	-	(23,393)
Income taxes………………………………....	-	-
Discontinued operations……………………..	-	(23,393)
Cancellation of the investment in Venezuela available for sale……………………………..	(3,109,013)	-
Cancellation of accounts receivable of royalties and dividends………………………	(1,253,095)	-
Foreign exchange gain (loss) from accounts receivable with Venezuela..…………………	48,305	(16,642)
Loss from discontinued operations,net………	Ps. (4,313,803)	Ps. (40,035)
Attributable to:		
Shareholders…………………………………	Ps. (4,293,391)	Ps. (8,048)
Non-controlling interest……………………..	(20,412)	(31,987)
	Ps. (4,313,803)	Ps. (40,035)

C) AGREEMENT FOR THE SALE OF THE WHEAT FLOUR OPERATIONS IN MEXICO

On June 10, 2014, GRUMA reached an agreement with Grupo Trimex, S.A. de C.V. ("Grupo Trimex") for the sale of its wheat flour operations in Mexico. This transaction is in line with the Company's strategy of focusing on its core businesses. Through this transaction, Grupo Trimex acquired all the shares representing Molinera de México, S.A. de C.V.'s capital stock (including transfer of personnel and assets), as well as the assets owned by Agroindustrias Integradas del Norte, S.A. de C.V., subsidiary of Grupo Industrial Maseca, S.A. B. de C.V. related to wheat flour production.

During December 2014, the Company concluded the sale of its wheat flour operations in Mexico. The total sale price was Ps.3,677,788. The Company recognized in income a gain of Ps.214,755 as discontinued operations.

Income and cash flows related to the wheat flour operations in Mexico for the periods presented were classified as discontinued operations.

(In thousands of Mexican pesos, except where otherwise indicated)

The assets and liabilities of the wheat flour operations in Mexico, at November 30, 2014 are shown below:

		At November 30, 2014
Accounts receivable, net	Ps.	823,764
Inventories		1,332,661
Other current assets		119,895
Total current assets		2,276,320
Property, plant and equipment		1,323,744
Other non-current assets		233,284
Total non-current assets		1,557,028
Total assets	Ps.	3,833,348
Current liabilities		268,971
Non-current liabilities		101,344
Total liabilities	Ps.	370,315

The analysis of the gain or loss from discontinued operations related with the sale of the wheat flour operations in Mexico is as follows:

		2014
Net sales	Ps.	4,807,420
Cost of sales		(3,824,071)
Gross profit		983,349
Selling and administrative expenses		(540,674)
Other expenses, net		(8,411)
Operating income		434,264
Share of profits of associated company		3,036
Comprehensive financing cost, net		(9,652)
Income before income taxes		427,648
Income taxes		(3,516)
Income from discontinued operation, net	Ps.	424,132
Net gain from the sale of wheat flour operations in Mexico		214,755
Income from discontinued operations of wheat flour operations in Mexico	Ps.	638,887
Attributable to:		
Shareholders	Ps.	670,907
Non-controlling interest		(32,020)
	Ps.	638,887

(In thousands of Mexican pesos, except where otherwise indicated)

27. COMMITMENTS

A) OPERATING LEASES

The Company is leasing certain facilities and equipment under long-term lease agreements in effect through 2031, which include an option for renewal. These agreements are recognized as operating leases, since the contracts do not transfer substantially all risks and advantages inherent to ownership.

Future minimum lease payments under operating lease agreements are as follows:

	2015	2014
No later than 1 year	Ps. 692,798	Ps. 586,002
Later than 1 year and no later than 5 years	1,644,908	1,116,360
Later than 5 years	1,264,518	271,441
Total	Ps. 3,602,224	Ps. 1,973,803

Rental expense was approximately Ps.832,719 and Ps.875,293 for the years ended December 31, 2015 and 2014, respectively.

B) FINANCE LEASES

At December 31, 2015 and 2014, the net carrying values of assets recorded under finance leases totaled Ps.15,169 and Ps.26,264, respectively, and corresponded to transportation and production equipment.

Future minimum lease payments under finance lease agreements are as follows:

	2015	2014
No later than 1 year	Ps. 4,791	Ps. 8,467
Later than 1 year and no later than 5 years	2,882	11,576
	7,673	20,043
Future finance charges on finance leases	(206)	(645)
Present value of finance lease liabilities	Ps. 7,467	Ps. 19,398

The present value of finance lease liabilities is as follows:

	2015	2014
No later than 1 year	Ps. 4,608	Ps. 8,467
Later than 1 year and no later than 5 years	2,859	10,931
Total	Ps. 7,467	Ps. 19,398

C) OTHER COMMITMENTS

At December 31, 2015 and 2014, the Company had various outstanding commitments to purchase commodities and raw materials in the United States for approximately Ps.3,647,778 and Ps.4,466,913, respectively (U.S.$212 million and U.S.$303.5 million, respectively) and in Mexico for approximately Ps.2,993,931 and Ps.3,576,474, respectively (U.S.$174 million and U.S.$243 million, respectively), which will be delivered during 2016. The Company has concluded that there are not embedded derivatives resulting from these contracts.

At December 31, 2015 and 2014, the Company had outstanding commitments to purchase machinery and equipment in the United States amounting to approximately Ps.757,086 and Ps.110,385, respectively.

28. CONTINGENCIES

VENEZUELA

Expropriation Proceedings by the Venezuelan Government.- On May 12, 2010, theVenezuelan Government published in the Official Gazette of Venezuela decree number 7,394 (the “Expropriation Decree”), which announced the forced acquisition of all assets, property and real estate of the Company’s subsidiary in Venezuela, Molinos Nacionales, C.A. (“MONACA”). The Venezuelan Government has expressed to GRUMA’s representatives that the Expropriation Decree extends to its subsidiary, Derivados de Maíz Seleccionado, DEMASECA, C.A. (“DEMASECA”).

GRUMA’s interests in MONACA and DEMASECA are held through two Spanish companies: Valores Mundiales, S.L. ("Valores Mundiales") and Consorcio Andino, S.L. ("Consorcio Andino"). In 2010, Valores Mundiales and Consorcio Andino (collectively, the “Investors”) commenced discussions with the Republic regarding the Expropriation Decree and related measures affecting MONACA and DEMASECA. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these discussions, which have explored the possibility of (i) entering into a joint venture with the Venezuelan government; and/or (ii) obtaining adequate compensation for the assets subject to expropriation. As of this date, these discussions have not resulted in an agreement with the Venezuelan Government.

Venezuela and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments, dated November 2, 1995 (the “Investment Treaty”), under which the Investors may settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes (“ICSID”). On November 9, 2011, the Investors, MONACA and DEMASECA provided formal notice to Venezuela that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Venezuelan Government. In that notification, the Investors, MONACA and DEMASECA also agreed to submit the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

In January 2013, the Republic issued a resolution (*providencia administrativa*) granting the “broadest powers of administration” over MONACA and DEMASECA to special managers (*administradores especiales*) that had been imposed on those companies since 2009 and 2010, respectively.

On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration to ICSID, which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration is to seek compensation for the damages caused by Venezuela's violation of the Investment Treaty.

The tribunal that presides over this arbitration proceeding was constituted in January 2014. Valores Mundiales and Consorcio Andino filed their memorial in July 2014. On September 14, 2014, the Republic filed a motion requesting to bifurcate the proceeding into separate jurisdictional and merits phases .On October 1, 2014 the tribunal rejected Venezuela's request. Venezuela filed its counter-memorial in March 2015. Valores Mundiales and Consorcio Andino filed their reply on June 25, 2015 and Venezuela filed its rejoinder in October 19, 2015. From February 8 to 12, 2016 the hearing of the arbitration trial was held. The arbitration proceeding is still ongoing.

While discussions with the government may take place from time to time, the Company cannot assure that such discussions will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree and related measures. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award.

While awaiting resolution of this matter and as required by the IFRS, GRUMA performed impairment tests on the investments in MONACA and DEMASECA as of December 31, 2015, to determine a potential recoverable amount, using two valuation techniques: 1) an income approach considering estimated future cash flows as a going concern business, discounted at present value using an appropriate discount rate (weighted average cost of capital) and 2) a market approach, such as the public company market multiple method using implied multiples such as earnings before interest, taxes, depreciation and amortization, and revenues of comparable companies adjusted for liquidity, control and disposal expenses. As indicated in Note 26, in both cases, the potential recoverable amounts using the income and market approach were lower than the carrying value of these investments and therefore, an impairment adjustment of Ps.4,362,108 was recognized .

Intervention Proceedings by the Venezuelan Government.- On December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of assets in which Ricardo Fernández Barrueco had any interest. Purportedly due to Ricardo Fernández Barrueco's former indirect minority interest in MONACA and DEMASECA, these subsidiaries were subject to the precautionary measure. Between 2009 and 2012, the Ministry of Finance of Venezuela, pursuant to the precautionary measure ordered by the court, designated several special managers of the indirect minority shareholding that Ricardo Fernández Barrueco previously owned in MONACA and designated several special managers of DEMASECA. On January 22, 2013, the Ministry of Justice and Internal Relations revoked the prior designations made by the Ministry of Finance of Venezuela and made a new designation of individuals as special managers and representatives on behalf of the Republic of MONACA and DEMASECA, granting those managers the "broadest powers of administration" over both companies.

As a result of the foregoing, MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as direct shareholders of the Venezuelan subsidiaries, filed a petition as aggrieved third-parties to the proceedings against Ricardo Fernández Barrueco challenging the precautionary measures and all related actions. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly owned and controlled by Valores Mundiales and Consorcio Andino, respectively. In spite of this ruling, the court kept the precautionary measures issued on December 4, 2009 in effect. An appeal has been filed, which is pending resolution as of this date.

The Company intends to exhaust all legal remedies available in order to safeguard and protect the Company's legitimate interests.

Finally, the Company and its subsidiaries are involved in various pending litigations filed in the normal course of business. It is the opinion of the Company that the outcome of these proceedings will not have a material adverse effect on the financial position, results of operation, or cash flows of the Company.

29. TRANSACTIONS WITH NON-CONTROLLING INTEREST

A) ACQUISITION OF NON-CONTROLLING INTEREST FROM ARCHER DANIELS MIDLAND

On December 14, 2012, GRUMA acquired the non-controlling interest from ADM consisting of:

a. Acquired 23.16% of the issued shares of GRUMA, through the acquisition of 18.81% of the issued shares of GRUMA and 45% of the issued shares of Valores Azteca, a company that owns 9.66% of the issued shares of GRUMA. The acquisition was carried out against GRUMA's shareholders equity, using funds reserved for the purchase of own shares authorized by GRUMA's General Ordinary Shareholders' Meeting;

b. Acquired 3% of the capital stock of Valores Mundiales, S.L. and Consorcio Andino, S.L., holding companies of GRUMA's subsidiaries in Venezuela, Molinos Nacionales, C.A. ("MONACA") and Derivados de Maíz Seleccionado, C.A. ("DEMASECA"), respectively;

c. Acquired 40% of the shares of Molinera de México; and

d. Acquired 20% of the shares of Azteca Milling (subsidiary of Gruma Corporation), through the acquisition of 100% of the shares of Valley Holding Inc., which has no assets or liabilities other than the investment in shares of Azteca Milling.

At December 31, 2015 and 2014, Other short-term liabilities and Other long-term liabilities included Ps.1,009,750 and Ps.823,960, respectively, corresponding to a contingent payment from the agreement for the acquisition of the non-controlling interest from ADM in December 2012. This liability corresponds to a contingent payment of up to U.S.$60 million, proportionally distributed between GRUMA's and Valores Azteca's shares that are part of the equity interests, payable only if during the following 42 months after closing the transaction, certain conditions are met in connection with (i) GRUMA's stock market price increase over the closing price of GRUMA's stock determined for purposes of the transaction (the "Closing Price"), at the end of the 42 months' period; (ii) the difference between GRUMA's stock price established for public offers made by GRUMA and the Closing Price;

(iii) the acquisition, by a strategic investor, of 15% or more of GRUMA's capital stock; or (iv) the reduction of the percentage of GRUMA's shares that are considered to be held by the public at any time, starting from 26%.

The Company has recognized a liability solely regarding the scenario (i) as mentioned in the previous paragraph, in connection to GRUMA's stock market price increase, over GRUMA's stock Closing Price determined for purposes of the purchase of the Equity Interests, at the end of the 42 months' period. As of December 31, 2015 and 2014, the Company did not consider as probable scenarios (ii), (iii) and (iv) for the contingent payment abovementioned, so there was no contingent payment obligation recorded in connection with these cases.

The contingent payment liability was registered at fair value, which was determined using projected future cash flows discounted to present value and the discount rate used is the average rate of return of any corporate bonds issued by companies comparable to GRUMA. The Monte Carlo simulation model was used to estimate the future shares price, which includes the expected return and the weighted volatility of historical prices of GRUMA's stock over a period of 42 months. The significant data used to determine the fair value of the contingent payment liability as of December 31, 2015 and 2014 is presented in Note 20-D.

Subsequent changes in the fair value of the contingent payment liability are recognized in the income statement. For the years ended December 31, 2015 and 2014, the effect in income was Ps. 185,790 and Ps.152,891, respectively, and were recognized as "Comprehensive financing cost, net".

30. RELATED PARTIES

For the year ended December 31, 2015, the Company did not carry out transactions with related parties. Related party transactions in 2014 were carried out at market value.

A) SALES OF GOODS AND SERVICES

For the year ended December 31, 2015, the Company did not carry out sales transactions of goods and services with related parties. For the year ended December 31, 2014, the Company carried out sales transactions of goods to an associate amounting to Ps.39,156.

B) PURCHASES OF GOODS AND SERVICES

For the year ended December 31, 2015, the Company did not carry out purchase transactions of goods and services with related parties. For the year ended December 31, 2014, the Company carried out purchase transactions of services with an associate amounting to Ps.32,413.

Other transactions with related parties are identified in Note 29.

(In thousands of Mexican pesos, except where otherwise indicated)

C) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	2015	2014
Salaries and other short-term employee benefits…………….	Ps. 170,589	Ps. 145,739
Termination benefits…………………………………………	18,748	25,322
Total………………………………………………………..	Ps. 189,337	Ps. 171,061

At December 31, 2015 and 2014, the reserve for deferred compensation amounted to Ps.42,652 and Ps.36,648, respectively.

D) BALANCES WITH RELATED PARTIES

At December 31, 2015 and 2014 the Company had no balances with related parties.

31. FINANCIAL STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new IFRS, which will become effective after the issuance of the Company's financial statements, are explained below. This list includes those IFRS standards which the Company reasonably expects to apply in the future. The Company has the intention of adopting these new IFRS on the date they become effective.

A) NEW STANDARDS

a. IFRS 15, "Revenue from contracts with customers"

IFRS 15, "Revenue from contracts with customers", issued in May 2014 by the International Accounting Standards Board (IASB), to address revenue recognition and principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus, has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, "Revenue", and IAS 11, "Construction contracts", and related interpretations.

In September 2015, the IASB issued "Effective Date of IFRS 15", to announce the deferral of the effective date of IFRS 15 by one year to January 1, 2018. The changes published by IASB only have the purpose of amending the effective date of IFRS 15 for annual periods beginning on or after January 1, 2018 (instead of annual periods beginning on or after January 1, 2017). Early adoption of IFRS 15 is still permitted. Entities continue to have the election of applying the standard either retrospectively in each reporting period or retrospectively with the cumulative effect of initially applying this standard recognized at the date of the initial adoption.

b. IFRS 9, “Financial instruments”

IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. A new expected credit losses model replaces the incurred loss impairment model used in IAS 39. IFRS relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

c. IFRS 16, “Leases”

The IASB issued on January 2016 a new standard for the lease accounting. This standard replaces IAS 17 ‘Leases', which classifies leases on operating and financing. IAS 17 identifies leases as financing leases when the risks and benefits of an asset are transferred; all other leases are classified as operating. Under the new IFRS 16, ‘Leases’ there is not distinction among operating and financing leases and requires recognition of a liability for all the future payments and an asset for the "rights of use" in most of the leases. It is important to mention that the IASB has included some exceptions on short term leases and low valued assets. Most of the changes are applicable only for the lessees accounting while for the lessors accounting there are not significant changes compared with the current standard. The most significant impact of the adoption of this standard will be an increase on assets and liabilities for lessees, with a new impact on the income statement for depreciation and financial expense of the assets and liabilities mentioned, and a decrease on expenses related to lessees previously recognized as operating lessees. The standard is effective for annual periods beginning on or after January 1st 2019 with an earlier application permitted if IFRS 15 “Revenue from contracts with customers” is adopted at the same time.

The Company is assessing the potential impact on its financial statements resulting from the application of these new standards.

B) AMENDMENTS

a. IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets”

In May 2014 the IASB amended IAS 16 and IAS 38 to establish that the determination of the useful life of an asset requires the consideration that the expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technical or commercial obsolescence of the asset might reflect a reduction of the future economic benefits of the asset. Additionally, the amendment includes that a depreciation or amortization method that is based on revenue that is generated by an activity that includes the use of an asset may not be appropriate. These amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016.

The Company’s management expects that the adoption of the amendments explained above will not have significant effects in its financial statements.

[*ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY*]

C.P. Thomas S. Heather Rodriguez
Chairman of the Audit Committee
Gruma, S.A.B. de C.V.
Rio de la Plata, No 407
Col. Del Valle
66260 Garza Garcia, N.L.

March 18, 2016

Dear Mr. Heather,

In compliance with the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants (Provisions), issued by the Ministry of Finance and Public and Public Credit-National Banking and Securities Commission (Commission), which became effective on March 20, 2003, and were last amended on December 31, 2015, under oath of saying the truth and pursuant to Article 84 Bis of said Provisions, I state the following in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2015:

I. As of the date on which I render my services as external auditor of the Issuer, during the execution of my audit and until the issuance date of the corresponding opinion, I do not meet any of the scenarios referred to in article 83 of the Provisions.

II. I grant my consent to provide to the Commission the information it requires to verify my independence with the Issuer.

III. I undertake to physically or through electromagnetic means, keep in my offices for a period no less than 5 years, all documentation, and information and else elements of judgment used to prepare the corresponding report and to furnish them to the Commission.

IV. I have current documents, which evidence my technical capacity.

V. I do not have any offering to be a director or officer of the Issuer.

C.P.C. Victor A. Robledo Gomez
Audit Partner

[*ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY*]

Lic. Thomas S. Heather Rodriguez
Chairman of the Audit Committee
Gruma, S.A.B. de C.V.
Calzada del Valle 407 Ote.
San Pedro Garza Garcia, Nuevo Leon
66220, Mexico

Monterrey, N.L., April 29, 2016

Dear Mr. Heather,

In addition to the independence letter signed on March 18, 2016, regarding the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2015 and in compliance with the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants (Provisions), issued by the Ministry of Finance and Public and Public Credit-National Banking and Securities Commission (Commission), which became effective on March 20, 2003, and were last amended on December 31, 2015, under oath of saying the truth and pursuant to Article 84 Bis of said Provisions, I state the following in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2015:

I grant my consent for the Issuer to include the report on the financial statements issued by me, in the annual information referred to in articles 33, section I, letter b), number 1. of the Provisions, as well as any other financial information derived from said financial statements or report presented by me, in order for said information to become of public knowledge.

The above, in the understanding that I previously ensured that the information contained in the financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derived from the referred financial statements or report presented by me, corresponds to the audited information.

C.P.C. Victor A. Robledo Gomez
Audit Partner

[*ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY*]

Monterrey, N.L., April 30, 2015

The undersigned under oath of saying the truth state, that the attached consolidated financial statements of Gruma, S.A.B. de C.V. and subsidiaries, contained in this Annual Report and which comprise the consolidated statements of financial position at December 31, 2014 and 2013 and the consolidated statement of income, of comprehensive income, of changes in stockholders' equity and of cash flows for the years ended on December 31, 2014, 2013 and 2012, were audited on April 30, 2015; pursuant to the International Standards on Auditing.

Likewise, we state that we have read this annual report and based on our reading and within the scope of the audit work carried out, we have no knowledge of material mistakes or inconsistencies in the financial information that is included and that is derived from the audited financial statements referred to in the previous paragraph, nor that the information has been omitted or distorted in this annual report, nor that the same contains financial information that may mislead the investors.

Notwithstanding, the undersigned were not hired, and did not carry out additional procedures to express our opinion regarding the other information, contained in this annual report, which is not derived from the financial statements audited by us.

PricewaterhouseCoopers, S.C.

C.P.C. Victor A. Robledo Gomez
Audit Partner

C.P.C. Sergio Aguirre Reyna
Legal Representative

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2014 AND 2013

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2014 AND 2013

CONTENT

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Report of Independent Registered Public Accounting Firm

To the Stockholders of
Gruma, S. A. B. de C. V.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows, present fairly, in all material respects, the financial position of Gruma, S. A. B. de C. V. and its subsidiaries (the "Company"), at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing in Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

We draw attention to the disclosed in notes to the financial statements: (i) Notes 2-D and 26, related to the sale of the wheat flour operations in México on December 2014 and as a result, the financial performance and cash flows for those operations, on the accompanying financial statements, were classified as discontinued operations, which were retrospectively presented on this manner, as required by IFRS; in addition, and in order to segregate the continued from the discontinued operations, some disclosures notes from prior years have been updated. (ii) Notes 26 and 28, where is mentioned that, on January 22, 2013, the Ministry of Justice and Internal Relations in Venezuela designated individuals as special managers representing the Bolivarian Republic of Venezuela, for the foreign subsidiaries located in that country, providing the right to take control over such subsidiaries. Consequently and as a result of the loss of control, the Company stopped consolidating the financial information of the Venezuelan subsidiaries as of January 22, 2013.

PricewaterhouseCoopers, S. C., Avenida Rufino Tamayo No. 100, Colonia Valle Oriente, C.P. 66269 Garza García, Nuevo León
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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 generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) 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.

PricewaterhouseCoopers, S. C.

C.P.C. Víctor A. Robledo Gómez

Monterrey, Nuevo León, México
April 30, 2015

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2014 AND 2013
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Note	2014	2013
A s s e t s			
Current:			
Cash and cash equivalents	6	Ps. 1,465,088	Ps. 1,338,555
Derivative financial instruments	20	96,376	120,562
Accounts receivable, net	7	6,489,396	7,193,317
Inventories	8	6,556,777	7,644,130
Recoverable income tax		707,242	1,768,539
Prepaid expenses		153,770	167,739
		15,468,649	18,232,842
Asset held for sale	11	-	103,300
Total current assets		15,468,649	18,336,142
Non-current:			
Long-term notes and accounts receivable	9	182,843	190,863
Investment in associate	10	-	148,881
Property, plant and equipment, net	11	17,814,336	17,904,972
Intangible assets, net	12	2,792,146	2,631,101
Deferred tax assets	13	1,269,743	287,668
Investment in Venezuela available for sale	26	3,109,013	3,109,013
Total non-current assets		25,168,081	24,272,498
T o t a l A s s e t s		Ps. 40,636,730	Ps. 42,608,640
L i a b i l i t i e s			
Current:			
Short-term debt	14	Ps. 1,437,108	Ps. 3,275,897
Trade accounts payable		3,555,521	3,547,498
Derivative financial instruments	20	49,024	71,540
Provisions	15	129,047	53,980
Income tax payable		623,867	1,525,933
Other current liabilities	16	3,011,424	2,875,593
Total current liabilities		8,805,991	11,350,441
Non-current:			
Long-term debt	14	9,324,052	13,096,443
Provision for deferred taxes	13	2,344,759	2,046,118
Employee benefits obligations	17	619,983	629,043
Provisions	15	445,177	323,804
Other non-current liabilities	29	1,012,522	735,931
Total non-current liabilities		13,746,493	16,831,339
T o t a l L i a b i l i t i e s		22,552,484	28,181,780
E q u i t y			
Shareholders' equity:			
Common stock	18	5,363,595	5,363,595
Reserves		(171,932)	(132,209)
Retained earnings	18	11,371,983	7,741,678
Total shareholders' equity		16,563,646	12,973,064
Non-controlling interest		1,520,600	1,453,796
T o t a l E q u i t y		18,084,246	14,426,860
T o t a l L i a b i l i t i e s a n d E q u i t y		Ps. 40,636,730	Ps. 42,608,640

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In thousands of Mexican pesos, except per-share data)
(Notes 1, 2 and 3)

	Note	2014	2013	2012
Net sales……		Ps. 49,935,328	Ps. 49,035,523	Ps. 49,270,534
Cost of sales……		(31,574,750)	(32,265,587)	(33,548,061)
Gross profit……		18,360,578	16,769,936	15,722,473
Selling and administrative expenses……		(12,040,402)	(11,937,116)	(13,040,182)
Other expenses, net……	22	(297,262)	(193,069)	(73,198)
Operating income……		6,022,914	4,639,751	2,609,093
Comprehensive financing cost, net……	24	(1,105,403)	(987,625)	(880,390)
Income before income tax……		4,917,511	3,652,126	1,728,703
Income tax expense……	25	(1,059,583)	(195,361)	(905,280)
Consolidated net income from continuing operations……		3,857,928	3,456,765	823,423
Income (loss) from discontinued operations, net……	26	598,852	(146,796)	880,336
Consolidated net income……		Ps. 4,456,780	Ps. 3,309,969	Ps. 1,703,759
Attributable to:				
Shareholders……		Ps. 4,287,310	Ps. 3,163,133	Ps. 1,115,338
Non-controlling interest……		169,470	146,836	588,421
		Ps. 4,456,780	Ps. 3,309,969	Ps. 1,703,759
From continuing operations:				
Basic and diluted earnings per share (pesos)…..		Ps. 8.38	Ps. 7.28	Ps. 0.82
From discontinued operations:				
Basic and diluted earnings per share (pesos)…..		Ps. 1.53	Ps. (0.12)	Ps. 1.18
From continuing and discontinued operations:				
Basic and diluted earnings per share (pesos)…..		Ps. 9.91	Ps. 7.16	Ps. 2.00
Weighted average shares outstanding (thousands)……		432,749	441,835	558,712

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Note	2014	2013	2012
Consolidated net income……………………...		Ps. 4,456,780	Ps. 3,309,969	Ps. 1,703,759
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of employment benefit obligations…………….……….…………	17	(11,414)	(170,618)	(105,967)
Income taxes……………………………….	13	(4,223)	42,298	10,783
		(15,637)	(128,320)	(95,184)
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation adjustments (net of the reclassification adjustment from discontinued operations of Ps.432,458 in 2013)…………………………..…………		(162,033)	156,847	29,130
Share of other comprehensive income of associated companies….……………………...		-	-	71,217
Cash flow hedges…………………………..		110,810	(585,811)	461,687
Other……………………………………….		-	-	(71,810)
Income taxes………………………………..	13	17,981	142,545	(125,113)
		(33,242)	(286,419)	365,111
Other comprehensive income, net of tax….……		(48,879)	(414,739)	269,927
Total comprehensive income……..…………..		Ps. 4,407,901	Ps. 2,895,230	Ps. 1,973,686
Attributable to:				
Shareholders……………………………………		Ps. 4,239,705	Ps. 2,630,867	Ps. 1,378,161
Non-controlling interest………………………..		168,196	264,363	595,525
		Ps. 4,407,901	Ps. 2,895,230	Ps. 1,973,686

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Common stock (Note 18-A)		Reserves						
	Number of shares (thousands)	Amount	Foreign currency translation (Note 18-D)	Share of equity of associated companies	Cash flow hedges and other reserves	Retained earnings (Note 18-B)	Total share-holders' equity	Non-controlling interest	Total equity
Balances at January 1, 2012………..…………	563,651	Ps. 6,972,425	Ps. (76,972)	Ps. (71,217)	Ps. 3,953	Ps. 6,603,014	Ps. 13,431,203	Ps. 4,281,581	Ps. 17,712,784
Transactions with owners of the Company:									
Dividends paid from net tax profit account…...							-	(96,187)	(96,187)
Contribution from non-controlling interest…...							-	165,710	165,710
Acquisition of Company's own shares..….......	(106,335)	(1,304,346)				(2,707,003)	(4,011,349)	-	(4,011,349)
Contingent payment due to acquisition of Company's own shares (Note 29).....................						(492,272)	(492,272)	-	(492,272)
Effect of acquisition of non-controlling interest, net of taxes (Note 29)…...…………...						995,923	995,923	(1,914,578)	(918,655)
	(106,335)	(1,304,346)	-	-	-	(2,203,352)	(3,507,698)	(1,845,055)	(5,352,753)
Comprehensive income:									
Net income of the year……………………...						1,115,338	1,115,338	588,421	1,703,759
Foreign currency translation adjustment (Net of taxes of Ps.825)…...…………..….			9,860				9,860	20,095	29,955
Other………………………………………..				71,217	(328)	(71,217)	(328)	(265)	(593)
Remeasurement of employment benefit obligations (Net of taxes of Ps.10,783)…...						(82,458)	(82,458)	(12,726)	(95,184)
Cash flow hedges (Net of taxes of Ps.(125,938))...………………...…………					335,749		335,749	-	335,749
Comprehensive income of the year…………...	-	-	9,860	71,217	335,421	961,663	1,378,161	595,525	1,973,686
Balances at December 31, 2012………………..	457,316	5,668,079	(67,112)	-	339,374	5,361,325	11,301,666	3,032,051	14,333,717
Transactions with owners of the Company:									
Dividends paid from CUFIN..……..…………							-	(594,024)	(594,024)
Cancellation of Company's own shares due to merger with shareholder (Note 10)……………	(24,567)	(304,484)				(705,364)	(1,009,848)	-	(1,009,848)
Decrease of non-controlling interest due to cease of consolidation of Venezuela (Note 26)							-	(1,057,497)	(1,057,497)
Effect on acquisition of non-controlling interest, net of taxes………..……..…………...						50,379	50,379	(191,097)	(140,718)
	(24,567)	(304,484)	-	-	-	(654,985)	(959,469)	(1,842,618)	(2,802,087)
Comprehensive income:									
Net income of the year……………………...						3,163,133	3,163,133	146,836	3,309,969
Foreign currency translation adjustment (Net of taxes of Ps.(14,391))…………..……			(278,338)				(278,338)	2,727	(275,611)
Currency translation of discontinued operations…………………………………...			317,133				317,133	115,325	432,458
Remeasurement of employment benefit obligations (Net of taxes of Ps.42,298)….....						(127,795)	(127,795)	(525)	(128,320)
Cash flow hedges (Net of taxes of Ps.156,936).....………………...………...….					(443,266)		(443,266)	-	(443,266)
Comprehensive income of the year…………...	-	-	38,795	-	(443,266)	3,035,338	2,630,867	264,363	2,895,230
Balances at December 31, 2013………………..	432,749	Ps. 5,363,595	Ps. (28,317)	Ps. -	Ps. (103,892)	Ps. 7,741,678	Ps. 12,973,064	Ps. 1,453,796	Ps. 14,426,860

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	Common stock (Note 19-A)		Reserves						
	Number of shares (thousands)	Amount	Foreign currency translation (Note 19-D)	Share of equity of associated companies	Cash flow hedges and other reserves	Retained earnings (Note 19-B)	Total share-holders' equity	Non-controlling interest	Total equity
Balances at December 31, 2013………………..	432,749	Ps. 5,363,595	Ps. (28,317)	Ps. -	Ps. (103,892)	Ps. 7,741,678	Ps. 12,973,064	Ps. 1,453,796	Ps. 14,426,860
Transactions with owners of the Company:									
Dividends paid (Ps.1.50 per share)……………						(649,123)	(649,123)	(101,392)	(750,515)
	-	-	-	-	-	(649,123)	(649,123)	(101,392)	(750,515)
Comprehensive income:									
Net income of the year……………………...						4,287,310	4,287,310	169,470	4,456,780
Foreign currency translation adjustment (Net of taxes of Ps.30,712)…………………			(137,802)				(137,802)	6,481	(131,321)
Remeasurement of employment benefit obligations (Net of taxes of Ps.(4,223))…....						(7,882)	(7,882)	(7,755)	(15,637)
Cash flow hedges (Net of taxes of Ps.(12,731))....………………...………..….					98,079		98,079	-	98,079
Comprehensive income of the year…………...	-	-	(137,802)	-	98,079	4,279,428	4,239,705	168,196	4,407,901
Balances at December 31, 2014………………..	432,749	Ps. 5,363,595	Ps. (166,119)	Ps. -	Ps. (5,813)	Ps. 11,371,983	Ps. 16,563,646	Ps. 1,520,600	Ps. 18,084,246

The accompanying notes are an integral part of these consolidated financial statements.

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(In thousands of Mexican pesos)
(Notes 1, 2 and 3)

	2014	2013	2012
Operating activities:			
Income before taxes……………………………………………………	Ps. 4,917,511	Ps. 3,652,126	Ps. 1,728,703
Foreign exchange (gain) loss from working capital……………………..	(188,825)	(7,712)	91,630
Net cost of the year for employee benefit obligations…………………...	142,017	105,918	103,503
Items related with investing activities:			
Depreciation and amortization…………………………………………	1,460,451	1,569,376	1,522,778
Impairment of long-lived assets……..………………………............	14,395	45,235	4,014
Written-down fixed assets…………………………………..............	64,503	-	37,681
Interest income………………………………………………………….	(13,273)	(16,645)	(15,057)
Loss in sale of fixed assets and damaged assets..……………………	42,788	93,089	18,528
Items related with financing activities:			
Derivative financial instruments……..………………………………	145,274	(32,578)	(93,501)
Foreign exchange loss (gain) from debt……………….…………..….	116,412	(38,761)	(2,342)
Interest expense…………...…………………………………………	1,008,251	1,014,656	780,790
	7,709,504	6,384,704	4,176,727
Accounts receivable, net……………………………..........................	258,084	272,851	(206,899)
Inventories………………………………………………………………	382,429	1,945,933	(1,397,041)
Prepaid expenses………………………………………........................	46,445	18,215	(7,688)
Trade accounts payable…………………………………………………..	(110,409)	(1,488,658)	874,387
Accrued liabilities and other accounts payables………..........................	44,845	537,578	(62,932)
Income taxes paid………………………………..……………………	(1,816,012)	(1,016,629)	(1,833,885)
Employee benefits obligations and others, net……..…………………….	(135,532)	(138,010)	(60,455)
Net cash flows from operating activities of discontinued operations………………………………………….……………………..	350,646	163,447	323,922
	(979,504)	294,727	(2,370,591)
Net cash flows from operating activities…….………………………	6,730,000	6,679,431	1,806,136
Investing activities:			
Acquisitions of property, plant and equipment……...........................	(1,597,298)	(1,408,730)	(2,384,731)
Sale of property, plant and equipment……………………………….	115,574	115,354	74,714
Investment in Valores Azteca, S.A. de C.V. (associate)….…………	-	-	(895,640)
Acquisition of subsidiaries, net of cash acquired……………………	(122,081)	-	-
Acquisition of intangible assets……………………………………...	(17,126)	(2,580)	(14,063)
Sale of wheat flour operation in Mexico....…………………………	3,677,788	-	-
Interests collected…………………………………………………….	13,273	16,498	15,057
Other…………………………………………………………….…….	922	12,382	15,345
Net cash flows used in investing activities of discontinued operations..	(75,464)	(257,825)	(266,311)
Net cash flows provided by (used in) investing activities……………	1,995,588	(1,524,901)	(3,455,629)
Cash to be used in (provided by) financing activities………………..	8,725,588	5,154,530	(1,649,493)
Financing activities:			
Proceeds from debt………………………………………………….	8,838,154	12,361,530	14,617,718
Payment of debt……………………………………………………..	(15,649,521)	(15,873,548)	(6,970,516)
Interests paid…………………………………………………………	(1,010,976)	(994,675)	(767,618)
Derivative financial instruments collected……...…………………..	(13,832)	24,366	143,889
Acquisition of Company's own shares………………………………	-	-	(4,011,348)
Acquisition of non-controlling interest (1)…………………............	-	(37,418)	(996,575)
Capital contribution from non-controlling interest………………….	-	-	165,710
Dividends paid...…………………………………………………….	(750,515)	(594,024)	(96,187)
Net cash flows used in financing activities of discontinued operations…....………………………………………………………..	(4,556)	1,373	(267,398)
Net cash flows (used in) provided by financing activities.....………..	(8,591,246)	(5,112,396)	1,817,675
Net increase in cash and cash equivalents…………………………...	134,342	42,134	168,182
Exchange differences on cash..……………………………………...	(7,809)	9,053	(60,465)
Cash and cash equivalents at the beginning of the year……………..	1,338,555	1,287,368	1,179,651
Cash and cash equivalents at the end of the year…………………….	$ 1,465,088	Ps. 1,338,555	Ps. 1,287,368

The accompanying notes are an integral part of these consolidated financial statements.

(1) At December 31, 2013, an account payable for Ps.103,300 resulted from this transaction.

1. ENTITY AND OPERATIONS

Gruma, S.A.B. de C.V. (GRUMA) is a Mexican company with subsidiaries located in Mexico, the United States of America, Central America, Europe, Asia and Oceania, together referred to as the "Company". The Company's main activities are the production and sale of corn flour, tortillas and related products.

GRUMA is a publicly held corporation (S*ociedad Anónima Bursátil de Capital Variable)* organized under the laws of Mexico. The address of its registered office is Rio de la Plata 407 in San Pedro Garza García, Nuevo León, Mexico. GRUMA is listed on the Mexican Stock Exchange and the New York Stock Exchange.

The consolidated financial statements were authorized by the Chief Administrative Office of the Company on February 25, 2015.

2. BASIS OF PREPARATION

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries for all the periods presented have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the IFRS Interpretations Committee, including those previously issued by the Standing Interpretations Committee.

The Company applied IFRS that were effective at December 31, 2014. The following standards have been adopted by the Company for the first time for the year beginning on January 1, 2014 and had the following impact:

- Amendment to IAS 32, "Financial instruments: Presentation", issued in December 2011, included changes in the accounting requirements related with the offsetting of financial assets and liabilities. The implementation of these changes had no impact on the Company's financial position or performance.

- Amendment to IAS 39, "Financial instruments: Recognition and Measurement", issued in June 2013 to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, as long as certain criteria are met. The application of this amendment had no impact on the Company's financial position or performance.

- IFRIC Interpretation 21, "Levies", issued in May 2013, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation had no impact on the Company's financial position or performance.

A) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of historical cost, except for Venezuela's financial information for the year 2012, due to its hyperinflationary environment, and for the fair value of certain financial instruments as described in the policies shown below (see Note 3-K).

The preparation of financial statements requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

B) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Mexican pesos, which is the functional currency of GRUMA.

C) USE OF ESTIMATES AND JUDGMENTS

The relevant estimates and assumptions are reviewed on a regular basis. The review of accounting estimates are recognized in the period in which the estimate was reviewed and in any future period that is affected.

In particular, the information for assumptions, uncertainties from estimates, and critical judgments in the application of accounting policies, that have the most significant effect in the recognized amounts in these consolidated financial statements are described below:

- The assumptions used for the determination of fair values of financial instruments (Note 20).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 13 and 25).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 11 and 12).
- The actuarial assumptions used for the determination of employee benefits obligations (Note 17).
- The key assumptions in impairment testing of the investment in Venezuela (Notes 26 and 28).

D) RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS FOR COMPARATIVE PURPOSES

As mentioned in Note 26 "Discontinued Operations", in December 2014, the Company concluded the sale of its wheat flour operations in Mexico. Therefore, the income and cash flows provided by the wheat flour operations in Mexico, for the periods presented, are classified as a discontinued operation. As indicated by IFRS, the presentation as a discontinued operation was applied retrospectively for the periods presented in these financial statements. Additionally, certain other disclosures have also been updated to segregate amounts between continuing and discontinued operations for the periods presented.

(In thousands of Mexican pesos, except where otherwise indicated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF CONSOLIDATION

a. Subsidiaries

The subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns through its power over the investee. The financial statements of subsidiaries are incorporated in the consolidated financial statements commencing on the date on which the control begins, until the date when that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

At December 31, 2014 and 2013, the main subsidiaries included in the consolidation were:

	% of ownership	
	At December 31, 2014	At December 31, 2013
Gruma Corporation and subsidiaries……………………..……	100.00	100.00
Grupo Industrial Maseca, S.A.B. de C.V. and subsidiaries……	83.18	83.18
Molinera de México, S.A. de C.V. and subsidiaries (Note 26 and 29)…………………………………………………….....	-	100.00
Gruma International Foods, S.L. and subsidiaries….................	100.00	100.00
Productos y Distribuidora Azteca, S.A. de C.V…..…………...	100.00	100.00
Investigación de Tecnología Avanzada, S.A. de C.V. and subsidiaries [1]………………………………………………….	-	100.00

[1] During March 2014, Investigación de Tecnología Avanzada, S.A. de C.V. was merged with Gruma, S.A.B. de C.V.

At December 31, 2014 and 2013, there were no significant restrictions for the investment in the subsidiaries mentioned above, except for those described in Note 26.

b. Transactions with non-controlling interest without change of control

The Company applies a policy of treating transactions with non-controlling interest as transactions with equity owners of the Company. When purchases from non-controlling interest take place, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognized as operations with holders of equity instruments; therefore, no goodwill is recognized with these acquisitions. Disposals to non-controlling interests result in gains and losses for the group and are also recorded in equity when there is no loss of control.

c. Business combinations

Business combinations are recognized through the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets given, the liabilities incurred by the Company with the previous owners and the equity instruments issued by the Company. The cost of an acquisition also includes the fair value of any contingent payment.

The related acquisition costs are recognized in the income statement when incurred.

Identifiable assets acquired, liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date.

The Company recognizes any non-controlling interest as the proportional share of the net identifiable assets of the acquired entity.

The Company recognizes goodwill when the cost including any amount of non-controlling interest in the acquired entity exceeds the fair value at acquisition date of the identifiable assets acquired and liabilities assumed.

B) FOREIGN CURRENCY

a. Transactions in foreign currency

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The differences that arise from the translation of foreign currency transactions are recognized in the income statement.

b. Foreign currency translation

The financial statements of the Company's entities are measured using the currency of the main economic environment where each entity operates (functional currency). The consolidated financial statements are presented in Mexican pesos, currency that corresponds to the presentation currency of the Company.

The financial position and results of all of the group entities that have a functional currency which differs from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate of the period.
- Income and expenses are translated at average exchange rates when it has not fluctuated significantly during the year.
- Equity is translated at the exchange rate in effect at the date when the contributions were made and the earnings were generated.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated "Foreign currency translation adjustments".

Previous to the translation to Mexican pesos, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted by inflation in order to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the date of the most recent balance sheet. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of an accumulated inflation rate equal or higher than 100% in the past three years.

(In thousands of Mexican pesos, except where otherwise indicated)

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of the Company. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in other comprehensive income as a separate component denominated "Foreign currency translation adjustments" while the hedge is effective. See Note 3-L for the accounting of the net investment hedge.

The closing exchange rates used for preparing the financial statements are as follows:

	As of December 31, 2014	As of December 31, 2013
Pesos per U.S. dollar……………………………..…	14.7180	13.0765
Pesos per Euro…………………………………....	17.8912	18.0430
Pesos per Swiss franc……………………..……..	14.8847	14.7241
Pesos per Venezuelan bolivar (Bs.)……………..	1.2265	2.0756
Pesos per Australian dollar……………….……..	12.0462	11.6443
Pesos per Chinese yuan……………………..……	2.4040	2.1428
Pesos per Pound sterling…………………………	22.9042	21.5684
Pesos per Malaysian ringgit……………………..	4.2081	3.9692
Pesos per Costa Rica colon…………………..….	0.0270	0.0258
Pesos per Ukrainian hryvnia………………..…..	0.9302	1.6341
Pesos per Russian ruble……………………..……	0.2616	0.3995
Pesos per Turkish lira……………………………	6.3470	6.1268

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short term highly liquid investments with original maturities of less than three months. These items are recognized at historical cost, which do not differ significantly from its fair value.

D) ACCOUNTS RECEIVABLE

Trade receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method, less provision for impairment. The Company has determined that the amortized cost does not represent significant differences with respect to the invoiced amount from short-term trade receivables, since the transactions do not have relevant associated costs.

Allowances for doubtful accounts or impairment represent the Company's estimates of losses that could arise from the failure or inability of customers to make payments when due. These estimates are based on the ageing of customers' balances, specific credit circumstances and the Company's historical bad receivables experience.

E) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value is the estimated selling price of inventory in the normal course of business, less applicable variable selling expenses. The cost of finished goods and production in process comprises raw materials, direct labor, other direct costs and related production overheads.

Cost of inventories may also include the transfer from equity of any gains or losses on qualifying cash flow hedges for purchases of raw materials.

F) INVESTMENTS IN ASSOCIATES

Associates are all entities over which the Company has significant influence over, but does not control the financial and operative decisions. It is assumed that significant influence exists when there is a shareholding of between 20% and 50% of the voting rights of the other entity or less than 20% when it is clearly demonstrated that such significant influence exists.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains and losses from transactions held with associates are eliminated from the investment in proportion to the Company's share in the entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at acquisition cost, less accumulated depreciation and recognized impairment losses. Cost includes expenses that are directly attributable to the asset acquisition.

Subsequent costs, including major improvements, are capitalized and are included in the carrying value of the asset or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Company and the costs can be measured reliably. Repairs and maintenance are recognized in the income statement when incurred. Major improvements are depreciated during the remaining useful life of the related asset. Leasehold improvements are depreciated using the lower of the lease term or useful life. Land is not depreciated.

Costs of borrowings, general and specific, of qualifying assets that require a substantial period of time (over one year) for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation is calculated over the asset cost less residual value, considering its components separately. Depreciation is recognized in income using the straight-line method and applying annual rates that reflect the estimated useful lives of the assets. The estimated useful lives are summarized as follows:

	Years
Buildings………………………….…………………	25 – 50
Machinery and equipment…………………..………….	5 – 25
Leasehold improvements…………………………..…...	10 *

* The lesser of 10 years or the term of the leasehold agreement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses from sale of assets result from the difference between revenues of the transaction and the book value of the assets, which is included in the income statement as other expenses, net.

H) INTANGIBLE ASSETS

a. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or whenever the circumstances indicate that the value of the asset might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

b. Intangible assets with finite lives

Intangible assets with finite lives are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	Years
Non-compete agreements……………..……………..	3 - 20
Patents and trademarks………………...…………….	3 - 20
Customer lists……………………………..………	5 - 20
Software for internal use…………………………....	3 - 7

c. Indefinite-lived intangible assets

Indefinite-lived intangible assets are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

d. Research and development

Research costs are expensed when incurred.

Costs from development activities are recognized as an intangible asset when such costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits will be obtained, and the Company pretends and has sufficient resources in order to complete the development and use or sell the asset. The amortization is recognized in income based on the straight-line method during the estimated useful life of the asset.

Development costs that do not qualify as intangible assets are recognized in income when incurred.

I) IMPAIRMENT OF LONG-LIVED ASSETS AND INVESTMENT IN ASSOCIATES

The Company performs impairment tests for its property, plant and equipment, intangible assets with finite lives, and investment in associates, when certain events and circumstances suggest that the carrying value of the assets might not be recovered. Indefinite-lived intangible assets and goodwill are subject to impairment tests at least once a year.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset's fair value less costs to sell and value in use. To determine value in use, estimated future cash flows are discounted at present value, using a pre-tax discount rate that reflect time value of money and considering the specific risks associated with the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Impairment losses on goodwill are not reversed. For other assets, impairment losses are reversed if a change in the estimates used for determining the recoverable amount has occurred. Impairment losses are reversed to the extent that the book value does not exceed the book value that was determined, net of depreciation or amortization, if no impairment loss was recognized.

J) LONG-LIVED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Long-lived assets are classified as held for sale when (a) their carrying amount is to be recovered mainly through a sale transaction, rather than through continuing use, (b) the assets are held immediately for sale and (c) the sale is considered highly probable in its current condition.

For the sale to be considered highly probable:

- Management must be committed to a sale plan.
- An active program must have begun in order to locate a buyer and to complete the plan.
- The asset must actively be quoted for its sale at a price that is reasonable to its current fair value; and
- The sale is expected to be completed within a year starting the date of classification.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Discontinued operations are the operations and cash flows that can be clearly distinguished from the rest of the entity, that either have been disposed of or are classified as held for sale, and:

- Represent a line of business or geographical area of operations.
- Are part of a single coordinated plan to dispose of a line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

K) FINANCIAL INSTRUMENTS

Regular purchases and sales of financial instruments are recognized in the balance sheet on the trade date, which is the date when the Company commits to purchase or sell the instrument.

a. Financial assets

Classification

In its initial recognition and based on its nature and characteristics, the Company classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) financial assets held until maturity, and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Balances of financial instruments held by the Company at December 31, 2014 and 2013 are disclosed in Note 20-A.

i. Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss when designated as held for trading or classified as such in its initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are carried at fair value, and directly attributable transaction costs and corresponding changes of fair value are recognized in the income statement. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months. Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iii. Financial assets held until maturity

When the Company has the intention and capacity to keep debt instruments until maturity, these financial assets are classified as held until maturity. Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other categories. They are included in current assets, except for assets with maturities greater than 12 months. These assets are initially recognized at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at fair value. If these assets cannot be measured through an active market, then they are measured at cost (See Note 26). Profit or losses from changes in the fair value are recognized in other comprehensive income in the period when incurred. At disposition date, such profit or losses are recognized in income.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognized in the income statement when the Company's right to receive payments is established.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. See Note 3-D for the accounting policy for the impairment of accounts receivable.

b. Financial liabilities

i. Debt and financial liabilities

Debt and financial liabilities that are non-derivatives are initially recognized at fair value, net of transaction costs directly attributable to them: subsequently, these liabilities are recognized at amortized cost. The difference between the net proceeds and the amount payable is recognized in the income statement during the debt term, using the effective interest rate method.

ii. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated at initial recognition.

L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding 12 months.

Fair value is determined based on recognized market prices. When not quoted in markets, fair value is determined using valuation techniques commonly used in the financial sector. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Company or the counterparty, when applicable.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge and, if so, the nature of the item being hedged. The Company designates derivative financial instruments as follows:

- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, including objectives, strategies for risk management and the method for assessing effectiveness in the hedge relationship.

a. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. At December 31, 2014 and 2013, the Company did not have this type of hedging.

b. Cash flow hedges

For cash flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in equity, based on the evaluation of the hedge effectiveness, and are reclassified to the income statement in the periods when the projected transaction is realized, see Note 20-C.

Hedge effectiveness is determined when changes in the fair value or cash flows of the hedged position are compensated with changes in the fair value or cash flows of the hedge instrument in a quotient that ranges between 80% and 125% of inverse correlation. Ineffective portions from changes in the fair value of derivative financial instruments are recognized immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately registered in the income statement.

c. Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold, see Note 18-D.

M) LEASES

a. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the period of the lease.

b. Finance leases

Leases where the Company has substantially all the risks and rewards of ownership, are classified as finance leases.

Under finance leases, at the initial date, both assets and liabilities are recognized at the lower of the fair value of the leased property and the present value of the minimum lease payments. In order to discount the minimum payments, the Company uses the interest rate implicit in the lease, if this practicable to determine; if not, the Company's incremental borrowing rate is used.

Lease payments are allocated between the interest expense and the reduction of the pending liability. Interest income is recognized in each period during the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

N) EMPLOYEE BENEFITS

a. Post-employment benefits

In Mexico, the Company has the following defined benefit plans:

- Single-payment retirement plan, when employees reach the required retirement age, which is 60.
- Seniority premium, after 15 years of service.

The Company has established trust funds in order to meet its obligations for the seniority premium. Employees do not contribute to these funds.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using discount rates in accordance with IAS-19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401 (k) contributions with matching contributions of the Company in this country. The Company's contributions are recognized in the income statement when incurred.

b. Termination benefits

Termination benefits are payable when employment is terminated by decision of the Company, before the normal retirement date.

The Company recognizes termination benefits as a liability at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes costs for a restructuring representing a provision and involves the payment of termination benefits. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

c. Short term benefits

Short term employee benefits are measured at nominal base and are recognized as expenses as the service is rendered. If the Company has the legal or constructive obligation to pay as a result of a service rendered by the employee in the past and the amount can be estimated, an obligation is recognized for short term bonuses or profit sharing.

O) PROVISIONS

Provisions are recognized when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

P) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Q) REVENUE RECOGNITION

Sales are recognized upon shipment to, and acceptance by, the Company’s customers or when the risk of ownership has passed to the customers. Revenue comprises the fair value of the consideration received or receivable, net of returns, discounts, and rebates. Provisions for discounts and rebates to customers, returns and other adjustments are recognized in the same period that the related sales are recorded and are based upon either historical estimates or actual terms.

R) INCOME TAXES

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been approved or substantially approved at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

S) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

For the years ended December 31, 2014, 2013 and 2012, the Company had no dilutive instruments issued.

T) SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity’s chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. RISK AND CAPITAL MANAGEMENT

A) RISK MANAGEMENT

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The group’s overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The Company uses derivative financial instruments to hedge some of these risks.

Currency risk

The Company operates internationally and thus, is exposed to currency risks, particularly with the U.S. dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

The following tables detail the exposure of the Company to currency risks at December 31, 2014 and 2013. The tables show the carrying amount of the Company's financial instruments denominated in currencies other than Mexican pesos.

At December 31, 2014:

	Amounts in thousands of Mexican pesos				
	U.S. Dollar	**Pound sterling**	**Euros**	**Costa Rica colons and others**	**Total**
Monetary assets:					
Current (1)…….…	Ps. 2,917,159	Ps. 370,185	Ps. 384,298	Ps. 1,402,849	Ps. 5,074,491
Non-current……	9,994	-	836	19,742	30,572
Monetary liabilities:					
Current…………	(5,476,106)	(278,869)	(291,244)	(869,436)	(6,915,655)
Non-current……	(9,100,161)	(2,075)	(36,458)	(180,569)	(9,319,263)
Net position..……...	Ps. (11,649,114)	Ps. 89,241	Ps. 57,432	Ps. 372,586	Ps. (11,129,855)

At December 31, 2013:

	Amounts in thousands of Mexican pesos				
	U.S. Dollar	**Pound sterling**	**Euros**	**Costa Rica colons and others**	**Total**
Monetary assets:					
Current (1)…….…	Ps. 2,776,046	Ps. 265,952	Ps. 764,541	Ps. 1,077,969	Ps. 4,884,508
Non-current……	9,912	-	7,406	10,854	28,172
Monetary liabilities:					
Current…………	(5,459,193)	(271,561)	(247,916)	(544,162)	(6,522,832)
Non-current……	(9,536,365)	(2,157)	(20,864)	(53,503)	(9,612,889)
Net position..……...	Ps. (12,209,600)	Ps. (7,766)	Ps. 503,167	Ps. 491,158	Ps. (11,223,041)

(1) Approximately 70% of this balance corresponds to accounts receivable.

For the years ended December 31, 2014, 2013 and 2012, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

(In thousands of Mexican pesos, except where otherwise indicated)

	2014	2013	2012
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments…………………………………………	Ps. (961,855)	Ps. (46,412)	Ps. 468,381
Exchange differences arising from foreign currency transactions recognized in the income statement……………………………………………	72,413	46,473	(82,577)
	Ps. (889,442)	Ps. 61	Ps. 385,804

Net sales are denominated in Mexican pesos, U.S. dollars, and other currencies. Sales generated in Mexican pesos were 30% in 2014, 33% in 2013 and 35% in 2012 of total net sales. Sales generated in U.S. dollars were 53% in 2014, 51% in 2013 and 50% in 2012 of total net sales. Additionally, at December 31, 2014 and 2013, 70% and 71%, respectively, of total assets were denominated in different currencies other than Mexican pesos, mainly in U.S. dollars. An important portion of operations are financed through debt denominated in U.S. dollars. For the years ended December 31, 2014, 2013 and 2012, net sales in currencies other than Mexican pesos amounted to Ps.34,825,230, Ps.32,925,736 and Ps.32,139,710, respectively.

An important currency risk for the debt denominated in U.S. dollars is present in subsidiaries that are not located in the United States, which represented 100% of total debt denominated in U.S. dollars.

At December 31, 2014, the Company had no open positions of foreign exchange derivative instruments. At December 31, 2013, the Company had foreign exchange derivative instruments for a nominal amount of U.S.$65 million maturing in January 2014. The purpose of these instruments is to hedge the risks related to exchange rate variations on corn price, in those cases in which is denominated in U.S. dollars.

The effect of foreign exchange differences recognized in the income statements for the years ended December 31, 2014, 2013 and 2012, related with the assets and liabilities denominated in foreign currency, totaled a gain of Ps.72,413, a gain of Ps.46,473 and a loss of Ps.(82,577), respectively. Considering the exposure at December 31, 2014, 2013 and 2012, and assuming an increase or decrease of 10% in the exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be an increase or a decrease of Ps.12,521, Ps.35,796 and Ps.458,069, respectively.

Interest rate risk

The variations in interest rates could affect the interest expense of financial liabilities bearing variable interest rates, and could also modify the fair value of financial liabilities bearing fixed interest rates.

For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly, LIBOR, and to a lesser extent, TIIE and EUROLIBOR) that are used to determine the interest rates applicable to the borrowings.

The following table shows, at December 31, 2014 and 2013, the Company's debt at fixed and variable rates:

	Amounts in thousands of Mexican pesos			
	2014		**2013**	
Debt at fixed interest rate…….………………………..	Ps.	5,855,096	Ps.	3,747,511
Debt at variable interest rate….…..…………………..		4,906,064		12,624,829
Total………………………………………………	Ps.	10,761,160	Ps.	16,372,340

From time to time, the Company uses derivative financial instruments such as interest rate swaps for the purposes of hedging a portion of its debt, in order to reduce the Company's exposure to increases in interest rates.

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2014, 2013 and 2012 will have an effect on the results of the Company of Ps.49,061, Ps.126,248 and Ps.161,370, respectively, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

Commodity price risk and derivatives

The availability and price of corn, wheat and other agricultural commodities and fuels, are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand/supply and global production of similar and competitive crops, as well as fuels. The Company hedges a portion of its production requirements through commodity futures and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, diesel and soy oils which exist as part of ongoing business operations. The open positions for hedges of purchases do not exceed the maximum production requirements for a period no longer than 18 months, based on the Company's corporate policies.

During 2014, the Company entered into short-term hedge transactions through commodity futures and options to hedge a portion of its requirements. All derivative financial instruments are recorded at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income in equity, depending on whether the derivative qualifies for hedge accounting and is effective as part of a hedge transaction. Ineffectiveness results when the change in the fair value of the hedge instruments differs from the change in the fair value of the position.

For hedge transactions that qualify and are effective, gains and losses are deferred until the underlying asset or liability is settled, and then are recognized as part of that transaction.

Gains and losses which represent hedge ineffectiveness and derivative transactions that do not qualify for hedge accounting are recognized in the income statement.

At December 31, 2014, 2013 and 2012, financial instruments that qualify as hedge accounting represented a unfavorable effect of Ps.25,133 and Ps.71,540 in 2014 and 2013, respectively, and a favorable effect of Ps.119,275 in 2012, which was recognized as comprehensive income in equity.

From time to time the Company hedges commodity price risks utilizing futures and options strategies that do not qualify for hedge accounting. As a result of non-qualification, these derivative financial instruments are recognized at their fair values and the associated effect is recorded in current period earnings. For the years ended December 31, 2014 and 2012, the Company recognized a favorable effect of Ps.45,534 and Ps.17,090, respectively. Additionally, as of December 31, 2014 and 2013 the Company realized Ps.76,635 and Ps.30,160, respectively, in net losses on commodity price risk hedges that did not qualify for hedge accounting; likewise, as of December 31, 2012, realized net gains of Ps.21,058.

Based on the Company's overall commodity exposure at December 31, 2014, 2013 and 2012, a decrease or increase of 10 percent in market prices applied to the fair value of these instruments would result in a gain or loss to the income statement of Ps.34,693, Ps.54,568 and Ps.68,811, respectively (for non-qualifying contracts).

In Mexico, to support the commercialization of corn for Mexican corn growers, Mexico's Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, or SAGARPA), through the Agricultural Incentives and Services Agency (Apoyos y Servicios a la Comercialización Agropecuaria, or ASERCA), a government agency founded in 1991, implemented a program designed to promote corn sales in Mexico. The program includes the following objectives:

- Ensure that the corn harvest is brought to market, providing certainty to farmers concerning the sale of their crops and supply security for the buyer.
- Establish a minimum price for the farmer and a maximum price for the buyer, which are determined based on international market prices, plus a basic formula specific for each region.
- Implement a corn hedging program to allow both farmers and buyers to minimize their exposure to price fluctuations in the international markets.

To the extent that this or other similar programs are canceled by the Mexican government, we may be required to incur additional costs in purchasing corn for our operations, and therefore we may need to increase the prices of our products to reflect such additional costs.

Credit risk

The Company's regular operations expose it to defaults when customers and counterparties are unable to comply with their financial or other commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its cash management activities and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Europe, Asia and Oceania. For this reason, there is not a significant concentration of credit risk. However, the Company still maintains allowances for doubtful accounts. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since most of the clients do not have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, taking into account its financial position, past experience, and other factors. Credit limits are established according to policies set by the Company, which also includes controls that assure its compliance.

During 2014 and 2013, credit limits were complied with and, consequently, management does not expect any important losses from trade accounts receivable.

The Company has centralized its treasury operations in Mexico and in the United States for its operations in that country. Liquid assets are invested primarily in government bonds and short term debt instruments with a minimum grade of "A1/P1" in the case of operations in the United States and "A" for operations in Mexico. For operations in Central America, only invests cash reserves with leading local banks and local branches of international banks. Additionally, small investments are maintained abroad. The Company faces credit risk from potential defaults of their counterparts with respect to financial instruments they use. Substantially all of these financial instruments are not guaranteed. Additionally, when the Company enters into hedge contracts for exchange rates, interest rates and/or commodities, it minimizes the risk of default by the counterparts by contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the International Swaps and Derivatives Association, Inc. ("ISDA") and operations standard confirmation formats.

Investment risk in Venezuela

The recent political and civil instability that has prevailed in Venezuela represents a risk to the Company's investment in this country. The Company does not have insurance for the risk of expropriation of its investments. See Note 26 for additional information.

The exchange rate controlled by the Foreign Exchange Administration Commission (Comisión de Administración de Divisas, CADIVI) at December 31, 2012 was 4.30 Venezuelan bolivars per U.S. dollar. Certain entities in specific sectors such as the food industry, were allowed to use foreign currency to settle accounts payable or to remit dividends using the exchange rate established by CADIVI. There are often substantial delays to obtain foreign currency through this mechanism.

In March 2013, the Venezuelan government announced the creation of an alternative exchange mechanism called the Supplementary System of Foreign Exchange Administration (Sistema Complementario de Administración de Divisas, SICAD). The SICAD operates as an auction system that allows entities of specific sectors to buy foreign currency for imports. This is not a free auction (that is, the counterpart that offers the highest price does not necessarily have the right to receive the foreign currency). Each auction may have different rules (for example, the minimum and maximum amount of foreign currency that may be offered to exchange). Limited amounts of dollars are available and entities do not commonly get the full amount for which they entered in auction. During December 2013, the Venezuelan government authorized the Central Bank of Venezuela to publish the average exchange rate resulting of SICAD auctions. During weeks of December 23 and December 30, 2013, the Central Bank of Venezuela published on its website the average exchange rate for auctions No.13 and No.14 (11.30 Venezuelan bolivars per U.S. dollar).

On January 24, 2014, Exchange Agreement No. 25 became effective, which establishes the concepts to which the SICAD exchange rate (11.30 Venezuelan bolivars per U.S. dollar) applies to, for foreign currency transactions. In addition, the agreement also provides that the sale operation of foreign currency, whose clearance has been requested to the Central Bank of Venezuela before the Exchange

(In thousands of Mexican pesos, except where otherwise indicated)

Agreement No. 25 became effective, will be settled at the exchange rate effective on the date on which such operations were authorized. This Exchange Agreement No.25 resulted in a net foreign exchange loss of Ps.16,642 in 2014, which was presented as discontinued operations. This exchange loss is originated by certain accounts receivable maintained with the Venezuelan companies as of December 31, 2014 which are expected to be settled at this new exchange rate (12.00 Venezuelan bolivars per U.S. dollar).

During 2014, the Venezuelan Government expanded the use of SICAD rate creating a third currency exchange mechanism called SICAD 2 which may be used by entities for certain transactions. SICAD 2 initiated operations in March 2014, at this date the average exchange rate was 51.86 Venezuelan bolivars per U.S. dollar. The SICAD 2 daily average rate is published by the Central Bank of Venezuela. See Note 26-B.

Liquidity risk

The Company funds its liquidity and capital resource requirements, in the ordinary course of business, through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- medium- and long-term debt contracting;
- offerings in Bond markets; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, products, each of which could limit the amount of cash generated from operations, and a lowering of the corporate credit rating or any other credit downgrade, which could further impair the liquidity and increase costs with respect to new debt and cause stock price to suffer. The Company's liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates.

The following tables show the remaining contractual maturities of financial liabilities of the Company:

At December 31, 2014:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long term debt…...	Ps. 1,428,641	Ps.1,647,598	Ps. 1,860,880	Ps.5,887,200	Ps. 10,824,319
Interest payable from short and long term debt……….	387,229	692,162	589,194	287,001	1,955,586
Financing leases………….....	8,467	10,931	-	-	19,398
Trade accounts and other payables…………..……...	7,319,859	-	-	-	7,319,859
Other non-current liabilities..	-	823,960	-	-	823,960
Derivative financial instruments……..………....	49,024	-	-	-	49,024
	Ps. 9,193,220	Ps.3,174,651	Ps. 2,450,074	Ps.6,174,201	Ps. 20,992,146

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2013:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long term debt…...	Ps. 3,272,118	Ps.4,262,055	Ps. 5,153,781	Ps.3,922,950	Ps. 16,610,904
Interest payable from short and long term debt……….	687,821	1,214,130	897,858	304,029	3,103,838
Financing leases…………...	3,771	11,024	-	-	14,795
Trade accounts and other payables………….……...	8,003,004	-	-	-	8,003,004
Other non-current liabilities..	-	671,069	-	-	671,069
Derivative financial instruments……..………....	71,540	-	-	-	71,540
	Ps.12,038,254	Ps.6,158,278	Ps. 6,051,639	Ps.4,226,979	Ps. 28,475,150

The Company expects to meet its obligations with cash flows generated by operations. Additionally, the Company has access to credit line agreements with various banks to address potential cash needs.

B) CAPITAL MANAGEMENT

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to safeguard the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders and benefits to stockholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 14.

5. SEGMENT INFORMATION

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.

The Company's reportable segments are as follows:

- Corn flour and packaged tortilla division (United States and Europe):
  Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.

(In thousands of Mexican pesos, except where otherwise indicated)

- Corn flour division (Mexico):
  Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.

- Corn flour, wheat flour and other products division (Venezuela) – Discontinued operation:
  Engaged, mainly, in producing and distributing grains used principally for industrial and human consumption. The main brands are JUANA, TIA BERTA and DECASA for corn flour; ROBIN HOOD and POLAR for wheat flour; MONICA for rice and LASSIE for oats.

- Other segments:
  This section represents those segments whose amounts on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:
  a) Corn flour, hearts of palm, rice, and other products (Central America).
  b) Wheat flour (México) – Discontinued operation.
  c) Packaged tortillas (México).
  d) Wheat flour tortillas and snacks (Asia and Oceania).
  e) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Notes 2 and 3.

Segment information as of and for the year ended December 31, 2014:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers……………	Ps. 29,278,747	Ps. 14,601,217	Ps. 6,033,808	Ps. 21,556	Ps. 49,935,328
Inter-segment net sales……………..	44,162	472,889	1,128,571	(1,645,622)	-
Operating income (loss)…………………	2,861,967	2,129,365	355,281	676,301	6,022,914
Depreciation and amortization………….	1,066,561	698,493	242,269	(467,974)	1,539,349
Total assets…………..	18,742,701	10,908,911	8,327,030	2,658,088	40,636,730
Total liabilities………	7,452,455	2,943,529	3,688,623	8,467,877	22,552,484
Expenditures for fixed assets………….	796,255	343,813	426,239	30,991	1,597,298

(In thousands of Mexican pesos, except where otherwise indicated)

Segment information as of and for the year ended December 31, 2013:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers……………	Ps. 27,760,984	Ps. 15,575,243	Ps. 5,626,457	Ps. 72,839	Ps. 49,035,523
Inter-segment net sales……………..	39,639	368,796	1,172,465	(1,580,900)	-
Operating income (loss)…………………	2,136,570	2,447,975	266,692	(211,486)	4,639,751
Depreciation and amortization………….	1,066,910	321,244	220,988	5,469	1,614,611
Total assets…………..	17,364,824	11,547,873	10,384,077	3,311,866	42,608,640
Investment in associates…………….	-	-	64,713	84,168	148,881
Total liabilities………	8,942,631	4,238,286	3,204,957	11,795,906	28,181,780
Expenditures for fixed assets………….	849,693	566,512	187,260	(194,735)	1,408,730

Segment information as of and for the year ended December 31, 2012:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products division (Venezuela)-Discontinued operation	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers……………	Ps.26,900,883	Ps.16,510,471	Ps. -	Ps.5,822,755	Ps. 36,425	Ps.49,270,534
Inter-segment net sales……………..	30,672	437,189	-	1,097,289	(1,565,150)	-
Operating income (loss)…………………	1,334,615	1,749,125	-	(60,064)	(414,583)	2,609,093
Depreciation and amortization………….	1,058,384	346,146	-	255,372	(95,429)	1,564,473
Total assets…………..	17,600,503	12,793,474	7,087,569	11,318,494	660,362	49,460,402
Investment in associates…………….	-	-	-	146,388	1,009,863	1,156,251
Total liabilities………	7,931,084	3,808,836	2,948,192	4,630,339	15,808,234	35,126,685
Expenditures for fixed assets………….	1,630,227	451,771	-	184,794	117,939	2,384,731

(In thousands of Mexican pesos, except where otherwise indicated)

A summary of information by geographic segment for the years ended December 31, 2014, 2013 and 2012 is presented below:

	2014	%	2013	%	2012	%
Net sales to external customers:						
United States and Europe…..………	Ps. 29,278,747	59	Ps. 27,760,984	57	Ps. 26,900,883	55
Mexico……………………..……..	15,110,099	30	16,109,787	33	17,130,824	34
Central America………………..……	3,478,894	7	3,385,916	7	3,368,693	7
Asia and Oceania……………………	2,067,588	4	1,778,836	3	1,870,134	4
	Ps. 49,935,328	100	Ps. 49,035,523	100	Ps. 49,270,534	100
Capital expenditures:						
United States and Europe…..………	Ps. 796,255	47	Ps. 849,693	60	Ps. 1,630,227	68
Mexico……………………..……..	621,123	36	385,242	27	631,359	27
Central America………………..……	83,213	5	49,614	4	70,078	3
Asia and Oceania……………………	96,707	12	124,181	9	53,067	2
	Ps. 1,597,298	100	Ps. 1,408,730	100	Ps. 2,384,731	100
Identifiable assets						
United States and Europe…..………	Ps. 18,742,701	46	Ps. 17,364,824	41	Ps. 17,600,503	36
Mexico……………………..……..	16,397,034	40	19,510,613	46	18,695,391	38
Venezuela – Discontinued operation..	-	-	-	-	7,087,569	14
Central America………………..……	2,416,331	6	2,239,126	5	2,376,482	5
Asia and Oceania……………………	3,080,664	8	3,494,077	8	3,700,457	7
	Ps. 40,636,730	100	Ps. 42,608,640	100	Ps. 49,460,402	100

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	At December 31, 2014	At December 31, 2013
Cash at bank………………………………..........................	Ps. 1,250,167	Ps. 809,905
Short-term investments (less than 3 months)...............................	214,921	528,650
	Ps. 1,465,088	Ps. 1,338,555

7. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following:

	At December 31, 2014	At December 31, 2013
Trade accounts and notes receivable…………………………….	Ps. 4,893,079	Ps. 5,177,963
Accounts receivable with Venezuelan companies………………	1,123,900	1,137,718
Employees……………………………..……………………...	2,647	9,545
Recoverable value-added tax……………………………………	327,938	901,570
Other debtors…………………………………………………….	396,899	294,377
Allowance for doubtful accounts…………..................................	(255,067)	(327,856)
	Ps. 6,489,396	Ps. 7,193,317

(In thousands of Mexican pesos, except where otherwise indicated)

The age analysis of accounts receivable is as follows:

			Past due balances		
	Total	Not past due date balances	1 to 120 days	121 to 240 days	More than 240 days
Accounts receivable.....................	Ps. 6,744,463	Ps. 4,327,191	Ps.1,196,623	Ps. 39,869	Ps.1,180,780
Allowance for doubtful accounts..	(255,067)	(132,714)	(55,424)	(5,285)	(61,644)
Total at December 31, 2014……..	Ps. 6,489,396	Ps. 4,194,477	Ps.1,141,199	Ps. 34,584	Ps.1,119,136

			Past due balances		
	Total	Not past due date balances	1 to 120 days	121 to 240 days	More than 240 days
Accounts receivable.....................	Ps. 7,521,173	Ps. 4,577,857	Ps.1,494,638	Ps. 82,260	Ps.1,366,418
Allowance for doubtful accounts..	(327,856)	(60,217)	(40,619)	(50,217)	(176,803)
Total at December 31, 2013……..	Ps. 7,193,317	Ps. 4,517,640	Ps.1,454,019	Ps. 32,043	Ps.1,189,615

For the years ended December 31, 2014 and 2013, the movements on the allowance for doubtful accounts are as follows:

	2014	2013
Beginning balance…………………………………………….………..	Ps. (327,856)	Ps. (368,234)
Allowance for doubtful accounts………………………...………….	(20,426)	(52,208)
Receivables written off during the year……………….……………	99,870	92,700
Exchange differences…………………………………………......	(6,655)	(114)
Ending balance…………………………………………...…….	Ps. (255,067)	Ps. (327,856)

8. INVENTORIES

Inventories consisted of the following:

	At December 31, 2014	At December 31, 2013
Raw materials, mainly corn and wheat…………………………...	Ps. 3971,721	Ps. 5,182,139
Finished products……………………………………………………	939,410	925,917
Materials and spare parts……………………………………………	1,223,602	1,132,007
Production in process……………………………………………….	160,243	148,755
Advances to suppliers……………………...................................	90,267	76,223
Inventory in transit……………………………………….………	171,534	179,089
	Ps. 6,556,777	Ps. 7,644,130

For the years ended December 31, 2014, 2013 and 2012, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to Ps.19,047,263, Ps.20,036,893 and Ps.22,735,345, respectively.

For the years ended December 31, 2014, 2013 and 2012, the Company recognized Ps.93,013, Ps.69,178 and Ps.88,713, respectively, for inventory that was damaged, slow-moving and obsolete.

(In thousands of Mexican pesos, except where otherwise indicated)

9. LONG-TERM NOTES AND ACCOUNTS RECEIVABLE

Long-term notes and accounts receivable are as follows:

	At December 31, 2014		At December 31, 2013	
Long-term notes receivable from sale of tortilla machines…...	Ps.	134,502	Ps.	144,142
Guarantee deposits..……..……………….………………...…..		29,596		29,874
Long-term recoverable value-added tax....……….…………		7,453		6,531
Other..…………………………………….……………………..		11,292		10,316
	Ps.	182,843	Ps.	190,863

At December 31, 2014 and 2013, long-term notes receivable are denominated in pesos, maturing from 2016 to 2018 and bearing monthly interests at an annual average rate of 16.5% for both years.

10. INVESTMENT IN ASSOCIATE

Investment in associate is comprised of the following:

	At December 31, 2014		At December 31, 2013	
Harinera de Monterrey, S.A. de C.V (Mexican company)…………	Ps.	-	Ps.	148,881
	Ps.	-	Ps.	148,881

The percentage of interest held in associate is:

	At December 31, 2014	At December 31, 2013
Harinera de Monterrey, S.A. de C.V………………………………..	-	40%

Harinera de Monterrey, S.A. de C.V.

On June 10, 2014, GRUMA reached an agreement with Grupo Trimex, S.A. de C.V. for the sale of its wheat flour operations in Mexico. The sale concluded in December 2014. The associate Harinera de Monterrey, S.A. de C.V. was part of this sale operation. See Note 26-A for additional information.

(In thousands of Mexican pesos, except where otherwise indicated)

Valores Azteca, S.A. de C.V.

The Extraordinary Stockholders' Meeting held on May 15, 2013 agreed on the merger by incorporation of Valores Azteca as merged company that is extinguished, with GRUMA as merging company. In accordance with this merger, GRUMA as owner of 45% of the capital stock of Valores Azteca, received 24,566,561 ordinary shares, with no par value, Series B, Class I, of GRUMA. The effect in the Company's equity as a result of this merger was $1,009,848, derived from cancellation of the Company's investment in Valores Azteca, whose only asset was represented by GRUMA's shares.

At December 31, 2012, Valores Azteca had 9.66% of the outstanding shares of the Company. As of December 31, 2012 and until the date of the merger, Valores Azteca had assets amounting to Ps.1,094,016 and no liabilities. From January 1, 2013 and until the date of the merger, Valores Azteca did not perform any operation and for the year ended December 31, 2012, had no revenues and reported a net profit of Ps.107,963. Valores Azteca was a private company and did not perform any operation or activity besides owning the shares of GRUMA. Derived from the multiple transactions completed on December 14, 2012 (see Note 29), the Company acquired 45% of the outstanding shares of Valores Azteca.

11. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment for the years ended December 31, 2014 and 2013 were as follows:

	Land and buildings	Machinery and equipment	Leasehold improvements	Construction in progress	Total
At December 31, 2012					
Cost…………………….	Ps. 8,908,549	Ps. 28,915,146	Ps. 1,152,567	Ps. 1,403,066	Ps. 40,379,328
Accumulated depreciation…………….	(2,923,702)	(16,009,897)	(528,195)	-	(19,461,794)
Net book value…………	Ps. 5,984,847	Ps. 12,905,249	Ps. 624,372	Ps. 1,403,066	Ps. 20,917,534
For the year ended December 31, 2013					
Opening net book value...	Ps. 5,984,847	Ps. 12,905,249	Ps. 624,372	Ps. 1,403,066	Ps. 20,917,534
Exchange differences…..	(53,934)	(46,458)	6,951	2,659	(90,782)
Additions……………….	6,691	384,303	1,953	1,075,379	1,468,326
Disposals……………….	(7,680)	(221,036)	(8,578)	(11,919)	(249,213)
Depreciation charge from continuing operations…..	(163,255)	(1,098,155)	(90,264)	-	(1,351,674)
Transfers to assets held for sale………………….	-	(103,300)	-	-	(103,300)
Transfers [1]………….....	160,523	1,196,601	209,329	(1,566,453)	-
Impairment……………..	-	(16,930)	-	-	(16,930)
Discontinued operations..	(875,211)	(1,657,813)	(6,058)	(129,907)	(2,668,989)
Closing net book value…	Ps. 5,051,981	Ps. 11,342,461	Ps. 737,705	Ps. 772,825	Ps. 17,904,972
At December 31, 2013					
Cost…………………….	Ps. 7,747,517	Ps. 26,801,643	Ps. 1,314,759	Ps. 772,825	Ps. 36,636,744
Accumulated depreciation…………….	(2,695,536)	(15,459,182)	(577,054)	-	(18,731,772)
Net book value…………	Ps. 5,051,981	Ps. 11,342,461	Ps. 737,705	Ps. 772,825	Ps. 17,904,972

(In thousands of Mexican pesos, except where otherwise indicated)

	Land and buildings	Machinery and equipment	Leasehold improvements	Construction in progress	Total
For the year ended December 31, 2014					
Opening net book value...	Ps. 5,051,981	Ps. 11,342,461	Ps. 737,705	Ps. 772,825	Ps. 17,904,972
Exchange differences…...	278,400	699,298	80,285	36,649	1,094,632
Additions……………….	138,727	427,996	13,791	1,132,298	1,712,812
Disposals……………..…	(4,684)	(232,215)	(2,341)	(14,095)	(253,335)
Depreciation charge from continuing operations….	(176,029)	(1,090,620)	(88,750)	-	(1,355,399)
Transfers [(1)]…………....	404,565	967,484	31,194	(1,403,243)	-
Acquisition through business combinations….	-	26,282	-	-	26,282
Impairment…………..….	(14,395)	-	-	-	(14,395)
Discontinued operations..	(596,689)	(681,295)	(658)	(22,591)	(1,301,233)
Closing net book value…	Ps. 5,081,876	Ps. 11,459,391	Ps. 771,226	Ps. 501,843	Ps. 17,814,336
At December 31, 2014					
Cost…………………….	Ps. 7,661,597	Ps. 27,864,912	Ps. 1,504,589	Ps. 501,843	Ps. 37,532,941
Accumulated depreciation…………….	(2,579,721)	(16,405,521)	(733,363)	-	(19,718,605)
Net book value…………	Ps. 5,081,876	Ps. 11,459,391	Ps. 771,226	Ps. 501,843	Ps. 17,814,336

(1) Transfers correspond to capitalizations of construction in progress.

For the years ended December 31, 2014, 2013 and 2012, depreciation expense was recognized as follows:

	2014	2013	2012
Cost of sales……………………………………..	Ps. 1,094,832	Ps. 1,073,355	Ps. 1,111,572
Selling and administrative expenses……………	260,567	278,319	290,385
	Ps. 1,355,399	Ps. 1,351,674	Ps. 1,401,957

At December 31, 2014 and 2013, property, plant and equipment included idle assets with a carrying value of approximately Ps.476,760 and Ps.668,068, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico and the United States, mainly in the corn flour division in Mexico and packaged tortilla division in the United States.

For the years ended December 31, 2014 and 2013, the Company recognized impairment losses on fixed assets by Ps.14,395 and Ps. 16,930, respectively, within "Other expenses".

The impairment loss recognized in 2014 for Ps.14,395 referred to the subsidiary Gruma Centroamérica, which is part of “other segments”. This impairment loss reflects a decrease in the recoverable value of the fixed assets of this CGU since these assets will not be used for the purposes they were acquired for.

(In thousands of Mexican pesos, except where otherwise indicated)

The impairment loss recognized in 2013 for Ps.16,930 referred to the subsidiary Transporte Aéreo Técnico Ejecutivo, S.A. de C.V., which is part of "other segments". On December 16, 2013, the Company entered into a purchase-sale contract with retention of title to sell an Eurocopter aircraft for a total of Ps.103,300. At December 31, 2013, the Company reclassified this item as "Asset held for sale" within current assets and the difference between its carrying value and its sale price was recognized in income as an impairment loss. During January 2014, the sale was terminated at the agreed price.

The Company recognized equipment under finance lease arrangements that are described in Note 27-B.

12. INTANGIBLE ASSETS

Changes in intangible assets for the years ended December 31, 2014 and 2013 were as follows:

	Intangible assets acquired						
	Goodwill	Covenants not to compete	Patents and trade-marks	Customer lists	Software for internal use	Internally generated intangible assets and others	Total
At December 31, 2012							
Cost……………………..	Ps. 2,505,839	Ps. 478,820	Ps. 137,370	Ps. 146,260	Ps. 667,243	Ps. 72,134	Ps. 4,007,666
Accumulated amortization…………….	-	(386,061)	(88,315)	(62,224)	(631,699)	(63,923)	(1,232,222)
Net book value…………	Ps. 2,505,839	Ps. 92,759	Ps. 49,055	Ps. 84,036	Ps. 35,544	Ps. 8,211	Ps. 2,775,444
For the year ended December 31, 2013							
Opening net book value...	Ps. 2,505,839	Ps. 92,759	Ps. 49,055	Ps. 84,036	Ps. 35,544	Ps. 8,211	Ps. 2,775,444
Exchange differences…..	(33,147)	(26)	148	(575)	(37)	5,936	(27,701)
Additions……………….	-	-	-	-	809	2,592	3,401
Disposals………………..	-	-	(3)	-	(69)	(838)	(910)
Amortization charge from continuing operations...…	-	(47,252)	(9,315)	(8,817)	(1,521)	(3,394)	(70,299)
Impairment……………....	-	-	(761)	(27,544)	-	-	(28,305)
Discontinued operations..	-	-	-	-	(19,619)	(910)	(20,529)
Closing net book value…	Ps. 2,472,692	Ps. 45,481	Ps. 39,124	Ps. 47,100	Ps. 15,107	Ps. 11,597	Ps. 2,631,101
At December 31, 2013							
Cost……………………..	Ps. 2,472,692	Ps. 465,125	Ps. 135,508	Ps. 71,657	Ps. 417,002	Ps. 23,980	Ps. 3,585,964
Accumulated amortization…………….	-	(419,644)	(96,384)	(24,557)	(401,895)	(12,383)	(954,863)
Net book value…………	Ps. 2,472,692	Ps. 45,481	Ps. 39,124	Ps. 47,100	Ps. 15,107	Ps. 11,597	Ps. 2,631,101
For the year ended December 31, 2014							
Opening net book value...	Ps. 2,472,692	Ps. 45,481	Ps. 39,124	Ps. 47,100	Ps. 15,107	Ps. 11,597	Ps. 2,631,101
Exchange differences…..	67,676	401	5,679	5,416	995	(474)	79,693
Additions……………….	-	-	-	-	10,434	6,692	17,126
Disposals………………..	-	-	-	-	(34)	(3,326)	(3,360)
Amortization charge from continuing operations...…	-	(43,012)	(5,684)	(6,561)	(1,836)	(849)	(57,942)
Acquisition through business combinations….	84,089	-	44,287	29,049	-	-	157,425
Discontinued operations..	(28,774)	-	-	-	(1,742)	(1,381)	(31,897)
Closing net book value…	Ps. 2,595,683	Ps. 2,870	Ps. 83,406	Ps. 75,004	Ps. 22,924	Ps. 12,259	Ps. 2,792,146
At December 31, 2014							
Cost……………………..	Ps. 2,595,683	Ps. 467,357	Ps. 197,384	Ps. 109,748	Ps. 389,933	Ps. 23,138	Ps. 3,783,243
Accumulated amortization…………….	-	(464,487)	(113,978)	(34,744)	(367,009)	(10,879)	(991,097)
Net book value…………	Ps. 2,595,683	Ps. 2,870	Ps. 83,406	Ps. 75,004	Ps. 22,924	Ps. 12,259	Ps. 2,792,146

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2014 and 2013, except for goodwill, the Company does not have indefinite-lived intangible assets.

For the years ended December 31, 2014, 2013 and 2012, amortization expense of intangible assets from continuing operations amounted to Ps.57,942, Ps.70,299 and Ps.62,416, respectively, which were recognized in the income statement as selling and administrative expenses.

For the year ended December 31, 2013, the Company recognized an impairment loss of intangible assets amounting Ps.28,305, within “Other expenses”. The impairment loss recognized in 2013 referred to “other segments” and was originated by a decrease of the asset’s ability to generate future economic benefits.

Research and development costs of Ps.152,967, Ps.144,563 and Ps.136,826 that did not qualify for capitalization were recognized in the income statement for the years ended December 31, 2014, 2013 and 2012, respectively.

Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

Cash-generating unit		**At December 31, 2014**		**At December 31, 2013**
Mission Foods Division (1)...	Ps.	875,427	Ps.	802,845
Gruma Seaham Ltd (2)...		335,748		338,596
Gruma Corporation..		212,765		212,765
Rositas Investments Pty, Ltd (2).....................................		177,676		171,748
Semolina, A.S (2)..		158,582		153,084
Gruma Holding Netherlands B.V (1).................................		137,643		123,507
Azteca Milling, L.P (1)..		108,369		71,228
Grupo Industrial Maseca, S.A.B. de C.V............................		98,622		98,622
NDF Azteca Milling Europe SRL (2).................................		92,177		93,317
Agroindustrias Integradas del Norte, S.A. de C.V (3)...............		86,325		115,099
MexiFoods, S.L. (2)...		84,089		-
Altera LLC (2)...		54,510		95,755
Gruma Centroamérica (2)..		51,207		51,207
Solntse Mexico (2)...		42,443		64,819
Molinos Azteca de Chiapas, S.A. de C.V (3).........................		28,158		28,158
Harinera de Yucatán, S.A. de C.V (3)...............................		18,886		18,886
Harinera de Maíz de Mexicali, S.A. de C.V (3)......................		17,424		17,424
Molinos Azteca, S.A. de C.V (3)....................................		8,926		8,926
Harinera de Maíz de Jalisco, S.A. de C.V (3)........................		6,706		6,706
	Ps.	2,595,683	Ps.	2,472,692

(1) Subsidiary of Gruma Corporation
(2) Subsidiary of Gruma International Foods, S.L.
(3) Subsidiary of Grupo Industrial Maseca, S.A.B. de C.V.

(In thousands of Mexican pesos, except where otherwise indicated)

In 2014 and 2013, the discount rates and growth rates in perpetuity used by the Company for determining the discounted cash flows of the CGU with the main balances of goodwill are the following:

	After-tax discount rates		Growth rates	
Cash-generating unit	**2014**	**2013**	**2014**	**2013**
Mission Foods Division……………	7.0%	6.4%	1.8%	2.5%
Azteca Milling, L.P………………..	7.0%	6.4%	1.8%	2.5%
Gruma Seaham……………………..	7.9%	8.5%	2.5%	2.5%
Gruma Corporation………………...	6.1%	6.4%	2.5%	2.5%
Rositas Investment PTY, LTD……..	7.3%	7.7%	3.0%	3.0%
Gruma Holding Netherlands B.V….	7.4%	8.4%	1.9%	1.9%
Agroindustrias Integradas del Norte, S.A. de C.V………………………...	8.6%	9.0%	2.5%	2.5%
Semolina A.S………………………	9.4%	10.6%	2.5%	2.5%

The discount rate used reflects the Company's specific risks related to its operations. The long-term growth rate used is consistent with projections included in industry reports.

With respect to the determination of the CGU's value in use, the Company's management considered that a reasonably possible change in the key assumptions used, will not cause that the CGU's carrying value to materially exceed their value in use. The recovery amount of cash-generating units has been determined based on calculations of the values in use. These calculations use cash flow projections based on financial budgets approved by the Company's management for a 5-year period.

For the years ended December 31, 2014, 2013 and 2012, no impairment losses on goodwill were recognized.

13. DEFERRED TAX ASSETS AND LIABILITIES

A) COMPONENTS OF DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	At December 31, 2014	At December 31, 2013
Deferred tax asset:		
To be recovered after more than 12 months…………………………....……	Ps. (803,084)	Ps. (280,424)
To be recovered within 12 months………...	(466,659)	(7,244)
	(1,269,743)	(287,668)
Deferred tax liability:		
To be recovered after more than 12 months……………………………………	2,273,512	1,964,789
To be recovered within 12 months………..….......	71,247	81,329
	2,344,759	2,046,118
Deferred tax liability, net…...………………………………...........................	Ps. 1,075,016	Ps. 1,758,450

(In thousands of Mexican pesos, except where otherwise indicated)

The principal components of deferred tax assets and liabilities are summarized as follows:

	(Asset) Liability	
	At December 31, 2014	At December 31, 2013
Net operating loss carryforwards and other tax credits	Ps. (252,872)	Ps. (322,530)
Customer advances	(956)	(3,884)
Allowance for doubtful accounts	(3,460)	(17,858)
Provisions	(643,612)	(516,933)
Deferred income for trademarks license with subsidiary	(586,119)	(703,269)
Derivative financial instruments	(18,780)	(30,377)
Other	(114,107)	(115,040)
Deferred tax asset	(1,619,906)	(1,709,891)
Property, plant and equipment, net	2,143,603	1,758,421
Prepaid expenses	1,515	3,376
Inventories	2,188	15,133
Intangible assets and others	372,632	352,573
Investment in associates	-	403,384
Other	(18,946)	24,836
	2,500,992	2,557,723
Tax consolidation effect	193,930	910,618
Deferred tax liability	2,694,922	3,468,341
Net provision for deferred taxes	Ps. 1,075,016	Ps. 1,758,450

At December 31, 2014 and 2013, the Company did not recognize a deferred income tax asset of Ps.1,634,646 and Ps.1,817,029, respectively, for tax loss carryforwards, since sufficient evidence was not available to determine that these tax loss carryforwards will be realized during their amortization period. These tax losses expire in the year 2024. During 2013, the Company amortized tax losses of Ps.1,648,249 for which a deferred income tax asset was not previously recognized.

At December 31, 2014 and 2013, undistributed taxable income of subsidiaries amounted to Ps.1,930,922 and Ps.2,462,656, respectively. No deferred income tax has been recognized for this concept, since the Company has the ability to control the time for its reversal and it is probable that in the foreseeable future these temporary differences will not reverse.

(In thousands of Mexican pesos, except where otherwise indicated)

The changes in the temporary differences during the year were as follows:

	Balance at January 1, 2014	Recognized in income	Recognized in other compre-hensive income	Reclassifi-cations	Disconti-nued operations	Foreign currency translation	Balance at December 31, 2014
Net operating loss carryforwards and other tax credits……………	Ps. (322,530)	Ps. 49,757	Ps. -	Ps. (933)	Ps. 30,056	Ps. (9,222)	Ps. (252,872)
Customer advances…………….	(3,884)	(956)	-	3,866	18	-	(956)
Allowance for doubtful accounts	(17,858)	1,289	-	42	13,134	(67)	(3,460)
Provisions………………………	(516,933)	(112,509)	4,593	1,132	22,360	(42,255)	(643,612)
Deferred income from trademark license with subsidiary..………..	(703,269)	117,150	-	-	-	-	(586,119)
Derivative financial instruments.	(30,377)	-	12,731	-	-	(1,134)	(18,780)
Others………………………….	(115,040)	2,131	-	(32)	-	(1,166)	(114,107)
Deferred tax asset……………..	(1,709,891)	56,862	17,324	4,075	65,568	(53,844)	(1,619,906)
Property, plant and equipment…	1,758,421	363,920	-	5,937	(78,161)	93,486	2,143,603
Prepaid expenses……………….	3,376	(681)	-	-	(1,180)	-	1,515
Inventories……………………..	15,133	(16,375)	-	3,020	-	410	2,188
Intangible assets and others……	352,573	(38,978)	-	17,346	1,091	40,600	372,632
Investment in associates……….	403,384	(490,059)	-	-	-	86,675	-
Others………………………….	24,836	(7,755)	(31,082)	(3,966)	-	(979)	(18,946)
	2,557,723	(189,928)	(31,082)	22,337	(78,250)	220,192	2,500,992
Tax consolidation effect……….	910,618	(716,688)	-	-	-	-	193,930
Deferred tax liability..……….…	3,468,341	(906,616)	(31,082)	22,337	(78,250)	220,192	2,694,922
Net provision for deferred taxes	Ps.1,758,450	Ps. (849,754)	Ps. (13,758)	Ps. 26,412	Ps. (12,682)	Ps. 166,348	Ps. 1,075,016

(In thousands of Mexican pesos, except where otherwise indicated)

	Balance at January 1, 2013	Recognized in income	Recognized in other compre-hensive income	Reclassifi-cations	Disconti-nued operations	Foreign currency translation	Balance at December 31, 2013
Net operating loss carryforwards and other tax credits……………	Ps. (686,260)	Ps. 364,975	Ps. -	Ps. -	Ps. (30,056)	Ps. 28,811	Ps. (322,530)
Customer advances…………….	(3,722)	(144)	-	-	(18)	-	(3,884)
Allowance for doubtful accounts	(4,637)	(43)	-	(71)	(13,134)	27	(17,858)
Provisions………………………	(799,140)	34,495	(42,298)	7,335	282,062	613	(516,933)
Deferred income from trademark license with subsidiary..………..	-	(703,269)	-	-	-	-	(703,269)
Derivative financial instruments.	125,938	-	(156,936)	-	-	621	(30,377)
Others………………………….	(102,387)	(13,168)	-	45	766	(296)	(115,040)
Deferred tax asset……………..	(1,470,208)	(317,154)	(199,234)	7,309	239,620	29,776	(1,709,891)
Property, plant and equipment…	2,075,116	(166,724)	-	(280)	(156,831)	7,140	1,758,421
Prepaid expenses………………	3,782	246	-	-	(652)	-	3,376
Inventories……………………..	38,458	(15,461)	-	-	(7,864)	-	15,133
Intangible assets and others……	322,962	29,238	-	-	(1,091)	1,464	352,573
Investment in associates……….	407,958	(6,821)	-	-	-	2,247	403,384
Others………………………….	8,792	8,870	14,391	(1,343)	-	(5,874)	24,836
	2,857,068	(150,652)	14,391	(1,623)	(166,438)	4,977	2,557,723
Tax consolidation effect……….	2,189,312	(1,278,694)	-	-	-	-	910,618
Deferred tax liability..………..…	5,046,380	(1,429,346)	14,391	(1,623)	(166,438)	4,977	3,468,341
Net provision for deferred taxes	Ps.3,576,172	Ps.(1,746,500)	Ps. (184,843)	Ps. 5,686	Ps. 73,182	Ps. 34,753	Ps.1,758,450

B) TAX LOSS CARRYFORWARDS

At December 31, 2014, the Company had tax loss carryforwards which amounted to approximately Ps.5,605,486. Based on projections prepared by the Company's management of expected future taxable income, it has been determined that only tax losses for an amount of Ps.156,670 will be used. Therefore, the Company did not recognize a deferred tax asset for the difference. Tax losses that will be used have the following expiration dates:

Year	Amount
2015……………………….	Ps. 48,392
2016……………………….	9,683
2017……………………….	7,604
2018……………………….	5,453
2019 to 2023…..…………..	85,538
Total………………………	Ps. 156,670

C) UNCERTAIN TAX POSITIONS

At December 31, 2014 and 2013, the Company recognized a liability for uncertain tax positions of Ps.41,200 and Ps. 41,421, respectively, excluding interest and penalties, and it is included in Other non-current liabilities. The following table shows a reconciliation of the Company's uncertain tax positions, excluding interest and penalties:

(In thousands of Mexican pesos, except where otherwise indicated)

	2014	2013
Uncertain tax positions at beginning of year……………………….	Ps. 41,421	Ps. 38,688
Translation adjustment of the beginning balance…………………..	(7,178)	(1,758)
Increase as result of uncertain tax positions taken in the year…..…	5,225	6,538
Reductions due to a lapse of the statute of limitations……………...	1,732	(2,047)
Uncertain tax positions at end of year…...………………………..…	Ps. 41,200	Ps. 41,421

It is expected that the amount of uncertain tax positions will change in the next 12 months; however, the Company does not expect the change to have a significant impact on its consolidated financial position or results of operations. The Company had accrued interest and penalties of approximately Ps.4,298 and Ps. 3,609 related to uncertain tax positions for 2014 and 2013, respectively.

D) TAX EFFECTS FROM OTHER COMPREHENSIVE INCOME

Deferred taxes related to other comprehensive income are comprised of:

	At December 31, 2014	At December 31, 2013	At December 31, 2012
Foreign currency translation adjustments………	Ps. (30,712)	Ps. 14,391	Ps. 14,701
Remeasurement of employment benefit obligations………………………………………	4,223	(42,298)	(10,783)
Cash flow hedges……………………………….	12,731	(156,936)	125,938
Total…………………………………………….	Ps. (13,758)	Ps. (184,843)	Ps. 129,856

E) TAX CONSOLIDATION

Until December 31, 2013, Gruma, S.A.B. de C.V. determined its income tax under the tax consolidation regime, together with its subsidiaries in Mexico.This, due to the abrogation of the Income Tax Law effective until December 31, 2013, which eliminated this tax regime. The Company decided not to join the new Optional Regime for Company Groups for the year 2014.

Due to the elimination of the tax consolidation regime, the Company has the obligation to pay the deferred tax determined at that time during the following five-year period. The payment corresponding to the 25% of the income tax resulting from the deconsolidation was paid in 2014 and the remaining income tax (restated with inflation factors) must be paid to the tax authority in accordance with the following deadlines:

1. 25% no later than April 30, 2015.
2. 20% no later than April 30, 2016.
3. 15% no later than April 30, 2017.
4. 15% no later than April 30, 2018.

In accordance with subsection d) of section XV of the transitional Article 9 of the 2014 Income Tax Law, and since the Company was the parent entity at December 31, 2013 and at such date was subject to the payment schedule contained in the section VI of Article 4 of the transitional provisions of the Income Tax Law published in the Official Gazette on December 7, 2009, or Article 70-A of the 2013

(In thousands of Mexican pesos, except where otherwise indicated)

Income Tax Law that was abrogated, the Company shall continue to settle its deferred income tax from tax consolidation pertaining to 2007 and previous years, under the provisions above mentioned, until its payment is completed.

At December 31, 2014, the liability arising from tax consolidation regime effective December 31, 2013 amounted to Ps.305,493 and is estimated to be incurred as follows:

Year of payment	Amount	
2015………………	Ps.	111,563
2016………………		83,439
2017………………		58,400
2018……………….		52,091
Total………………	Ps.	305,493

At December 31, 2014, income tax to be settled in the next 12 months was classified in the statement of financial position as short-term income tax payable for Ps.111,563. The remaining liability considered as long-term for Ps.193,930 in accordance with the requirements of the Income Tax Law, was included as a component of the deferred income taxes.

14. DEBT

Debt is summarized as follows:

Short-term:

	At December 31, 2014		At December 31, 2013	
Bank loans………………………………………………..	Ps.	973,499	Ps.	2,612,997
Current portion of long-term bank loans..………………….		455,142		659,129
Current portion of financing lease liabilities……………….		8,467		3,771
	Ps.	1,437,108	Ps.	3,275,897

Long-term:

	At December 31, 2014		At December 31, 2013	
Bank loans……………………………………………….	Ps.	9,768,263	Ps.	10,011,831
Perpetual notes…………………………………………..		-		3,732,717
Financing lease liabilities………………………………….		19,398		14,795
	Ps.	9,787,661	Ps.	13,759,343
Current portion of long-term bank loans…………………..		(455,142)		(659,129)
Current portion of financing lease liabilities……………….		(8,467)		(3,771)
	Ps.	9,324,052	Ps.	13,096,443

(In thousands of Mexican pesos, except where otherwise indicated)

The terms, conditions and carrying values of debt are as follows:

	Currency	Interest rate	Maturity date	At December 31, 2014	At December 31, 2013
10-year Senior notes……...	U.S.$	4.875%	2024	Ps. 5,820,558	Ps. -
Syndicated loan…………..	U.S.$	LIBOR + 1.5%	2015-2018	3,060,147	2,855,248
Credit……………………..	U.S.$	2.55% - 3.50%	2015	863,457	725,750
Syndicated loan…………..	Pesos	TIIE + 1.625%	2015-2018	800,000	1,193,683
Credit……………………...	Liras	5.00%	2015	101,096	75,717
Credit……………………..	Pesos	3.51% - 6.53%	2017	81,364	88,082
Financing lease liability…..	Euros	1.70% - 5.73%	2014-2017	19,398	14,795
Credit……………………..	Euros	1.50% - 4.00%	2015-2020	15,140	-
Perpetual notes……………	U.S.$	7.75%	[a]	-	3,732,717
Syndicated loan…………..	Pesos	TIIE +2% [b]	2014-2018	-	2,284,283
Credit…………………….	U.S.$	LIBOR + 1.75%	2014-2016	-	1,951,575
Credit…………………….	Pesos	5.19%	2014	-	1,550,000
Revolving credit …...........	U.S.$	LIBOR + 1.375%	2019	-	1,038,800
Credit……………………...	Pesos	TIIE + 1.875%	2015-2018	-	597,702
Credit……………………...	U.S.$	LIBOR + 0.9935%	2014	-	261,530
Credit…………………….	U.S.$	LIBOR + 2%	2014	-	2,458
Total………………………				Ps. 10,761,160	Ps. 16,372,340

[a] Redeemable starting 2009 at the Company's option.
[b] Interbank Equilibrium Interest Rate.

At December 31, 2014 and 2013, short-term debt bore interest at an average rate of 3.42% and 4.13%, respectively. At December 31, 2014, 2013 and 2012, interest expense included interest related to debt amounting Ps.1,008,251, Ps.1,014,656 and Ps.780,790, respectively.

At December 31, 2014, the annual maturities of long-term debt outstanding were as follows:

Year	Amount
2016………………	Ps. 632,090
2017………………	1,026,440
2018………………	1,844,964
2019………………	-
2020 and thereafter	5,820,558
Total………………	Ps. 9,324,052

To perform the acquisition of the non-controlling interest from ADM mentioned in Note 29, GRUMA obtained bridge loan facilities with maturity dates of up to a year for a total amount of Ps.5,103,360 (U.S.$400 million), lent by Goldman Sachs Bank USA, Banco Santander and Banco Inbursa (the "Short-Term Loan Facilities"), and used Ps.637,920 (U.S.$50 million) of Gruma Corporation's revolving syndicated long term credit facility with Bank of America, which matures in 2016. For the execution of the Short-Term Loan Facilities, GRUMA's permitted leverage ratios established under the loan facilities as of December 31, 2012 were increased to allow GRUMA to increase its leverage as a result of the obtainment of the Short-Term Loan Facilities.

In order to refinance the Short-Term Loan Facilities, on June 10, 2013, the Company obtained a 5-year Syndicated Credit Facility for Ps.$2,300,000 with Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa, as administrative agent, with an average life of 4.2 years and amortizations starting on December 2014, at a rate of TIIE plus a spread between 162.5 and 262.5 basis points based on the

(In thousands of Mexican pesos, except where otherwise indicated)

Company's leverage ratio. Banco Nacional de Comercio Exterior, S.N.C., Banca de Desarrollo and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, also participated in this facility. On December 10, 2014, this credit facility was fully paid in advance.

Likewise, on June 13, 2013, the Company obtained a 5-year Syndicated Credit Facility for U.S.$220 million with Coöperatieve Centrale Raiffeisen Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as administrative agent, with an average life of 4.2 years and semiannual amortizations starting on December 2014, at a rate of LIBOR plus a spread between 150 and 300 basis points based on the Company's leverage ratio. BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer and Bank of America, N.A., also participated in this facility.

On November 24, 2014 the conditions were renegotiated for Gruma Corporation revolving credit with Bank of America, N.A., which was carried out on June 20, 2011 for U.S.$250 million. Its maturity date was extended from June 2016 to November 2019, and the interest rate was reduced by 25 basis points to LIBOR plus a spread between 112.5 and 175 basis points, based on the Company's leverage ratio.

In order to refinance the perpetual notes, on December 5, 2014 the Company issued 10-year senior notes of Ps.5,820,558 (U.S.$400 million) in international markets, payable at maturity on December 1, 2024. The senior notes have an annual fixed interest rate of 4.875% payable semi-annually. The senior notes were placed by Goldman Sachs & Co. and Santander Investment Securities Inc., as leading agents, and Banco Bilbao Vizcaya Argentaria, SA, Credit Agricole Securities and Scotia Capital Inc., as secondary agents. The proceeds were used to redeem the Perpetual Notes on December 15, 2014 and for the repayment of additional indebtedness of U.S.$100 million.

The Company has credit line agreements for Ps.6,255,150 (U.S.$425 million), which are fully available as of December 31, 2014. These credit line agreements require a quarterly payment of a commitment fee ranging from 0.15% to 0.60% over the unused amounts, which is recognized as interest expense of the year.

The outstanding credit agreements contain covenants mainly related to compliance with certain financial ratios and delivery of financial information, which, if not complied with during the period, as determined by creditors, may be considered a cause for early maturity of the debt.

Financial ratios are calculated according to formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of the last twelve months to consolidated interest charges, should not be less than 2.50 to 1.00.

- Leverage ratio, defined as the ratio of total consolidated indebtedness (as described in the credit agreements) to consolidated EBITDA, should be as follows:

Period	Leverage ratio
From December 8, 2012 to September 30, 2013…..	No greater than 4.75 to 1.00
From October 1, 2013 to September 30, 2014…..…	No greater than 4.50 to 1.00
From October 1, 2014 to September 30, 2015…..…	No greater than 4.00 to 1.00
From October 1, 2015 and thereafter…………..…..	No greater than 3.50 to 1.00

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2014 and 2013, the Company was in compliance with the financial covenants, as well as with the delivery of the required financial information.

15. PROVISIONS

The movements of provisions are as follows:

	Labor provisions	Restoration provision	Tax provision	Compensation for import of contaminated rice	Subtotal
Balance at December 31, 2012……	Ps. 236,582	Ps. 128,659	Ps. 21,232	Ps. -	Ps. 386,473
Charge (credit) to income:					
Additional provisions…………….	73,636	-	1,501	-	75,137
Unused amounts reversed………..	-	(5,800)	-	-	(5,800)
Used during the year………………..	(45,989)	-	-	-	(45,989)
Exchange differences………….……	1,715	623	214	-	2,552
Discontinued operations……………	(34,589)	-	-	-	(34,589)
Balance at December 31, 2013……	231,355	123,482	22,947	-	377,784
Charge (credit) to income:					
Additional provisions…………….	289,715	14,729	15,719	12,146	332,309
Unused amounts reversed………..	(1,481)	(1,763)	-	-	(3,244)
Used during the year………………..	(190,719)	(1,015)	(62)	-	(191,796)
Exchange differences………………	38,551	16,637	2,715	1,268	59,171
Balance at December 31, 2014……	Ps. 367,421	Ps. 152,070	Ps. 41,319	Ps. 13,414	Ps. 574,224
Of which current..………………..	Ps. 126,074	Ps. 2,973	Ps. -	Ps. -	Ps. 129,047
Of which non-current…………….	241,347	149,097	41,319	13,414	445,177

	Subtotal	Unregulated labor security obligations	Total
Balance at December 31, 2012……	Ps. 386,473	Ps. 1,070	Ps. 387,543
Charge (credit) to income:			
Additional provisions…………….	75,137	-	75,137
Unused amounts reversed………..	(5,800)	-	(5,800)
Used during the year………………..	(45,989)	-	(45,989)
Exchange differences………………	2,552	-	2,552
Discontinued operations……………	(34,589)	(1,070)	(35,659)
Balance at December 31, 2013……	377,784	-	377,784
Charge (credit) to income:			
Additional provisions…………….	332,309	-	332,309
Unused amounts reversed………..	(3,244)	-	(3,244)
Used during the year………………..	(191,796)	-	(191,796)
Exchange differences………………	59,171	-	59,171
Balance at December 31, 2014……	Ps. 574,224	Ps. -	Ps. 574,224
Of which current..………………..	Ps. 129,047	Ps. -	Ps. 129,047
Of which non-current…………….	445,177	-	445,177

Labor provisions

In the United States, when permitted by law, the Company self insures against workers' compensation claims. As claims are filed for workers' compensation, the Company recognizes an obligation to settle these claims. Certain actuarial information is used to estimate the expected outflows of economic resources and projected timing of the settlement of these claims. The discount rate applied during 2014 was 3.20%.

Likewise, the subsidiary in Italy esablished a provision to meet legal costs arising from labor claims related mainly to work accidents.

Subsidiaries in Venezuela established a provision for labor claims filed against the Company related to work accidents and the payment of certain labor benefits, and to meet the terms of the collective labor contracts that, as of the date hereof, are still being negotiated with workers' unions.

Restoration provision

In the United States and Europe, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using a pre-tax discount rate and taking into account any specific risks associated with these obligations. The discount rate applied during 2014 was 4.99%.

Tax provision

In Central America, for the periods from 2005 to 2011, tax authorities have lodged tax assessments against the Company for approximately Ps.26,000 (971 million colons) in connection with sales and income tax. Based on the criteria of the Company's management and the opinion of tax consultants hired for the Company´s defense, there is a probability that some of the tax assessments will be settled. For this reason, the Company has accrued the necessary amounts to cover the payment of these obligations.

Additionally in Central America, during 2014 tax authorities have decided not to issue authorizations for the use of tax loss carryforwards from previous years, arguing that they are reviewing the procedure for granting such tax benefit. Tax loss carryforwards prescribing during 2014 amounted to Ps.53,000 (1,988 million colons); therefore, the Company has accrued approximately Ps.16,000 (596 million colons) corresponding to the tax impact of this matter, considering that the Company will excercise its right in court, where a favorable outcome is reserved.

Compensation for import of contaminated rice

At December 31, 2014 in Central America, the Company recognized a provision for $13,414 (496 million colons) corresponding to the probable loss due to the refusal of the government due to its determination of excess of agrochemicals in imported rice.

(In thousands of Mexican pesos, except where otherwise indicated)

Unregulated labor security obligations

In Venezuela, the Organic Law of Prevention, Conditions and Work Environment (Ley Orgánica de Prevención, Condiciones y Medio Ambiente de Trabajo) establishes the substitution of certain security obligations for other more onerous. This regulation has not been officially released by the Venezuelan government, making it difficult to determine the payment date for this obligation.

16. OTHER CURRENT LIABILITIES

At December 31, 2014 and 2013, Other current liabilities includes the following:

	At December 31, 2014		At December 31, 2013	
Employee benefits payable……...……………...	Ps.	802,706	Ps.	590,722
Promotion and advertising payable……………..		255,694		224,099

The rest of the items that comprise Other current liabilities correspond to accrued expenses payable.

17. EMPLOYEE BENEFITS OBLIGATIONS

Employee benefits obligations recognized in the balance sheet, by country, were as follows:

Country	At December 31, 2014		At December 31, 2013	
Mexico………………..........................	Ps.	505,798	Ps.	523,427
United States and Europe..……………..		103,864		96,871
Central America………………………..		10,321		8,745
Total………………..…………………..	Ps.	619,983	Ps.	629,043

A) MEXICO

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under Mexican law, which does not require minimum funding.

The plans in Mexico typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk:

- Investment risk. The expected return rate for investment funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and fixed-rate instruments. Due to the long-term nature of the plan liabilities, the Company considers appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund; however, a minimum 30% must be invested in government bonds as required by Mexican tax laws.

(In thousands of Mexican pesos, except where otherwise indicated)

- Interest risk. A decrease in the interest rate will increase the plan liability; the volatility in interest rates depends exclusively in the economic environment.

- Longevity risk. The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

- Salary risk. The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary expectancy of the plan participants will increase the plan's liability.

The reconciliation between the beginning and ending balances of the present value of the defined benefit obligations (DBO) is as follows:

	2014		2013	
DBO at beginning of the year………….................…	Ps.	579,667	Ps.	456,691
Add (deduct):				
Current service cost……………………….………..…		28,083		16,032
Financial cost………………………………………		31,591		21,852
Remeasurement for the period………………..........		7,851		167,985
Benefits paid……………………………………….		(85,747)		(84,445)
Past service cost……………………………………		-		1,552
DBO at end of the year……………………………….	Ps.	561,445	Ps.	579,667

At December 31, 2014 and 2013, liabilities relating to vested employee benefits amounted to Ps.337,619 and Ps.391,860, respectively.

The reconciliation between the beginning and ending balances of the employee benefit plan assets at fair value for the years 2014 and 2013 is shown below:

	2014		2013	
Plan assets at fair value at beginning of the year..	Ps.	56,240	Ps.	48,910
Add (deduct):				
Return on plan assets……………………..……..		2,970		2,494
Return on plan assets recognized in other comprehensive income………......………………		(3,563)		4,836
Plan assets at fair value at end of the year……..…	Ps.	55,647	Ps.	56,240

The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

	At December 31, 2014		At December 31, 2013	
Employee benefit (assets) liabilities:				
DBO……………………..……………………	Ps.	561,445	Ps.	579,667
Plan assets…………………............................		(55,647)		(56,240)
Employee benefits obligations.…………………	Ps.	505,798	Ps.	523,427

(In thousands of Mexican pesos, except where otherwise indicated)

The value of the DBO related to the pension plan amounted to Ps.495,808 and Ps.507,826 at December 31, 2014 and 2013, respectively, while the value of the DBO related to seniority premiums amounted to Ps.65,637 and Ps.71,841, respectively.

At December 31, 2014, 2013 and 2012, the components of net cost comprised the following:

		2014		2013		2012
Current service cost……………....	Ps.	28,083	Ps.	16,032	Ps.	19,907
Past service cost…………………...		-		1,552		-
Financial cost……………...………		31,591		21,852		22,296
Return on plan assets………..……..		(2,970)		(2,494)		(4,085)
Net cost for the year……………....	Ps.	56,704	Ps.	36,942	Ps.	38,118

The net cost for the year 2014, 2013 and 2012 of Ps.56,704, Ps.36,942 and Ps.38,118, respectively, was recognized as follows:

		2014		2013		2012
Cost of sales…..…………………...	Ps.	10,150	Ps.	10,470	Ps.	3,640
Selling and administrative expenses		41,498		21,993		30,711
Discontinued operations…………...		5,056		4,479		3,767
Net cost for the year…….…………	Ps.	56,704	Ps.	36,942	Ps.	38,118

Remeasurements of the defined benefit obligation recognized in other comprehensive income are comprised of:

		2014		2013		2012
Return on plan assets (excluding amounts included in net cost of the year)…..………………………………	Ps.	3,563	Ps.	(4,836)	Ps.	(5,975)
Actuarial gains and losses arising from changes in demographic assumptions…		59,940		-		-
Actuarial gains and losses arising from changes in financial assumptions……..		(15,234)		(19,366)		67,269
Actuarial gains and losses arising from experience adjustments………………..		(36,855)		187,351		44,621
Acquisition/disposal or excision of business………………………………..		-		-		52
	Ps.	11,414	Ps.	163,149	Ps.	105,967

The total amount recognized in other comprehensive income is described below:

		2014		2013
Balance at the beginning of the year…………….	Ps.	274,004	Ps.	110,885
Remeasurements that occurred during the year…		11,414		163,149
Balance at the end of the year…………………...	Ps.	285,418	Ps.	274,004

(In thousands of Mexican pesos, except where otherwise indicated)

At December 31, 2014 and 2013, plan assets stated at fair value and related percentages with respect to total plan assets were analyzed as follows:

	At December 31, 2014			**At December 31, 2013**		
Equity securities, classified by type of industry:	Ps.	42,508	76%	Ps.	42,180	75%
Consumer industry……………………………….		10,191			7,907	
Financial institutions……………………………..		32,317			34,273	
Fixed rate securities………………………………..		13,139	24%		14,060	25%
Fair value of plan assets……………………………	Ps.	55,647	100%	Ps.	56,240	100%

The Company has a policy of maintaining at least 30% of its trust assets in Mexican Federal Government instruments. Guidelines have been established for the remaining 70% and investment decisions are taken in accordance with these guidelines to the extent market conditions and available funds allow it.

As of December 31, 2014, the funds maintained in plan assets were considered sufficient to face the Company's short-term needs; therefore, the Company's management has determined that for the time being there is no need for additional contributions to increase these assets.

The main actuarial assumptions used were as follows:

	At December 31, 2014	**At December 31, 2013**
Discount rate…………………………………….……….	6.25%	5.75%
Future increase rate in compensation levels……...…...	4.50%	4.50%
Long-term inflation rate…………………………..…..	3.50%	3.50%

At December 31 2014 and 2013, the impact in DBO for a decrease of 25 basis points in the discount rate amounts to Ps.10,147 and Ps.9,470, respectively.

The sensitivity analysis mentioned above is based on the change in the discount rate while keeping constant the rest of the assumptions. In practice, this is unlikely to occur, and changes in some of the assumptions can be correlated.

The methods used in preparing the sensitivity analysis did not change from those used in prior years.

The average duration of the benefit obligation at December 31, 2014 and 2013 is 13 and 14 years, respectively.

The Company does not expect to contribute during the next fiscal year.

B) OTHER COUNTRIES

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company in this country. For the years ended December 31, 2014, 2013 and 2012, total expenses related to this plan amounted to Ps.81,215, Ps.68,658 and Ps.62,340, respectively (U.S.$6,082, U.S.$5,351 and U.S.$4,737 thousand, respectively).

(In thousands of Mexican pesos, except where otherwise indicated)

Additionally, the Company has established an unfunded nonqualified deferred compensation plan for a selected group of management and highly compensated employees. The plan is voluntary and allows employees to defer a portion of their salary or bonus in excess of the savings and investment plan limitations. The employees elect investment options and the Company monitors the result of those investments and records a liability for the obligation. For the years ended December 31, 2014, 2013 and 2012, total expenses related to this plan were approximately Ps.7,184, Ps.2,515 and Ps.6,014, respectively (U.S.$538, U.S.$196 and U.S.$457 thousand, respectively). At December 31, 2014 and 2013, the liability recognized for these items amounted to Ps.94,151 and Ps.87,469, respectively (U.S.$6,397 and U.S.$6,689 thousand, respectively).

In Central America, the retirement and severance provisions are determined according to the current Labor Legislation of each country. At December 31, 2014 and 2013, the liability recognized for this item amounted to Ps.10,321 and Ps.8,745, respectively, and the total labor obligation cost amounted Ps.1,586 and Ps.1,843, respectively.

18. EQUITY

A) COMMON STOCK

At December 31, 2014 and 2013, the Company's outstanding common stock consisted of 432,749,079 Series "B" shares, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval.

The Extraordinary Stockholders' Meeting held on May 15, 2013 agreed on the merger by incorporation of Valores Azteca, S.A. de C.V. as merged company that is extinguished, with GRUMA as merging company. In accordance with this merger, GRUMA as owner of 45% of the capital stock of Valores Azteca, received 24,566,561 ordinary shares, with no par value, Series B, Class I, of GRUMA. The effect in the Company's equity as a result of this merger was $1,009,848.

Additionally, the following shares of GRUMA were approved to be cancelled:

Amount of shares cancelled	Description
1,523,900 shares	Shares held in Treasury, repurchased by GRUMA
106,335,069 shares	Shares held in Treasury, acquired by GRUMA from ADM in December 2012 (Note 29)
24,566,561 shares	Shares received by GRUMA, due to the merger of Valores Azteca with GRUMA (Note 10)

B) RETAINED EARNINGS

In accordance with Mexican Corporate Law, the legal reserve must be increased annually by 5% of annual net profits until it reaches a fifth of the fully paid common stock amount. The legal reserve is included within retained earnings.

(In thousands of Mexican pesos, except where otherwise indicated)

Movements in the legal reserve for the years ended December 31, 2014 and 2013 are as follows:

		Amount
Balance at December 31, 2012………………………...	Ps.	304,631
Increases during the year……………………………...		-
Balance at December 31, 2013………………………...		304,631
Increases during the year……………………………...		283,674
Balance at December 31, 2014………………………...	Ps.	588,305

In October 2013, the Chamber of Senators and Deputies approved the issuance of the new Income Tax Law, effective starting January 1, 2014. Among other, the Law establishes a 10% tax rate on earnings from 2014 and thereafter, for dividend paid to foreign residents and Mexican individuals; additionally, this law states that for the years 2001 to 2013, the net taxable income will be determined in accordance with the Income Tax Law that was effective for each year.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN) and will be taxed at a rate that fluctuates between 32% and 35% if they are paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2015. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment.

C) PURCHASE OF COMMON STOCK

The Shareholders' Meeting held on April 26, 2013 approved to increase the reserve to repurchase the Company's own shares up to Ps.650,000, while the Shareholders' Meeting held on December 13, 2012 approved to increase the reserve to repurchase the Company's own shares up to Ps.4,500,000. The maximum amount of proceeds that can be used to purchase the Company's own shares cannot exceed, in any case, the net earnings of the entity, including retained earnings. The difference between the acquisition cost of the repurchased shares and their stated value, composed of common stock and share premium, is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. The gain or loss on the sale of the Company's own shares is recorded in retained earnings.

Movements in the reserve for acquisition of Company's own shares for the years ended December 31, 2014 and 2013 are as follows. During 2014, no movements were recognized in this reserve.

		Amount
Balance at December 31, 2012..…..………………………………..	Ps.	467,388
Increase in reserve for repurchase of Company's own shares approved by the Stockholders' Meeting in April 26, 2013…...........		650,000
Cancellation of repurchased shares in 2013…………………………		(467,388)
Balance at December 31, 2014 and 2013.....….……………………...	Ps.	650,000

(In thousands of Mexican pesos, except where otherwise indicated)

D) FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Foreign currency translation adjustments consisted of the following as of December 31:

		2014		2013
Balance at beginning of year……………………………..…………	Ps.	(10,895)	Ps.	(64,081)
Effect of the year from translating net investment in foreign subsidiaries……………………………………………..………		793,342		(217,535)
Reclassification adjustment for foreign currency translation from discontinued operations [1]………………………………………..		-		317,133
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries…………………………………………….………		(961,855)		(46,412)
Balance at end of year……………………………………………….	Ps.	(179,408)	Ps.	(10,895)

[1] Corresponds to the shareholders' portion of the foreign currency translation effect. The non-controlling portion of the foreign currency translation effect at December 31, 2013 amounts to Ps.115,325.

The investment that the Company maintains in its operations in the United States and Europe generated a hedge of up to U.S.$597 and U.S.$651 million at December 31, 2014 and 2013, respectively.

At December 31, 2014 and 2013, the accumulated effect of translating net investment in foreign subsidiaries impacted non-controlling interest in the amounts of Ps.6,481 and Ps.(8,769), respectively.

19. SUBSIDIARIES

The table below shows details of non-wholly subsidiaries of the Company that have material non-controlling interests:

	Country of incorpora- tion and business	% of non-controlling interest **At December 31,**		Income allocated to non-controlling interest **For the years ended December 31,**		
Name of subsidiary		**2014**	**2013**	**2014**	**2013**	**2012**
Grupo Industrial Maseca, S.A.B. de C.V.	Mexico	16.82%	16.82%	Ps. 201,651	Ps. 301,328	Ps. 241,575

	Accumulated non-controlling interest **At December 31,**	
Name of subsidiary	**2014**	**2013**
Grupo Industrial Maseca, S.A.B. de C.V.	Ps. 1,566,037	Ps. 1,473,531

Summarized financial information in respect of the Company's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before inter-company eliminations.

(In thousands of Mexican pesos, except where otherwise indicated)

Grupo Industrial Maseca, S.A.B. de C.V.

	At December 31, 2014		At December 31, 2013	
Current assets……………………………………….	Ps.	4,375,184	Ps.	4,440,185
Non-current assets………………………………….....		6,533,727		7,141,225
Current liabilities………………………………………		2,291,459		3,647,105
Non-current liabilities………………………………….		652,070		624,718
Equity attributable to owners of the Company………..		6,513,209		5,836,056
Non-controlling interests……………………………….		1,566,037		1,473,531
Dividends paid to non-controlling interests……………		101,392		594,024

	For the year ended December 31,					
	2014		2013		2012	
Net sales………………………………..	Ps.	5,074,107	Ps.	15,944,039	Ps.	16,947,660
Net income……………………………..		1,199,763		1,767,978		1,352,888
Comprehensive income…………………		1,162,092		1,760,949		1,295,452
Cash flows:						
Operating activities……………………..	Ps.	2,481,087	Ps.	4,473,355	Ps.	842,946
Investment activities……………………		(171,624)		(2,792,669)		(457,388)
Financing activities……………………..		(2,111,933)		(1,886,033)		(351,475)

20. FINANCIAL INSTRUMENTS

A) FINANCIAL INSTRUMENTS BY CATEGORY

The carrying values of financial instruments by category are presented below:

	At December 31, 2014				
	Loans, receivables and liabilities at amortized cost	Financial assets and liabilities at fair value through profit or loss	Hedge derivatives	Assets available for sale	Total categories
Financial assets:					
Cash and cash equivalents…………..	Ps. 1,465,088	Ps. -	Ps. -	Ps. -	Ps. 1,465,088
Derivative financial instruments................	-	8,575	87,801	-	96,376
Accounts receivable……….....…	6,489,396	-	-	-	6,489,396
Investment in Venezuela available for sale……………….	-	-	-	3,109,013	3,109,013
Long term notes receivable from sale of tortilla machines and other (Note 9).……...	145,794	-	-	-	145,794

(In thousands of Mexican pesos, except where otherwise indicated)

	At December 31, 2014				
	Loans, receivables and liabilities at amortized cost	**Financial assets and liabilities at fair value through profit or loss**	**Hedge derivatives**	**Assets available for sale**	**Total categories**
Financial liabilities:					
Current debt…………	Ps. 1,437,108	Ps. -	Ps. -	Ps. -	Ps. 1,437,108
Trade accounts payable………………	3,555,521	-	-	-	3,555,521
Derivative financial instruments…………..	-	49,024	-	-	49,024
Long-term debt…...….	9,324,052	-	-	-	9,324,052
Contingent payment due to repurchase of the Company's own shares (Note 29)……	-	823,960	-	-	823,960
Other liabilities (excludes non-financial liabilities)….	27,053	-	-	-	27,053

	At December 31, 2013				
	Loans, receivables and liabilities at amortized cost	**Financial assets and liabilities at fair value through profit or loss**	**Hedge derivatives**	**Assets available for sale**	**Total categories**
Financial assets:					
Cash and cash equivalents…………..	Ps. 1,338,555	Ps. -	Ps. -	Ps. -	Ps. 1,338,555
Derivative financial instruments................	-	12,282	108,280	-	120,562
Accounts receivable……….......	7,193,317	-	-	-	7,193,317
Investment in Venezuela available for sale……………….	-	-	-	3,109,013	3,109,013
Long term notes receivable from sale of tortilla machines and other (Note 9).……...	154,458	-	-	-	154,458

(In thousands of Mexican pesos, except where otherwise indicated)

	At December 31, 2013				
	Loans, receivables and liabilities at amortized cost	**Financial assets and liabilities at fair value through profit or loss**	**Hedge derivatives**	**Assets available for sale**	**Total categories**
Financial liabilities:					
Current debt…………	Ps. 3,275,897	Ps. -	Ps. -	Ps. -	Ps. 3,275,897
Trade accounts payable………………	3,547,498	-	-	-	3,547,498
Derivative financial instruments…………..	-	-	71,540	-	71,540
Long-term debt…...….	13,096,443	-	-	-	13,096,443
Contingent payment due to repurchase of the Company's own shares (Note 29)……	-	671,069	-	-	671,069
Other liabilities (excludes non-financial liabilities)….	51,924	-	-	-	51,924

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, trade accounts payable and other current liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable and recoverable taxes represent the expected cash flow to be received.

The estimated fair value of the Company's financial instruments is as follows:

	At December 31, 2014	
	Carrying amount	**Fair value**
Assets:		
Derivative financial instruments – fuel (1)..………………	Ps. 7,804	Ps. 7,804
Derivative financial instruments – corn (1)……………….	88,572	88,572
Investment in Venezuela available for sale……..……….	3,109,013	3,109,013 (2)
Long-term notes receivable from sale of tortilla machines	134,502	145,780
Liabilities:		
10-year Bonds in U.S. dollars bearing fixed interest at an annual rate of 4.875%...	5,820,558	6,063,816
Short and long-term debt………………….……………..	4,940,602	5,042,515
Contingent payment due to repurchase of the Company's own shares……………………………………………...	823,960	823,960
Derivative financial instruments - other raw materials…..	49,024	49,024

(1) At December 31, 2014, the balance of derivative financial instruments receivable amounted to Ps.96,376, and is comprised of Ps.23,127 corresponding to the gain from the valuation of open positions in corn and fuel derivative financial instruments at the end of the year, and Ps.119,503 corresponding to revolving funds or margin calls that arise from price changes in the underlying asset that the Company maintains with the third party, to be applied against payments, related to corn and fuel derivatives.

(In thousands of Mexican pesos, except where otherwise indicated)

(2) Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value and not at its fair value. See Note 26.

	At December 31, 2013			
	Carrying amount		Fair value	
Assets:				
Derivative financial instruments – exchange rate [1].........	Ps.	12,282	Ps.	12,282
Investment in Venezuela available for sale……..……….		3,109,013		3,109,013 [2]
Long-term notes receivable from sale of tortilla machines		144,142		127,182
Liabilities:				
Perpetual bonds in U.S. dollars bearing fixed interest at an annual rate of 7.75%..		3,732,717		3,967,083
Short and long-term debt…….……………….……………..		12,639,623		12,924,889
Contingent payment due to repurchase of the Company's own shares……………………………………………...		671,069		671,069
Derivative financial instruments - other raw materials…..		71,540		71,540

(1) At December 31, 2013, the balance of derivative financial instruments receivable amounted to Ps.120,562, and is comprised of Ps.12,282 corresponding to the gain from the valuation of open positions in exchange rate derivative financial instruments at the end of the year, and Ps.108,280 corresponding to revolving funds or margin calls that arise from price changes in the underlying asset that the Company maintains with the third party, to be applied against payments, related to corn derivatives.

(2) Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value and not at its fair value. See Note 26.

The fair values al December 31, 2014 and 2013 were determined by the Company as follows:

- The fair values of bonds in U.S. dollars were determined based on available market prices. Fair values of bonds are classified as level 1 in the fair value hierarchy.

- The fair value for the rest of the long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs. Fair value of long-term debt is classified as level 3 in the fair value hierarchy. The average discount rate used was 3.34% in 2014 and 3.74% in 2013.

- Long-term notes receivable from sale of tortilla machines are classified as level 2 in the fair value hierarchy. Its fair value was based on the present value of future cash flows using a discount rate of 9.01% in 2014 and 2013.

(In thousands of Mexican pesos, except where otherwise indicated)

C) DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2014 derivative financial instruments comprised the following:

		Fair value	
Type of contract	**Notional amount**	**Asset**	**Liability**
Corn futures………………………………..	12,345,000 Bushels	Ps. -	Ps. 21,249
Natural gas swaps...…..……………………	3,360,000 Mmbtu	-	49,024
Fuel swaps…………………………………	5,544,000 Gallons	-	1,878

At December 31, 2014, open positions of corn derivatives were recorded at fair value. The result of the valuation of financial instruments that qualified as cash flow hedge represented a loss of Ps.25,133, which was recognized in comprehensive income within equity. At December 31, 2014, the Company had open positions of financial instruments for corn, natural gas and fuel that did not qualify as hedge accounting. These open positions represented a loss of Ps.45,534, which was recognized in income as other expenses, net.

Operations terminated at December 31, 2014 on corn and natural gas derivatives represented a loss of Ps.76,365 which was recognized in income as other expenses, net (Note 22).

Exchange rate derivative financial instruments were recorded at fair value. At December 31, 2014, the Company had no open positions of these instruments. Likewise, for the year ended December 31, 2014, terminated operations of these instruments represented a loss of Ps.23,375, which was recognized in income as comprehensive financing cost, net (Note 24).

At December 31, 2014, the Company had revolving funds denominated "margin calls" amounting Ps.119,503, which are required to be applied against payments, due to price changes in the underlying asset.

For the year ended December 31, 2014, the Company reclassified the amount of Ps.251,746 from comprehensive income and recognized it as part of inventory. This amount refers to the loss from the terminated operations for corn hedges, in which the grain, subject to these hedges, was received. Additionally, the corn hedges terminated during the period and for which no corn has been received, originated a gain of Ps.2,395, which was recognized in comprehensive income.

At December 31, 2013 derivative financial instruments comprised the following:

		Fair value	
Type of contract	**Notional amount**	**Asset**	**Liability**
Corn futures………………………………..	6,365,000 Bushels		Ps. 71,540
Exchange rate forwards……………………	$65,280,000 USD	Ps. 12,282	

At December 31, 2013, open positions of corn derivatives were recorded at fair value. The result of the valuation of financial instruments that qualified as cash flow hedge represented a loss of Ps.71,540, which was recognized in comprehensive income within equity. At December 31, 2013, the Company had no open positions of financial instruments that did not qualify as hedge accounting.

Operations terminated at December 31, 2013 on corn and natural gas derivatives represented a loss of Ps.30,160 which was recognized in income as other expenses, net (Note 22).

Exchange rate derivative financial instruments were recorded at fair value. At December 31, 2013, the open positions of exchange rate derivatives represented a gain of Ps.9,543 which was recognized in income as comprehensive financing cost, net (Note 24). Likewise, for the year ended December 31, 2013, terminated operations of these instruments represented a gain of Ps.24,377, which was recognized in income as comprehensive financing cost, net (Note 24).

At December 31, 2013, the Company had revolving funds denominated “margin calls” amounting Ps.108,280, which are required to be applied against payments, due to price changes in the underlying asset.

For the year ended December 31, 2013, the Company reclassified the amount of Ps.207,241 from comprehensive income and recognized it as part of inventory. This amount refers to the gain from the terminated operations for corn hedges, in which the grain, subject to these hedges, was received. Additionally, the corn hedges terminated during the period and for which no corn has been received, originated a loss of Ps.62,009, which was recognized in comprehensive income.

D) FAIR VALUE HIERARCHY

A three-level hierarchy is used to measure and disclose fair values. An instrument’s categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

The following is a description of the three hierarchy levels:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

a. Determination of fair value

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

(In thousands of Mexican pesos, except where otherwise indicated)

b. Measurement

Assets and liabilities measured at fair value are summarized below:

	At December 31, 2014					
	Level 1		Level 3		Total	
Assets:						
Plan assets – seniority premium fund	Ps.	55,647	Ps.	-	Ps.	55,647
Derivative financial instruments – corn……....………………..………		88,572		-		88,572
Derivative financial instruments – fuel………………………..………		7,804		-		7,804
Investment in Venezuela available for sale……...…….………………………		-		3,109,013		3,109,013 (1)
	Ps.	152,023	Ps.	3,109,013	Ps.	3,261,036
Liabilities:						
Derivative financial instruments – natural gas.…………….………………	Ps.	-	Ps.	49,024	Ps.	49,024
Contingent payment due to repurchase of the Company's own shares……….		-		823,960		823,960
	Ps.	-	Ps.	872,984	Ps.	872,984

(1) Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value and not at its fair value. See Note 26.

	At December 31, 2013							
	Level 1		Level 2		Level 3		Total	
Assets:								
Plan assets – seniority premium fund	Ps.	56,240	Ps.	-	Ps.	-	Ps.	56,240
Derivative financial instruments – exchange rate………………..………		-		12,282		-		12,282
Investment in Venezuela available for sale…….....………………………		-		-		3,109,013		3,109,013 (1)
	Ps.	56,240	Ps.	12,282	Ps.	3,109,013	Ps.	3,177,535
Liabilities:								
Derivative financial instruments – corn…………………….………………	Ps.	71,540	Ps.	-	Ps.	-	Ps.	71,540
Contingent payment due to repurchase of the Company's own shares……………………………….		-		-		671,069		671,069
	Ps.	71,540	Ps.	-	Ps.	671,069	Ps.	742,609

(2) Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value and not at its fair value. See Note 26.

There were no transfers between the three levels in the period.

Level 1 - Quoted prices for identical instruments in active markets

Financial instruments that are negotiated in active markets are classified as Level 1. The inputs used in the Company's financial statements to measure the fair value include quoted market prices of corn listed on the Chicago Board of Trade.

Level 2 - Quoted prices for similar instruments in active markets

Financial instruments that are classified as Level 2 refer mainly to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, as well as model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Derivative financial instruments – exchange rate

Exchange rate financial instruments were recorded at fair value, which was determined based on future cash flows discounted to present value. Significant data used to determine the fair value of these instruments were as follows:

	At December 31, 2013
Forward exchange rate..………………	13.12
Discount rate…….…………………….	3.79%

Level 3 - Valuation techniques

The Company has classified as Level 3 those financial instruments whose fair values are obtained using valuation models that include observable inputs but also include certain unobservable inputs.

The table below includes a roll-forward of the balance sheet amounts for the years ended December 31, 2014 and 2013 for financial instruments classified by the Company within Level 3 of the valuation hierarchy. When a determination is made to classify a financial instrument within Level 3, it is due to the use of significant unobservable inputs. However, Level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due, in part, to observable factors that are part of the valuation methodology:

(In thousands of Mexican pesos, except where otherwise indicated)

	Contingent payment due to repurchase of the Company's own shares		Derivative financial instruments – other raw materials		Investment available for sale	
Balance as of December 31, 2012…..............	Ps.	606,495	Ps.	28,832	Ps.	-
Investment in Venezuela available for sale.		-		-		3,109,013
Total gains or losses:						
In the income statement…………………		64,574		(28,832)		-
In the comprehensive income statement..		-		-		-
Additional provision………………………		-		-		-
Balance as of December 31, 2013…..............		671,069		-		3,109,013
Investment in Venezuela available for sale.						
Total gains or losses:						
In the income statement…………………		152,891		49,024		-
In the comprehensive income statement..		-		-		-
Additional provision………………………		-		-		-
Balance as of December 31, 2014…..............	Ps.	823,960	Ps.	49,024	Ps.	3,109,013

Contingent payment due to repurchase of the Company's own shares

Regarding the contingent payment due to repurchase of the Company's own shares and as mentioned in Note 29, the Company recognized a contingent payment liability amounting to Ps.823,960 (U.S.$55,983 million) and Ps. 671,069 (U.S.$ 51.3 million) at December 31, 2014 and 2013, respectively, regarding the scenario identified as (i) in that Note. This provision is related to the increase in GRUMA's shares market price, over the closing price of GRUMA's shares determined for purposes of the transaction, at the end of a 42-month period.

The contingent payment liability was recognized at fair value, which was determined using discounted future cash flows and a discount rate which represented the average rate of return of bonds issued by companies comparable to GRUMA. Subsequent changes in the fair value of the contingent payment liability will be recognized in the income statement. The Monte Carlo simulation model was used to estimate the future price of the shares; this model includes the expected return and weighted volatility of historical prices of GRUMA's shares over a period of 42 months.

Significant data used to determine the fair value of the contingent payment liability is as follows:

	At December 31,	
	2014	2013
Weighted volatility of historical prices of GRUMA's shares……………………………….	27.05%	38.83%
Weighted average price of GRUMA's shares (simulated)..………………………………………	Ps.364.97 per share	Ps.316.95 per share
Forward exchange rate…...………………………	Ps. 15.27 per dollar	Ps.14.07 per dollar
Discount rate…………………………………...	4.87%	6.80%

An increase or decrease of 10% in the discount rate used for the calculation of fair value, would result in an effect of Ps.5,480 and Ps.9,571, at December 31, 2014 and 2013, respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

Derivative financial instruments – natural gas

Natural gas derivative financial instruments were recognized at fair value, which was determined using future cash flow discounted to present value, using quoted market prices of natural gas listed on the NYMEX Exchange.

For the Company, the unobservable input included in the valuation of this Level 3 financial instrument refers solely to the Company's own credit risk. For the year 2014 the Company's management believes that a possible reasonable change in this unobservable assumption will not cause a change where the fair value can materially exceed the carrying value.

Investment available for sale

The investment in Venezuela available for sale is recognized at the best estimated amount considered by the Company, which is represented by its carrying value, since no active market exists for this investment. See Note 26 for more information.

21. EXPENSES BY NATURE

Expenses by nature are presented in the income statement within the captions of cost of sales and selling and administrative expenses and are analyzed as follows:

	2014	2013	2012
Cost of raw materials consumed and changes in inventory (Note 8)..…………..	Ps. 19,047,263	Ps. 20,036,893	Ps. 22,735,345
Employee benefit expenses (Note 23)..….	11,824,788	11,127,071	11,211,456
Depreciation…………..………………….	1,402,509	1,400,412	1,447,034
Amortization…………..…………………	57,942	168,964	75,744
Rental expense of operating leases (Note 27)...…	875,293	733,861	722,739
Research and development expenses (Note 12)…………………………………	152,967	144,563	136,826

22. OTHER EXPENSES, NET

Other expenses, net comprised the following:

	2014	2013	2012
Net loss from sale of fixed assets………………..….	Ps. (40,981)	Ps. (89,941)	Ps. (17,966)
Net gain from sale of scrap……..…………………..	1,845	1,073	2,092
Impairment loss on long-lived assets……………….	(14,395)	(45,235)	(4,014)
Cost of written-down fixed assets………………….	(64,503)	-	(37,681)
Current employees' statutory profit sharing………..	(53,677)	(53,415)	(51,123)
Non-recoverable cost of damaged assets ….……….	(3,652)	(4,221)	(2,654)
Result from derivative financial instruments………	(121,899)	(1,330)	38,148
Total………………………………………………...	Ps. (297,262)	Ps. (193,069)	Ps. (73,198)

(In thousands of Mexican pesos, except where otherwise indicated)

23. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are comprised of the following:

	2014	2013	2012
Salaries, wages and benefits (including termination benefits)......................................	Ps.11,028,190	Ps.10,408,024	Ps.10,481,833
Social security contributions…………………	654,581	613,129	626,120
Employment benefits (Note 17)……………...	142,017	105,918	103,503
Total…………………………………………	Ps.11,824,788	Ps.11,127,071	Ps.11,211,456

24. COMPREHENSIVE FINANCING COST

Comprehensive financing cost, net is comprised by:

	2014	2013	2012
Interest expense (Note 14)………………….	Ps. (1,189,993)	Ps. (1,105,268)	Ps. (897,021)
Interest income..…..………………..........	35,552	37,250	43,856
Gain from derivative financial instruments (Note 20)………………………………...	(23,375)	33,920	55,352
Gain (loss) from foreign exchange differences, net…………………………….	72,413	46,473	(82,577)
Comprehensive financing cost, net………..	Ps. (1,105,403)	Ps. (987,625)	Ps. (880,390)

25. INCOME TAX EXPENSE

A) INCOME BEFORE INCOME TAX

The domestic and foreign components of income before income tax are the following:

	For the years ended December 31,					
	2014		2013		2012	
Domestic…...………………………..	Ps.	1,987,178	Ps.	1,361,499	Ps.	671,136
Foreign…..……………………………		2,930,333		2,290,627		1,057,567
	Ps.	4,917,511	Ps.	3,652,126	Ps.	1,728,703

B) COMPONENTS OF INCOME TAX EXPENSE

The components of income tax expense are the following:

	2014	2013	2012
Current tax:			
Current tax on profits for the year……………..	Ps. (2,103,594)	Ps. (2,079,506)	Ps. (530,500)
Adjustments in respect of prior years………..…	194,257	137,645	(38,568)
Total current tax………………………………..	(1,909,337)	(1,941,861)	(569,068)

(In thousands of Mexican pesos, except where otherwise indicated)

	2014	2013	2012
Deferred tax:			
Origin and reversal of temporary differences….	865,992	98,251	(474,286)
Tax credit derived from foreign dividends…….	-	-	138,074
Use of tax loss carryforwards not previously recognized………………..……………..…….	(16,238)	1,648,249	-
Total deferred tax………………………………	849,754	1,746,500	(336,212)
Total income tax expense………………………	Ps. (1,059,583)	Ps. (195,361)	Ps. (905,280)

Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	For the years ended December 31,		
	2014	2013	2012
Current:			
Domestic federal...................... ………………	Ps. (714,311)	Ps. (1,022,764)	Ps. (210,103)
Foreign federal...	(1,082,163)	(810,651)	(315,224)
Foreign state...	(112,863)	(108,446)	(43,741)
	(1,909,337)	(1,941,861)	(569,068)
Deferred:			
Domestic federal..	709,553	1,601,949	(187,958)
Foreign federal...	156,612	160,320	(153,677)
Foreign state...	(16,411)	(15,769)	5,423
	849,754	1,746,500	(336,212)
Total income taxes...	Ps.(1,059,583)	Ps. (195,361)	Ps. (905,280)

C) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME

For the years ended December 31, 2014, 2013 and 2012, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	2014	2013	2012
Statutory federal income tax (30% for 2014, 2013 and 2012)…………………………………………..	Ps. (1,475,253)	Ps. (1,095,638)	Ps. (518,611)
Effects related to inflation…………………….	(109,626)	(146,883)	(99,747)
Foreign income tax rate differences…………..	(41,826)	(86,918)	(57,008)
Tax credit derived from foreign dividends…...	718,135	-	383,740
Recoverable asset tax written off……………..	-	-	(209,940)
Tax loss carryforwards used………………….	23,341	1,131,434	(86,620)
Recovery of asset tax from previous years.….	-	216,204	-
Nondeductible expenses and others…………	(174,354)	(213,560)	(317,094)
Effective income tax (21.55%, 5.35% and 52.37% for 2014, 2013 and 2012, respectively)……………	Ps. (1,059,583)	Ps. (195,361)	Ps. (905,280)

(In thousands of Mexican pesos, except where otherwise indicated)

In October 2013, the Chamber of Senators and Deputies approved the issuance of the new Income Tax Law, effective starting January 1, 2014, abrogating the Income Tax Law published on January 1, 2002. The new Income Tax Law captures the essence of the previous Income Tax Law; however, this new law makes significant changes, including an income tax rate of 30% for 2014 and the following years; compared to the previous Income Tax Law, which established tax rates of 30%, 29% and 28% for 2013, 2014 and 2015, respectively. This change had no significant effect in the income of the year.

26. DISCONTINUED OPERATIONS

A) AGREEMENT FOR THE SALE OF THE WHEAT FLOUR OPERATIONS IN MEXICO

On June 10, 2014, GRUMA reached an agreement with Grupo Trimex, S.A. de C.V. ("Grupo Trimex") for the sale of its wheat flour operations in Mexico. This transaction is in line with the Company's strategy of focusing on its core businesses. Through this transaction, Grupo Trimex acquired all the shares representing Molinera de México, S.A. de C.V.'s capital stock (including transfer of personnel and assets), as well as the assets owned by Agroindustrias Integradas del Norte, S.A. de C.V., subsidiary of Grupo Industrial Maseca, S.A. B. de C.V. related to wheat flour production.

During December 2014, the Company concluded the sale of its wheat flour operations in Mexico. The total sale price was Ps.3,677,788.

The Company recognized in income a gain of Ps.214,755 as discontinued operations.

Income and cash flows related to the wheat flour operations in Mexico for the periods presented were classified as discontinued operations.

The assets and liabilities of the wheat flour operations in Mexico, at November 30, 2014 and at December 31, 2013 are shown below:

	At November 30, 2014	At December 31, 2013
Accounts receivable, net	Ps. 823,764	Ps. 917,417
Inventories	1,332,661	1,095,199
Other current assets	119,895	38,613
Total current assets	2,276,320	2,051,229
Property, plant and equipment	1,323,744	1,301,233
Other non-current assets	233,284	230,874
Total non-current assets	1,557,028	1,532,107
Total assets	Ps. 3,833,348	Ps. 3,583,336
Current liabilities	268,971	204,662
Non-current liabilities	101,344	45,811
Total liabilities	Ps. 370,315	Ps. 250,473

(In thousands of Mexican pesos, except where otherwise indicated)

The analysis of the gain or loss from discontinued operations related with the sale of the wheat flour operations in Mexico is as follows:

		2014		2013		2012
Net sales……………………………………	Ps.	4,807,420	Ps.	5,070,781	Ps.	5,138,916
Cost of sales………………………………..		(3,824,071)		(4,245,166)		(4,301,215)
Gross profit…………………………………		983,349		825,615		837,701
Selling and administrative expenses……….		(540,674)		(635,341)		(605,014)
Other expenses, net………………………...		(8,411)		574		(27,771)
Operating income…………………………..		434,264		190,848		204,916
Share of profits of associated company……		3,036		2,562		2,976
Comprehensive financing cost, net..……….		(9,652)		19,211		53,697
Income before income taxes………………		427,648		212,621		261,589
Income taxes………………………………		(3,516)		(3,088)		42,499
Income from discontinued operation, net….	Ps.	424,132	Ps.	209,533	Ps.	304,088
Net gain from the sale of wheat flour operations in Mexico………………………		214,755		-		-
Income from discontinued operations of wheat flour operations in Mexico…..………	Ps.	638,887	Ps.	209,533	Ps.	304,088
Attributable to:						
Shareholders………………………………	Ps.	670,907	Ps.	210,455	Ps.	221,062
Non-controlling interest……………………		(32,020)		(922)		83,026
	Ps.	638,887	Ps.	209,533	Ps.	304,088

B) LOSS OF CONTROL OF VENEZUELA

The Ministry of Popular Power for Internal Relations and Justice published on January 22, 2013 Administrative Providence number 004-13 dated January 21, 2013 (the "Providence") in the Official Gazette of the Bolivarian Republic of Venezuela (the "Republic"). Given this Providence, which designated special managers with the broadest management faculties conferred by the Republic, GRUMA determined that it had lost control of the subsidiaries in Venezuela: Molinos Nacionales, C.A. ("MONACA") and Derivados de Maíz Seleccionado, DEMASECA, C.A. ("DEMASECA"). Refer to Note 28 for additional detail on the processes in Venezuela.

Following the principles set by IFRS, the Company lost the ability to affect the variable returns and concluded that it had lost the control of MONACA and DEMASECA on January 22, 2013. Consequently and as a result of such loss of control, the Company proceeded with the following:

a) Ceased the consolidation of the financial information of MONACA and DEMASECA starting January 22, 2013 and derecognized the assets and liabilities of these companies from the consolidated balance sheet. For disclosure and presentation purposes, the Company considered these subsidiaries as a significant segment and therefore, applied the guidelines from IFRS 5 for their accounting treatment as discontinued operations. Consequently, the results and cash flows generated by the Venezuelan companies for the periods presented were classified as discontinued operations.

b) The amounts recognized in other comprehensive income relating to these companies were reclassified in the year 2013 to the consolidated income statement as part of the results from discontinued operations, considering that MONACA and DEMASECA were disposed of due to the loss of control.

c) Recognized the investment in MONACA and DEMASECA as a financial asset, classifying it as an available-for-sale financial asset. The Company classified its investment in these companies as available for sale since management believed that is the appropriate treatment applicable to a non-voluntary disposition of assets and the asset did not fulfill the requirements of classification in another category of financial assets. Following the applicable guidelines and considering that the range of reasonable fair-value estimates was significant and the probabilities of the various estimates within the range could not be reasonably assessed, the Company recognized this financial asset at its carrying value translated to the functional currency of the Company using an exchange rate of $2.9566 Mexican pesos per bolivar (Bs.4.3 per U.S. dollar), which was effective at the date of the loss of control, and not at its fair value. The investment in MONACA and DEMASECA is subject to impairment tests at the end of each reporting period when there is objective evidence that the financial asset is impaired.

While negotiations with the government may take place from time to time, the Company cannot assure that such negotiations will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award. The Company and its subsidiaries reserve and intend to continue to reserve the right to seek full compensation for any and all expropriated assets and investments under applicable law, including investment treaties and customary international law.

As required by IFRS, GRUMA performed impairment tests on the investments in MONACA and DEMASECA to determine a potential recoverable amount, using two valuation techniques: 1) an income approach considering estimated future cash flows as a going concern business, discounted at present value using an appropriate discount rate (weighted average cost of capital), and 2) a market approach, such as the public company market multiple method using implied multiples such as earnings before interest, taxes, depreciation and amortization, and revenues of comparable companies adjusted for liquidity, control and disposal expenses. In both cases, the potential recoverable amounts using the income and market approach were higher than the carrying value of these investments and therefore, no impairment adjustment was deemed necessary at December 31, 2014 and 2013. Regarding the calculations to determine the potential recoverable amount, the Company's management believes that a possible reasonable change in the key assumptions would not cause the carrying value of the Company’s investment in MONACA and DEMASECA materially exceed the potential recoverable amount before described.

For purposes of these calculations, the Company used the SICAD 1 available exchange rate (12.00 Venezuelan bolivars per U.S. dollar as of December 31, 2014 and 11.30 Venezuelan bolivars per U.S. dollar as of December 31, 2013) which is the reference considered by Management for settlement, based on its legal ability to do so. The Venezuelan exchange system, comprising the SICAD, involves different rates at which certain transactions should be executed, including “foreign investments and payment of royalties” for which the reference rate is 12.00 Venezuelan bolivars per U.S. dollar. For a simulation exercise where a different exchange rate is used for impairment tests, such as the SICAD 2 (49.99 Venezuelan bolivars per U.S. dollar at December 31, 2014), the calculations would result in an impairment loss in income of Ps.124,578 related with the Company's investment in MONACA and DEMASECA.

(In thousands of Mexican pesos, except where otherwise indicated)

The historical value of the net investment in MONACA and DEMASECA at January 22, 2013, the date when the Company ceased the consolidation of the financial information of these entities, was Ps.2,913,760 and Ps.195,253, respectively.

On January 24, 2014, Exchange Agreement No. 25 became effective, which establishes the concepts to which the SICAD 1 exchange rate applies, for foreign currency transactions. In addition, the agreement also provides that the sale operation of foreign currency, whose clearance has been requested to the Central Bank of Venezuela before the Exchange Agreement No.25 became effective, will be settled at the exchange rate effective on the date on which such operations were authorized. This Exchange Agreement No.25 resulted in a net foreign exchange loss of Ps.16,642 to the Company for the year 2014, which was presented as discontinued operations. This exchange loss is originated by certain accounts receivable maintained with the Venezuelan companies as of December 31, 2014 which are expected to be settled at this SICAD 1 exchange rate (12.00 Venezuelan bolivars per U.S. dollar as of December 31, 2014). For a simulation exercise where a different exchange rate is used, such as the SICAD 2, an additional foreign exchange loss of Ps.64,745 will result from certain accounts receivable maintained with the Venezuelan companies.

The financial information of MONACA and DEMASECA at January 22, 2013 and December 31, 2012 is:

	At January 22, 2013*	**At December 31, 2012***
Current assets…………………………………………..	Ps. 4,345,709	Ps. 4,463,157
Non-current assets…..………………………………	2,558,444	2,624,411
Total assets...…………………………………………	6,904,153	7,087,569
Percentage of consolidated total assets……………………..	14.0%	14.3%
Current liabilities……………………………………….	2,641,540	2,853,060
Non-current liabilities…………………………………	96,103	95,132
Total liabilities………………………………………...	2,737,643	2,948,192
Percentage of consolidated total liabilities…………………	7.8%	8.4%
Total net assets………………………………………..	4,166,510	4,139,377
Percentage of consolidated total net assets………………....	29.1%	28.8%
Non-controlling interest………………………………..	1,057,497	1,049,088
Interest of Gruma in total net assets………………………	Ps. 3,109,013	Ps. 3,090,289

* No material transactions between MONACA and DEMASECA and the Company need to be eliminated.

Additionally, at December 31, 2014 and 2013 certain subsidiaries of GRUMA have accounts receivable with the Venezuelan companies for a total amount of Ps.1,123,904 and Ps.1,137,718, respectively. According to tests performed by the Company, these receivables are not impaired (see Note 7).

(In thousands of Mexican pesos, except where otherwise indicated)

The analysis of the gain or loss from discontinued operation related to the loss of control of the Venezuelan subsidiaries is:

	2014	2013	2012
Net sales	Ps. -	Ps. 880,991	Ps. 9,907,182
Cost of sales	-	(668,091)	(7,500,396)
Gross profit		212,900	2,406,786
Selling and administrative expenses	(23,393)	(129,960)	(1,707,076)
Other expenses, net	-	(1,431)	(687)
Operating income	(23,393)	81,509	699,023
Comprehensive financing cost, net	-	21,471	97,735
Income before income taxes	(23,393)	102,980	796,758
Income taxes	-	(26,850)	(220,510)
Discontinued operations	(23,393)	76,130	576,248
Foreign exchange loss of accounts receivable with Venezuela	(16,642)	-	-
Reclassification of foreign currency translation adjustment	-	(432,459)	-
(Loss) gain from discontinued operations	Ps. (40,035)	Ps. (356,329)	Ps. 576,248
Attributable to:			
Shareholders	Ps. (8,048)	Ps. (261,461)	Ps. 439,010
Non-controlling interest	(31,987)	(94,868)	137,238
	Ps. (40,035)	Ps. (356,329)	Ps. 576,248

27. COMMITMENTS

A) OPERATING LEASES

The Company is leasing certain facilities and equipment under long-term lease agreements in effect through 2027, which include an option for renewal. These agreements are recognized as operating leases, since the contracts do not transfer substantially all risks and advantages inherent to ownership.

Future minimum lease payments under operating lease agreements are as follows:

	2014	2013
No later than 1 year	Ps. 586,002	Ps. 586,314
Later than 1 year and no later than 5 years	1,116,360	1,056,789
Later than 5 years	271,441	308,252
	Ps. 1,973,803	Ps. 1,951,355

Rental expense was approximately Ps.875,293, Ps.733,861 and Ps.722,739 for the years ended December 31, 2014, 2013 and 2012, respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

B) FINANCE LEASES

At December 31, 2014 and 2013, the net carrying values of assets recorded under finance leases totaled Ps.26,264 and Ps.20,298, respectively, and corresponded to transportation and production equipment.

Future minimum lease payments under finance lease agreements are as follows:

		2014		2013
No later than 1 year	Ps.	8,467	Ps.	3,771
Later than 1 year and no later than 5 years		11,576		11,024
		20,043		14,795
Future finance charges on finance leases		(645)		-
Present value of finance lease liabilities	Ps.	19,398	Ps.	14,795

The present value of finance lease liabilities is as follows:

		2014		2013
No later than 1 year	Ps.	8,467	Ps.	3,771
Later than 1 year and no later than 5 years		10,931		11,024
Total	Ps.	19,398	Ps.	14,795

C) OTHER COMMITMENTS

At December 31, 2014 and 2013, the Company had various outstanding commitments to purchase commodities and raw materials in the United States for approximately Ps.4,466,913 and Ps.3,112,207, respectively (U.S.$303.5 million and U.S.$238 million, respectively) and in Mexico for approximately Ps.3,576,474 and Ps.2,850,677, respectively (U.S.$243 million and U.S.$218 million, respectively), which will be delivered during 2015. The Company has concluded that there are not embedded derivatives resulting from these contracts.

At December 31, 2014 and 2013, the Company had outstanding commitments to purchase machinery and equipment in the United States amounting to approximately Ps.110,385 and Ps.128,689, respectively.

28. CONTINGENCIES

MEXICO

Income Tax Claim.- The Ministry of Finance and Public Credit has lodged certain tax assessments against the Company for an amount of Ps.29,900 plus penalties, updates and charges, in connection with withholding on interest payments to our foreign creditors during the years 2001 and 2002. Mexican tax authorities claim that the Company should have withheld at a higher rate than the 4.9% actually withheld by the Company. The Company filed several motions to annul these assessments, which later were relinquished, in order to be eligible for the tax amnesty program set forth in the Provisional Article Third of the Federal Income Law for the 2013 Fiscal Year.

Thereafter on May 2013, the partial tax assessment relief was authorized, by which the Company paid Ps.3,310 on May 21, 2013 to finalize the dispute.

On January 29, 2014, the Company was notified of an official letter whereby the International Taxation Central Administration Office lodged a tax assessment for the amount of Ps.41,192 in connection with the 2001 and 2002 years, and derived from the initial allegation made in 2005. Given that the assessment subject to allegation was partially relieved (80%) and, that the remaining amount was paid on May of 2013, on April 7, 2014, the Company filed a challenge to such assessment, same which was resolved on September 12, 2014, whereby the assessment lodged by the Ministry of Finance and Public Credit was completely annulled.

UNITED STATES

Cox v. Gruma Corporation. On or about December 21, 2012, a consumer filed a putative class action against Gruma Corporation, claiming that Mission tortilla chips should not be labeled “All Natural” if they contain certain non-natural ingredients. The plaintiff sought restitution or other actual damages including attorneys’ fees. On July 2014, this matter was dismissed with prejudice.

VENEZUELA

Expropriation Proceedings by the Venezuelan Government.- On May 12, 2010, the Venezuelan Government published in the Official Gazette of Venezuela decree number 7,394 (the “Expropriation Decree”), which announced the forced acquisition of all assets, property and real estate of MONACA. The Venezuelan Government has expressed to GRUMA’s representatives that the Expropriation Decree extends to DEMASECA.

GRUMA’s interests in MONACA and DEMASECA are held through two Spanish companies: Valores Mundiales, S.L. ("Valores Mundiales") and Consorcio Andino, S.L. ("Consorcio Andino"). In 2010, Valores Mundiales and Consorcio Andino (collectively, the “Investors”) commenced discussions with the Venezuelan Govenment regarding the Expropriation Decree and related measures affecting MONACA and DEMASECA. Through Valores Mundiales and Consorcio Andino, GRUMA participated in these discussions which have explored the possibility of (i) entering into a joint venture with the Venezuelan government; and/or (ii) obtaining adequate compensation for the assets subject to expropriation. As of this date, these discussions have not resulted in an agreement with the Venezuelan Government.

Venezuela and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments, dated November 2, 1995 (the “Investment Treaty”), under which the Investors may settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes (“ICSID”). On November 9, 2011, the Investors, MONACA and DEMASECA validly provided formal notice to Venezuela that an investment dispute had arisen as a consequence of the Expropriation Decree and related measures adopted by the Venezuelan Government. In that notification, the Investors, MONACA and DEMASECA also agreed to submit the dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

In January 2013, the Venezuelan Government issued a resolution (*providencia administrativa*) granting the “broadest powers of administration” over MONACA and DEMASECA to special managers (*administradores especiales*) that had been imposed on those companies since 2009 and 2010, respectively.

On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration to the International Centre for Settlement of Investment Disputes ("ICSID"), which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration is to seek compensation for the damages caused by Venezuela's violation of the Investment Treaty.

The tribunal that presides over this arbitration proceeding was constituted in January 2014. Valores Mundiales and Consorcio Andino filed their memorial on jurisdiction and merits in July 2014. On September 14, 2014, Venezuela filed a motion to bifurcate the proceeding into separate jurisdictional and merits phases. On October 1, 2014, the tribunal rejected Venezuela's request. Venezuela filed its counter-memorial on jurisdiction and merits in March, 2015. The arbitration proceedings are ongoing.

While discussions with the government may take place from time to time, the Company cannot assure that such discussions will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree and related measures. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award.

While awaiting resolution of this matter and as required by the IFRS, GRUMA performed impairment tests on the investments in MONACA and DEMASECA to determine a potential recoverable amount, using two valuation techniques: 1) an income approach considering estimated future cash flows as a going concern business, discounted at present value using an appropriate discount rate (weighted average cost of capital) and 2) a market approach, such as the public company market multiple method using implied multiples such as earnings before interest, taxes, depreciation and amortization, and revenues of comparable companies adjusted for liquidity, control and disposal expenses. In both cases, the potential recoverable amounts using the income and market approach were higher than the carrying value of these investments and therefore, no impairment adjustment was deemed necessary.

The historical value of the net investment in MONACA and DEMASECA at January 22, 2013, the date when the Company ceased the consolidation of the financial information of MONACA and DEMASECA, was Ps.2,913,760 and Ps.195,253, respectively. Additionally, at December 31, 2014 and December 31, 2013 certain subsidiaries of GRUMA have accounts receivable with the Venezuelan companies totaling Ps.1,123,904 and Ps.1,137,718, respectively. The Company does not have insurance for the risk of expropriation of its investments.

Intervention Proceedings by the Venezuelan Government.- On December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of assets in which Ricardo Fernández Barrueco had any interest. Purportedly due to Ricardo Fernández Barrueco's indirect non-controlling interest in MONACA and DEMASECA, these subsidiaries were subject to the precautionary measure. Between 2009 and 2012, the Ministry of Finance of Venezuela, pursuant to the precautionary measure ordered by the court, designated several special managers of the indirect minority shareholding that Ricardo Fernández Barrueco previously owned in MONACA and designated several special managers of DEMASECA. On January 22, 2013, the Ministry of Justice and Internal Relations revoked the prior designations made by the Ministry of Finance of Venezuela and made a new designation of individuals as special managers and representatives on behalf of the Republic of MONACA and DEMASECA, granting those managers the "broadest powers of administration" over both companies.

As a result of the foregoing, MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as direct shareholders of the Venezuelan subsidiaries, filed a petition as aggrieved third-parties to the proceedings against Ricardo Fernández Barrueco challenging the precautionary measures and all related actions. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly owned and controlled by Valores Mundiales and Consorcio Andino, respectively. In spite of this ruling, the court kept the precautionary measures issued on December 4, 2009 in effect. An appeal has been filed, which is pending resolution as of this date.

The People's Defense Institute for the Access of Goods and Services of Venezuela ("INDEPABIS")[1] issued an order, authorizing the temporary occupation and operation of MONACA for a period of 90 calendar days from December 16, 2009, which was renewed for 90 days on March 16, 2010. The order expired on June 16, 2010 and as of the date hereof MONACA has not been notified of any extension. INDEPABIS has also initiated a regulatory proceeding against MONACA in connection with the alleged failure to comply with regulations governing precooked corn flour and for allegedly refusing to sell this product as a result of the December 4, 2009 precautionary asset seizure described above. MONACA filed an appeal against these proceedings that has not been resolved as of this date.

Additionally, INDEPABIS initiated an investigation of DEMASECA and issued an order authorizing the temporary occupation and operation of DEMASECA for a period of 90 calendar days from May 25, 2010, which was extended until November 21, 2010. INDEPABIS issued a new precautionary measure of occupation and temporary operation of DEMASECA, valid for the duration of this investigation. DEMASECA has challenged these measures but as of the date hereof, no resolution has been issued. The proceedings are still ongoing.

The Company intends to exhaust all legal remedies available in order to safeguard and protect the Company's legitimate interests.

Finally, the Company and its subsidiaries are involved in various pending litigations filed in the normal course of business. It is the opinion of the Company that the outcome of these proceedings will not have a material adverse effect on the financial position, results of operation, or cash flows of the Company.

29. TRANSACTIONS WITH NON-CONTROLLING INTEREST

A) ACQUISITION OF NON-CONTROLLING INTEREST FROM ARCHER DANIELS MIDLAND

On December 14, 2012, GRUMA acquired from ADM its investment owned directly and indirectly in GRUMA and certain of its subsidiaries, consisting of:

a. 23.16% of the issued shares of GRUMA, through the acquisition of 18.81% of the issued shares of GRUMA and 45% of the issued shares of Valores Azteca, a company that owns 9.66% of the issued shares of GRUMA. The acquisition was carried out against GRUMA's shareholders equity, using funds reserved for the purchase of own shares authorized by GRUMA's General Ordinary Shareholders' Meeting;

[1] By means of the "Decreto-Ley contentivo de la Ley Orgánica de Precios Justos" published on the Official Gazette of Venezuela Nº 40.340 dated January 23, 2014, INDEPABIS was absorbed by the "Superintendencia Nacional para la Defensa de los Derechos Socioeconómicos" (SUNDDE).

b. 3% of the capital stock of Valores Mundiales, S.L. and Consorcio Andino, S.L., holding companies of GRUMA's subsidiaries in Venezuela, Molinos Nacionales, C.A. ("MONACA") and Derivados de Maíz Seleccionado, C.A. ("DEMASECA"), respectively;

c. 40% of the shares of Molinera de México; and

d. 20% of the shares of Azteca Milling (subsidiary of Gruma Corporation), through the acquisition of 100% of the shares of Valley Holding Inc., which has no assets or liabilities other than the investment in shares of Azteca Milling.

At December 31, 2014 and 2013, Other long-term liabilities included Ps.823,960 and Ps.671,069, respectively, corresponding to a contingent payment from the agreement for the acquisition of the non-controlling interest from ADM in December 2012. This liability corresponds to a contingent payment of up to U.S.$60 million, proportionally distributed between GRUMA's and Valores Azteca's shares that are part of the equity interests, payable only if during the following 42 months after closing the transaction, certain conditions are met in connection with (i) GRUMA's stock market price increase over the closing price of GRUMA's stock determined for purposes of the transaction (the "Closing Price"), at the end of the 42 months' period; (ii) the difference between GRUMA's stock price established for public offers made by GRUMA and the Closing Price; (iii) the acquisition, by a strategic investor, of 15% or more of GRUMA's capital stock; or (iv) the reduction of the percentage of GRUMA's shares that are considered to be held by the public at any time, starting from 26%.

The Company has recognized a liability solely regarding the scenario (i) as mentioned in the previous paragraph, in connection to GRUMA's stock market price increase, over GRUMA's stock Closing Price determined for purposes of the purchase of the Equity Interests, at the end of the 42 months' period. As of December 31, 2014 and 2013, the Company did not consider as probable scenarios (ii), (iii) and (iv) for the contingent payment abovementioned, so there was no contingent payment obligation recorded in connection with these cases.

The contingent payment liability was registered at fair value, which was determined using projected future cash flows discounted to present value and the discount rate used is the average rate of return of any corporate bonds issued by companies comparable to GRUMA. The Monte Carlo simulation model was used to estimate the future shares price, which includes the expected return and the weighted volatility of historical prices of GRUMA's stock over a period of 42 months. The significant data used to determine the fair value of the contingent payment liability as of December 31, 2014 and 2013 is presented in Note 20-D.

Subsequent changes in the fair value of the contingent payment liability are recognized in the income statement. For the years ended December 31, 2014 and 2013, the effect in income was Ps.152,891 and Ps.64,574, respectively, and were recognized as "Comprehensive financing cost, net".

(In thousands of Mexican pesos, except where otherwise indicated)

30. RELATED PARTIES

Related party transactions were carried out at market value.

A) SALES OF GOODS AND SERVICES

	For the years ended December 31,					
	2014		2013		2012	
Sales of goods:						
Associate……………………………………………..	Ps.	39,156	Ps.	50,821	Ps.	49,783
Sale of services:						
Entities that have significant influence over the Company..………………………………………		-		18,203		34,106
Associate……………………………………………..		-		-		1,294
	Ps.	39,156	Ps.	69,024	Ps.	85,183

B) PURCHASES OF GOODS AND SERVICES

	For the years ended December 31,					
	2014		2013		2012	
Purchases of goods:						
Entities that have significant influence over the Company.………………………………………..	Ps.	-	Ps.	-	Ps.	2,350,350
Associate……………………………………………..		-		-		931
Purchases of services:						
Associate……………………………………………..		32,413		35,719		33,385
Other related parties….……………………………		-		18,379		114,422
	Ps.	32,413	Ps.	54,098	Ps.	2,499,088

Other transactions with related parties are identified in Note 29.

C) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	2014		2013		2012	
Salaries and other short-term employee benefits………………………………………	Ps.	145,739	Ps.	132,371	Ps.	179,492
Termination benefits…………………………		25,322		66,561		33,527
Total………………………………………….	Ps.	171,061	Ps.	198,932	Ps.	213,019

At December 31, 2014, 2013 and 2012, the reserve for deferred compensation amounted to Ps.36,648, Ps.34,800 and Ps.62,300, respectively.

(In thousands of Mexican pesos, except where otherwise indicated)

D) BALANCES WITH RELATED PARTIES

At December 31, 2014 the Company had no balances with related parties. At December 31, 2013, the balances with related parties were as follows:

	Nature of the transaction	At December 31, 2013	
Receivables from related parties:			
Associate……..……………………………..	Commercial and services	Ps.	592
Other related parties..………………………			2,352
		Ps.	2,944

31. FINANCIAL STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new IFRS, which will become effective after the issuance of the Company's financial statements, are explained below. This list includes those IFRS standards which the Company reasonably expects to apply in the future. The Company has the intention of adopting these new IFRS on the date they become effective.

A) NEW STANDARDS

a. IFRS 15, "Revenue from contracts with customers"

IFRS 15, "Revenue from contracts with customers", issued in May 2014, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus, has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, "Revenue", and IAS 11, "Construction contracts", and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier adoption is permitted.

b. IFRS 9, "Financial instruments"

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. A new expected credit losses model replaces the incurred loss impairment model used in IAS 39. IFRS relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of these new standards.

B) AMENDMENTS

a. IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets"

In May 2014 the IASB amended IAS 16 and IAS 38 to establish that the determination of the useful life of an asset requires the consideration that the expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technical or commercial obsolescence of the asset might reflect a reduction of the future economic benefits of the asset. Additionally, the amendment includes that a depreciation or amortization method that is based on revenue that is generated by an activity that includes the use of an asset may not be appropriate. These amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016.

b. IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures" - Sale or contribution of assets between an investor and its associate or joint venture

In September 2014 the IASB amended IFRS 10 and IAS 28 to establish the guidelines for the sale or contribution of assets between an investor and its associate or joint venture. The amendment helps clarify a current inconsistency between IFRS 10 and IAS 28. The amendment address that the accounting treatment will depend if the non-monetary assets that are sold or contributed to an associate or joint venture constitute a "business". Additionally, it states that a total gain or loss will be recognized by the investor when the non-monetary assets involve a business. If the assets do not comply with the definition of business, then a partial gain or loss is recognized by the investor up to the interest of the other investors. The amendment to IFRS 10 and IAS 28 is effective for annual periods beginning on or after January 1, 2016.

The Company's management expects that the adoption of the amendments explained above will not have significant effects in its financial statements.

32. SUBSEQUENT EVENTS

A) PUBLICATION OF NEW FOREIGN EXCHANGE RATE IN VENEZUELA

On February 10, 2015, the Exchange Agreement No. 33 published in the Official Gazette of Venezuela, established as of February 12, 2015 the elimination of the foreign exchange rate SICAD 2 and the creation of a new foreign exchange rate mechanism called SIMADI (Foreign Exchange Marginal System).

According to the decree, the foreign exchange rate will be the one freely agreed by the parties involved in transactions of purchase and sale of dollars in the market. The Central Bank of Venezuela will publish daily on its website the reference foreign exchange rate, corresponding to the weighted average exchange rate of the operations for each day in the markets of: a) trading transactions in local currency of foreign currencies, and b) trading transactions in local currency of foreign currency securities. The SIMADI foreign exchange rate published at the date in which the consolidated financial statements were authorized, was 171.03 Venezuelan bolivars per U.S. dollar.

B) ACQUISITION OF AZTECA FOODS EUROPE

As of March 31, 2015, the Company executed a purchase agreement through its subsidiary Gruma International Foods, S.L. together with Fat Taco, S.L. and Azteca Foods, Inc., by means of which the company acquired the operations for the production and distribution of tortillas, wraps, corn chips, salsas and processed foods in Spain.

All of the shares and ownership interests representing the capital stock of Azteca Foods Europe, S.A. and AFIFT Azteca, S.L. (jointly, "Azteca Foods Europe") were acquired through this transaction.

The price agreed for this transaction is approximately Ps.682 million (EUR$45 million) and is subject to adjustments resulting from the final calculations for working capital and net financial debt of the acquired company.

Azteca Foods Europe owns one plant in Spain and distributes its products in Europe, the Middle East and Northern Africa.

[*ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY*]

Sr. Ing. Thomas S. Heather Rodriguez
Chairman of the Audit Committee
Gruma, S.A.B. de C.V.
Calzada del Valle 407 Ote.
Colonia Del Valle
66220, San Pedro Garza Garcia, N.L.

Monterrey, N.L., April 30, 2015

Dear Mr. Heather,

In compliance with the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants (Provisions), issued by the Ministry of Finance and Public and Public Credit-National Banking and Securities Commission (Commission), which became effective on March 20, 2003, and were last amended on March 26, 2015, under oath of saying the truth and pursuant to Article 84 Bis of said Provisions, I state the following in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2014:

I. As of the date on which I render my services as external auditor of the Issuer, during the execution of my audit and until the issuance date of the corresponding opinion, I do not meet any of the scenarios referred to in article 83 of the Provisions.

II. I grant my consent to provide to the Commission the information it requires to verify my independence with the Issuer.

III. I undertake to physically or through electromagnetic means, keep in my offices for a period no less than 5 years, all documentation, and information and else elements of judgment used to prepare the corresponding report and to furnish them to the Commission.

IV. I have current documents, which evidence my technical capacity.

V. I do not have any offering to be a director or officer of the Issuer.

Respectfully,

C.P.C. Victor A. Robledo Gomez
Audit Partner

[*ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY*]

Ing. Thomas S. Heather Rodriguez
Chairman of the Audit Committee
Gruma, S.A.B. de C.V.
Calzada del Valle 407 Ote.
Col. Del Valle, 66220, Garza Garcia, N.L.

Monterrey, N.L., April 30, 2015

Dear Mr. Heather,

In addition to the independence letter signed on April 30, 2015, regarding the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2014 and in compliance with the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants (Provisions), issued by the Ministry of Finance and Public and Public Credit-National Banking and Securities Commission (Commission), which became effective on March 20, 2003, and were last amended on March 26, 2015, under oath of saying the truth and pursuant to Article 84 Bis of said Provisions, I state the following in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2014:

I grant my consent for the Issuer to include the report on the financial statements issued by me, in the annual information referred to in articles 33, section I, letter b), number 1. and 36, section I, letter c) of the Provisions, as well as any other financial information derived from said financial statements or report presented by me, in order for said information to become of public knowledge.

The above, in the understanding that I previously ensured that the information contained in the financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derived from the referred financial statements or report presented by me, corresponds to the audited information.

PricewaterhouseCoopers, S.C.

C.P.C. Victor A. Robledo Gomez
Audit Partner

REPORT BY THE AUDIT COMMITTEE FOR YEAR 2015

April 20, 2016

To the Board of Directors of GRUMA, S.A.B. de C.V. ("GRUMA")

In compliance with article 43 of the Securities Exchange Law (*Ley del Mercado de Valores*) and article Twenty sixth of the Company's Bylaws, I submit to you the report of activities carried out during the year ending on December 31, 2015. While establishing its work program, the Committee has been mindful of the recommendations set forth on the Best Corporate Practices Code, as well as what is set forth in the applicable laws and norms.

1. Internal Audit

We ensured that the Administration established the general standards in internal control matters, as well as the necessary processes for their implementation and enforcement with the aid of the internal and external auditors.

Work plans and quarterly reports from the internal audit area of the Company were reviewed. Also, follow-up reports on the found observations were presented to us, without having to mention any relevant findings.

2. Ethics Code

Compliance of the Ethics Code, which regulates the actions of its directors, officers and employees, was monitored, not having to this date any relevant cases to report and having reviewed the modifications to it.

The operation of the channel of communication between officers and employees with the Audit Committee was supervised. It was verified periodically that the Administration catered to the observations that warranted it in an effective and timely manner. Also, the scope of the aforementioned channel continued to be expanded.

3. Audit

Quarterly, we reviewed with the Company's administration and with the external auditors, the progress of the certification process of the internal control system that is currently underway by the Company in order to comply with the requirements established in the Sarbanes-Oxley Law.

The status of the main legal matters were reviewed with the members of the Corporate Legal Department, including the international arbitration claim filed by GRUMA's Spanish subsidiaries, Valores Mundiales, S.L. and Consorcio Andino, S.L., against the Republic of Venezuela that is conducted at the International Centre for Settlement of Investment Disputes (ICSID) due to the expropriation of Molinos Nacionales, C.A. and Derivados de Maíz Seleccionado, Demaseca, C.A., entities that as of January 2013 formed GRUMA's Venezuela Division, as well as in respect of the compliance with the law applicable to GRUMA and its subsidiaries.

Based on the aforesaid, as well as on the interviews with the external auditors and with the Company's administration, we consider that the internal control and internal audit system comply satisfactorily with their fundamental purposes.

The Company's external auditors' work plan was reviewed for year 2015 and the progress of its implementation was monitored.

In the interviews and sessions of the Audit Committee with the auditors, we ensured of the compliance with the rotation and independence requisites of its personnel. We also reviewed with them and with the administration, the observations that were issued on internal control, as well as the objectives, proceedings and scope of the external audit for year 2015. In our view, the external audit services duly comply with was is required.

The additional services provided by the external audit firm were approved, which included the certification of the internal control system as required by the Sarbanes-Oxley Law, studies on transfer prices between companies and other tax related services. We consider that the services approved by the Committee do not affect the independence of the external audit firm.

4. Financial Information

Support was provided to the Board of Directors in the preparation of the reports and opinions referred to in article 28, section IV, letters "c", "d" and "e" in relation with financial year 2014. Additionally, the annual report of the activities carried out by this Committee for financial year 2014 was prepared and presented before the Board of Directors and the General Shareholders' Meeting.

The Form 20-F corresponding to year 2014 was reviewed, which was filed before the Securities and Exchange Commission of the United States of America in a complete and timely manner.

The quarterly information of the Company corresponding to year 2015 was reviewed, including the cancellation of the investment in Venezuela (100%) in the records; once having analyzed the information each quarter, we concluded that such information was prepared in compliance with the applicable financial information norms, we did not detect any irregularities or omissions, and thus, we agreed to its presentation to the Board of Directors and its publication.

Each quarter we monitored the exchange rate hedges reports, ensuring that the policies established by the Company for such purpose were complied with.

We reviewed the Company's audited financial statements as of December 31, 2015, the auditors' report and the accounting policies used for its preparation. After having reviewed the letter of the independent auditors, we advised the Board of Directors its approval for such to be presented to the consideration of the General Shareholders' Meeting.

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), which also include the current International Accounting Standards (IAS), the related interpretations that are issued by the International Financial Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

5. Applicable Norms and Law

We ensured the existence and trustworthiness of the internal controls established by GRUMA to fully comply with the different contractual obligations and legal dispositions to which it is bound.

6. In support of the Board of Directors

The Audit Committee granted its favorable opinion in relation to the subscription of exchange rate hedges for the purchase of corn, which were required for the Company's operations during the financial year 2015. Also, the Committee monitored the administration's compliance of the authorizations granted by the Board of Directors.

The Committee followed-up on the delisting process of GRUMA's shares from the New York Stock Exchange.

Also, we reviewed with the administration, the new requirements from SEC/CNBV and the report on non-recurring operations greater than 5% of the value of the company's assets.

The work carried out by the Committee was duly documented in each meeting's corresponding minutes, which were reviewed and approved in a timely manner by the members of the Committee.

On behalf of the Audit Committee of GRUMA, S.A.B. de C.V.

[*Illegible Signature*]

THOMAS S. HEATHER
President

April 20, 2016

To the General Shareholders' Meeting of
GRUMA, S.A.B. DE C.V.

OPINION ON THE REPORT BY THE
CHIEF EXECUTIVE OFFICER OF GRUMA, S.A.B. DE C.V.
FINANCIAL YEAR 2015

In accordance with Article 28 section IV, letter "c" of the Securities Exchange Law (*Ley del Mercado de Valores*) and the bylaws of the Company, the Board of Directors of **GRUMA, S.A.B. DE C.V.**, through me, submits its Opinion on the Content of the Report submitted to the Board of Directors and presented before this General Shareholders' Meeting by the Company's Chief Executive Officer, to this Annual Shareholders' Meeting,.

The Chief Executive Officer of the Company submits his Annual Report in compliance with articles 44 section IX of the Securities Exchange Law and 172 of the General Law of Business Organizations, letters a, c, d, e, f, g, and presents, in a suitable and sufficient manner, the development and/or performance of the company for the year ending on December 31st, 2015 under the business strategies previously set by this corporate governance body, as well as the policies followed on the financial year and the challenges and opportunities that the Company faces, which include the major current projects.

The Report provides a general overview of the growth program in which the Company is currently immersed and offers suitable explanations on the variations in the results at a consolidated level, explaining the variations in the financial statements at the end of the financial year in a reasonable and sufficient manner.

To issue this opinion, the Board of Directors took into consideration that its Audit Committee previously reviewed the Company's Financial Information as of December 31, 2015, as well as the accounting policies used on its preparation and that such Financial Information was audited by the firm of independent auditors, PricewaterhouseCoopers, S.C., including its financial position, income, comprehensive income, changes in equity and cash flow statements as of December 31, 2015, both consolidated and individual, and concluded that such Financial Information, reasonably reflects, in all material aspects, the financial position of **GRUMA, S.A.B. DE C.V.,** as of the aforementioned date, in compliance with the International Financial Reporting Standards.

In view of the above, in the opinion of the Board of Directors, the content of the Chief Executive Officer's report, presented before this Meeting reasonably reflects, in every material aspect, the financial position of **GRUMA, S.A.B. DE C.V.** as of December 31, 2015, as well as its financial performance and cash flow, for the year ending on such date, in compliance with the International Financial Reporting Standards.

On behalf of the Board of Directors

[*Illegible Signature*]
Raúl Cavazos Morales
Deputy Director of the Board of Directors
GRUMA, S.A.B. DE C.V.

April 20, 2016

REPORT ON THE ACCOUNTING AND INFORMATION POLICIES AND STANDARDS IMPLEMENTED FOR THE PREPARATION OF THE FINANCIAL INFORMATION

To the General Shareholders' Meeting of
GRUMA, S.A.B DE C.V.

In compliance with article 28 section IV, letter "d" of the Securities Exchange Law (*Ley del Mercado de Valores)* and the Company's bylaws, the Board of Directors of **GRUMA, S.A.B. DE C.V.,** through me, submits the reports on the main accounting and information standards and policies followed for the preparation of the financial information corresponding to the financial year starting on January 1 and ending on December 31, 2015.

For the preparation of the Company's Financial Information, which consists of the Financial Position Statement, Income Statement, Comprehensive Income Statement, Changes in Equity Statement and Cash Flow Statement for the 2015 year, both consolidated and individual for **GRUMA, S.A.B. DE C.V.**, as an independent legal entity, the administration followed the International Financial Reporting Standards (IFRS), which also include the current International Accounting Standards (IAS), the related interpretations that are issued by the International Financial Reporting Interpretations Committee (IFRIC), including those issued previously by the Standing Interpretations Committee (SIC).

Both, the Audit Committee of the Company and the firm of Public Accountants PricewaterhouseCoopers, S.C., independent auditors, examined the implementation of the aforementioned IFRS, IAS, IFRIC and SIC by the administration for the preparation of the Company's Financial Information for the 2015 year, without detecting any incorrect implementation of such rules on the preparation of the Company's Financial Information.

Based on the aforesaid, the Board of Directors considers that the Accounting and Financial Information Policies and Standards used by the administration for the preparation of the Company's Financial Information, are reasonable, suitable and sufficient, therefore, such information reflects in an honest, reasonable and sufficient manner the financial position of **GRUMA, S.A.B. DE C.V.** as of December 31, 2015, and the results of its operations, the changes in equity and cash flow, for the year ended on such date, in accordance with the International Financial Reporting Standards.

On behalf of the Board of Directors

[*Illegible Signature*]
Raúl Cavazos Morales
Deputy Director of the Board of Directors
GRUMA, S.A.B. de C.V.