Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated Financial Statements
December 31, 2015 and 2014

Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated Financial Statements
Index
December 31, 2015 and 2014

Contents

pwc

110 años
Impulsando lo extraordinario

Independent Auditors´ Report

Monterrey, N. L., February 9, 2016

To the Stockholders' Meeting of Sigma Alimentos, S. A. de C. V.

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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 audit. We conducted our audit 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 misstatement.

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.

pwc

Opinion

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

PricewaterhouseCoopers, S. C.

Miguel Angel Puente Buentello
Audit Partner

Sigma Alimentos, S. A. de C. V. and subsidiaries

Consolidated Statements of Financial Position

December 31, 2015 and 2014

(In thousands of Mexican pesos)

	Note	December 31, 2015	December 31, 2014
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	6	Ps 8,448,094	Ps 4,912,012
Restricted cash	7	215,073	154,539
Customers and other accounts receivable, net	8	7,875,384	6,753,326
Income tax recoverable		664,842	751,406
Inventories	9	12,018,969	10,449,388
Prepaid expenses and others		327,808	435,329
Total current assets		29,550,170	23,456,000
NON-CURRENT ASSETS:			
Property, plant and equipment, net	11	26,598,056	24,120,129
Goodwill and intangible assets, net	12	23,243,322	21,378,032
Deferred income tax	17	1,956,551	839,028
Investments accounted for using the equity method and others	13	1,839,821	1,696,177
Total non-current assets		53,637,750	48,033,366
Total assets		Ps 83,187,920	Ps 71,489,366
Liabilities and Stockholders' equity			
Liabilities			
CURRENT LIABILITIES:			
Current debt	16	Ps 2,413,177	Ps 1,140,508
Suppliers and other accounts payable	15	20,225,792	18,055,838
Provisions	18	207,763	267,401
Other liabilities	19	955,186	407,993
Total current liabilities		23,801,918	19,871,740
NON-CURRENT LIABILITIES:			
Non-current debt	16	38,885,415	31,053,529
Provisions	18	576,246	572,935
Deferred income tax	17	3,876,662	3,069,213
Income tax payable	17	398,749	-
Employees' benefits	20	951,176	761,884
Other liabilities	19	344,554	217,880
Total non-current liabilities		45,032,802	35,675,441
Total liabilities		68,834,720	55,547,181
STOCKHOLDERS' EQUITY:			
Controlling interest			
Capital stock	21	27,081	27,081
Share premium		666,988	666,988
Retained earnings	21	13,504,111	11,030,837
Other reserves	21	(344,605)	746,622
Total controlling interest		13,853,575	12,471,528
Non-controlling interest	14	499,625	3,470,657
Total stockholders' equity		14,353,200	15,942,185
Total liabilities and stockholders' equity		Ps 83,187,920	Ps 71,489,366

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

Mario H. Páez González
Chief Executive Officer

Eugenio Caballero Sada
Chief Financial and Marketing Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2015 and 2014

(In thousands of Mexican pesos)

	Note	Year ended December 31, 2015	2014
Revenue		Ps 93,567,683	Ps 71,464,799
Cost of sales	24	(66,707,923)	(50,434,517)
Gross profit		26,859,760	21,030,282
Selling expenses	24	(15,329,767)	(11,561,739)
Administrative expenses	24	(4,132,152)	(2,822,788)
Other income (expenses), net	25	3,506,215	(209,381)
Operating profit		10,904,056	6,436,374
Financial income, including foreign exchange gain of Ps807,658 in 2015 and Ps711,306 in 2014, respectively	26	900,898	789,024
Financial costs, including foreign exchange loss of Ps1,791,262 in 2015 and Ps3,381,856 in 2014, respectively	26	(3,507,382)	(5,412,496)
Financial costs, net		(2,606,484)	(4,623,472)
Share in losses of investments accounted for using the equity method		(401,413)	(249,040)
Profit before income tax		7,896,159	1,563,862
Income tax	28	(1,586,017)	(922,538)
Net consolidated profit		Ps 6,310,142	Ps 641,324
Profit (loss) attributable to:			
Controlling interest:		Ps 6,335,145	Ps 546,656
Non-controlling interest:	14	(25,003)	94,668
		Ps 6,310,142	Ps 641,324
Earnings per basic and diluted share, in pesos		Ps 4.91	Ps 0.42
Weighted average of outstanding shares		1,290,654,555	1,290,654,555

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

Mario H. Páez González
Chief Executive Officer

Eugenio Caballero Sada
Chief Financial and Marketing Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2015 and 2014

(In thousands of Mexican pesos)

	Note	Year ended December 31, 2015	Year ended December 31, 2014
Net consolidated profit		Ps 6,310,142	Ps 641,324
Other comprehensive income for the year:			
Items not to be reclassified to the statement of income			
Remeasurement of obligations for employees' benefits, net of tax	20 and 28	(7,178)	75,223
Items to be reclassified to the statement of income			
Effect of translation of foreign entities	20 and 28	(1,082,583)	620,461
Total other comprehensive income for the year		(1,089,761)	695,684
Total comprehensive income for the year		Ps 5,220,381	Ps 1,337,008
Attributable to:			
Controlling interest		Ps 5,481,800	Ps 1,219,067
Non-controlling interest		(261,419)	117,941
Total comprehensive income for the year		Ps 5,220,381	Ps 1,337,008

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

Mario H. Páez González
Chief Executive Officer

Eugenio Caballero Sada
Chief Financial and Marketing Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2015 and 2014

(In thousands of Mexican pesos)

	Note	Capital stock	Share premium	Retained earnings	Other reserves	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances at January 1, 2014		Ps 27,081	Ps 666,988	Ps 11,554,209	Ps 169,851	Ps 12,418,129	Ps -	Ps 12,418,129
Transactions with stockholders:								
Dividends declared	21			(1,103,173)		(1,103,173)	-	(1,103,173)
Dividends canceled	21			427,621		427,621	-	427,621
Changes in the non-controlling interest	2			(490,116)		(490,116)	3,352,716	2,862,600
Net profit				546,656		546,656	94,668	641,324
Total other comprehensive income for the year	21			95,640	576,771	672,411	23,273	695,684
Comprehensive income				642,296	576,771	1,219,067	117,941	1,337,008
Balances at December 31, 2014		27,081	666,988	11,030,837	746,622	12,471,528	3,470,657	15,942,185
Transactions with stockholders:								
Change in functional currency of controlling entity	3c			-	(363,767)	(363,767)	-	(363,767)
Dividends declared	21			(1,922,105)	-	(1,922,105)	-	(1,922,105)
Dividends canceled	21			842,922	-	842,922	-	842,922
Changes in the non-controlling interest	2a			(2,656,803)	-	(2,656,803)	(2,709,613)	(5,366,416)
Net profit				6,335,145	-	6,335,145	(25,003)	6,310,142
Total other comprehensive income for the year	21			(125,885)	(727,460)	(853,345)	(236,416)	(1,089,761)
Comprehensive income				6,209,260	(727,460)	5,481,800	(261,419)	5,220,381
Balances at December 31, 2015		Ps 27,081	Ps 666,988	Ps 13,504,111	(Ps 344,605)	Ps 13,853,575	Ps 499,625	Ps 14,353,200

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

Mario H. Páez González
Chief Executive Officer

Eugenio Caballero Sada
Chief Financial and Marketing Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2015 and 2014

(In thousands of Mexican pesos)

	Note	2015	2014
Cash flows from operating activities			
Profit before income tax		Ps 7,896,159	Ps 1,563,862
Depreciation and amortization	24	2,829,566	1,930,703
Costs associated with seniority premiums and pension plans	20	105,620	130,417
Gain on sale of property, plant and equipment	25	(2,429)	(31,838)
Foreign exchange, net	26	983,604	3,120,550
Interest accrued	26	1,657,909	1,554,122
Interest income	26	(69,152)	(77,718)
Other operating expenses		666,377	466,628
(Increase) decrease in customers and other accounts receivable		(840,841)	729,413
Increase in inventories		(949,602)	(198,677)
Increase in suppliers and other accounts payable		484,516	542,909
Income tax paid		(989,220)	(1,466,554)
Net cash generated from operating activities		11,772,507	8,263,817
Cash flows from investing activities			
Business acquisitions, net of cash acquired	2	(1,320,417)	(115,382)
Interest received		58,658	67,240
Acquisition of intangible assets		(163,077)	(166,848)
Acquisition of property, plant and equipment	11	(3,505,521)	(1,735,759)
Sale of property, plant and equipment	25	2,429	31,838
Net cash provided by investing activities		(4,927,928)	(1,918,911)
Cash flows from financing activities			
Proceeds from loans and debt		7,149,185	5,306,179
Payments of loans and debt		(2,656,075)	(5,161,509)
Interest paid		(1,697,641)	(1,654,260)
Dividends paid to owners		(1,080,300)	(695,155)
Changes in the non-controlling interest	2a	(5,366,416)	(1,386,839)
Net cash used in financing activities		(3,651,247)	(3,591,584)
Net increase in cash and cash equivalents		3,193,332	2,753,322
Exchange losses on cash and cash equivalents		342,750	99,356
Cash and cash equivalents at the beginning of the year	6	4,912,012	2,059,334
Cash and cash equivalents at the end of the year	6	Ps 8,448,094	Ps 4,912,012

Transactions not requiring cash flow

The main transaction corresponded to the acquisition of the Campofrío subsidiary, see Note 2.a

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

Mario H. Páez González
Chief Executive Officer

Eugenio Caballero Sada
Chief Financial and Marketing Officer

Note 1 - Activities of Sigma Alimentos companies:

Sigma Alimentos, S. A. de C. V. ("SIGMA" or the "Company"), subsidiary of Alfa, S. A. B. de C. V. (ALFA), is a company engaged in the production, commercialization and distribution of processed meat, dairy products, and other refrigerated and frozen foods. Its activities are carried out through various subsidiary companies.

The Company has manufacturing operations in Mexico, U.S.A., Costa Rica, El Salvador, Dominican Republic, Peru, Ecuador, Spain, France, Italy, Netherlands, Belgium and Portugal. The Company sells its products to more than 530,000 customers through different distribution channels in these countries as well as Germany, Honduras, Nicaragua, Guatemala and 80 more countries through independent distributors. Distribution channels include the modern channel that consists of supermarkets, hypermarkets and convenience stores, the traditional channel that consists of small grocery stores, traditional butchers, delicatessen and wholesalers, and the foodservice channel that consists of hotels, restaurants, hospitals, etc. Sigma has maintained a close relationship for at least 15 years with some of its major customers in Mexico, United States and Europe that has allowed the Company to develop different businesses that provide added value to its operations. Its large brand portfolio has managed to cover different socioeconomic levels, allowing the Company to diversify its sales through a variety of markets. SIGMA is located in Avenida Gómez Morín Avenue Sur No. 1111, Col. Carrizalejo, San Pedro Garza García, Nuevo León, México.

In the following notes to the financial statements references to pesos or "Ps", mean thousands of Mexican pesos. References to "US$" or dollars, mean thousands of dollars from the United States. References to "€", means thousands of euros.

Note 2 - Acquisitions and other significant events:

2015

a. Acquisition of additional shares of Campofrío from WH Group

On June 18, 2015, the Company through its subsidiary Sigma Alimentos Exterior, S. L. acquired 37% additional shares of Campofrío Food Group. The shares that up to June 3, 2015 were owned by WH Group were acquired firstly by ALFA, through the payment of a consideration of Ps5,366,416 (US$354,000), which were subsequently transferred to Sigma. Prior to the acquisition date, the accounting value of 37% was Ps2,709,613, consequently, a decrease in retained earnings of Ps2,656,803 was recorded.

After this acquisition, equity in this subsidiary is shown below:

Indirect equity of ALFA as of December 31, 2014	57.52%
Repurchase of own shares	0.97%
Acquisition of shares from WH Group on June 18, 2015	37.00%
Indirect equity of SIGMA as of December 31, 2015	95.49%

(i) Previously, on May 14, 2015, Campofrío had repurchase own shares that were held among the investment public and represented 0.97% of the stock ownership at the acquisition date. This repurchase amounted to $18,350 and it was considered jointly with the aforementioned effects.

On June 9, 2014, SIGMA obtained control over Campofrío Food Group, S. A. ("Campofrío) as a result of the following: i) the end of the Public Offer of shares of Campofrío in the Spanish stock market and ii) the coming into force of the agreement signed on January 1, 2014 between SIGMA and WH Group Ltd. (WH).

The aforementioned agreement was concluded on June 3, 2015. As a result of the acquisition of Sigma in the equity of WH Group Ltd. in Campofrío.

This agreement established several rights and obligations of the parties involved in relation with the corporate governance and the transfer of shares of Campofrío, giving SIGMA the capacity to guide relevant activities. The agreement intended to fairly anticipate probable events in the future of the subsidiary and its stockholders during the effective term of the agreement and to anticipate the way in which these will be treated. Examples include: the approval of the business plan, the approval of ordinary and extraordinary corporate events; changes in the ownership of Campofrío; the need for additional capital contributions of the existing stockholders or new investors and the resolution of claims between stockholders. It also provided the flexibility to face unforeseen events, as may be maintaining the capacity to make decisions quickly and effectively; establishing termination conditions when a shareholder wishes to terminate the relationship for any reason; and basis for the solution of controversies among stockholders or to solve an agreement interpretation issue. The agreement created incentives for the parties to be able to solve the controversies through consensus, seeking to be determined as efficiently as possible so that Campofrío continues with minimum interruption.

The indirect equity of SIGMA in Campofrío at the date the agreement became effective, accounted for using the equity method, was 45% as shown below:

Equity of SIGMA in Campofrío at December 31, 2013	46.31%
Acquisitions at June 9, 2014	3.29%
Sales at June 9, 2014	(4.60%)
Equity of SIGMA in Campofrío at June 9, 2014	45.00%

Since its acquisition and up to June 9, 2014, the net income of Campofrío was not significant.

For business combinations made in stages, International Financial Reporting Standards (IFRS) require any previous equity of the acquiring party in an acquired party is adjusted at fair value at the acquisition date and that any resulting gain (or loss) is reported in the consolidated statement of income. IFRS also require all previously recorded amounts in the consolidated comprehensive statement of income in relation with such investments be reclassified in the consolidated income account, as if such investment had been sold. SIGMA has estimated the fair value of 45% of equity in Campofrío at Ps5,499,087 on June 9, 2014, date when control was obtained. The effect of measuring the 45% equity ownership of Campofrío at fair value before the date when control is obtained was immaterial in the consolidated statements of income for the year ended December 31, 2014.

Since no additional consideration was made by SIGMA to obtain control (June 9, 2014), the 45% fair value is considered the acquisition price of Campofrío.

The amount of the consideration by Campofrío at the date when control was obtained, amounted to Ps 5,499,087.

Assets and liabilities recorded as a result of the business combination, are as follows:

Fair value	
Cash and cash equivalents	Ps 1,576,000
Trade and other accounts receivable, net	2,830,184
Inventory	6,949,237
Property, plant and equipment	14,269,824
Intangibles	8,484,004
Investment recorded using the equity method	693,197
Deferred income tax (asset)	3,007,717
Other assets	191,564
Suppliers and other accounts payable	(11,830,714)
Debt	(10,820,822)
Deferred income tax (liabilities)	(5,343,151)
Provisions and other liabilities	(1,329,089)
Employees' benefits	(1,144,224)
Total identifiable net assets	7,533,727
Non-controlling equity	(4,143,090)
Goodwill	2,108,450
Total	Ps 5,499,087

As a result of the transactions, goodwill was recorded in the amount of Ps2,108,450 at June 9, 2014, which was assigned to the operating segment of Europe (see Note 30). The factors contributing to the recognition of goodwill include economies of scale through combined opportunities, obtaining better operating margins on packaging material and the exchange of better practices. Goodwill associated to this business combination is not deductible for income tax purposes.

No contingent liabilities have arisen from this acquisition that should be recorded. Neither are there any contingent consideration agreements.

The consolidated income statements include revenues from Campofrío in the amount of Ps17,571,889 for the period from June 9 to December 31, 2014. Campofrío contributed to the net income for an amount of Ps222,852, in the same period. If the acquisition had occurred on January 1, 2014, the contribution of Campofrío to consolidated income for the year ended December 31, 2014 would have amounted to Ps33,971,734 and the net profit to Ps225,651. Information on combined revenues and net profit for the period does not include any savings in costs or other effects from the integration of Campofrío in SIGMA. Consequently, these amounts do not necessarily indicate the results if the acquisition had occurred on January 1, 2014, or those that might result in the future.

After taking control of Campofrío, SIGMA acquired additional indirect equity, as mentioned below:

Indirect equity of SIGMA at June 9, 2014:	45.00%
Acquisitions after June 9 to December 31, 2014:	12.52%
Indirect equity of SIGMA at December 31, 2014:	57.52%

The acquisitions item at December 31, 2014 corresponds mainly to the purchase of shares of Campofrío after the Public Offering of the non-controlling equity. Since control over Campofrío is obtained as a result of the agreement with WH, these transactions have been accounted for as acquisitions of non-controlling equity. The difference between the accounting value of the non-controlling equity acquired and the price paid was recorded in retained earnings. Additionally, expenses were incurred derived from transition costs related to the acquisition in the amount of Ps83,669.

The shares of Campofrío were listed in the Spanish stock market up to September 19, 2014, date at which these were unlisted.

b. Strategic alliance between Sigma Alimentos, S. A. de C. V. and Kinesis Food Service, S. A. de C. V.

On July 31, 2015, the strategic alliance framework agreement was signed between Sigma Alimentos, S. A. de C. V. and Kinesis Food Service, S.A. de C.V. ("Kinesis"), a company that through its subsidiaries (collectively identified as "PACSA"), is leader in the distribution of meat and dairy products by means of a food service channel in certain regions of the Mexican Republic, mainly in the Southeast of Mexico. This transaction complements Sigma's expansion strategy in Mexico through the food service channel. According to the agreement, Sigma acquires total control over PACSA's operations, subscribing substantially all of PACSA's shares with the right to vote. In accordance with the International Financial Reporting Standard 3, "Business Combinations" ("IFRS 3"), this alliance represents a business combination; therefore, it has been recorded using the acquisition method established in IFRS 3. This alliance is included in Mexico's segment, see Note 30.

Sigma's contribution to this alliance amounted to Ps494,223 which was paid in cash. At the agreement signature date, the Company had determined goodwill of Ps213,212 (difference between the amount of Sigma's contribution and PACSA's net assets). To date, Sigma is in the process of determining the distribution of the acquisition price at fair values of the assets acquired in terms of IFRS 3. This analysis will be concluded within a period not to exceed twelve months as of the acquisition date.

At December 31, 2015, provisional purchase price allocation to fair values of acquired assets and assumed liabilities is as follows:

Current assets [1]	Ps 204,673
Property, plant, and equipment	110,978
Intangible assets [2]	172,630
Current liabilities [3]	(120,153)
Employee benefits	(7,618)
Long – term debt	(9,759)
Deferred income tax	(69,740)
Goodwill	213,212
Consideration paid	Ps 494,223

(1) Current assets consist of cash Ps12,744, accounts receivable Ps77,398, inventories of Ps107,224 and sundry debtors and other current items Ps7,307.

(2) Intangible assets consist of brands Ps7,238, non-competition agreements Ps65,083 and customer relations Ps99,454 and others Ps855.

(3) Current liabilities consist of suppliers and accounts payable Ps81,623, taxes payable Ps2,985, short-term debt Ps33,948 and personnel benefits Ps1,597.

Goodwill is comprised mainly of the market share obtained through expanded capacities of Sigma's asset basis. The goodwill recorded is not deductible for tax purposes.

No contingent liability has arisen from this alliance that requires recognition. Neither are there contingent payment agreements.

Costs related to the alliance amounted to Ps2,846 and were recorded in the income statement in the other expenses, net, caption.

Revenues contributed by PACSA's assets included in the consolidated statement of income since the agreement signing date through December 31, 2015 amounted to Ps355,535 and net income to Ps27,223. If the acquisition had taken place on January 1, 2015, the revenues would have increased by Ps533,976 and net income by Ps11,349, approximately.

c. Acquisition of Elaborados Cárnicos, S. A. (ECARNI)

On August 31, 2015, the Company through its subsidiary Sigma acquired the total of the representative shares of the capital stock of Elaborados Cárnicos, S. A., a company dedicated to the breeding of cattle, swine, sheep, as well as the industrialization and marketing of derivatives of the aforementioned livestock, in Ecuador. This transaction complements Sigma's expansion strategy in Latin America. The business acquisition is included in the segment of other countries, see Note 30.

The total consideration paid amounted to Ps853,674 (US$50,910) in cash, including a restricted cash as guarantee in favor of SIGMA Ps 77,429, see Note 7. Sigma at the acquisition date, determined goodwill for Ps349,398. At December 31, 2015 the Company is in the process of concluding the final purchase price allocation to fair values of acquired assets. This analysis will be concluded within a period not to exceed twelve months as of the acquisition date.

At December 31, 2015, provisional purchase price allocation to fair values of acquired assets and assumed liabilities is as follows:

Current assets (1)	Ps 246,503
Property, plant, and equipment	258,791
Intangible assets (2)	194,546
Current liabilities (3)	(66,594)
Employee benefits	(50,895)
Debt	(23,105)
Deferred income taxes	(55,180)
Goodwill	349,398
Consideration paid	Ps 853,674

(1) Current assets consist of cash Ps19,559, accounts receivable Ps94,721, inventories Ps98,193, notes receivable Ps26,651 and other current items Ps7,379.

(2) Intangible assets consist of brands Ps51,496, non-competition agreements Ps74,980 and customer relations Ps68,070.

(3) Current liabilities consist of suppliers and accounts payable Ps52,728, taxes payable Ps10,934 and short-term debt Ps2,932.

Goodwill is mainly comprised of market participation obtained through expanded capacities of the Company's asset basis. The recorded goodwill is not deductible for tax purposes.

No contingent liabilities have arisen from this acquisition from this acquisition that require recognition. Neither are there contingent consideration agreements.

Costs related to the acquisition amounted to Ps6,038 and were recorded in the income statement under the other expenses, net, caption.

Revenues contributed by ECARNI's assets included in the consolidated statement of income from the acquisition date through December 31, 2015 amounted to Ps220,320 and net income to Ps12,427. If the acquisition had taken place on January 1, 2015, the revenues would have increased by Ps380,474 and net income by Ps29,095 approximately.

2014

d. Acquisition of Fábrica Jurís, CIA, LTDA (JURIS)

On November 21, 2014, SIGMA acquired Fábrica Jurís, LTDA (Jurís), a company dedicated to the production and marketing of meat products: sausages, salami, chorizo, blood sausage, mortadella, patés, high-quality pork cracklings, ham, cold meats, pork snacks, etc. in Ecuador. This transition allows SIGMA to enter the Ecuadorian market with a leading brand. The business acquisition is included in the segment of other countries, see Note 30.

The total consideration paid by Jurís amounted to Ps712,432 in cash and at December 31, 2014 including restricted cash as guarantee in favor of SIGMA Ps 154,539 (Ps137,644 at December 31, 2015), see Note 7. At the date of the acquisition, the company had determined goodwill of Ps347,544.

At December 31, 2015, the Company concluded the purchase price allocation of the fair values of acquired assets.

The final purchase price allocation carried out in accordance with fair value was as follows.

Current assets (1)	Ps 138,761
Property, plant and equipment	238,207
Intangible assets (2)	171,777
Current liabilities (3)	(88,935)
Employees' benefits	(25,589)
Debt	(31,465)
Deferred income tax	(37,868)
Goodwill	347,544
Consideration paid	Ps 712,432

(1) Current assets consist of accounts receivable Ps69,857, inventories Ps64,173 and advance payments and other Ps4,731.
(2) Intangible assets consist of brands Ps49,246, non-competition agreements Ps61,423 and customer relations Ps61,108.
(3) Current liabilities consist of suppliers and accounts payable Ps55,303, taxes payable Ps7,605 and short-term debt Ps26,027.
(*) Certain prior-year balances, related to the distribution of acquisition prices, were modified in 2015 to recognize final fair values of assumed assets and liabilities. At December 31, 2015, Sigma reclassified certain items of the balance sheet that had been previously shown as part of goodwill. The reclassified amounts were adjusted by increasing the current asset value by Ps3,600; increasing the value of non-current assets by Ps208,153; decreasing the balance of current liabilities by Ps16,040 increasing the balance of non-current liabilities by Ps51,174 and decreasing the goodwill value by Ps181,320. The Company decided for comparative purposes not to make these reclassifications retrospectively, considering that the aforementioned adjustments do not significantly modify the value of total assets, short and long-term liabilities and stockholders' equity at December 31, 2014. The reclassification above had no significant impact on the figures of the consolidated financial statements, of stockholders' equity and of cash flows.

Goodwill consists mainly of market positions obtained through the expanded capabilities of the assets base of the Company. The recorded goodwill is not deductible for tax purposes.

No contingent liabilities have arisen from this acquisition that should be recorded. Neither are there any contingent consideration agreements.

The costs related to the acquisition amounts to Ps 2,363 and were recorded in the statement of income under the item of other expenses.

Revenues contributed by the assets of Fabrica Jurís, LTDA included in the consolidated statement of income since the acquisition date up to December 31, 2014 amounted to Ps63,999, and a net profit of Ps3,204. If the acquisition had occurred on January 1, 2014 the revenues would have increased by Ps461,104 and the net profit would have increased by approximately Ps40,419.

e. Acquisition of Savi San José de Alajuela, S. A. (SAVI) and Inversiones Arhuaco J & K, S. A.

On April 4, 2014, SIGMA acquired the total representative shares of the capital stock of Savi San José de Alajuela, S. A. and Inversiones Arhuaco J & K, S. A. both companies whose main activity is the manufacture and distribution of all kinds of processed meat and pork, beef and other food products. Located in Costa Rica. The business acquisition is included in the segment other countries, see Note 30.

The total consideration paid by SAVI amounted to Ps240,216 in cash. At the date of the acquisition, the Company had determined goodwill of Ps177,789.

At December 31, 2015, the Company concluded the purchase price allocation of the fair values of acquired assets.

The final purchase price allocation carried out in accordance with fair value was as follows.

Current assets (1)	Ps 33,667
Property, plant and equipment	36,031
Intangibles assets (trademark)	11,781
Current liabilities (2)	(15,815)
Deferred income tax	(3,237)
Goodwill	177,789
Consideration paid	Ps 240,216

(1) Current assets consist of cash and cash equivalents of Ps 8,840, accounts receivable of Ps15,342, inventories of Ps8,610 and prepayments and other current assets of Ps $875.
(2) Current liabilities consist of trade and accounts payable amounting to Ps 8,941 and taxes payable of Ps 6,874

Goodwill consists mainly of market positions obtained through the expanded capabilities of the assets base of the Company. The recorded goodwill is not deductible for tax purposes.

No contingent liabilities have arisen from this acquisition that should be recorded. Neither are there any contingent consideration agreements.

The costs related to the acquisition amounts to Ps 877 and were recorded in the statement of income under the item of other expenses.

Revenues contributed by the assets of Savi San José de Alajuela, S. A. and Inversiones Arhuaco J & K, S. A. included in the consolidated statement of income since the acquisition date up to December 31, 2014 amounted to Ps161,086, and a net profit of Ps5,597. If the acquisition had occurred on January 1, 2014 the revenues would have increased by Ps214,781 and the net profit would have increased by approximately Ps7,462.

Note 3 - Summary of significant accounting policies:

The accompanying consolidated financial statements and notes were authorized for issuance on February 9, 2016, by officials with the legal power to sign the basic financial statements and accompanying notes.

The following are the most significant accounting policies followed by SIGMA, which have been consistently applied in the preparation of their financial information in the years presented, unless otherwise specified:

a. Basis for preparation

The consolidated financial statements of SIGMA have been prepared in accordance with the IFRS issued by the International Accounting Standards Board ("IASB"). IFRS include all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee (IFRSIC), including those previously issued by the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets available for sale.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Additionally, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where judgments and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

b. Consolidation

i. Subsidiaries

The subsidiaries are all the entities over which the Company has control. The Company controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and it is capable of affecting the returns through its power over the entity. When the Company's participation in subsidiaries is less than 100%, the share attributed to outside stockholders is reflected recorded as non-controlling interest. Subsidiaries are consolidated in full from the date on which control is transferred to the Company and up to the date it loses such control.

The method of accounting used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction through which it obtains control over the business, by which it has the power to conduct and manage the relevant activities of all assets and liabilities of the business with the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.

The acquisition-related costs are recognized as expenses in the statement of income when incurred.

Goodwill is initially measured as the excess of the sum of the consideration paid and the fair value of the non-controlling interest in the acquired subsidiary over the net identifiable assets and liabilities assured. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

If the business combination is achieved in stages, the value in books at the acquisition date of the equity previously held by the Company in the acquired entity is remeasured at its fair value at the acquisition date. Any loss or gain resulting from such remeasurement is recorded in income of the year.

The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquire. Any difference between the carrying value of the net assets acquired at the level of the subsidiary and its carrying amount at the level of the Company are recognized in stockholders' equity.

Transactions and intercompany balances and unrealized gains on transactions between SIGMA companies are eliminated in preparing the consolidated financial statements. In order to ensure consistency with the policies adopted by the Company, the accounting policies of subsidiaries have been changed where it was deemed necessary.

At December 31, 2015 and 2014 the principal subsidiary companies of SIGMA were:

	Country (i)	Percentage of ownership	Functional currency
Alimentos Finos de Occidente, S. A. de C. V. (a)		100	Mexican Peso
Bar-S Foods Co. (a and c)	U. S. A.	100	U. S. Dollar
Bonanza Industrial, S. A. de C. V. (d)		100	Mexican Peso
Braedt, S. A. (a y c)	Peru	100	Peruvian Sol
Campofrío Food Group, S. A. (iii) (iv) (a and c)	Spain	95.49	Euro
Carnes Selectas Tangamanga, S. A. de C. V. (a)		100	Mexican Peso
Comercial Hacienda de Cerdos, S. A. (d)	Dominican Republic	100	Dominican Peso
Comercializadora de Embutidos ICO, S. A. de C. V. (a and c)		100	Mexican Peso
Comercial Norteamericana, S. de R. L. de C. V. (d)		100	Mexican Peso
Corporación Monteverde, C. R. S. A. (a and c)	Costa Rica	100	Colon
Empacadora de Carnes Frías Hidalmex, S. A. de C. V. (a and c)		100	Mexican Peso
Empacadora de Embutidos del Centro, S. A. de C. V. (a and c)		100	Mexican Peso
Empacadora de Carnes Premium, S. de R. L. de C. V. (a and c)		100	Mexican Peso
Empacadora Supremo de Monterrey, S. A. de C. V. (a and c)		100	Mexican Peso
Employee Services Unlimited S. de R. L. de C. V. (b)		100	Méxican Peso
Elaborados Cárnicos, S. A. (ii) (a and c)	Ecuador	100	U. S. Dollar
Fabrica Juris CIA, LTDA (iii) (a and c)	Ecuador	100	U. S. Dollar
Freedman Logistic, S. de R. L. de C. V. (b)		100	Mexican Peso
Grupo Chen, S. de R. L. de C. V. and subsidiary (b)		100	Mexican Peso
Industrias Alimentarias del Sureste, S. A. de C. V. (a and c)		100	Mexican Peso
Mexican Cheese Producers, Inc. (a)	U. S. A.	100	U. S. Dollar
Kinesis Food Service, S. A. de C. V. (ii) (d)	Mexico	100	Mexican Peso
Productos Cárnicos, S. A. de C. V. (a)	El Salvador	100	U. S. Dollar
Productos de Importación, S. A. de C. V. (c)	Honduras	100	Lempira
Productores Monteverde S.A. (a)	Costa Rica	100	Colon
Savi San José de Alajuela, S. A. (e)			
Inversiones Arhuaco J & K S. A. (iii) (a and c)	Costa Rica	100	Colon
Servilac, S. A. de C. V. (b)		100	Mexican Peso
Sigma Alimentos Centro, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Costa Rica, S. A. (a)	Costa Rica	100	Colon
Sigma Alimentos Comercial, S. A. de C. V. (c)		100	Mexican Peso
Sigma Alimentos Congelados, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Corporativo, S. A. de C. V. (b)		100	Mexican Peso
Sigma Alimentos Dominicana, S. A. (a and c)	Dominican Republic	100	Dominican Peso
Sigma Alimentos Lácteos, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Noreste, S. A. de C. V. (a)		100	Mexican Peso
Sigma Alimentos Nicaragua, S. A. (c)	Nicaragua	100	Córdoba
Sigma Alimentos Guatemala, S. A. (a)	Guatemala	100	Quetzal
Sigma Alimentos International, Inc. (d)	U. S. A.	100	U. S. Dollar
Sigma Alimentos Prom, S. A. de C. V. (b)		100	Mexican Peso
Sigma Foods, LLC. (c)	U. S. A.	100	U. S. Dollar
Sigma Processed Meats, LLC. (a)	U. S. A.	100	U. S. Dollar

(i) Companies incorporated in Mexico, except as mentioned.
(ii) Subsidiaries acquired during 2015.
(iii) Subsidiaries acquired during 2014.
(iv) In 2015 the Company owns 37% additional shares, see Note 2a.

a. Refrigerated food production.
b. Administrative and human resource services.
c. Commercialization and distribution of refrigerated food.
d. Process and commercialize several types of meat.

At December 31, 2015 and 2014, there are no significant restrictions for investment in shares of subsidiary companies mentioned above.

ii. Absorption (dilution) of control in subsidiaries

The effect of absorption (dilution) of control in subsidiaries, that is, an increase or decrease in the percentage of control, is recorded in stockholders' equity, directly in retained earnings, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control the dilution effect is recognized in income.

iii. Sale or disposal of subsidiaries

When the Company ceases to have control any retained interest in the entity is re-measured at fair value, and the change in the carrying amount is recognized in the income statement. The fair value is the initial carrying value for the purposes of accounting for any subsequent retained interest in the associate, joint venture or financial asset. Any amount previously recognized in comprehensive income in respect of that entity is accounted for as if the Company had directly disposed of the related assets and liabilities. This implies that the amounts recognized in the comprehensive income are reclassified to income for the year.

iv. Associates

Associates are all entities over which the Company has significant influence but not control. Generally an investor must hold between 20% and 50% of the voting rights in an investee for it to be an associate. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss.

If the equity in an associate is reduced but significant influence is maintained, only a portion of the amounts recognized in the comprehensive income are reclassified to income for the year, where appropriate.

The Company's share of profits or losses of associates, post-acquisition, is recognized in the income statement and its share in the other comprehensive income of associates is recognized as other comprehensive income. The cumulative movements after acquisition are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its equity in the associate, including unsecured receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

The Company assesses at each reporting date whether there is objective evidence that the investment in the associate is impaired. If so, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes it in "share of profit/loss of associates recognized by the equity method" in the income statement.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company´s equity in such gains. Unrealized losses are also eliminated unless the transaction provides evidence that the asset transferred is impaired. In order to ensure consistency with the policies adopted by the Company, the accounting policies of associates have been modified. When the Company ceases to have significant influence over an associate, any difference between the fair value of the remaining investment, including any consideration received from the partial disposal of the investment and the book value of the investment is recognized in the income statement.

v. Joint arrangements

Joint arrangements are those where there is joint control since the decisions over relevant activities require the unanimous consent of each one of the parties sharing control.

Investments in joint arrangements are classified in accordance with the contractual rights and obligations of each investor such as: joint operations or joint ventures. When the Company holds the right over assets and obligations for related assets under a joint arrangement, this is classified as a joint operation. When the company holds rights over net assets of the joint arrangement, this is classified as a joint venture. The Company has assessed the nature of its joint arrangements and classified them as joint ventures. Joint ventures are accounted for by using the equity method applied to an investment in associates.

c. Foreign currency translation

i. Functional and presentation currency

The amounts included in the financial statements of each of the Company's subsidiaries and associates should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). In the case of SIGMA, the functional currency is determined to be the Mexican peso. The consolidated financial statements are presented in Mexican pesos, which is the Company's presentation currency.

As of July 1, 2015, the Company concluded that the most adequate functional currency of Sigma Alimentos S. A. de C. V. is the US dollar ("US$") based on the economic environment wherein the entity generates and uses cash. This is due primarily to the fact that revenues from dividends and revenues from brand use, starting the aforementioned date are collected in US$. The previous functional currency was the Mexican peso and in accordance with the International Accounting Standard 21- "Effects of changes in foreign exchange rates" ("IAS 21"), the changes are made prospectively. At the date of the change in the functional currency, all assets, liabilities, capital and income statement items were translated into US$ at the exchange rate at that date

ii. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rates prevailing at the transaction date or valuation date when the amounts are re-measured. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates are recognized as foreign exchange gain or loss in the income statement.

Changes in the fair value of securities or monetary financial assets denominated in foreign currency classified as available for sale are divided between fluctuations resulting from changes in the amortized cost of such securities and other changes in value. Subsequently, currency fluctuations are recognized in income and changes in the carrying amount arising from any other circumstances are recognized as part of comprehensive income.

Translation differences on non-monetary assets, such as investments classified as available for sale, are included in other comprehensive income.

iii. Consolidation of foreign subsidiaries with a currency different from the presentation currency.

Incorporation of subsidiaries whose functional currency is different from their recording currency.

The financial statements of foreign subsidiaries, having a recording currency different from their functional currency were translated into the functional currency in accordance with the following procedure:

a. The balances of monetary assets and liabilities denominated in the recording currency were translated at the closing exchange rates.

b. To the historical balances of monetary assets and liabilities and shareholders' equity translated into the functional currency the movements that occurred during the period were added, which were translated at historical exchange rates. In the case of the movements of non-monetary items recognized at fair value, which occurred during the period, stated in the recording currency, these were translated using the historical exchange rates in effect on the date when the fair value was determined.

c. The income, costs and expenses of the periods, expressed in the recording currency, were translated at the historical exchange rate of the date they were accrued and recognized in the income statement, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.

d. The differences in exchange arising in the translation from the recording currency to the functional currency were recognized as income or expense in the income statement in the period they arose.

Incorporation of subsidiaries whose functional currency is different from their presentation currency.

The results and financial position of all the SIGMA entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the balance sheet date.

b) The stockholders' equity of each balance sheet presented is translated at historical rates.

c) Income and expenses for each income statement are translated at average exchange rate (when the average exchange rate is not a reasonable approximation of the cumulative effect of the rates of the transaction, to the exchange rate at the date of the transaction is used); and.

d) All the resulting exchange differences are recognized in comprehensive income.

The goodwill and adjustments to fair value arising at the date of acquisition of a foreign operation so as to measure them at fair value, are recognized as assets and liabilities of the foreign entity and translated at the exchange rate at the closing date. Exchange differences arising are recognized in equity.
Listed below are the principal exchange rates in the various translation processes:

		Local currency to Mexican pesos			
		Closing exchange rate at the end of December 31,		Average exchange rate at the end of December 31,	
Country	Local currency	2015	2014	2015	2014
United States	U.S. Dollar	Ps17.206	Ps 14.718	Ps 15.848	Ps 14.453
Peru	Peruvian sol	5.039	4.939	4.967	4.827
Spain	Euro	18.703	17.810	17.518	17.486
Ecuador	U. S. Dollar	17.206	14.718	15.848	14.453
Germany	Euro	18.703	17.810	17.518	17.486
Belgium	Euro	18.703	17.810	17.518	17.486
Netherlands	Euro	18.703	17.810	17.518	17.486
Italy	Euro	18.703	17.810	17.518	17.486
France	Euro	18.703	17.810	17.518	17.486
Costa Rica	Colon	0.032	0.027	0.029	0.026
El Salvador	U.S. dollar	17.206	14.718	15.848	14.453
Dominican Rep.	Dominican peso	0.378	0.331	0.352	0.322
Guatemala	Quetzal	2.254	1.936	2.070	1.868
Nicaragua	Cordoba	0.616	0.553	0.582	0.536
Honduras	Lempira	0.777	0.684	0.725	0.663

d. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available for operations and other short-term investments of high liquidity with original maturities of three months or less, all of which are subject to insignificant risk of changes in value. Bank overdrafts are presented as other current liabilities.

e. Restricted cash

Cash whose restrictions cause them not to comply with the definition of cash and cash equivalents given above, are presented in a separate line in the statement of financial position and are excluded from cash and cash equivalents in the statement cash flows.

f. Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, investments held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized on the settlement date.

Financial assets are written off in full when the right to receive the related cash flows expires or is transferred and the Company has also transferred substantially all risks and rewards of ownership, as well as control of the financial asset.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. At December 31, 2015 and 2014 the Company had no derivative financial instruments held for trading purposes or for hedging purposes.

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Gains or losses from changes in fair value of these assets are presented in the income statement as incurred.

ii. Loans and receivables

The 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 maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are measured initially at fair value plus directly attributable transaction costs and subsequently at amortized cost, using the effective interest method. When circumstances occur that indicate that the amounts receivable will not be collected at the amounts originally agreed or will be collected in a different period, the receivables are impaired.

Financial liabilities

Financial liabilities that are not derivatives are initially recognized at fair value and are subsequently valued at amortized cost using the effective interest method. Liabilities in this category are classified as current liabilities if expected to be settled within the next 12 months, otherwise they are classified as non-current.

Trade payables are obligations to pay for goods or services that have been acquired or received from suppliers in the ordinary course of business. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently carried at amortized cost; any difference between the funds received (net of transaction costs) and the settlement value is recognized in the income statement over the term of the loan using the effective interest method.

Offsetting financial assets and liabilities

Assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial instruments

a) Financial assets carried at amortized cost

The Company assesses at the end of each year whether there is objective evidence of impairment of each financial asset or group of financial assets. An impairment loss is recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and provided that the loss event (or events) has an impact on the estimated future cash flows arising from the financial asset or group of financial assets that can be reliably estimated.

Aspects evaluated by the Company to determine whether there is objective evidence of impairment are:

- Significant financial difficulty of the issuer or debtor.
- Breach of contract, such as late payments of interest or principal
- Granting a concession to the issuer or debtor, by the Company, as a result of financial difficulties of the issuer or debtor and that would not otherwise be considered.
- There is a likelihood that the issuer or debtor will enter bankruptcy or other financial reorganization.
- Disappearance of an active market for that financial asset due to financial difficulties.
- Verifiable information indicates that there is a measurable decrease in the estimated future cash flows related to a group of financial assets after initial recognition, although the decrease cannot yet be identified with the individual financial assets of the Company, including:

  (i) Adverse changes in the payment status of borrowers in the group of assets
  (ii) National or local conditions that correlate with breaches of noncompliance by the issuers of the asset group.

Based on the items listed above, the Company assesses whether there is objective evidence of impairment. Subsequently, for the category of loans and receivables, when impairment exists, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. The carrying amount of the asset is reduced by that amount, which is recognized in the income statement.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Alternatively, the Company could determine the impairment of the asset given its fair value determined on the basis of a current observable market price.

If in the subsequent years, the impairment loss decreases and the decrease can be related objectively to an event occurring after the date on which such impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the loss impairment is recognized in the income statement.

b) Financial assets available for sale

In the case of debt financial instruments, the Company also uses the above-listed criteria to identify whether there is objective evidence of impairment. In the case of equity financial instruments, a significant reduction of approximately to 30%of the cost of the investment against its fair value or a reduction of the fair value against the cost for a period longer than 12 months is considered objective evidence of impairment.

At December 31, 2015 and 2014 the Company only had financial assets and liabilities.

g. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method. The cost of finished goods and work in progress includes costs of product design, raw materials, direct labor, other direct costs and production overheads (based on normal operating capacity). It excludes borrowing costs. The net realizable value is the estimated selling price in the normal course of business, less the applicable variable selling expenses. Costs of inventories include any gain or loss transferred from equity corresponding to raw material purchases that qualify as cash flow hedges.

h. Prepaid expenses

Prepaid expenses represent those expenditures made by the Company which have not been transferred the benefits and risks inherent in the assets to be acquired or the services to be received. Prepaid expenses are recorded at cost and are presented in the Consolidated Statement of Financial Position as current assets or non-current, depending on the category of the target item. Upon receipt of the goods and / or services relating to prepayments, these should be recognized as an asset or as an expense in the income statement for the period, respectively. At 31 December 2015 and 2014, the balance of prepaid expenses is represented mainly by advertising and prepaid insurance.

i. Property, plant and equipment

Items of property, plant and equipment are recorded at cost less the accumulated depreciation and any accrued impairment losses. The costs include expenses directly attributable to the asset acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flows to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognized. Repairs and maintenance are recognized in the income statement during the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Depreciation is calculated using the straight-line method, considering separately each of the asset's components, except for land, which is not subject to depreciation. The average useful lives of assets families are as follows:

Building and constructions	30 years
Machinery and equipment	5 to 30 years
Transportation equipment	7 to 10 years
Furniture and laboratory and IT equipment	4 years
Tooling	7 to 10 years
Leasehold improvements	20 years

The spare parts to be used after one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

Borrowing costs related to financing of property, plant and equipment whose acquisition or construction requires a substantial period (nine months), are capitalized as part of the cost of acquiring such qualifying assets, up to the moment when they are suitable for their intended use or sale.

Assets classified as property, plant and equipment are subject to impairment tests when events or circumstances occur indicating that the carrying amount of the assets may not be recoverable. An impairment loss is recognized in the income statement in other expenses, net, for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

The residual value and useful lives of assets are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

In case that the carrying value is greater than the estimated recoverable amount, a decrease in the carrying amount of the asset is recognized immediately to its recoverable amount.

Gains and losses on disposal of assets are determined by comparing the value of the sale with the carrying amount and are recognized in other expense or income in the income statement.

j. Leases

The classification of leases as finance or operating depends on the substance of the transaction rather than the form of the contract.

Leases in which a significant portion of the risks and rewards relating to the leased property are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received by the lessor) are recognized in the income statement based on the straight-line method over the lease period.

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the beginning of the lease, at the lower of the fair value of the leased property and the present value of the minimum lease payments. If its determination is practical, in order to discount the minimum lease payments to present value, the interest rate implicit in the lease is used; otherwise, the incremental borrowing rate of the lessee should be used. Any initial direct costs of the leases are added to the original amount recognized as an asset.

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the outstanding balance. The corresponding rental obligations are included in non-current debt, net of finance charges. The interest element of the finance cost is charged to the income for the year during the period of the lease, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

k. Intangible assets

Intangible assets are recognized in the balance sheet when they meet the following conditions: they are identifiable, provide future economic benefits and the Company has control over such benefits.

Intangible assets are classified as follows:

i) Indefinite useful life - These intangible assets are not amortized and are subject to annual impairment assessment. To date, no factors have been identified limiting the life of these intangible assets.

ii) Finite useful life. - These assets are recognized at cost less accumulated amortization and impairment losses. They are amortized on a straight line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified.

The estimated useful lives of the intangible assets with finite useful lives are as follows:

Development costs	10 to 22 years
Customer relationships	14 years
Software, licenses and trademarks	15 to 22 years
Other (Market development, non-compete agreements and intellectual property rights.)	7 years

(a) Goodwill

Goodwill represents the excess of the acquisition cost of a subsidiary over the Company's equity in the fair value of the identifiable net assets acquired, determined at the date of acquisition, and is not subject to amortization. Goodwill is shown under goodwill and intangible assets and is recognized at cost less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Research costs

Research costs are recognized in income as incurred. Expenditures on development activities are recognized as intangible assets when such costs can be reliably measured, the product or process is technically and commercially feasible, potential future economic benefits are obtained and the Company intends also has sufficient resources to complete the development and to use or sell the asset. Their amortization is recognized in income by the straight-line method over the estimated useful life of the asset. Development expenditures that do not qualify for capitalization are recognized in income as incurred.

(c) Intangible assets acquired in a business combination

When an intangible asset is acquired in a business combination it is recognized at fair value at the acquisition date. Subsequently, such assets are as follows: trademarks, customer relations, intellectual property rights, no-competition agreements, among others, are carried at cost less accumulated depreciation and accumulated impairment losses.

(d) Trademarks and licenses

Trademarks and licenses acquired in a separate transaction are recorded at acquisition cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses that have a defined useful life are presented at cost less accumulated amortization. Amortization is recorded based on the straight-line method over its estimated useful life of 15 to 22 years.

Trademarks that have demonstrated their ability to survive changes in the economic environment over the last 30-40 are not amortized but are subject to annual impairment tests.

Software license acquisitions are capitalized based on costs incurred from acquiring and using the specific software. Costs are amortized based on their useful life of 15 to 22 years.

Software development

Costs associated with the maintenance of software are recorded as expenses as incurred.

Development costs directly related with the design and tests of unique and identifiable software products controlled by the Company are recorded as intangible assets when they fulfill the following criteria:

- Technically, it is possible to complete the intangible asset so that it may be available for its use or sale;
- The intangible asset is completed for use or sale;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset is to generate probable future economic benefits;
- The availability of the adequate technical, financial or other type of resources, to complete the development and to use or sell the intangible asset; and
- The ability to reliably calculate the disbursement attributable to the intangible asset during its development.

The amount initially recognized for an intangible asset generated internally, will be the sum of disbursements incurred from the moment the element fulfills the conditions for recording, as established above. When no intangible asset internally generated may be recognized, the disbursements for development are charged to income in the period they are incurred.

Software development costs recorded as assets, are amortized based on their useful life, which does not exceed twenty two years.

l. Impairment of goodwill and long-lived non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not depreciable or amortizable and are subject to annual impairment tests. Assets that are subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels at which separately identifiable cash flows exist (cash generating units). Non-financial long-term assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

m. Income taxes

The item of income taxes in the income statement represents the sum of the current and deferred income taxes.

The deferred income taxes are determined in each subsidiary by the asset and liability method, applying the rate established by legislation enacted or substantially enacted at the balance sheet date wherever SIGMA and its subsidiaries operate and generate taxable income. The applicable rates are applied to the total of the temporary differences resulting from comparing the accounting and tax bases of assets and liabilities in accordance with the years in which the deferred asset tax is realized or the deferred liability tax is expected to be settled, considering, when applicable, any tax loss carry forwards expected to be that are considered to be recoverable. The effect of a change in tax rates is recognized in the income of the period in which the rate change is enacted.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only when it is probable that future taxable profits will exist against which the deductions for temporary differences can be taken.

The deferred income tax on temporary differences arising from investments in subsidiaries and associates is recognized, unless the period of reversal of temporary differences is controlled by SIGMA and it is probable that the temporary differences will not reverse in the near future.

Deferred tax assets and liabilities are offset when a legal right exists and when the taxes are levied by the same tax authority.

The statutory income tax rates applicable to foreign subsidiaries were as follows:

	2015	2014
Costa Rica	30.0%	30.0%
Germany	30.0%	30.0%
Belgium	34.0%	34.0%
Dominican Republic	27.0%	28.0%
El Salvador	30.0%	30.0%
Honduras	25.0%	25.0%
Guatemala	25.0%	28.0%
Nicaragua	30.0%	30.0%
Peru	28.0%	30.0%
United States of America	35.0%	35.0%
Spain	28.0%	30.0%
Netherlands	25.0%	25.0%
Italy	27.5%	27.5%
France	33.3%	33.3%
Portugal	23.0%	23.0%
Ecuador	22.0%	22.0%

n. Employee Benefits

i. Pension plans

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their service in the current and past periods. The contributions are recognized as employee benefit expense on the date that is required the contribution.

Defined benefit plans:

A defined benefit plan is a plan which specifies the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. 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 future cash outflows using discount rates in conformity with the IAS 19 that are denominated in the currency in which the benefits will be paid, and have maturities that approximate the terms of the pension liability.

Actuarial gains and losses from adjustments and changes in actuarial assumptions are recognized directly in stockholders' equity in other items of the comprehensive income in the year they occur.

The Company determines the net finance expense (income) by applying the discount rate to the liabilities (assets) from net defined benefits.

Past-service costs are recognized immediately in the income statement.

ii. Post-employment medical, benefits

The Company provides medical benefits to retired employees after termination of employment. The right to access these benefits usually depends on the employee´s having worked until retirement age and completing a minimum of years of service. The expected costs of these benefits are accrued over the period of employment using the same criteria as those described for defined benefit pension plans.

iii. Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary termination of employment in exchange for these benefits. The Company recognizes termination benefits in the first of the following dates: (a) when the Company can no longer withdraw the offer of these benefits, and (b) when the Company recognizes the costs from restructuring within the scope of the IAS 37 and it involves the payment of termination benefits. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Any benefits to be paid more than 12 months after the balance sheet date are discounted to their present value.

iv. Short term benefits

The Company provides benefits to employees in the short term, which may include wages, salaries, annual compensation and bonuses payable within 12 months. SIGMA recognizes an undiscounted provision when it is contractually obligated or when past practice has created an obligation.

v. Employee participation in profits and bonuses

The Company recognizes a liability and an expense for bonuses and employee participation in profits when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the profit for the year after certain adjustments.

o. Provisions

Liability provisions represent a present legal obligation or a constructive obligation as a result of past events where an outflow of resources to meet the obligation is likely and where the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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 value of money over time and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions for legal claims are recognized when the Company has a present obligation (legal or assumed) as a result of past events, it is likely that an outflow of economic resources will be required to settle the obligation and the amount can be reasonably estimated.

A restructuring provision is recorded when the Company has developed a formal detailed plan for the restructure, and a valid expectation for the restructure has been created between the people affected, possibly for having started the plan implementation or for having announced its main characteristics to them.

p. Stock based compensation

The Company's compensation plans are based on the market value of shares of ALFA in favor of certain senior executives of SIGMA. The conditions for granting such compensation to the eligible executives include among other things, compliance with certain metrics such as the level of profit achieved, remaining in the Company for up to 5 years, etc. The Board of Directors has appointed a technical committee to manage the plan, and it reviews the estimated cash settlement of this compensation at the end of the year. The payment plan is always subject to the discretion of the senior management of ALFA. Adjustments to this estimate are charged or credited to the income statement.

The fair value of the amount payable to employees in respect of share-based payments which are settled in cash is recognized as an expense, with a corresponding increase in liabilities, over the period of service required. The liability is included under other liabilities and is adjusted at each reporting date and the settlement date. Any change in the fair value of the liability is recognized as compensation expense in the income statement.

q. Capital stock

SIGMA common shares are classified as capital stock within stockholders' equity. Incremental costs directly attributable to the issue of new shares are included in equity as a deduction from the consideration received, net of tax. The capital stock includes the effect of inflation recognized up to December 31, 1997.

r. Comprehensive income

Comprehensive income is composed of net income plus other capital reserves, net of taxes, which are integrated by the effects of translation of foreign subsidiaries, actuarial gains or losses and other items specifically required to be reflected in stockholders' equity and which do not constitute capital contributions, reductions or distributions.

s. Segment reporting

Segment information is presented consistently with the internal reporting provided to the chief executive who is the highest authority in operational decision-making, resource allocation and assessment of operating segment performance.

t. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the normal course of operations. Revenue is shown net of estimated customer returns, rebates and similar discounts and after eliminating intercompany sales.

The Company grants discounts and incentives to customers, which are recognized as a deduction from income or as selling expenses depending on their nature. These programs include customer discounts for sales of products based on: i) sales volume (usually recognized as a reduction of revenue) and ii) promotions in retail products (usually recognized as selling expenses).

Revenue from the sale of goods and products are recognized when all and each of the following conditions are met:

- The risks and rewards of ownership have been transferred
- The amount of revenue can be reliably measured
- It is likely that future economic benefits will flow to the Company
- The company retains no involvement associated with ownership nor effective control of the sold goods
- The costs incurred or to be incurred in respect of the transaction can be measured reasonably.

Dividend income from investments is recognized once the rights of shareholders to receive this payment have been established (when it is probable that the economic benefits will flow to the entity and the revenue can be reliably valued).

Interest income is recognized when it is likely that the economic benefits will flow to the entity and the amount of revenue can be reliably valued by applying the effective interest rate.

u. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the shareholders of the parent by the weighted average number of common shares outstanding during the year. There are no dilutive effects from financial instruments potentially convertible into shares.

v. Changes in accounting policy and disclosures

The following accounting policies were adopted by the Company beginning January 1, 2015 and did not have a material impact on the Company.

- Annual improvements to the IFRS - cycle 2010-2012 and cycle 2011-2013

- Defined benefit plans: Contributions - Changes to IAS 19

The adoption of these changes had no impact in the current period or any previous periods and it is not likely to affect future periods.

w. New accounting pronouncements effectives as of January 1, 2016

A new number of standards, amendments and interpretations to the accounting policies have been published, which are not effective for reporting periods at December 31, 2015, and have not been adopted in advance by the Company. The Company's assessment of the effects of these new standards and interpretations are detailed below.

IFRS 9 - "Financial instruments ", addresses the classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made additional changes to the classification and measurement rules and also introduced a new impairment model. These last changes now comprise the entire new financial instruments standard. Following the approved changes, the Company no longer expects any impact from the new rules of classification, measurement and decrease of its financial assets or liabilities. There will be no impact on the Company's accounting from financial liabilities, since the new requirements only affect financial liabilities at fair value through income and the Company has no such liabilities. The new hedge rules pair up the Company's hedge accounting and risk management. As a general rule, the hedge accounting will be much easier to apply since the standard introduces an approach based on principles. The new standard introduces extensive disclosure requirements and changes in presentation, which will continue to be assessed by the Company. The new impairment model is a model of expected credit losses; therefore, it would result in advance recognition of credit losses. The Company continues assessing how its hedge agreements and impairment provisions are affected by the new rules. The standard is effective for the periods beginning on or after January 1, 2018. Early adoption is allowed.

IFRS 15 - "Revenue from contracts with customers", is a new standard issued by the IASB for revenue recognition. This standard replaces IAS 18 "Revenues", IAS 11 "Construction contracts", as well as the interpretations to the aforementioned standards. The new standard is based on the fact that revenue should be recorded when the control over the good or different service is transferred to the customer, so that this control notion replaces the existing notion of risks and benefits.

The standard allows for a complete retrospective approach and a modified retrospective approach for its adoption. The Company is assessing which of the two approaches it can use and to date, it considers that the modified retrospective approach might be used for adoption. Under this approach the entities will recognize adjustments from the effect of initial application (January 1, 2018) in retained earnings in the financial statements at December 2018 without restating comparative periods, by applying the new rules to contracts effective as of January 1, 2018 or those that even when held in prior years continue to be effective at the date of initial application.

For disclosure purposes in the financial statements at 2018, the amounts of affected items must be disclosed, considering the application of the current revenue standard, as well as an explanation of the reason for the significant changes made.

The standard is effective for periods starting in or after January 1, 2018; however, its advance application is allowed.

IFRS 16 - "Leases". The IASB issued in January 2016 a new standard for lease accounting. This standard will replace current standard IAS 17, which classifies leases into financial and operating. IAS 17 identifies leases as financial in nature when the risks and benefits of an asset are transferred, and identifies the rest as operating leases. IFRS 16 eliminates the classification between financial and operating leases and requires the recognition of a liability showing future payments and assets for "right of use" in most leases. The IASB has included some exceptions in short-term leases and in low-value assets. The aforementioned amendments are applicable to the lease accounting of the lessee, while the lessor maintains similar conditions to those currently available. The most significant effect of the new requirements is shown in an increase in leasing assets and liabilities, also affecting the statement of income in depreciation expenses and financing of recorded assets and liabilities, respectively, and decreasing expenses relative to leases previously recognized as operating leases. At the date of issuance of these financial statements, the Company has not quantified the impact of the new requirements. The standard is effective for periods starting on or after January 1, 2019, allowing for the advance adoption if the IFRS 15 is also adopted.

There are no additional standards, amendments or interpretations issued but not effective that could have a significant effect on the Company.

Note 4 - Financial risks management:

4.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, interest rate risk on cash flows, and interest rate risk on fair values), credit risk and liquidity risk and inputs and products risk. The overall risk management program of the Company focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company constantly analyzes the impact of financial risk in order to determine the representative changes that can gradually be passed on the sales prices of their products and thereby achieve to hedge the risks from exchange rates and interest rates mainly.

The objective is to protect the financial health of the business considering the volatility associated to exchange rates and interest rates.

The parent company of SIGMA has a Risk Management Committee (RMC), constituted by the Committee's Chairman, the President, the Chief Financial Officer of the parent company and a top Risk Management officer of the parent company acting as technical secretary. The RMC supervises derivative transactions proposed by the subsidiaries of ALFA, among which is SIGMA, in which a worst case scenario analysis surpasses US$1 million.

This committee supports both the Chairman and the President of the parent company. All new derivative transactions which the Company proposes to enter into, as well as the renewal or cancellation of derivative arrangements, are required to be approved both by the subsidiary company, as well as by ALFA according to the following schedule of authorizations:

	Maximum Possible Loss US$ million	
	Individual Transaction	Annual Cumulative Transactions
Chief Executive Officer of SIGMA	1	5
ALFA Risk Management Committee	30	100
Finance Committee of ALFA's Board of Directors	100	300
ALFA Board of Directors	>100	>300

The proposed transactions must meet certain criteria, including that the hedges are lower than exposures, and that they are the result of a fundamental analysis and properly documented. Sensitivity analyses and other risk analyses should be performed before the operation is carried out.

(a) Market risk

(i) Exchange risk

The Company operates internationally and is exposed to foreign exchange risk, primarily related to the Mexican peso and the currencies other than the functional currency in which its subsidiaries operate. The Company is exposed to foreign exchange risk arising from future commercial transactions in assets and liabilities in foreign currencies and investments abroad.

The respective exchange rates of the Mexican pesos, the U.S. dollar and the euro, are very important factors for SIGMA by the effect they have on their performance. Moreover, in its determination, SIGMA has no interference. On the other hand, SIGMA estimated that 57% and 48% of its revenues are denominated in foreign currency, different to Mexican peso, either because they come from products that are exported from Mexico, or because of products that are manufactured and sold abroad.

For this reason, in the past, in times when the Mexican Peso has appreciated in real terms against other currencies such as the dollar, SIGMA profit margins have been increased. On the other hand, when the Mexican Peso has lost value, SIGMA profit margins have been reduced. However, although this factor correlation has appeared on several occasions in the close past, there is no assurance that it will happen again if the exchange rate between the Mexican Peso and other currencies fluctuate again.

The Company depends on imported inputs and has a debt in US dollars; therefore, its costs are exposed to exchange variation risks. A depreciation of the Mexican peso would negatively affect production costs, the service cost of debt and/or sales prices.

The cost of imported goods, denominated in US dollars and the euros, represent 50.6% and 50.0% of the production cost in Mexico. In this sense, a depreciation of the Mexican peso would increase the productions cost, affecting operation results of the Company. On the one hand, if the increase in production cost is absorbed, the operating margin would be reduced; on the other hand, if increase in the production cost is transferred to the consumer, sales would suffer a negative effect.

The Company has certain investments in foreign operations, the net assets of which are exposed to foreign currency exchange risk. The exposure of the currency arising from net assets from the Company's foreign transactions is mainly managed through loans denominated in the corresponding foreign currency.

At December 31, 2015 and 2014, if the exchange rate is seen increased / decreased by 5%, monetary position in foreign currency and non-monetary assets related to investments in foreign currencies would be modified at Ps2,301,876 and Ps1,957,091, respectively.

Based on the exposure of the exchange rate in general at December 31, 2015, a hypothetical variation of 5% in the exchange rate MXN/USD and maintaining all other variables constant, it would result in an impact on the statement of income amounting Ps1,326,317.

(ii) Price risk

The Company acquires inputs for its manufacturing process; therefore, its costs are exposed to variations in the prices of such inputs and services. Considerable increases in their prices would negatively affect operating margin and/or sales. On the one hand, if the increase is absorbed by the production cost, the operating margin would be reduced; on the other hand, if this increase is transferred to the final price, sales would suffer a negative impact.

Prices of the most important inputs for the Company, such as chicken, turkey, pork, dairy and fuel, are subject to international prices. The meat prices depend on the price of cereals, since these are used as food for the animals. When the price of cereals increases, the price of meat increases; therefore, the Company's inputs do too.

At December 31, 2015 and 2014, the Company had no input price hedging for their manufacturing process. Based on the exposure of inputs in general at December 31, 2015 and 2014, a hypothetical increase (decrease) of 10% in prices of inputs and all other variable constant, such as exchange rates, the increase (decrease) would affect the statements of income in the amount of Ps5,236,153 and Ps4,166,067, respectively.

(iii) Interest rate and cash flow risk

The interest rate risk for the Company arises from long-term loans. Loans at variable rates expose the Company to interest rate risk on cash flows that are partially offset by cash held at variable rates. Loans at fixed rates expose the Company to interest rate risk at fair value.

At December 31, 2015 and 2014, if interest rates on variable rate loans were increased or decreased by 10%, in interest expense would change results in Ps3,144 and Ps5,066, respectively.

(b) Credit risk

Credit risk is managed on a group basis, except for the credit risk related to accounts receivable balances. Each subsidiary is responsible for managing and analyzing credit risk for each of its new customers before setting the terms and conditions of payment. Credit risk is generated from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposure to customers, including receivables and committed transactions. If wholesale customers are rated independent, these are the ratings used. If there is no independent rating, the Company´s risk control group evaluates the creditworthiness of the customer, taking into account their financial position, past experience and other factors.

Individual risk limits are determined based on internal and external ratings in accordance with limits set by the Board. The use of credit risk is monitored regularly. Sales to retail customers are in cash or by credit card.

During 2015 and 2014, credit limits were not exceeded and management does not expect losses in excess of the impairment recognized in the corresponding periods.

The impairment provision for doubtful accounts represents estimated losses resulting from the inability of customers to make required payments. In determining the allowance for doubtful accounts, significant estimates have to be made. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by a review of their current credit information. In addition, the Company considers a number of factors to determine the size and appropriate timing for the recognition of allowances, including historical collection experience, customer base, current economic trends and the ageing of the accounts receivable portfolio.

(c) Liquidity risk

The projected cash flows are performed at each operating entity of the Company and subsequently, the finance department consolidates this information. The finance department of the Company continuously monitors the cash flow projections and liquidity requirements of the Company ensuring maintaining sufficient cash and investment with immediate implementation to meet operational needs, as well as to maintain some flexibility through open credit lines committed and uncommitted unused. The Company regularly monitors and makes decisions considering not violating the limits or covenants set forth in debt contracts. The projections consider financing plans of the Company, compliance with covenants, compliance with minimum liquidity ratios and internal legal or regulatory requirements.

The Company's treasury invests those funds in time deposits and marketable securities whose maturities or liquidity allow flexibility to meet the cash needs of the Company. At December 31, 2015 and 2014, the Company had time deposits of Ps4,840,531 and Ps3,925,682, respectively, which are considered sufficient to adequately manage liquidity risk.

The table analyzes the financial liabilities of the Company, grouped according to their maturity, as of the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are required to understand the timing of cash flows of the Company. The amounts disclosed in the table are contractual undiscounted cash flows.

The details of financial liabilities maturities at December 31, 2015 and 2014, are as follows [(1)]:

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
At December 31, 2015				
Suppliers and other accounts payable	Ps 20,225,792	Ps -	Ps -	Ps -
Bank loans	2,107,437	15,941,292	-	-
Senior Notes	-	7,718,191	4,261,881	9,351,750
Stock certificates	-	1,668,295	-	-
Financial lease	19,575	40,159	17,974	55,176
Accrued interest payable from bank Loans, Senior Notes and stock certificates	1,421,230	2,646,142	962,622	473,432
Other current and non-current liabilities (2)	109,860	145,895	34,515	148,850

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
At December 31, 2014				
Suppliers and other accounts payable	Ps 18,055,838	Ps -	Ps -	Ps -
Bank loans	858,548	900,187	9,225,701	-
Senior Notes	218,260	8,962,440	10,181,484	-
Stock certificates	63,701	-	1,654,534	-
Financial lease	-	39,461	89,722	-
Accrued interest payable from bank Loans, Senior Notes and stock certificates	1,577,636	2,360,050	928,373	-
Other current and non-current liabilities (2)	44,661	78,431	56,522	118,444

(1) The amounts included are undiscounted contractual cash flows; therefore, they differ from the amounts included in the consolidated financial statement and in Note 16.

(2) The amounts included employees' benefits, share-based payments, accounts payable of related party and notes payable, see Note 19.

SIGMA expects to meet its obligations with cash flows generated by operations. Additionally SIGMA has access to credit lines with various banks to meet possible requirements.

4.2 Equity risk management

The Company's objectives when managing equity are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure so as to reduce the cost of equity.

To maintain or adjust the equity structure, the Company may adjust the amount of dividends paid to shareholders, return equity to shareholders, issue new shares or sell assets to reduce debt.

SIGMA monitors capital based on the degree of leverage. This percentage is calculated by dividing the total liabilities by total capital.

The financial ratio of total liabilities/total equity (expressed in times multiple) was 4.79 and 3.48 as of December 31, 2015 and 2014, respectively.

4.3 Fair value estimation

The following is an analysis of financial instruments measured by the fair value valuation method. The 3 different levels used are presented below:

- Level 1: Quoted prices for identical instruments in active markets.

- Level 2: Other valuations including quoted prices for similar instruments in active markets that are directly or indirectly observable.

- Level 3: Valuations made through techniques in which one or more of its significant data are not observable.

At December 31, 2015 and 2014 SIGMA has no assets or liabilities measured at fair value.

There are no transfers between Levels 1 and 2, or between Levels 2 and 3 in the reported periods.

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is considered active if quoted prices are clearly and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regular market transactions at arm-length conditions. The trading price used for financial assets held by SIGMA is the current bid price.

Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data when available and relies as little as possible on estimates specific to the Company. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is classified at Level 2.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is categorized in Level 3.

Specific valuation techniques used to value financial instruments include:

- Market quotations or offers from retailers for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of forward exchange contracts determined using the exchange rates on the balance sheet date, with the resulting value discounted to present value.
- Other techniques, such as the analysis of discounted cash flows, which is used to determine fair value for the remaining financial instruments.

Note 5 - Critical accounting estimates and judgments:

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the established accounting policy (see Note 12). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. At December 31, 2015 if income before taxes increases/decreases by 5%, income tax will be increased/decreased by Ps118,442.

(c) Pension benefits

The present value of the pension obligations depends on the number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest according to IAS 19 "Employees' benefits" that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

(d) Long-lived assets

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. Were technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the value of the assets. The Company reviews assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the value in books may not be recovered during the remaining useful life of the assets.

To evaluate the impairment, the Company uses cash flows, which consider the administrative estimates for future transactions, including estimates for revenues, costs, operating expenses, capital expenses and debt service. In according with IFRS, if an assessment is required, future discounted cash flows associated to an asset, would be compared to the value in books of the asset to determine if an assets is impaired. In this case, the asset is reduced to its fair value. Based on the analysis of Company's cash flow, there was no impairment at December 31, 2015 and 2014.

5.2 Critical judgments in the application of accounting policies of the Company.

(a) Revenue recognition

The Company has recognized revenues of Ps93,567,683 from the sale of goods to third parties during 2015. The clients have the right to return the products if not satisfied. The Company believes that, based on previous experience in similar sales, the dissatisfaction rate and maturity shall not exceed 1%. Consequently, the Company has recognized revenues from this transactions with the corresponding provision against revenues from the estimate of returns. If the estimate changes by 10%, the revenues will be decreased/increased by Ps93,567.

(b) Recognition of deferred tax assets

SIGMA alone has tax losses to be applied derived mainly from exchange losses of the debt in US dollars originated during 2015 and 2014, which can be used in the following years and their maturity begins in 2024.

Based on the projections of tax revenues and gains to be obtained by SIGMA alone in the following years through a structured and solid business plan, including new services to be rendered to the Company's entities, increase in the collection of royalties, among others, to be executed as of 2016, management has considered using current tax losses before they expire. Therefore, it has been deemed adequate to record a deferred tax asset for those losses.

Note 6 - Cash and cash equivalents:

Cash and cash equivalents shown in the statement of the financial position, are comprised as follows:

	At December 31,	
	2015	2014
Cash at bank and on hand	Ps 3,607,563	Ps 986,330
Short term bank deposits	4,840,531	3,925,682
Cash and cash equivalents	Ps 8,448,094	Ps 4,912,012

Nota 7 - Restricted cash

At December 31, the value of restricted cash and cash equivalents are composed as follows:

	2015	2014
Current	Ps 137,644	Ps 110,385
Non-current	77,429	44,154
Restricted cash and cash equivalents	Ps 215,073	Ps 154,539

Restricted cash constitutes a guarantee deposit in favor of SIGMA held with the former shareholders of JURIS and Ecarni (see Note 2c and 2d). Restricted cash will be released once the purchase price allocation is concluded and once the titles certifying the recording of the acquisition before the intellectual property institute of Ecuador have been issued. During 2015, the requirements to cease being filed as restricted cash have not been fulfilled. At December 31, 2015 the restricted cash related to the operation of Juris and of Ecarni amounts to $137,644 and $77,429, respectively.

Note 8 - Trade and other accounts receivable - Net:

	2015	2014
Trade	Ps 6,275,039	Ps 4,410,154
Accounts receivable from brokerage	-	346,086
Provision for impairment of trade receivables	(419,214)	(389,865)
Clients, net	5,855,825	4,366,375
Accounts receivable from related parties (Note 29)	21,953	49,222
Value-added tax recoverable	1,573,920	1,356,252
Interest receivable	1,341	681
Other debtors:		
Short-term notes receivable	131,146	144,126
Sundry debtors	291,199	836,670
	Ps 7,875,384	Ps 6,753,326

Trade and other receivables include due balances unimpaired of Ps903,935 and Ps704,548 at December 31, 2015 and 2014, respectively.

The aging analysis of balances due from trade and other receivables not impaired is as follows:

	At December 31,	
	2015	2014
1 to 30 days	Ps 717,472	Ps 478,902
30 to 90 days	107,662	135,240
90 to 180 days	22,010	63,803
More than 180 days	56,791	26,603
	Ps 903,935	Ps 704,548

At December 31, 2015 and 2014, trade and other accounts receivable of Ps6,301,464 and Ps5,397,074, respectively have an impairment provision (represented by customers and sundry debtors). The amount of the impairment provision at December 31, 2015 and 2014 amounts to Ps419,214 and Ps389,865, respectively. Trade and other accounts receivable impaired correspond mainly to companies going through difficult economic situations. Part of the impaired accounts are expected to be recovered

Movements in the provision for impairment of customers and other receivables are analyzed as follows:

	2015	2014
Opening balance (January 1)	Ps 389,865	Ps 79,822
Provision for impairment of trade receivables	75,982	85,522
Increase from acquisitions (Note 2)	2,079	276,987
Trade receivables written-off during the year	(48,712)	(52,466)
Ending balance (December 31)	Ps 419,214	Ps 389,865

Increases in the provision for impairment of customers and other receivables are recorded in the statement of income under sales expenses.

Note 9 - Inventories:

	At December 31,	
	2015	2014
Finished goods	Ps 3,383,127	Ps 2,618,851
Raw material and other consumable	4,574,516	3,720,166
Work in progress	4,061,326	4,110,371
	Ps 12,018,969	Ps 10,449,388

The cost of inventories recognized as an expense and included in "cost of sales" amounted to Ps52,631,532 and Ps41,660,676 for 2015 and 2014, respectively.

In the years ended on December 31, 2015 and 2014, damaged, slow-moving and obsolete inventory was charged to cost of sales in the amount of Ps24,542 and Ps112,056, respectively.

At December 31, 2015 and 2014, there were no inventories pledged.

Note 10 - Financial instruments:

a. Financial instruments by category

At December 31, accounts receivable and liabilities at amortized cost are analyzed as follows:

	2015	2014
Financial assets:		
Cash and cash equivalents	Ps 8,448,094	Ps 4,912,012
Restricted cash	215,073	154,539
Trade and other receivable	6,301,464	5,397,074
Prepaid expenses	327,808	435,329
Other non-current asset	1,031,171	940,365
	Ps 16,323,610	Ps 11,839,319
Financial liabilities		
Debt (Note 16)	Ps 41,298,592	Ps 32,194,037
Suppliers and other accounts payable	20,225,792	18,055,838
Other non-current liability	442,689	298,058
	Ps 61,967,073	Ps 50,547,933

b. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	At December 31,	
	2015	2014
Counterparties with external credit rating		
"A"	Ps 1,241,132	Ps 539,633
"BBB+"	81,490	165,594
Other categories	164,339	132,935
	Ps 1,486,961	Ps 838,162
Counterparties without external credit rating		
"Clients type Y"	Ps 4,814,503	Ps 4,558,912
Total accounts receivable not impaired	Ps 6,301,464	Ps 5,397,074

	At December 31,	
	2015	2014
Cash and cash equivalents, Except for petty cash		
"A"	Ps 1,738,778	Ps 224,956
"A+"	1,627,281	515,492
"BBB"	3,408,168	2,756,856
"BB"	438,992	233,624
"BB+"	518,786	576,437
Other categories	30,681	18,824
Not rated	685,408	585,823
	Ps 8,448,094	Ps 4,912,012

Group Y - clients/current related parties (less than 12 months) with no past lack of compliance.

Other categories - Mainly Banco Mercantil del Norte, S. A. Institución de Banca Múltiple Grupo Financiero Banorte and local Banks of foreign entities.

Not Rated - relate mainly to bank balances of subsidiaries that are within the segment "other countries" which have no external rating and which have not presented non-compliance in the past for disposal of cash.

c. Fair value of financial assets and liabilities

The amounts of cash and cash equivalents, restricted cash, customers and other receivables, other current assets, suppliers and other payables, outstanding debt, provisions and other current liabilities approximate their fair value due to their short maturity. The carrying value of these accounts represents the expected cash flow.

The carrying value and estimated fair value of financial assets and financial liabilities carried at amortized cost are as follows (in millions of Mexican pesos):

	At December 31, 2015		At December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Related parties	Ps 260	Ps 265	Ps 265	Ps 278
Financial liabilities:				
Non-current debt	38,885	39,964	31,053	31,075

At December 31, 2015 and 2014, the weighted average discount rate to determine the fair value of financial assets amounted to 2.5% and 4.86%, respectively.

The estimated fair values were determined based on discounted cash flows. These fair values do not consider the current portion of financial assets and liabilities due the current portion approximates their fair value. This is a level 3 fair value measurement.

Note 11 - Property, plant and equipment, net:

	Land	Buildings and constructions	Machinery and equipment	Transportation equipment	Furniture, Lab equipment and information technology	Tooling and spare parts	Construction in process	Leasehold improvements	Other fixed assets	Total
For the year ended December 31, 2014										
Opening net book value	Ps 1,218,286	Ps 2,740,676	Ps 4,462,767	Ps 1,120,371	Ps 216,038	Ps 54,667	Ps 658,420	Ps 234,079	Ps 302	Ps 10,705,606
Exchange differences	30,470	163,604	194,896	7,824	9,799	692	9,250	219	31	416,785
Additions	193,595	383,533	995,021	100,216	100,040	7,345	739,959	17,579	-	2,537,288
Additions from business combinations (Note 2)	1,524,440	5,334,249	6,694,421	29,536	97,639	-	826,763	-	-	14,507,048
Disposals	(130,399)	(184,897)	(1,489,416)	(28,734)	19,977	(2,817)	(487,360)	(60,611)	-	(2,364,257)
Transfers	(163,229)	(50,359)	851,611	53,365	48,612	-	(759,826)	19,898	(72)	-
Depreciation charges of the year	-	(297,221)	(999,867)	(247,585)	(116,628)	-	-	(20,835)	(205)	(1,682,341)
Balances at December 31, 2014	2,673,163	8,089,585	10,709,433	1,034,993	375,477	59,887	987,206	190,329	56	24,120,129
At December 31, 2014										
Cost	2,673,163	11,313,009	22,619,520	2,605,453	1,660,691	59,887	987,206	350,080	680	42,269,689
Accumulated depreciation	-	(3,223,424)	(11,910,087)	(1,570,460)	(1,285,214)	-	-	(159,751)	(624)	(18,149,560)
Net balances at December 31, 2014	Ps 2,673,163	Ps 8,089,585	Ps 10,709,433	Ps 1,034,993	Ps 375,477	Ps 59,887	Ps 987,206	Ps 190,329	Ps 56	Ps 24,120,129
For the year ended December 31, 2015										
Opening net book value	Ps 2,673,163	Ps 8,089,585	Ps 10,709,433	Ps 1,034,993	Ps 375,477	Ps 59,887	Ps 987,206	Ps 190,329	Ps 56	Ps 24,120,129
Exchange differences	117,145	396,687	559,880	18,953	25,676	1,535	60,374	378	41	1,180,669
Additions	41,828	109,061	1,393,714	471,976	79,031	5,994	1,746,087	22,536	9	3,870,236
Additions from business combinations (Note 2)	62,640	77,294	123,451	23,773	18,505	-	53,560	10,546	-	369,769
Disposals	(4,074)	(296,879)	(117,066)	(12,895)	(15,176)	(4,274)	(145,138)	(2,473)	274	(597,701)
Transfers	(35,517)	187,117	657,094	50,152	116,086	-	(971,741)	(3,291)	100	-
Depreciation charges of the year	-	(395,464)	(1,529,027)	(266,632)	(138,807)	1	-	(15,048)	(69)	(2,345,046)
Balances at December 31, 2015	2,855,185	8,167,401	11,797,479	1,320,320	460,792	63,143	1,730,348	202,977	411	26,598,056
At December 31, 2015										
Cost	2,855,185	11,972,258	25,689,317	3,140,603	1,726,827	63,143	1,730,348	377,560	1,201	47,556,442
Accumulated depreciation	-	(3,804,857)	(13,891,838)	(1,820,283)	(1,266,035)	-	-	(174,583)	(790)	(20,958,386)
Net balances at December 31, 2015	Ps 2,855,185	Ps 8,167,401	Ps 11,797,479	Ps 1,320,320	Ps 460,792	Ps 63,143	Ps 1,730,348	Ps 202,977	Ps 411	Ps 26,598,056

At December 31, 2015 and 2014 there are acquisitions of property, plant and equipment that required no cash flows, since they were made on credit amounting to Ps364,715 and Ps381,619, respectively.

From depreciation expense, Ps2,345,046 and Ps1,682,341, have been charged in cost of sales Ps1,697,678 and Ps1,127,401, in sales expense Ps488,585 and Ps419,826, and in administrative expenses Ps158,783 and Ps135,114, in 2015 and 2014, respectively.

At December 31, 2015, there aren't liabilities guaranteed with property, machinery and equipment. At December 31, 2014, there are liabilities for a total amount of Ps54,074, guaranteed with property, machinery and equipment for US$120,861 (US$8,212).

At December 31, 2015 and 2014, the Company has no capitalization of costs from loans.

At December 31, assets under finance leases comprise the following amounts in which the Company is the lessee:

	2015	2014
Cost - capitalized financial lease	$ 211,324	$195,637
Accumulated depreciation	(76,869)	(59,216)
Carrying value, net	$ 134,455	$136,421

The Company has entered into various non-cancellable lease agreements as lessee. The lease terms are between 2 and 3 years, and the ownership of the assets lies with the Company.

Note 12 - Goodwill and intangible assets:

	Finite life			indefinite life			
	Development Cost	Customer relationships	Software licenses and other	Goodwill	Trademarks	Other	Total
Cost							
At January 1, 2014	Ps 474,670	Ps 1,210,187	Ps 141,098	Ps 5,987,694	Ps2,752,096	Ps 82,681	Ps 10,648,426
Exchange differences	332	-	20,941	100,637	64,650	-	186,560
Additions due to business Combinations (Note 2)	70	-	1,172,953	2,815,225	7,298,889	-	11,287,137
Additions	3,112	1,500	152,634	-	12,336	-	169,582
Disposals	-	-	(24,367)	-	-		(24,367)
Reclassification ComNor	-	140,259	58,673	(229,152)	89,900	-	59,680
At December 31, 2014	Ps 478,184	Ps 1,351,946	Ps 1,521,932	Ps 8,674,404	Ps10,217,871	Ps 82,681	Ps 22,327,018
Exchange differences	67	244,884	117,800	483,250	679,009	-	1,525,010
Additions due to business Combinations (Note 2)	855	167,524	140,063	562,610	58,734	-	929,786
Additions	149	-	136,959	-	-	-	137,108
Disposals	-	-	(24,110)	-	-		(24,110)
Reclassification Juris (Note 2)	-	61,107	61,423	(181,442)	49,246	-	(9,666)
At December 31, 2015	Ps 479,255	Ps 1,825,461	Ps 1,954,067	Ps 9,538,822	Ps 11,004,860	Ps 82,681	Ps 24,885,146
Accumulated amortization							
At January 1, 2014	(Ps 349,071)	(Ps 287,440)	(Ps 25,859)	Ps -	Ps -	Ps -	(Ps 662,370)
Amortization	(1,978)	(88,083)	(138,328)	-	-	-	(228,389)
Exchange differences	(256)	(45,385)	(12,586)	-	-	-	(58,227)
At December 31, 2014	(Ps 351,305)	(Ps 420,908)	(Ps 176,773)	Ps -	Ps -	Ps -	(Ps 948,986)
Amortization	(2,250)	(145,924)	(336,347)	-	-	-	(484,521)
Exchange differences	(906)	(107,189)	(100,222)	-	-	-	(208,317)
At December 31, 2015	(Ps 354,461)	(Ps 674,021)	(Ps 613,342)	Ps -	Ps -	Ps -	(Ps 1,641,824)
Net book value							
Cost	478,184	1,351,946	1,521,932	8,674,404	10,217,871	82,681	22,327,018
Accumulated amortization and impairment	(351,305)	(420,908)	(176,773)	-	-	-	(948,986)
At December 31, 2014	Ps 126,879	Ps 931,038	Ps 1,345,159	Ps 8,674,404	Ps 10,217,871	Ps 82,681	Ps 21,378,032
Cost	479,255	1,825,461	1,954,067	9,538,822	11,004,860	82,681	24,885,146
Accumulated amortization and impairment	(354,461)	(674,021)	(613,342)	-	-	-	(1,641,824)
At December 31, 2015	Ps 124,794	Ps 1,151,440	Ps 1,340,725	Ps 9,538,822	Ps 11,004,860	Ps 82,681	Ps 23,243,322

Other intangible assets consist of: Market development, non-compete agreemenst and intellectual property rights.

From amortization expense, Ps484,521 and Ps228,389, have been charged in cost of sales Ps16,192 and Ps5,214, in sales expense Ps193,847 and Ps149,027, in administrative expenses Ps274,482 and Ps74,148, in 2015 and 2014, respectively.

Goodwill was increased in 2015 for the acquisition of PACSA, Ecarni and the settings of the final valuation of Juris acquisition in 2014 (see Note 2).

Impairment testing of goodwill

Goodwill is allocated to operating segments that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquire entity are assigned to those units or groups of units, as follows:

	December 31,	
	2015	2014
México	Ps 1,783,553	Ps 1,492,595
USA	4,175,480	4,004,263
Europe	2,210,259	2,118,569
Other segments	1,369,530	1,058,977
	Ps 9,538,822	Ps 8,674,404

The estimated gross margin has been budgeted for based on past performance and on market development expectations. The growth rate used is consistent with the projections included in industry reports. The discount rate used is before taxes and reflects the specific risks related to the Company's operations.

The amount of recovery of the operating segments has been determined based on the calculations of the values in use. These calculations use cash flow projections based on pretax financial budgets approved by management covering a period of five years.

The key assumptions used in calculating the value in use in 2015 and 2014 are as follows:

	2015			
	México	USA	Europe	Other segments
Estimated gross margin	34.8%	30.3%	20.6%	16.9%
Growth rate	6.8%	12.9%	2.0%	7.3%
Discount rate	10.0%	7.9%	8.7%	13.6%

	2014			
	México	USA	Europe	Other segments
Estimated gross margin	35.9%	24.4%	27.3%	22.3%
Growth rate	9.9%	6.1%	2%	10.4%
Discount rate	10.1%	8.5%	7.6%	11.1%

Regarding the calculation of the value in use of the operating segments, SIGMA Management considers that a possible change in the key assumptions used, would not cause the carrying value of the operating segments to materially exceed its value in use.

Note 13 - Investments accounted for using the equity method and others:

	December 31, 2015	December 31, 2014
Long-term related parties (Note 29)	Ps 259,599	Ps 264,627
Long-term notes receivable	734,484	642,992
Investment in shares of associates [1]	808,650	755,812
Other non-current asset	37,088	32,746
Total other non-current assets	Ps 1,839,821	Ps 1,696,177

[1] Since June 2014, the Company consolidates Campofrío; therefore, it no longer uses the equity method for this investment. See Note 2(a) for more information.

Investment in associates

The change in investment in associates is as follows:

	2015	2014
Balance at January 1,	Ps 755,812	Ps 5,716,336
Equity method	(401,413)	(249,040)
Payment of commitments (i)	454,251	-
Associates from Campofrio (Note 2a)	-	943,598
Acquisitions and takeover (Note 2 a)	-	(5,655,082)
Balance at December 31,	Ps 808,650	Ps 755,812

(i) Campofrío decided to divest in its associate Jean Caby through the transfer of its equity at the price of one euro to Foxlease Food, unrelated entity owning 51% of the rest of Grupo Jean Caby's capital. The operation has led to giving up the net debit position that grupo Campofrío held before Grupo Jean Caby fully provisioned in prior years, as well as the contribution of additional resources of $454,251. Additionally, Campofrío reserves the right to receive 33% of the net benefits derived from the possible sale of fixed assets owned by Grupo Jean Caby.

The accumulated summarized financial information for associates of the group accounted for by the equity method, not considered material, is as follows.

	2015	2014
Operating losses	(Ps 604,239)	(Ps282,092)
Other items of comprehensive income	-	-
Comprehensive loss	(604,239)	(282,092)
Investment in associates at December 31	808,650	755,812

There are no contingent liabilities related to the investment of the group in the associates.

Nota 14 - Subsidiaries with significant non-controlling interest:

The non-controlling interest for the year ended December 31, 2015 and 2014 is integrated as follows:

	Non-controlling ownership percentage	Non-controlling interest income for the period		Non-controlling interest at December 31,	
		2015	2014	2015	2014
Campofrío [1]	4.51% y42.48%	(Ps 25,003)	Ps94,668	Ps 499,625	Ps3,470,657

[1] See Note 2a

The summarized consolidated financial information at December 31, 2015 and 2014 and for the year then ended, corresponding to each subsidiary with a significant non-controlling interest is shown below:

Statement of financial position	2015	2014
Current assets	Ps 14,662,981	Ps11,750,466
Non-current assets	23,700,980	22,073,774
Current liabilities	(14,264,619)	(13,421,366)
Non-current liabilities	(13,021,189)	(12,232,779)
Stockholders' equity	(11,078,153)	(8,170,095)
Statement of income		
Revenues	33,891,850	17,571,889
Net profit	2,580,835	222,852
Comprehensive income for the year	2,615,040	275,891
Cash flows		
Cash flows from operating activities	6,100,477	1,963,728
Net cash used from investments activities	(1,901,988)	2,277,436
Net cash used from financing activities	(1,496,130)	(904,284)
Net increase in cash and cash equivalents	2,702,359	3,318,217

The information above does not include the elimination of intercompany balances and transactions.

Note 15 - Suppliers and other accounts payable:

	At December 31,	
	2015	2014
Trade	Ps 15,915,434	Ps 14,061,702
Taxes and withholdings payable	1,039,622	1,096,979
Annual performance liabilities	81,439	70,650
Short-term employee benefits	1,419,475	1,253,060
Other accounts payable and accrued expenses	1,769,822	1,573,447
	Ps 20,225,792	Ps 18,055,838

Note 16 - Debt:

	At December 31,	
	2015	2014
Current:		
Bank loans (1)	Ps 126,168	Ps 280,457
Current portion of non-current debt	2,287,009	860,051
Current debt	Ps 2,413,177	Ps 1,140,508

	At December 31,	
	2015	2014
Non-current:		
In dollars:		
Senior Notes (b)	Ps 12,065,004	Ps 10,279,361
Unsecured bank loans (a)	17,925,218	10,106,924
Unsecured bank loans	-	50,436
In euros:		
Senior Notes (b)	9,314,155	9,085,258
Unsecured bank loans	2,522	540,545
Finance leases	132,885	129,183
In Mexican pesos:		
Unsecured stock certificates (c)	1,732,640	1,718,235
In Peruvian Soles:		
Secured bank loans	-	3,638
	41,172,424	31,913,580
Less: Current portion of non-current debt	(2,287,009)	(860,051)
Non-current debt (2)	Ps 38,885,415	Ps 31,053,529

(1) At December 31, 2015 and 2014, bank loans and current notes payable caused interest at an average rate of 1.82% and 3.12%, respectively.

The fair value of bank loans and current notes payable approximate their current book value, as the impact of discounting is not significant.

(2) The carrying amounts, terms and conditions of non-current debt are as follows:

Description	Currency	Balance at December 31, 2015	Balance December 31, 2014	Maturity date DD/MM/YYYY	Interest rate	Interest effective rate
Market (b) Fixed rate	USD	Ps 7,802,448	Ps 6,651,165	14/12/2018	5.625%	5.764%
Market (b) Fixed rate	USD	4,262,556	3,628,196	16/12/2019	6.087%	6.352%
Market (b) Fixed rate	EUR	9,314,155	9,085,258	13/03/2022	3.375%	3.658%
Total Senior Notes		21,379,159	19,364,619			
Peru loans Fixed rate	SOL	-	3,638	01/03/2016	7.38%	7.38%
Ecuador loan Fixed rate	USD	-	12,370	23/10/2015	9.76%	9.76%
Ecuador loan Fixed rate	USD	-	4,013	15/04/2015	8.95%	8.95%
Ecuador loan Fixed rate	USD	-	34,053	15/04/2015	8.90%	8.90%
Total secured bank loans		-	54,074			
Syndicated loan (a) variable rate	USD	516,449	441,540	20/06/2016	1.47%	1.47%
Syndicated loan (a) variable rate	USD	516,610	441,540	20/06/2016	1.47%	1.47%
Syndicated loan (a) variable rate	USD	16,892,159	9,223,844	13/11/2018	1.47%	1.47%
Syndicated loan variable rate	EUR	-	535,583	01/10/2015	2.95%	2.95%
Syndicated loan variable rate	EUR	2,522	4,962	31/12/2016	2.00%	2.00%
Total unsecured bank loans		17,927,740	10,647,469			
SIGMA 08 (c) Fixed rate	MXN	1,047,833	1,047,549	12/07/2018	10.25%	10.25%
SIGMA 08U (c) Fixed rate	MXN	684,807	670,686	12/07/2018	5.32%	5.32%
Total unsecured stock certificates (c)		1,732,640	1,718,235			
Finance leases	EUR	132,885	129,183			
TOTAL		Ps 41,172,424	Ps 31,913,580			

At December 31, 2015, the annual maturities of non-current debt are as follows:

	2017	2018	2019	2020 onwards	Total
Bank loans	Ps 7,970,646	Ps 7,970,646	Ps -	Ps -	Ps 15,941,292
Senior Notes	-	7,698,403	4,242,017	9,222,099	21,162,519
Stock certificates	-	1,668,295	-	-	1,668,295
Finance leases	21,115	19,044	17,974	55,176	113,309
	Ps 7,991,761	Ps 17,356,388	Ps 4,259,991	Ps 9,277,275	Ps 38,885,415

At December 31, 2015 and 2014, the Company has contractual credit lines unused for a total of Ps1,720,650 (US$100,000) and Ps5,608,000 (€232,237 and US$100,000), respectively.

Relevant debt transactions:

(a) On June 15, 2015 Sigma requested a loan agreement from The Bank of Tokyo-Mitsubishi UFJ, LTD, in the amount of US$355,000 to acquire 37% of the rest of the shares of Campofrío (see Note 2). The loan bears quarterly interest. For the first year, the rate corresponding to LIBOR plus 0.50% for the second year, LIBOR plus 0.90% and for the third year onwards LIBOR plus 1.25% with three amortizations in December 2016 (US$55,000), September 2017 (US$150,000) and June 2018 (US$150,000). The outstanding balance at December 31, 2015 is $6,108,307 (US$355,000).

On November 13, 2013, SIGMA obtained a syndicated loan with the Bank of Tokyo-Mitsubishi UFJ, Ltd. as global coordinator and administrative agent together with a group of banks (the "Syndicated Loan") for the amount of up to US$1,000,000 maturing on November 13,.2018, with four equal repayments in May 2017, November 2017, May 2018 and November 2018 (US$301,469 had been used as at December 31, 2013). Syndicated Loan interest will be payable monthly at LIBOR plus 1.250% of surtax. The proceeds of the syndicated loan are being used by the Company to complete the acquisition of Campofrío Food Group, SA ("Campofrío"). At December 31, 2015, the balance of this portion amounted to Ps 5,187,228.

On May 12, 2014 the Company requested an additional amount to Bank of Tokyo-Mitsubishi UFJ, LTD (Agent Bank), in the amount of US$ 325,000. The loan bears interest monthly based on LIBOR plus 1.25% per year, with four equal installments in May 2017, November 2017, May 2018 and November 2018, maturing on November 13, 2018. At December 31, 2015, the balance this portion amounted to Ps 5,592,113.

On June 20, 2013, the Company entered into an unsecured loan with Rabobank Nederland for an amount of U.S.$30,000. The loan accrues interest monthly based on LIBOR plus 1.20% annually, maturing on June 20, 2016. As of December 31, 2015, the balance amounted to Ps 516,195.

On June 21, 2013, the Company entered into an unsecured loan with The Bank of Tokyo-Mitsubishi UFJ, Ltd. for an amount of U.S.$30,000. The loan accrues interest monthly based on LIBOR plus 1.20% annually, maturing on June 17, 2016. As of December 31, 2015, the balance amounted to Ps516,195.

(b) On March 3, 2015, Campofrío issued a bonus in the amount of €500,000 in the international market regulated by standard 144A, Reg-S. The issued bonus shall be settled in 7 years with an interest rate of 3.375%. The bonus was used to refinance the bonus issued in 2009 by Campofrío. Interest is paid semi-annually in March and September. At Dece,mber 31, 2015, the balance amounted to $9,351,750. Costs and expenses, including the premium, placement promotions and discounts of this issuance, which amounted to $129,651 at December 31, 2015 are amortized together with the loan based on the effective interest rate method.

On April 14, 2011 SIGMA completed the issuance of Senior Notes for a nominal amount of US$450 million (US$250 million in 2009) with a single maturity at December 14, 2018 (and at December 16, 2019 for the first issuance). Interests from the Senior Notes will be payable half-yearly at annual 5.625% (6.875% for the first issuance) starting October 14, 2011 onwards.

These Senior Notes were placed in private offerings pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933; these Senior Notes are unconditionally guaranteed on an unsubordinated basis by certain subsidiaries of SIGMA joint obligation.

The Senior Notes were initially issued at a price equivalent equal to 99.163% (98.059% in 2009) of their nominal value to produce a yield to the investor of 5.73% (7.10% for 2009). At December 31, 2015 and 2014, the balance of the Senior Notes amounts to US$700 million in both years (Ps11,980,072 and Ps10,232,540 in 2015, 2014, respectively). The net resources received from the Senior Notes amounted to US$446.2 million (US$245.1 million in 2009) net of the unamortized discount in the amount of US$3.8 million and (US$4.9 million in 2009). Additionally, the issuance of Senior Notes originated issuance costs and expenses in the amount of approximately US$3.6 million (US$3.4 million in 2009). The costs and expenses of the issue, including the discount in the placement of the Senior Notes, are presented net of debt and amortized along with the loan based on the method of effective interest rate.

The Senior Notes can be paid in advance at the Company's option, total or partially at any time, at a price of amortization equal to the greatest of any of the following: (i) 100% of the principal amount; or (ii) the sum of the net present value of each payment of principal and interest payable (excluding interest accrued at the amortization date) discounted at the amortization date half-yearly at a rate equal to the sum of the rate of the US treasury plus 0.40%, (0.50% in 2009) plus the accrued interest unpaid at the amortization date. In case of a change in the control structure of the Company together with a reduction in the international credit rating under the investment degree, the holders of the Senior Notes will have the right to demand from the Company the repurchase of obligations at a price equal to 101% of the principal amount plus unpaid interest accrued.

The proceeds from the issuance of Senior Notes were fully used by the Company to pay in advance the short and long-term bank loans.

Costs and expenses, including the premium, prizes and discounts from the placement of this new issuance, which at December 31, 2015 and 2014 amounted to Ps39,652 and Ps51,056, respectively, they amortized along with the loan based on the method of effective interest rate.

With the acquisition of Campofrio, SIGMA assumed certain obligations relating to the debt to the Company. The amount of these obligations is Ps 9,042,788 which mainly consists of an issue of non-convertible bonds in 2009 for a nominal amount of € 500,000 and an interest rate of 8.250% maturing on October 31, 2016. See Note 2a.

(c) On July 24, 2008, SIGMA issued debt certificates of Ps1,000,000 and 500,000 UDIs (Investment Units) with a maturity in 2018, at a fixed interest rates of 10.25% and 5.32%, respectively.

Covenants:

Loan contracts and debt agreements contain restrictions, primarily relating to compliance with financial ratios, incurring additional debt or making loans that require mortgaging assets, dividend payments and submission of financial information, which if not met or remedied within a specified period to the satisfaction of creditors may cause the debt to become payable immediately.

Financial ratios to be fulfilled include the following:

a) Interest coverage ratio: which is defined as EBITDA for the period of the last four complete quarters divided by financial expenses, net or gross as appropriate, for the last four quarters, which shall not be less than 3.0 times.

b) Leverage ratio: which is defined as consolidated debt at that date, being the gross debt or net debt appropriate, divided by EBITDA for the period of the last four complete quarters, which shall not be more than 3.5 times.

During 2015 and 2014, the financial ratios were calculated according to the formulas set out in the loan agreements.

Currently, the Company is in compliance with all obligations and covenants contained in the credit agreements of its subsidiaries; such obligations, among other conditions and subject to certain exceptions, require or limit the ability of the subsidiaries to:

- Provide certain financial information;
- Maintain books and records;
- Maintain assets in appropriate conditions;
- Comply with applicable laws, rules and regulations;
- Incur additional indebtedness;
- Pay dividends;
- Grant liens on assets;
- Enter into transactions with affiliates;
- Perform a consolidation, merger or sale of assets, and
- Carry out sale and lease-back operations

At December 31, 2015 and 2014 and the date of issuance of these financial statements, the Company and its subsidiaries complied satisfactorily with such covenants and restrictions.

Pledge assets:

At December 31, 2014, there are liabilities for a total amount of Ps54,074, guaranteed with property, machinery and equipment for US$ 8,212 (Ps 120,864).

Note 17 - Deferred taxes:

The analysis of the deferred tax asset and deferred tax liability is as follows:

	At December 31,	
	2015	2014
Deferred tax asset:		
- To be recovered after more than 12 months	Ps 4,066,446	Ps 2,870,769
- To be recovered within 12 months	597,743	822,870
	4,664,189	3,693,639
Deferred tax liabilities:		
- To be recovered after more than 12 months	(6,563,515)	(5,869,058)
- To be recovered within 12 months	(20,785)	(54,766)
	(6,584,300)	(5,923,824)
Deferred tax liabilities, net	(Ps 1,920,111)	(Ps 2,230,185)

The gross movement on account of deferred income tax is as follows:

	2015	2014
At January 1	(Ps 2,230,185)	(Ps 90,983)
Credit to the income statement (Note 28)	414,085	304,491
Exchange differences	17,319	(13,104)
Business acquisition	(124,920)	(2,398,351)
Tax creditable/(payable) related to component of other comprehensive income (Note 28)	3,590	(32,238)
At December 31	(Ps 1,920,111)	(Ps2,230,185)

Balances of deferred income tax assets and liabilities during the year are as follows:

	(Assets) At December 31, 2015	(Assets) At December 31, 2014
Inventories	Ps 29,309	Ps 39,386
Customers	20,926	25,358
Advance payments from clients	364,589	546,859
Liabilities from retirement benefits	285,353	99,474
Provisions and other liabilities	535,092	736,029
Tax loss carryforwards	3,416,505	2,224,436
Other temporary differences, net	12,415	22,097
Deferred tax asset	4,664,189	3,693,639

	Liabilities At December 31, 2015	Liabilities At December 31, 2014
Inventories	Ps -	(Ps 10,552)
Advanced payments	(20,785)	(44,214)
Intangible asset	(3,151,093)	(2,913,021)
Property, plant and equipment	(2,987,786)	(2,929,169)
Other temporary differences, net	(424,636)	(26,868)
Deferred tax liability	(6,584,300)	(5,923,824)
Deferred tax liability, net	(Ps 1,920,111)	(Ps 2,230,185)

Net movements in timing differences for the years were as follows:

	Balance at December 31, 2014	(Charged) credited to income statement	Business acquisitions	(Charged) credited to other comprehensive income	Balance at December 31, 2015
Inventories	Ps 39,386	(Ps 10,077)	Ps -	Ps -	Ps 29,309
Customers	25,358	(4,432)	-	-	20,926
Advance payments from clients	546,859	(182,528)	258	-	364,589
Liabilities from retirement benefits	99,474	177,992	4,297	3,590	285,353
Provisions and other accrued	736,029	(200,937)	-	-	535,092
Tax loss carryforwards	2,224,436	1,191,924	145	-	3,416,505
Other temporary differences, net	22,097	(10,214)	532	-	12,415
Deferred tax asset	3,693,639	961,728	5,232	3,590	4,664,189
Inventories	(Ps 10,552)	Ps 17,724	(Ps 7,172)	Ps -	Ps -
Advanced payments	(44,214)	23,429	-	-	(20,785)
Intangible asset	(2,913,021)	(157,240)	(80,832)	-	(3,151,093)
Property, plant and equipment	(2,929,169)	(16,468)	(42,149)	-	(2,987,786)
Other temporary differences, net	(26,868)	(397,768)	-	-	(424,636)
Deferred tax liability	(5,923,824)	(530,323)	(130,153)	-	(6,584,300)
Deferred tax liability, net	(Ps 2,230,185)	Ps 431,405	(Ps 124,921)	Ps 3,590	(Ps 1,920,111)

	Balance at December 31, 2013	(Charged) credited to income statement	Business acquisitions	(Charged) credited to other comprehensive income	Balance at December 31, 2014
Inventories	Ps 32,349	Ps 7,037	Ps -	Ps -	Ps 39,386
Customers	16,659	8,699	-	-	25,358
Intangible asset	3,072	(3,072)	-	-	-
Advance payments from clients	822,905	(276,046)	-	-	546,859
Liabilities from retirement benefits	102,701	29,011	-	(32,238)	99,474
Provisions and other accrued expenses payable	127,195	10,942	597,892	-	736,029
Tax loss carryforwards	284,112	478,305	1,462,019	-	2,224,436
Other temporary differences, net	-	22,097	-	-	22,097
Deferred tax asset	1,388,993	(276,973)	2,059,911	(32,238)	3,693,639
Inventories	Ps -	Ps 939	(Ps 11,491)	Ps -	(Ps 10,552)
Advanced payments	(34,208)	(10,006)	-	-	(44,214)
Intangible asset	(420,834)	(189,820)	(2,302,367)	-	(2,913,021)
Property, plant and equipment	(782,069)	69,153	(2,216,253)	-	(2,929,169)
Other temporary differences, net	(242,865)	144,148	71,849	-	(26,868)
Deferred tax liability	(1,479,976)	14,414	(4,458,262)	-	(5,923,824)
Deferred tax liability, net	(Ps 90,983)	Ps 291,387	(Ps2,398,351)	(Ps 32,238)	(Ps 2,230,185)

Deferred income tax asset is recorded as tax loss carryforwards as the realization of the tax benefit related through future tax profits becomes probable. Tax losses amount to Ps11,162,676 in 2015, Ps7,414,787 in 2014.

Tax losses at December 31, 2015 and 2014, expire in the following years:

Year loss incurred	2015	2014	Year of expiration
2007 and earlier	Ps 74,039	Ps 83,002	2017
2008	108,733	104,759	2018
2009	25,660	25,660	2019
2010	26,237	57,271	2020
2011	43,806	444,156	2021
2012	108,390	131,033	2022
2013	6,746	1,026,601	2023
2014	2,042,746	1,925,499	2024
2015	4,360,706	-	2025
2014	4,365,613	3,616,806	Without maturity (*)
	Ps 11,162,676	Ps 7,414,787	

(*) Tax losses come from the acquisition of Campofrio, see note 2, and do not expire under current tax rules in the countries where they were generated.

Optional regime for groups of companies in Mexico (incorporation regime)

Derived from the elimination of the tax consolidation regime in Mexico, the Company chose to incorporate to the new optional regime for groups of companies beginning in 2014, this regime consists in grouping companies with specific characteristics, which are able to defer part of the income tax payable in three years; the deferral percentage is calculated using a factor determined in accordance to the amount of tax profit and losses of the year 2015. The long-term income tax balance payable in conformity with the new incorporation regime at December 31, 2015 is $398,749.

Nota 18 - Provisions:

	Disputes [1]	Restructuring [1]	Indemnities for dismissal and others [1]	Total
At December 31, 2013	Ps -	Ps -	Ps -	Ps -
Business acquisition [1]	28,781	594,241	230,821	853,843
Additions	12,734	10,098	-	22,832
Payments	(3,526)	(26,473)	(6,340)	(36,339)
At December 31, 2014	Ps37,989	Ps 577,866	Ps 224,481	Ps 840,336
Additions	9,408	10,979	321,738	342,125
Exchange differences	2,195	26,459	13,531	42,185
Payments	(8,473)	(126,380)	(305,784)	(440,637)
At December 31, 2015	Ps41,119	Ps 488,924	Ps 253,966	Ps 784,009

	2015	2014
Short-term provisions	Ps 207,763	Ps 267,401
Long-term provisions	576,246	572,935
At December 31,	Ps 784,009	Ps 840,336

[1] This provision comes from Campofrío and its strategic redefinition process to obtain, among others, efficiencies and a higher level of specialization in the production and logistics centers, as well as strengthening synergies.

Note 19 - Other liabilities:

	At December 31, 2015	2014
Current portion		
Income taxes payable	Ps 737,831	Ps 237,739
Employees' profit sharing payable	119,220	90,076
Employees' benefits based on shares (Note 23)	28,227	34,002
Notes payable	20,970	35,115
Accounts payable to affiliated company (Note 29)	48,938	11,061
Total other current liabilities	Ps 955,186	Ps 407,993

	At December 31,	
	2015	2014
Non-current portion		
Notes payable and others	Ps 296,301	Ps 154,181
Employees' benefits based on shares (Note 23)	48,253	63,699
Total other non-current liabilities	344,554	217,880
Total other liabilities	Ps1,299,740	Ps 625,873

Note 20 - Employee Benefits:

The valuation of employee benefits for retirement plans (covering approximately 80% of workers in 2015 and 2014) and is based primarily on their years of service, current age and estimated salary at retirement date.

The principal subsidiaries of the Company have established funds for the payment of retirement benefits through irrevocable trusts.

The employee benefit obligations recognized in the statement of financial position, by country, are shown below:

	At December 31,	
Country	2015	2014
Mexico	Ps 463,547	Ps 327,815
Europe	400,625	403,812
Honduras, Nicaragua and El Salvador	87,004	30,257
Total	Ps 951,176	Ps 761,884

The following summarizes key financial data of such benefits to employees:

	At December 31,	
	2015	2014
Obligation in the balance sheet:		
Pension benefits	Ps 944,364	Ps 755,605
Post-employment medical benefits	6,812	6,279
Liability in balance sheet	951,176	761,884
Charge in the income statement:		
Pension benefits	(Ps 105,052)	(Ps 129,813)
Post-employment medical benefits	(568)	(604)
	(Ps 105,620)	(Ps 130,417)
Actuarial gain (loss) recognized in the statement of other comprehensive income for the period	(Ps 10,768)	Ps 107,461
Cumulative actuarial gain (loss) recognized in other comprehensive income	Ps 136,862	Ps 147,630

Pension benefits

The Company operates defined benefit pension plans based on employees' pensionable remuneration and length of service. Most plans are externally funded. Plan assets are held in trusts, foundations or similar entities, governed by local regulations and practice in each country, as is the nature of the relationship between the Company and the respective trustees (or equivalent).

Amounts recognized in the balance sheet are determined as follows:

	At December 31,	
	2015	2014
Present value of funded obligations	Ps2,835,251	Ps 2,681,744
Fair value of plan assets	(1,890,887)	(1,926,139)
Present value of unfunded obligations	944,364	755,605
Liability in the balance sheet	Ps 944,364	Ps 755,605

At December 31, 2015 and 2014, the integration of plan assets calculated at fair value, is as follows:

	December 31,	
	2015	2014
Fixed rent short and long term securities	Ps1,399,017	Ps1,401,659
Shares	491,870	524,480
Fair value of plan assets	Ps1,890,887	Ps1,926,139

The movement in the defined benefit obligation during the year is as follows:

	2015	2014
At January 1	Ps 2,681,744	Ps 1,078,691
Current service costs (Nota 27)	89,159	107,134
Interest cost	90,573	90,307
Employee contributions	51,313	99,519
Remeasurements:		
Financial actuarial (gains) losses	(133,904)	120,409
Past service costs	912	(1,900)
Exchange differences	80,570	4,128
Benefits paid	(82,959)	(73,278)
Liabilities acquired in business combination	61,654	1,260,142
Reducing losses	(3,811)	(3,408)
At December 31	Ps 2,835,251	Ps 2,681,744

The movement in the fair value of plan assets of the year is as follows:

	2015	2014
At January 1	(Ps 1,926,139)	(Ps 742,705)
Expected return on plan assets	(70,869)	(64,218)
Employee contributions	(20,953)	(21,923)
Benefits paid	37,532	32,428
Assets acquired in business combinations	-	(899,085)
Exchange differences	(55,165)	(3,444)
Actuarial remeasurements	144,707	(227,192)
At December 31	(Ps 1,890,887)	(Ps1,926,139)

The amounts recognized in the income statement are as follows:

	2015	2014
Current service cost	(Ps 89,159)	(Ps 107,134)
Financial costs, net	(19,704)	(26,089)
Reducing losses	3,811	3,410
Total included in staff costs	(Ps 105,052)	(Ps 129,813)

Total recognized in other comprehensive income items described below:

	2015	2014
Cumulative balance at beginning of year	Ps 147,630	Ps 40,169
Employees´ benefits remeasurements	(10,768)	107,461
Accumulated balance at end of year	Ps 136,862	Ps 147,630

The main actuarial assumptions were as follows:

	December 31,	
	2015	2014
Discount rate (México)	6.75%	6.75%
Discount rate (Europe)	2%	1.69%
Inflation rate	4.25%	4.25%
Salary increase rate (México)	5.25%	5.25%
Salary increase rate (Europe)	1% a 5%	2% a 5%
Future salary increase	4.25%	4.25%
Medical inflation rate	7.50%	7.50%

The average life of defined benefit obligations is 14.5 and 17.47 years at December 31, 2015 and 2014, respectively.

The sensitivity analysis of the main assumptions for defined benefit obligations were as follows:

	Effect in defined benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rates	+1%	Increases by Ps327,454	Decrease by Ps354,192

Post-employment medical benefits

The Company operates post-employment medical benefits schemes mainly in Mexico and the United States The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes. Most of these plans are not being funded.

Amounts recognized in the balance sheet are determined as follows:

	At December 31,	
	2015	2014
Present value of funded obligations	Ps 6,812	Ps 6,279
Liabilities in the balance sheet	Ps 6,812	Ps 6,279

Movements in defined benefit obligations are as follows:

	2015	2014
At January 1	Ps 6,279	Ps 6,354
Current service cost (Note 27)	143	175
Cost of interest	425	428
Financial actuarial remeasurements	(35)	(678)
At December 31	Ps 6,812	Ps 6,279

The amounts recognized in the income statement are as follows:

	2015	2014
Current service costs	Ps 143	(Ps 175)
Interest cost	425	(429)
Total included in staff costs	Ps 568	(Ps 604)

The sensitivity analysis of the main assumptions for defined benefit obligations were as follows:

	Effect in defined benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Medical inflation rate	+1%	Increases by Ps1,032	Decreases by Ps1,326

Note 21 - Stockholders' equity:

At December 31, 2015 and 2014, the capital stock is variable, with a fixed minimum to withdraw Ps27,081 represented by 1,290,654,555 shares Series "A", without par value, fully subscribed and paid.

The profit for the period is subject to the legal provision requiring at least 5% of the profit for each period to be set aside to increase the legal reserve until it reaches an amount equivalent the fifth part of the capital stock. At December 31, 2015 and 2015, the amount of the legal reserve amounted to Ps 5,416, which is included in other capital reserves.

In SIGMA's General Ordinary Meeting held on April 1, 2015, the stockholders agreed to declare dividends in cash for a total amount of Ps 1,922,105 (Ps1.49 dividends per share in pesos), which were Ps1,079,183 paid during 2015, and are derived fully from the CUFIN.

At the Ordinary General Assembly of SIGMA held on September 1, 2015, the shareholders revoked the resolution on the payment of dividends related to the outstanding amount of dividends declared on April 1, 2015, the amount of dividends was canceled Ps 842,922.

In SIGMA's General Ordinary Meeting held on February 26, 2014, the stockholders agreed to declare dividends in cash for a total amount of Ps 1,103,173 (Ps0.85 dividends per share in pesos), which were Ps675,552 paid during 2014, and are derived fully from the CUFIN.

At the Ordinary General Assembly of SIGMA held on December 17, 2014, the shareholders revoked the resolution on the payment of dividends related to the outstanding amount of dividends declared on February 26, 2014, the amount of dividends was canceled Ps 427,621.

In accordance with the new Income Tax Law becoming effective on January 1, 2014, this law establishes a 10% tax on income generated starting 2014 on dividends paid to foreign residents and Mexican individuals when these correspond to tax profits generated starting 2014. It also establishes that for fiscal years 2001 to 2013, the net tax profit will be determined as established in the Income Tax Law effective in the corresponding fiscal year.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN). Any dividends paid in excess of this account will cause a tax equivalent to 42.86%if they are paid in 2014. This tax is payable by the Company and may be credited against its income tax in the same year or the following two years or, if applicable, against the flat tax of the period. Dividends paid from profits which have previously paid income tax are not subject to tax withholding or to any additional tax payment.

In October 2013 the Chamber of Senators and of Representatives approved the issuance of a new Income Tax Law (LISR) becoming effective on January 1, 2014. Among other aspects, this Law establishes a 10% tax for revenues generated as of 2014 to dividends paid to foreign residents and to Mexican individuals. It also establishes that for fiscal years from 2001 to 2013, the net tax profit will be determined in accordance with the LISR effective in the corresponding fiscal year. During November 2015, a temporarily effective article was issued, through which a tax incentive is provided to individuals residing in Mexico subject to the additional 10% payment on distributed dividends or profits. The incentive is applicable provided that such dividends or profits have been generated in 2014, 2015, and 2016 and are reinvested in the legal entity generating such profits. It consists of a tax credit equal to the amount resulting from applying the percentage corresponding to the distribution year to the distributed dividend or profit, as follows:

Year of distribution of dividend or profit	Percentage of application to the amount of distributed profit or dividend
2017	1%
2018	2%
2019 onwards	5%

The calculated tax credit will only be credited to the additional 10% of ISR that the legal entity should withhold and pay.

In order to apply the credit, the following requirements must be fulfilled:

- The legal entity shall identify the records corresponding to profits or dividends generated in 2014, 2015, and 2016, as well as the corresponding distributions in its corresponding accounting records.
- Include in the notes to the financial statements, the analytical information of the period when the profits were generated, and the dividends were reinvested, or distributed.
  For legal entities whose shares are not quoted in the Mexican Stock Market and which apply this incentive, shall choose to audit its financial statements for tax purposes in terms of Article 32-A of the Federal Fiscal Code.

Legal entities distributing dividends or profits with respect to shares placed within the investing public shall report to the brokerage house, credit institutions, investment operators, individuals who distribute shares of investment companies, or any other securities market broker, the fiscal years corresponding to the dividends so that such brokers carry out the corresponding withholding. During 2014, the company had no individuals among its investors.

In the event of a capital reduction, the provisions of the Income Tax Law arrange any excess of Stockholders' equity over capital contributions, is accounted with the same tax treatment as dividends.

Movements in other reserves for 2015 and 2014 are presented below:

	Effect of foreign currency translation	Legal reserve	Total
At January 1, 2014	Ps 164,435	Ps 5,416	Ps 169,851
Gain on foreign currency translation	576,771	-	576,771
At December 31, 2014	741,206	5,416	746,622
Losses on foreign currency translation	(1,091,227)	-	(1,091,227)
At December 31, 2015	(Ps 350,021)	Ps 5,416	(Ps 344,605)

Foreign currency translation

The foreign exchange differences arising from the translation of financial statements of foreign subsidiaries are recorded.

Note 22 - Foreign currency position:

At February 9, 2016, issuance date of these financial statements, the exchange rate was Ps 18.69 nominal pesos per dollar.

The figures below are expressed in thousands of dollars and thousands of euros, since this is the prevailing foreign currency for the Company.

At 31 December 2015 and 2014, the Company has the following assets and liabilities in foreign currencies:

	At December 31, 2015						
	Dollars (USD)		Euros (€)		Other currencies		
	Thousands of USD	Thousands of Mexican Pesos	Thousands of Euros €	Thousands of Mexican Pesos	Thousands of USD	Thousands of Mexican Pesos	Thousands of Mexican Pesos total
Monetary assets	73,033	Ps 1,256,634	463,825	Ps 7,980,812	82,998	Ps 1,428,105	Ps 10,655,551
Liabilities							
Current	(195,765)	(3,368,437)	(765,001)	(13,162,995)	(47,736)	(821,371)	(17,352,803)
Non-Current	(1,741,264)	(29,961,051)	(541,179)	(9,311,795)	(4,500)	(77,429)	(39,350,275)
Currency monetary position	(1,863,996)	(Ps 32,072,854)	(842,355)	(Ps 14,493,978)	(30,762)	Ps 529,305	(Ps 46,047,527)
Non-monetary assets	372,240	Ps 6,413,545	1,196,255	Ps 20,583,367	180,252	Ps 3,101,514	Ps 30,098,426

	At December 31, 2014						
	Dollars (USD)		Euros (€)		Other currencies		
	Thousands of USD	Thousands of Mexican Pesos	Thousands of Euros €	Thousands of Mexican Pesos	Thousands of USD	Thousands of Mexican Pesos	Thousands of Mexican Pesos total
Monetary assets	69,996	Ps 1,030,196	306,071	Ps 5,451,215	78,056	Ps 1,148,827	Ps 7,630,238
Liabilities							
Current	(207,660)	(3,056,347)	(754,354)	(13,435,270)	(39,989)	(588,554)	(17,080,171)
Non-Current	(1,383,003)	(20,355,038)	(505,068)	(8,995,416)	(23,198)	(341,430)	(29,691,884)
Currency monetary position	(1,520,667)	(Ps 22,381,189)	(953,351)	(Ps 16,979,471)	14,869	Ps 218,843	(Ps 39,141,817)
Non-monetary assets	392,505	Ps 5,776,887	856,169	Ps 15,248,627	441,186	Ps 6,493,382	Ps 27,518,896

Nonmonetary assets of Mexican subsidiaries are those the manufacturing of which are made outside of Mexico and are expressed on the bases described in Note 3.

Note 23 - Shared-based payments:

SIGMA has a compensation scheme referenced to the value of its own share for Directors. According to the terms of the plan, eligible executives will receive a cash payment conditional on the achievement of quantitative and qualitative metrics from the following financial measures:

- Improved stock price
- Improvement in net income
- Continuance of the Directors in the Company
-

The program is to determine a number of shares the Directors shall be entitled to, which will be paid in cash in the next five years, i.e. 20% each year and will be paid at the average price of the share at the end of each year. The average price per share in 2015 and 2014 is Ps34.3 and Ps37.3 Mexican pesos, respectively.

At December 31, 2015 and 2014 the liability for share-based payments amounted to Ps76,480, Ps97,701, respectively.

The short-term and long-term liability is comprised as follows:

	December 31,	
	2015	2014
Short term	Ps 28,227	Ps 34,002
Long term	48,253	63,699
Total carrying value	Ps 76,480	Ps 97,701

Note 24 - Expenses classified by their nature:

Cost of sales and selling and administrative expenses classified by nature are as follows:

	2015	2014
Changes in inventory of finished goods and in progress	(Ps 52,361,532)	(Ps41,660,676)
Human resources expense (Note 27)	(12,888,860)	(9,700,313)
Maintenance	(2,328,269)	(1,707,874)
Depreciation and amortization	(2,829,566)	(1,930,703)
Freight expenses	(2,386,687)	(1,083,159)
Advertising expenses	(1,771,849)	(1,569,826)
Energy and fuel consumption	(1,337,846)	(1,093,011)
Traveling expenses	(472,885)	(345,117)
Operating lease expenses	(492,340)	(393,702)
Technical assistance, professional fees and administrative services	(2,006,513)	(1,041,583)
Other	(7,293,495)	(4,293,080)
Total	(Ps 86,169,842)	(Ps64,819,044)

Note 25 – Other income (expense), net:

	2015	2014
Reimbursement from insurance [1]	Ps 3,912,524	Ps 1,766,018
Gain from sale of assets	2,429	31,838
Other	65,690	29,127
Other income	3,980,643	1,826,983
Damage to property, plant, equipment, inventory and others [1]	Ps -	(Ps 1,857,915)
Expenses related to acquisitions	(8,884)	(50,617)
Project consulting	(52,867)	-
Write off from removal of fixed and intangible assets	(157,917)	(127,790)
Other	(254,760)	(42)
Other expenses	(474,428)	(2,036,364)
Total other expenses, net	Ps 3,506,215	(Ps 209,381)

(1) In November 2014 there was a fire in one of the plants of Campofrío, located in the city of Burgos, Spain ("Accident"). The losses recorded as a consequence of the accident amounted to Ps1,857,915, affecting property, plant and equipment, inventory and other costs.

These assets are covered by an insurance policy and based on the analysis and confirmations made by the Company's management, it has been concluded that such policy covers material damages, loss of benefits resulting from the reduction of revenues and additional costs that the Company may incur in to recover sales for a period of twelve months as of the date of the accident. At December 31, 2014, the Company has recorded an income from reimbursement of accident amounting Ps1,766,018, of which Ps1,274,733 were collected in cash. During 2015 the insurance payments were received in the amount of Ps2,598,000 and during the month of November 2015, the closing of the insurance indemnity was done in a total amount of Ps3,912,524.

Note 26 - Financial cost, net:

	2015	2014
Financial income:		
- Interest income on short-term bank deposits	Ps 36,942	Ps 46,343
- Other financial income	32,210	18,955
- Interest on accounts receivable	24,088	12,420
Financial income, excluding foreign exchange gain	93,240	77,718
Gain on foreign exchange	807,658	711,306
Total financial income	Ps 900,898	Ps 789,024
Financial expenses:		
- Interest expense on bank loans	(Ps 649,343)	(Ps 443,087)
- Interest expense, stock certificates and Senior Notes	(943,542)	(914,351)
- Financial expense from sale of portfolio	(18,521)	(37,555)
- Financial expense from employees' benefits	(20,129)	(26,518)
- Other financial expenses	(84,585)	(159,129)
Interest expense, excluding foreign exchange loss	(1,716,120)	(1,580,640)
Foreign exchange loss	(1,791,262)	(3,831,856)
Total financial expenses	(Ps 3,507,382)	(Ps 5,412,496)
Financing cost, net	(Ps 2,606,484)	(Ps 4,623,472)

Note 27 - Employee benefit expenses:

	2015	2014
Salaries, wages and benefits	Ps 10,987,815	Ps 7,954,097
Contributions to social security	944,482	853,793
Employees' benefits (Note 20)	89,302	107,309
Other contributions	867,261	785,114
Total	Ps 12,888,860	Ps 9,700,313

Note 28 - Income tax of the year:

	2015	2014
Current:		
Current income tax	(Ps 1,972,026)	(Ps 1,179,824)
Adjustment to prior years provision	(28,076)	(47,205)
Total current income tax	(2,000,102)	(1,227,029)
Deferred:		
Origination and reversal of temporary differences	414,085	304,491
Total deferred income tax	414,085	304,491
Income tax expense	(Ps 1,586,017)	(Ps 922,538)

The reconciliation between the statutory and effective income tax rates for the years ended on December 31, 2015 and 2014 is as follows:

	2015	2014
Income before income tax	Ps 7,896,159	Ps 1,563,862
Statutory rate (30% in 2015 and 2014)	30%	30%
Income tax at statutory rate	(2,368,847)	(469,158)
Tax rate difference effect	(59,527)	33,583
(Add) deduct tax effect of:		
Inflationary tax adjustment	(183,329)	(232,333)
Non-deductible expenses	(212,214)	(238,892)
Reserves	(3,615)	36,642
Differences in accounting/tax depreciation and amortization	96,269	114,432
Sale, write-off and capitalization of fixed assets and deferred charges	(32,012)	(66,464)
Deductible results in associated	-	102,617
Restatement of receivable tax balances	3,591	7,118
Tax deduction by exchange differences	1,035,148	-
Non-deducible financial cost	38,691	(102,428)
Other differences, net	127,904	(60,450)
Provision relating to the operations of the year	(1,557,941)	(875,333)
Tax return prior years and other	(28,076)	(47,205)
Total provision for income taxes charged to income	(Ps 1,586,017)	(Ps 922,538)
Effective rate	20%	59%

The charge/(credit) tax charge related to components of other comprehensive income is as follows:

	2015			2014		
	Before tax	Tax charged (credited)	After tax	Before tax	Tax charged (credited)	After tax
Actuarial losses /gains	(Ps 10,768)	Ps 3,590	(Ps 7,178)	Ps107,461	(Ps 32,238)	Ps 75,223
Exchange effect of foreign entities	(1,082,583)	-	(1,082,583)	620,461	-	620,461
Other items of comprehensive income	(Ps1,093,351)	Ps 3,590	(Ps 1,089,761)	Ps 727,922	(Ps 32,238)	Ps 695,684

Note 29 - Related party transactions:

Transactions with related parties for the years ended December 31, 2015 and 2014, which were held as if conditions were equal to similar transactions with independent parties, were as follows:

	December 31,	
	2015	2014
Income (Affiliates)		
Leases	Ps 6,318	Ps 5,099
Interest	9,936	10,266
Expenses (Affiliates)		
Administrative services	Ps 163,859	Ps 173,863
Leases and other	213,856	137,554
Dividends paid to ALFA (Holding)	1,080,300	695,155

For the year ended December 31, 2015, wages and benefits received by top officials of the Company were Ps418,226 (Ps348,008 in 2014), an amount comprising base salary, law benefits and benefits law and supplemented mainly by a variable compensation program governed primarily based on the results of the Company and the market value of Alfa's stock.

	Nature of the transaction	December 31, 2015	2014
Receivable:			
Affiliates	Loan	Ps 259,599	Ps 264,627
Affiliates	Services	21,953	49,222
Payable:			
Affiliates	Services	Ps 47,730	Ps 10,027
Affiliates	Interest	1,208	1,034

On November 25, 2011, the Company and ALFA Subsidiaries, S. A. de C. V. agreed to change the maturity of the open credit line agreement dated November 28, 2010. Such changes allow the Company to extend the credit agreement until November 28, 2016. The loan accrues interest at an annual TIIE rate plus 3.0%. On November 27, 2015 the Company made a new amendment to the loan agreement with Alfa Subsidiaries, S. A. de C. V. based on which it agrees to extend the maturity date up to November 28, 2019.

The Company and its subsidiaries declared not to have had significant transactions with other related parties or conflicts of interest to disclose.

Note 30 - Segment Reporting:

Segment information is presented consistently with the internal reports provided to the chief executive officer (Chief Operating Decision Maker “CODM”) who is the highest authority in the operational decision making, resource allocation and performance assessment of the operating segments.

An operating segment is defined as a component of an entity on which separate financial information is regularly being evaluated. Inter-segment revenue from the sale of products and services are based on the approximate market price. The CODM considers the business from a geographic perspective. The geographies monitored by the CODM are defined as the Company’s operating segments. Geographically the CODM considers the performance in Mexico, United States, Europe (since the purchase of Campofrio) and other countries.

SIGMA controls and assesses its continued operations through segments that have been defined as established above; these segments are managed on a central level, even though markets are different, products offered in each one of the segments are similar and correspond to processed meat, dairy products and other refrigerated products.

The operations between operating segments are performed at market value and the accounting policies with which the financial information by segments is prepared, are consistent with those described in Note 3.

The Company evaluates the performance of each of the operating segments based on income before financial results, income taxes, depreciation, amortization, write-off from removal of fixed and intangible assets and excess/deficit in the investment value ("EBITDA"), whereas this indicator is a good measure to evaluate operating performance and ability to meet principal and interest obligations with respect to indebtedness, and the ability to fund capital expenditures and working capital requirements. Nevertheless, EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income as a measure of operating performance or cash flows as a measure of liquidity.

The Company has defined the adjusted EBITDA as the calculation of adding the operating profit minus, depreciation and amortization and write-off from removal of fixed and intangible assets.

Following is the condensed financial information of these operative segments in millions of Mexican pesos:

For the year ended December 31, 2015:

	México	USA	Europe	Other countries	Total
Total income by segment	Ps 40,834	Ps 16,892	Ps 33,892	Ps 6,230	Ps 97,848
Intersegment income	(919)	(3,195)	-	(166)	(4,280)
Income with external clients	39,915	13,697	33,892	6,064	93,568
Adjusted EBITDA	5,557	2,126	5,619	589	13,891
Depreciation and amortization	(945)	(432)	(1,286)	(166)	(2,829)
Comprehensive financing expense, net	(2,213)	72	(487)	21	(2,607)
Cancellation of deferred charges	(11)	-	(26)	-	(37)
Write-off of property, plant and equipment	(76)	-	(45)	-	(121)
Investments in associates	(2)	-	(399)	-	(401)
Gain before tax	2,310	1,766	3,376	444	7,896
Capital expenditures (Capex):					
Property, plant and equipment	Ps 1,376	Ps 276	Ps 1,929	Ps 57	Ps 3,638
Non-current assets:					
Property, plant and equipment (*)	Ps 8,780	Ps 1,854	Ps 14,225	Ps 1,739	Ps 26,598
Intangible asset	3,387	986	8,653	678	13,704
Goodwill	1,784	4,175	2,210	1,370	9,539
Total non-current assets	Ps 13,951	Ps 7,015	Ps 25,088	Ps 3,787	Ps 49,841
Unallocated					
Deferred income tax					1,957
Other non-current assets					1,840
Total non-current assets					Ps 53,638
Total liability	Ps 38,184	Ps 2,186	Ps 27,515	Ps 950	Ps 68,835

For the year ended on December 31, 2014:

	México	USA	Europe	Other countries	Total
Total income by segment	Ps 38,201	Ps 15,799	Ps 17,572	Ps 4,490	Ps 76,062
Intersegment income	(814)	(3,665)	-	(118)	(4,597)
Income with external clients	37,387	12,134	17,572	4,372	71,465
Adjusted EBITDA	5,424	1,408	1,545	118	8,495
Depreciation and amortization	(826)	(363)	(629)	(113)	(1,931)
Comprehensive financing expense, net	(4,034)	-	(583)	(7)	(4,624)
Cancellation of deferred charges	-	-	(18)	-	(18)
Write-off of property, plant and equipment	(64)	-	(45)	-	(109)
Investments in associates	-	-	(249)	-	(249)
Gain before tax	500	1,045	21	(2)	1,564
Capital expenditures (Capex):					
Property, plant and equipment	Ps 1,083	Ps 218	Ps 495	Ps 75	Ps 1,871

	México	USA	Europe	Other countries	Total
Non-current assets:					
Property, plant and equipment (*)	Ps 8,089	Ps 1,727	Ps 12,875	Ps 1,429	Ps 24,120
Intangible asset	864	2,971	8,151	718	12,704
Goodwill	1,493	4,004	2,118	1,059	8,674
Total non-current assets	Ps 10,446	Ps 8,702	Ps 23,144	Ps 3,206	Ps 45,498
Unallocated					
Deferred income tax					839
Other non-current assets					1,696
Total non-current assets					Ps 48,033
Total liability	Ps 27,502	Ps 1,474	Ps 25,654	Ps 917	Ps 55,547

The reconciliation between the Adjusted EBITDA and income before taxes for the years ended December 31, is as follows (in millions of Mexican pesos):

	2015	2014
Adjusted EBITDA	Ps 13,891	Ps 8,495
Depreciation and amortization (Note 24)	(2,829)	(1,931)
Write-off from removal of fixed and intangible assets (Note 25)	(158)	(128)
Operating profit	10,904	6,436
Associates equity method	(401)	(249)
Financial cost (Note 26)	(2,607)	(4,623)
Profit before taxes	Ps 7,896	Ps 1,564

(*) These assets are assigned based on operations in segments and physical location of the assets.

Revenue from external customers by products:	2015	2014
Processed meat (1)	Ps 72,807	Ps 52,142
Dairy products (2)	16,927	15,445
Other refrigerated products (3)	3,834	3,878
Total	Ps 93,568	Ps 71,465

(1) Ham, sausage, and other lunch meat.
(2) Cheese, yogurt, cream, margarine and others
(3) Others include ready meals, chilled, unprocessed meat, desserts and drinks.

SIGMA's customers are commercial establishments classified into supermarkets, convenience stores, institutions and small grocery stores. In 2015 and 2014, sales of its major customer represented 10.7% and 11.7%, respectively, of total sales.

Note 31 - Contingencies and commitments:

In the normal course of its business, the Company is involved in disputes and litigation. While the results of the disputes cannot be predicted at December 31, 2015, the Company does not believe that there are actions pending application or threat, claims or legal proceedings against or affecting the Company which, if determined adversely to it, would damage significantly individual or overall results of its operations or financial positionat and income.

At December 31, 2015 and 2014, the Company and its subsidiaries had the following commitments:

a. Various subsidiaries contracts with suppliers and customers, for the acquisition of raw materials used in the manufacture of products. The contracts are effective for less than a year, and do not stipulate significant restrictions or guarantees for the parties.

b. Regarding operational expansion projects, the Company held various agreements related to the acquisition of engineering licenses and own design of production lines. These contracts provide various confidentiality restrictions on the engineering used and monthly royalty payments determined under certain monthly production level.

Note 32 - Subsequent events:

In preparing the financial statements the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2015 and through February 9, 2016 (date of issuance of the financial statements), and has not identified subsequent events.

Mario H. Páez González
Chief Executive Officer

Eugenio Caballero Sada
Chief Financial and Marketing Officer