

Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated Financial Statements
December 31, 2014 and 2013

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

Consolidated Financial Statements

Index

December 31, 2014 and 2013

<u>Contents</u>	<u>Page</u>
Report of Independent Auditors	1 and 2
Consolidated Financial Statements:	
Consolidated statements of financial position	3
Consolidated statements of income	4
Consolidated statements of comprehensive income	5
Consolidated statements of changes in stockholders' equity.....	6
Consolidated statements of cash flows	7
Notes to the consolidated financial statements.....	8 to 75



Report of the Independent Auditors

Monterrey, N. L., February 17, 2015

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 statement of financial position as of December 31, 2014 and 2013, and the consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2014 and 2013, 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 (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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.

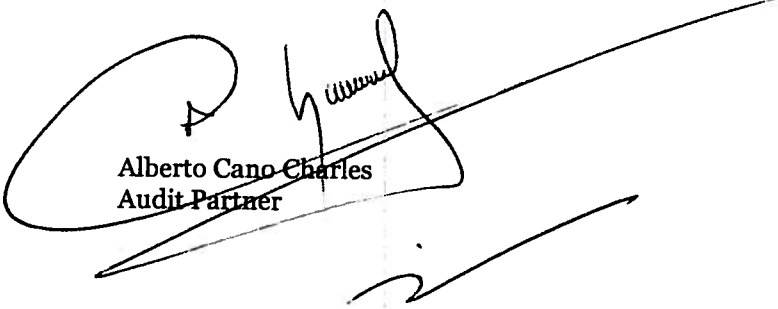
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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.



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 of December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in accordance with IFRS.

PricewaterhouseCoopers, S. C.



Alberto Cano Charles
Audit Partner

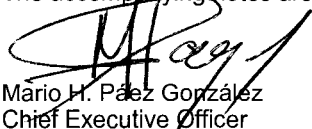
A large, handwritten signature in black ink is written over the typed name and title. The signature is highly stylized and cursive, starting with a large loop for the letter 'A' and ending with a long horizontal stroke.

Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated statements of financial position
December 31, 2014 and 2013

(In thousands of Mexican pesos)

	<u>Note</u>	<u>December 31,</u>	
		<u>2014</u>	<u>2013</u>
<u>Assets</u>			
CURRENT ASSETS:			
Cash and cash equivalents	6	Ps 4,912,012	Ps 2,059,334
Restricted cash and cash equivalents	7	154,539	-
Customers and other accounts receivable, net	8	6,753,326	4,830,262
Income tax recoverable		751,406	295,260
Inventories	9	10,449,388	3,454,487
Prepaid expenses		<u>435,329</u>	<u>157,726</u>
Total current assets		<u>23,456,000</u>	<u>10,797,069</u>
NON-CURRENT ASSETS:			
Property, plant and equipment, net	11	24,120,129	10,705,606
Goodwill and intangible assets, net	12	21,378,032	9,986,056
Deferred income tax	17	839,028	925,543
Investments accounted for using the equity method and others	13	<u>1,696,177</u>	<u>6,005,463</u>
Total non-current assets		<u>48,033,366</u>	<u>27,622,668</u>
Total assets		<u>Ps 71,489,366</u>	<u>Ps 38,419,737</u>
<u>Liabilities and Stockholders' equity</u>			
<u>Liabilities</u>			
CURRENT LIABILITIES:			
Current debt	16	Ps 1,140,508	Ps 3,810,799
Suppliers and other accounts payable	15	18,055,838	5,048,482
Provisions	18	267,401	-
Other liabilities	19	<u>407,993</u>	<u>244,388</u>
Total current liabilities		<u>19,871,740</u>	<u>9,103,669</u>
NON-CURRENT LIABILITIES:			
Non-current debt	16	31,053,529	15,375,463
Provisions	18	572,935	-
Deferred income tax	17	3,069,213	1,016,526
Employees' benefits	20	761,884	342,340
Other liabilities	19	<u>217,880</u>	<u>163,610</u>
Total non-current liabilities		<u>35,675,441</u>	<u>16,897,939</u>
Total liabilities		<u>55,547,181</u>	<u>26,001,608</u>
STOCKHOLDERS' EQUITY:			
Capital stock	21	27,081	27,081
Share premium	21	666,988	666,988
Retained earnings	21	11,030,837	11,554,209
Other reserves	21	<u>746,622</u>	<u>169,851</u>
Total controlling interest		12,471,528	12,418,129
Non-controlling interest	14	<u>3,470,657</u>	-
Total stockholders' equity		<u>15,942,185</u>	<u>12,418,129</u>
Total liabilities and stockholders' equity		<u>Ps 71,489,366</u>	<u>Ps 38,419,737</u>

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


 Mario H. Páez González
 Chief Executive Officer


 Rodrigo Fernández Martínez
 Chief Financial Officer

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

Consolidated statements of income

For the years ended December 31, 2014 and 2013

(In thousands of Mexican pesos)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Revenue		Ps 71,464,799	Ps 48,988,770
Cost of sales	24	<u>(50,434,517)</u>	<u>(32,630,469)</u>
Gross profit		21,030,282	16,358,301
Selling expenses	24	(11,561,739)	(8,995,927)
Administrative expenses	24	(2,822,788)	(1,940,954)
Other expenses, net	25	<u>(209,381)</u>	<u>(144,475)</u>
Operating profit		<u>6,436,374</u>	<u>5,276,945</u>
Financial income, including foreign exchange gain of Ps711,306 in 2014 and Ps242,438 in 2013, respectively	26	789,024	305,656
Financial costs, including foreign exchange loss of Ps3,381,856 in 2014 and Ps284,566 in 2013, respectively	26	<u>(5,412,496)</u>	<u>(1,344,537)</u>
Financial costs, net		<u>(4,623,472)</u>	<u>(1,038,881)</u>
Share in losses of investments accounted for using the equity method		<u>(249,040)</u>	<u>(4,363)</u>
Profit before income tax		1,563,862	4,233,701
Income tax	28	<u>(922,538)</u>	<u>(1,378,779)</u>
Net consolidated profit		<u>Ps 641,324</u>	<u>Ps 2,854,922</u>
Profit attributable to:			
Controlling interest:		Ps 546,656	Ps 2,854,922
Non-controlling interest:	14	<u>94,668</u>	<u>-</u>
		<u>Ps 641,324</u>	<u>Ps 2,854,922</u>
Earnings per basic and diluted share, in pesos		<u>Ps 0.42</u>	<u>Ps 2.21</u>
Weighted average of outstanding shares		<u>1,290,654,555</u>	<u>1,290,654,555</u>

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


Mario H. Páez González
Chief Executive Officer


Rodrigo Fernández Martínez
Chief Financial Officer

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

Consolidated statements of comprehensive income

For the years ended December 31, 2014 and 2013

(In thousands of Mexican pesos)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Net consolidated profit		<u>Ps 641,324</u>	<u>Ps 2,854,922</u>
Other comprehensive income for the year, net of tax:			
Items not to be reclassified to the statement of income			
Remeasurement of obligations for employees' benefits	20 and 28	75,223	147,195
Items to be reclassified to the statement of income			
Effect of translation of foreign entities	28	<u>620,461</u>	<u>271,873</u>
Total other comprehensive income for the year		<u>695,684</u>	<u>419,068</u>
Total comprehensive income for the year		<u>Ps 1,337,008</u>	<u>Ps 3,273,990</u>
Attributable to:			
Controlling interest		Ps 1,219,067	Ps 3,273,990
Non-controlling interest		<u>117,941</u>	<u>-</u>
Total comprehensive income for the year		<u>Ps 1,337,008</u>	<u>Ps 3,273,990</u>

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



Mario H. Páez González
Chief Executive Officer



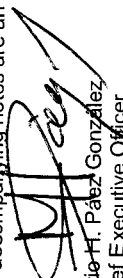
Rodrigo Fernández Martínez
Chief Financial Officer

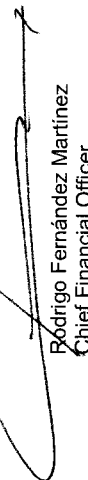
Sigma Alimentos, S. A. de C. V. and subsidiaries
 Consolidated statements of changes in stockholders' equity
 For the years ended December 31, 2014 and 2013

(In thousands of Mexican pesos)

	Note	Capital stock	Share premium	Retained earnings	Other reserves	Total controlling interest	Non-controlling interest	Total stockholders' equity
		Ps	Ps	Ps	(Ps)	Ps	Ps	Ps
Balances at January 1, 2013		27,081	666,988	9,608,108	102,022	10,200,155	-	10,200,155
Transactions with stockholders:								
Dividends declared	21	-	-	(1,026,576)	-	(1,026,576)	-	(1,026,576)
Net profit				2,854,922	-	2,854,922	-	2,854,922
Total other comprehensive income for the year	21	-	-	147,195	271,873	419,068	-	419,068
Comprehensive income				3,002,117	271,873	3,273,990	-	3,273,990
Effects from adoption of new accounting policies				(29,440)	-	(29,440)	-	(29,440)
Balances at December 31, 2013		27,081	666,988	11,554,209	169,851	12,418,129	-	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

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


 Mario H. Pérez González
 Chief Executive Officer


 Rodrigo Fernández Martínez
 Chief Financial Officer

Sigma Alimentos, S. A. de C. V. and subsidiaries
Consolidated statements of cash flows
For the years ended December 31, 2014 and 2013

(In thousands of Mexican pesos)

<u>Cash flows from operating activities</u>	Note	<u>2014</u>	<u>2013</u>
Profit before income tax		Ps 1,563,862	Ps 4,233,701
Depreciation and amortization	24	1,930,703	1,353,075
Costs associated with seniority premiums and pension plans	20	130,417	126,477
Gain on sale of property, plant and equipment	25	(31,838)	(5,533)
Effect of changes in the fair value of derivative financial instruments	26	-	(769)
Foreign exchange, net	26	3,120,550	42,128
Interest accrued	26	1,554,122	1,035,925
Interest income	26	(77,718)	(62,449)
Other operating expenses		466,628	122,778
Decrease (increase) in customers and other accounts receivable		729,413	(717,087)
(Increase) decrease in inventories		(198,677)	290,365
Increase (decrease) in suppliers and other accounts payable		542,909	(348,727)
Income tax paid		<u>(1,466,554)</u>	<u>(1,083,164)</u>
Net cash generated from operating activities		<u>8,263,817</u>	<u>4,986,720</u>
<u>Cash flows from investing activities</u>			
Business acquisitions, net of cash acquired	2	(115,382)	(1,653,782)
Interest received		67,240	49,755
Acquisition of intangible assets		(166,848)	(140,536)
Investments in associated companies	2	-	(5,558,458)
Acquisition of property, plant and equipment	11	(1,735,759)	(1,386,999)
Sale of property, plant and equipment	25	<u>31,838</u>	<u>5,533</u>
Net cash used in investing activities		<u>(1,918,911)</u>	<u>(8,684,487)</u>
<u>Cash flows from financing activities</u>			
Proceeds from loans and debt		5,306,179	6,629,718
Payments of loans and debt		(5,161,509)	(1,294,286)
Interest paid		(1,654,260)	(1,036,681)
Dividends paid		(695,155)	(1,040,199)
Changes in the non-controlling interest		<u>(1,386,839)</u>	<u>-</u>
Net cash (used in) generated from financing activities		<u>(3,591,584)</u>	<u>3,258,552</u>
Net increase (decrease) in cash and cash equivalents		2,753,322	(439,215)
Exchange losses on cash and cash equivalents		99,356	58,926
Cash and cash equivalents at the beginning of the year	6	<u>2,059,334</u>	<u>2,439,623</u>
Cash and cash equivalents at the end of the year	6	<u>Ps 4,912,012</u>	<u>Ps 2,059,334</u>

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


 Rodrigo Fernández Martínez
 Chief Financial Officer

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

Notes to the consolidated financial statements

December 31, 2014 and 2013

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 serves the Mexican market through well-known distribution channels: supermarkets, convenience stores, institutions and small grocery stores and employs more than 35,000 people. The Company also has trading operations in the United States of America, Spain, Germany, France, Belgium, Netherlands, Portugal, Italy, Costa Rica, El Salvador, the Dominican Republic, Peru, Guatemala, Honduras, Nicaragua and Ecuador; as well as manufacturing operations in Mexico, the United States of America, Spain, France, Italy, Belgium, Netherlands, Portugal, Ecuador, Costa Rica, El Salvador, the Dominican Republic and Peru.

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:

2014

a. Acquisition of Campofrío

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

This agreement establishes a series of rights and obligations of the parties involved in relation to the corporate governance and the transfer of shares of Campofrío providing SIGMA the ability to manage the relevant activities. The agreement aims at reasonably anticipating probable future events of the subsidiary and its shareholders during the validity of the contract, as well as their treatment. Examples include: the approval of the business plan, the approval of ordinary and extraordinary corporate events; changes in the property of Campofrío; the need for approval of additional capital from existing stockholders or new investors and the resolution of disputes between stockholders. It also provides flexibility to face unforeseen events, as may be the ability to make quick and efficient decisions; to establish termination conditions when a stockholder wishes to terminate the relationship for any reason and bases for the solution of controversies between stockholders or to resolve an interpretation matter regarding the agreement. The agreement creates incentives so the parties can resolve the controversies through consensus, seeking they be determined as efficiently as possible so that Campofrío may continue with as little interruption as possible.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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	<u>(4.60%)</u>
Equity of SIGMA in Campofrío at June 9, 2014	<u>45.00%</u>

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

Campofrío is based in Madrid, Spain. Its principal activity is the manufacture and distribution of all kinds of sausages, processed meats and related products based on pork, beef and other food products.

Campofrío operates in Spain and other countries such as France, Belgium, the Netherlands, Portugal, Germany, Italy, the United Kingdom, the United States of America and Romania.

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

Since no additional consideration was made by SIGMA to obtain control, 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 (June 9, 2014), 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)
Provision and other liabilities	(1,329,089)
Employees' benefits	<u>(1,144,224)</u>
Total identifiable net assets	7,533,727
Non-controlling equity	(4,143,090)
Goodwill	<u>2,108,450</u>
Total	<u>Ps 5,499,087</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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 at December 31, 2014:	<u>12.52%</u>
Indirect equity of SIGMA at December 31, 2014:	<u>57.52%</u>

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. 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 Ps717,255 in cash. At December 31, 2014 includes a restricted cash as a guarantee in favor of SIGMA Ps 154,539, see Note 7. At the date of the acquisition, the company had determined goodwill of Ps528,986. At December 31, 2014, the Company is in the process of concluding the distribution of the purchase price at the fair values of the acquired assets. This analysis will be concluded in a period not to exceed twelve months as of the acquisition date.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

At December 31, 2014, the initial assignment is as follows:

Current assets ⁽¹⁾	Ps 135,161
Property, plant and equipment	201,193
Deferred charges	638
Current liabilities ⁽²⁾	(104,975)
Employees' benefits	(12,283)
Debt	(31,465)
Goodwill	<u>528,986</u>
Consideration paid	<u>Ps 717,255</u>

⁽¹⁾ Current assets consist of accounts receivable of Ps 69,382, inventories of Ps60,368, prepayments and other current assets of Ps5,411.

⁽²⁾ Current liabilities consist of trade and accounts payable amounting to Ps 41,078, taxes payable of Ps 10,339, current debt of Ps26,027 and employees' benefits of Ps27,531.

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, approximately.

c. 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 and products of pork, beef and other meat 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, 2014, the Company is in the process of concluding the purchase price allocation of the fair values of acquired assets. Such analysis will be concluded within a maximum period of twelve months since the acquisition date.

Sigma Alimentos, S. A. de C. V. and subsidiaries
Notes to the Consolidated Financial Statements
As of December 31, 2014 and 2013

At December 31, 2014, the initial assignment is 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	<u>177,789</u>
Consideration paid	<u>Ps 240,216</u>

⁽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, approximately.

2013

a. Acquisition of Comercial Norteamericana, S. de R.L. de C.V. (ComNor)

On May 31, 2013, SIGMA acquired the total representative shares of the capital stock of ComNor, company dedicated to process and commercialize several types of meat. The company processes and commercializes beef, poultry and pork meat. This acquisition will allow SIGMA to extend the product portfolio and to reinforce its market position in the Food service segment. ComNor is based in Monterrey, where it operates a plant certified by the United States Department of Agriculture (USDA). It also has another plant in Hermosillo, as well as eight distribution centers in Mexico City, Cancún, Hermosillo, Monterrey, Guadalajara, Los Cabos, Puerto Vallarta and León.

The total consideration paid amounts to Ps1,555,613 (US\$120,326). This amount was paid in cash. The business acquisition is included in the segment of Mexico, see Note 30.

Sigma Alimentos, S. A. de C. V. and subsidiaries
Notes to the Consolidated Financial Statements
As of December 31, 2014 and 2013

At December 31, 2014, 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 590,125
Property, plant and equipment	266,882
Intangible assets ^{(3) (1)}	397,478
Current liability ⁽²⁾	(88,133)
Employees' benefits	(26,729)
Deferred income tax ⁽¹⁾	(59,680)
Goodwill ⁽¹⁾	<u>475,670</u>
Consideration paid	<u>Ps 1,555,613</u>

⁽¹⁾ Current assets consist of cash and cash equivalents of Ps10,360, accounts receivable of Ps171,646, inventories of Ps400,043, recoverable taxes of Ps5,875 and prepayments and other current assets of Ps2,201.

⁽²⁾ Current liabilities consist of trade and accounts payable amounting to Ps66,702, taxes payable of Ps1,431 and debts of Ps20,000.

⁽³⁾ Intangible assets consist of trademark of Ps198,546, market development of Ps140,259 and Non-Compete agreements of Ps58,673.

⁽¹⁾ Certain balances from the previous year, related to the distribution of the purchase price, were amended in 2014 to recognize the end of the assets acquired and liabilities assumed fair values. At December 31, 2014 the Company reclassified certain items in the statement of financial position that were previously presented as additional goodwill. The amounts reclassified were adjusted to increase the brand value in \$ 89.900 (indefinite life); increasing the value of intangible assets with finite useful lives \$ 198.932; increasing the deferred tax liability to \$ 59.680 long term and reducing the value of goodwill at \$ 229.152. The Company decided for comparison not perform these reclassifications retrospectively considering the above adjustments do not alter materially the value of the total assets, liabilities short and long term and shareholders' equity at December 31, 2013. The reclassification had no significant impact on the figures in the consolidated financial statements of income, stockholders' equity and 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 Ps3,705 and were recorded in the statement of income under the item of other expenses.

Revenues contributed by the assets of ComNor included in the consolidated statement of income since the acquisition date up to December 31, 2013 amounted to Ps1,037,480 and a net profit of Ps67,825. If the acquisition had occurred on January 1, 2013, the revenues would have increased by Ps741,057 and the net profit would have increased by approximately Ps 48,446.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

b. Acquisition of Corporación Monteverde, C. R. Sociedad Anónima (Monteverde)

On April 2, 2013, SIGMA acquired all the representative shares of the capital stock of Monteverde, a company engaged in the preparation of cheese, yoghurt and meat processing in Costa Rica. The total consideration paid amounts to Ps112,187 (US\$8,993). This amount was paid in cash. The business acquisition is included in the segment of other countries, see Note 30.

During 2014 the Company completed the purchase price allocation to the fair values of the acquired assets without identifying adjustments to the values determined as of December 31 2013, the date on which it was in the process of concluding this distribution.

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

Current assets ⁽¹⁾	Ps 101,582
Property, plant and equipment	111,302
Intangible assets (trademark)	6,061
Current liability ⁽²⁾	(196,512)
Goodwill	<u>89,754</u>
Consideration paid	<u>Ps 112,187</u>

⁽¹⁾ Current assets consist of cash and cash equivalents of Ps3,658, accounts receivable of Ps30,173, inventories of Ps61,049, recoverable taxes of Ps3,964, prepayments of Ps1,928 and other current assets of Ps810.

⁽²⁾ Current liabilities consist of trade and accounts payable amounting to Ps70,179, taxes payable of Ps1,455 and debts of Ps124,878.

Goodwill consists mainly of market positions obtained through the expanded capabilities of the assets base of the Company. The recorded goodwill is 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 Ps2,216 and were recorded in the statement of income under the item of other expenses.

Revenues contributed by the assets of Monteverde included in the consolidated statement of income since the acquisition date up to December 31, 2013 amounted to Ps209,637 and a net loss of Ps53,974.

If the acquisition had occurred on January 1, 2013, the revenues would have increased by Ps69,879 and the net profit would have decreased by approximately Ps17,991.

Note 3 - Summary of significant accounting policies:

The accompanying consolidated financial statements and notes were authorized for issuance on February 17, 2015, 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:

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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).

In accordance with the amendments to the Rules for Mexican Public Companies and Other Securities Market Participants, issued by the National Banking and Securities Commission (CNBV in Spanish acronym), the Company is required to prepare its financial statements as of 2012 using IFRS as its accounting policy framework.

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 the power to govern the financial and operating policies of the entity. 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. Where the Company's participation in subsidiaries is less than 100%, the share attributed to outside shareholders 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 that 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 in which obtains control over the business, which is defined as a set of activities and assets which are conducted and managed in order to obtain benefits in the form of dividends, less 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 acquire based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets and liabilities assumed. 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.

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

At December 31, 2014 and 2013 the principal subsidiary companies of SIGMA were:

	<u>Country ⁽ⁱ⁾</u>	<u>Percentage of Ownership</u>	<u>Functional currency</u>
Alimentos Finos de Occidente, S. A. de C. V. (a)		100	Mexican Peso
Bar-S Foods Co. (a y c)	U. S. A.	100	U. S. Dollar
Bonanza Industrial, S. A. de C. V. (e)		100	Mexican Peso
Braedt, S. A. (a y c)	Perú	100	Peruvian Sol
Campofrío Food Group, S. A. (ii) (a y c)	Spain	57.2	Euro
Carnes Selectas Tangamanga, S. A. de C. V. (a)		100	Mexican Peso
Comercial Hacienda de Cerdos, S. A. (e)	Dominican Republic	100	Dominican Peso
Comercializadora de Embutidos ICO, S. A. de C. V. (a y c)		100	Mexican Peso
Comercial Norteamericana, S. de R. L. de C. V. (iii) (e)		100	Mexican Peso
Corporación Monteverde, C. R. S. A. (iii) (a y c)	Costa Rica	100	Colon
Empacadora de Carnes Frías Hidalmex, S. A. de C. V. (a y c)		100	Mexican Peso
Empacadora de Embutidos del Centro, S. A. de C. V. (a y c)		100	Mexican Peso
Empacadora de Carnes Premium, S. de R. L. de C. V.		100	Mexican Peso
Empacadora Supremo de Monterrey, S. A. de C. V. (a y c)		100	Mexican Peso
Employee Services Unlimited S. de R. L. de C. V. (iii) (b)		100	Mexican Peso
Fabrica Juris CIA, LTDA (ii) (a y c)		100	U. S. Dollar
Freedman Logistic, S. de R. L. de C. V. (iii) (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 y c)		100	Mexican Peso
Mexican Cheese Producers, Inc. (a)	U. S. A.	100	U. S. Dollar
Productos Cármicos, 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. (iii) (a)	Costa Rica	100	Colon
Savi San José de Alajuela, S. A. (e)			
Inversiones Arhuaco J & K S. A. (ii) (a y 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 y c)	Dominican Republic	100	Dominican Peso
Sigma Alimentos Importaciones, S. A. de C. V. (d)		100	Mexican 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	Cordoba
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 2014.

(iii) Subsidiaries acquired during 2013.

a) Refrigerated food production.

b) Administrative and human resource services.

c) Commercialization and distribution of refrigerated food.

d) Purchase of raw materials.

e) Process and commercialize several types of meat.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

At December 2014 and 2013, 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, i.e., 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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.

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, except for those which are deferred in comprehensive income and qualify as cash flow hedges.

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Listed below are the principal exchange rates in the various translation processes:

<u>Country</u>	<u>Local currency</u>	<u>Local currency to Mexican pesos</u>			
		<u>Closing exchange rate at the end of December 31,</u>		<u>Average exchange rate at the end of December 31,</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
United States	U.S. Dollar	Ps 14.718	Ps 13.076	Ps 14.453	Ps 13.000
Peru	Peruvian sol	4.939	4.677	4.827	4.678
Spain	Euro	17.810	18.019	17.486	17.916
Ecuador	U. S. Dollar	14.718	13.076	14.453	13.000
Germany	Euro	17.810	18.019	17.486	17.916
Belgium	Euro	17.810	18.019	17.486	17.916
Netherlands	Euro	17.810	18.019	17.486	17.916
Italy	Euro	17.810	18.019	17.486	17.916
France	Euro	17.810	18.019	17.486	17.916
Costa Rica	Colon	0.027	0.026	0.026	0.026
El Salvador	U.S. dollar	14.718	13.076	14.453	13.000
Dominican Rep.	Dominican peso	0.331	0.306	0.322	0.306
Guatemala	Quetzal	1.936	1.667	1.868	1.662
Nicaragua	Cordoba	0.553	0.517	0.536	0.517
Honduras	Lempira	0.684	0.643	0.663	0.642

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 and cash equivalents

Cash and cash equivalents 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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. Derivatives are also categorized as held for trading unless they are designated as hedges.

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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, 2014 and 2013 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 2014 and 2013, 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 flow 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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 or more), 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. Leasing

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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) Development 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

(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 years.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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

Costa Rica	30.0%
Germany	30.0%
Belgium	34.0%
Dominican Republic	28.0%
El Salvador	30.0%
Honduras	25.0%
Guatemala	28.0%
Nicaragua	30.0%
Peru	30.0%
United States of America	35.0%
Spain	30.0%
Netherlands	25.0%
Italy	27.5%
France	33.3%
Portugal	23.0%
Ecuador	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 when they are due.

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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. Shared based payments

The Company's compensation plans are based on the market value of its shares 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 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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 accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective as of January 1, 2014. The nature and the impact of each new standard/amendment are described below.

IAS 32, Financial instruments: presentation. In December 2011, the IASB amended IAS 32. These amendments are in the application guide and clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. The amendment affected presentation only and had no impact on the Company's financial position or performance.

IFRIC Interpretation 21 Levies: In May 2013, the IASB issued IFRIC 21. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation had no impact on the Company's financial position or performance.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

w. New accounting pronouncements effective from January 1, 2015

The following sets out the new pronouncements and amendments issued, which are effective from January 1, 2015 that have not been adopted in advance by the Company.

IFRS 15, Revenue from contracts with customers. IFRS 15 was issued in May 2014. The basic principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This basic principle is delivered in a framework of a five-step model: (1) Identify the contract (s) with a customer (2) Identify the performance obligations in the contract (3) Determine the transaction price (4) Allocate the transaction price to the performance obligations in the contract (5) Recognize revenue when (or as) the entity satisfies a performance obligation. The application of this approach will depend on the facts and circumstances present in a contract with a client and requires the exercise of judgment. The standard should be applied in the IFRS financial statements of the entity for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The Company is in the process of assessing the impact on the financial statements.

IFRS 9 - "Financial instruments", addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of the IFRS 9 was issued in July 2014. It replaces the guidelines of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 keeps but simplifies the mixed measurement model and establishes three main measurement categories for financial assets: those measured at fair value with changes in the income statement, fair value with changes in other comprehensive income and those measured at amortized cost. The classification depends on the business model of the entity and the contractual characteristics of the cash flow of financial assets. Investments in equity instruments are measured at fair value with changes to income with the irrevocable option at the beginning of presenting changes in fair values in other comprehensive income without recycling. There is now a new model of expected credit losses replacing the model of impairment of losses incurred used in the IAS 39. For financial liabilities there are no changes regarding the classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities classified at fair value with changes in income. IFRS 9 reduces the requirements for hedging effectiveness of effective ranges. It requires an economic relation between the hedged item and the hedging instrument and the 'hedging ratio' that should be equal to that used by management for risk management purposes. The present documentation is still required but it differs from the documentation currently prepared under IAS 39. The standard is effective for periods starting in or after January 1, 2018. Its early adoption is permitted. The Company is in the process of assessing the effects of IFRS 9.

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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:

	<u>Maximum Possible Loss US\$ million</u>	
	<u>Individual Transaction</u>	<u>Annual Cumulative Transactions</u>
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 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

The cost of imported goods, denominated in US dollars and the euros, represent 50% of the production cost in Mexico. In this sense, a depreciation of the Mexican peso would increase the production 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, 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 Ps 1,957,091 and Ps 1,375,944, respectively.

Based on the exposure of the exchange rate in general at December 31, 2014, 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 Ps988,217.

(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, 2014 and 2013, the Company had no input price hedging for their manufacturing process. Based on the exposure of inputs in general at December 31, 2014 and 2013, 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 Ps4,166,067 and Ps2,735,016, 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, 2014 and 2013, if interest rates on variable rate loans were increased or decreased by 10%, in interest expense would change results in Ps5,066 and Ps4,931, respectively.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

(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 2014 and 2013, 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, 2014 and 2013, the Company had time deposits of Ps3,925,682 and Ps319,893, respectively, which are considered sufficient to adequately manage liquidity risk.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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, 2014 and 2013, are as follows ⁽¹⁾:

	Less than <u>1 year</u>	Between 1 and 2 <u>years</u>	Between 3 and 5 <u>years</u>	Over <u>5 years</u>
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
At December 31, 2013				
Suppliers and other accounts payable	Ps 5,048,482	Ps -	Ps -	Ps -
Bank loans	2,027,538	788,035	3,942,162	-
Senior Notes	79,752	-	5,824,297	3,192,719
Stock certificates	1,703,509	-	1,628,250	-
Accrued interest payable from bank				
Loans, Senior Notes and stock certificates	737,317	1,468,864	1,380,903	194,901
Other current and non-current liabilities (2)	87,048	64,338	22,636	76,636

(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 3.48 and 2.09 as of December 31, 2014 and 2013, respectively.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

4.3 Fair value estimation

Below is an analysis of financial instruments measured at fair value by the valuation method. Three different levels were used as 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, 2014 and 2013 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.

Sigma Alimentos, S. A. de C. V. and subsidiaries
Notes to the Consolidated Financial Statements
As of December 31, 2014 and 2013

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, 2014 if income before taxes increases/decreases by 5%, income tax will be increased/decreased by Ps23,457.

(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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

(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 accordance 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 asset 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, 2014 and 2013.

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

(a) Revenue recognition

The Company has recognized revenues of Ps71,464,799 from the sale of goods to third parties during 2014. 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 Ps71,465.

(b) Basis of consolidation

The financial statements include the assets, liabilities and results of all entities in which the Company has a controlling interest. The outstanding balances and significant intercompany transactions have been eliminated in consolidation. To determine control, the Company considers whether it has the power to govern the financial and operational strategy of the respective entity and not just the power of the capital held by the Company.

The consolidated financial statements include assets, liabilities and results of Campofrío since the Company has control. To exercise control, the Company considers whether it has the ability to manage the relevant activities and if it is exposed, or has the right to variable returns derived from its involvement with Campofrío and the ability to affect those returns due to its authority over Campofrío. As a result of this analysis, the Company has used its critical judgment to decide if it should consolidate the financial statements of Campofrío, where the determination of control is not clear. In accordance with the main substantive rights of SIGMA, based on the agreement signed between SIGMA and WH, which became effective on June 9, 2014 and granted SIGMA the right to manage relevant activities significantly affecting variable returns derived from its involvement with Campofrío, including, among others: the approval of the business plan, the approval of recurring corporate events as extraordinary, changes in the entity's ownership; the need for additional capital from current shareholders or investors, and the resolution of

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

disputes between shareholders. Based on these rights and the 45% indirect equity of SIGMA on June 9, 2014 in Campofrío, ALFA controls the decisions on relevant activities through a simple majority in the board meetings, as well as in the stockholders' meeting. Management has concluded that there are circumstances and factors in the aforementioned agreement between SIGMA and WH that allows the Company to currently have the ability to manage activities and transactions relevant to Campofrío, demonstrating control. The Company will continue assessing these circumstances in each report date to determine if this critical judgment continues to be valid.

Note 6 - Cash and cash equivalents:

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

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash at bank and on hand	Ps 986,330	Ps 1,739,441
Short term bank deposits	<u>3,925,682</u>	<u>319,893</u>
Cash and cash equivalents (excluding bank overdrafts)	<u>Ps 4,912,012</u>	<u>Ps 2,059,334</u>

For purposes of the cash flow statement the cash and cash equivalents include the following items:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	Ps 4,912,012	Ps 2,059,334
Bank overdrafts (classified as debt in current liabilities) (Note 19)	<u>-</u>	<u>(540)</u>
Cash and cash equivalents at end of year	<u>Ps 4,912,012</u>	<u>Ps 2,058,794</u>

Nota 7 - Restricted cash and cash equivalents

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

	<u>2014</u>
Current	Ps 110,385
Non-current	<u>44,154</u>
Restricted cash and cash equivalents	<u>Ps 154,539</u>

The restricted cash represents an escrow deposit in favor of SIGMA celebrated with the former shareholders of JURIS (see Note 2b). Restricted cash will be released once the purchase price allocation and once issued the qualifications proving the registration of the acquisition before the intellectual property institute of Ecuador.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 8 - Trade and other accounts receivable - Net:

	<u>2014</u>	<u>2013</u>
Trade	Ps 4,410,154	Ps 3,460,829
Accounts receivable from brokerage	346,086	138,029
Provision for impairment of trade receivables	<u>(389,865)</u>	<u>(79,822)</u>
Clients, net	4,366,375	3,519,036
Accounts receivable from related parties (Note 29)	49,222	46
Value-added tax recoverable	1,356,252	1,158,592
Interest receivable	681	476
Other debtors:		
Short-term notes receivable	144,126	11,481
Sundry debtors	<u>836,670</u>	<u>140,631</u>
	<u>Ps 6,753,326</u>	<u>Ps 4,830,262</u>

Trade and other receivables include due balances unimpaired of Ps704,548 and Ps492,812 at December 31, 2014 and 2013, respectively.

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

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
1 to 30 days	Ps 478,902	Ps 376,893
30 to 90 days	135,240	93,715
90 to 180 days	63,803	15,892
More than 180 days	<u>26,603</u>	<u>6,312</u>
	<u>Ps 704,548</u>	<u>Ps 492,812</u>

At December 31, 2014 and 2013, trade and other accounts receivable of Ps5,397,074 and Ps3,671,670, respectively have an impairment provision (represented by customers and sundry debtors). The amount of the impairment provision at December 31, 2014 and 2013 amounts to Ps389,865 and Ps79,822, 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:

	<u>2014</u>	<u>2013</u>
Opening balance (January 1)	Ps 79,822	Ps 93,013
Provision for impairment of trade receivables	85,522	14,494
Increase from acquisitions (Note 2)	276,987	-
Trade receivables written-off during the year	<u>(52,466)</u>	<u>(27,685)</u>
Ending balance (December 31)	<u>Ps 389,865</u>	<u>Ps 79,822</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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

Note 9 - Inventories:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Finished goods	Ps 2,618,851	Ps 1,312,669
Raw material and other consumable	3,720,166	1,974,175
Work in progress	<u>4,110,371</u>	<u>167,643</u>
	<u>Ps 10,449,388</u>	<u>Ps 3,454,487</u>

The cost of inventories recognized as an expense and included in "cost of sales" amounted to Ps41,660,676 and Ps27,350,164 for 2014 and 2013, respectively.

In the years ended on December 31, 2014 and 2013, damaged, slow-moving and obsolete inventory was charged to cost of sales in the amount of Ps112,056 and Ps13,814, respectively.

At December 31, 2014 and 2013, 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:

	<u>2014</u>	<u>2013</u>
Financial assets:		
Cash and cash equivalents	Ps 4,912,012	Ps 2,059,334
Restricted cash and cash equivalents	154,539	-
Trade and other receivable	5,397,074	3,671,670
Other non-current asset	<u>940,365</u>	<u>289,127</u>
	<u>Ps 11,403,990</u>	<u>Ps 6,020,131</u>
	<u>2014</u>	<u>2013</u>
Financial liabilities		
Debt (Note 16)	Ps 32,194,037	Ps 19,186,262
Suppliers and other accounts payable	18,055,838	5,048,482
Other non-current liability	<u>298,058</u>	<u>250,658</u>
	<u>Ps 50,547,933</u>	<u>Ps 24,485,402</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Counterparties with external credit rating		
"A"	Ps 539,633	Ps 849,430
"BBB+"	165,594	-
Other categories	<u>132,935</u>	<u>89,212</u>
	<u>Ps 838,162</u>	<u>Ps 938,642</u>
Counterparties without external credit rating		
"Clients type Y"	<u>Ps 4,558,912</u>	<u>Ps 2,733,028</u>
Total accounts receivable not impaired	<u>Ps 5,397,074</u>	<u>Ps 3,671,670</u>

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash and cash equivalents, Except for petty cash		
"A"	Ps 224,956	Ps 120,232
"A-"	515,492	-
"BBB"	2,756,856	1,402,973
"BB"	233,624	27,389
"BB+"	576,437	29,392
Other categories	18,824	202,331
Not rated	<u>585,823</u>	<u>277,017</u>
	<u>Ps 4,912,012</u>	<u>Ps 2,059,334</u>

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

Other categories - Mainly 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 and cash equivalents, 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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):

	<u>At December 31, 2014</u>		<u>At December 31, 2013</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets:				
Related parties	Ps 265	Ps 278	Ps 236	Ps 255
Financial liabilities:				
Non-current debt	31,053	31,075	15,375	16,676

At December 31, 2014 and 2013, the weighted average discount rate to determine the fair value of financial assets amounted to 4.86% and 5.35%, 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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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, 2013										
Opening net book value	Ps 1,023,603	Ps 2,695,675	Ps 4,644,572	Ps 1,008,614	Ps 214,286	Ps 70,813	Ps 327,470	Ps 212,428	Ps 1,116	Ps 10,198,577
Exchange differences	(2,645)	(655)	(9,564)	(1,142)	(463)	(459)	(7)	(9)	(2)	(14,946)
Additions	48,297	61,294	330,133	365,869	68,181	9,100	766,134	34,454	-	1,683,462
Additions from business combinations	136,379	118,713	94,589	23,436	5,067	-	-	-	-	378,184
Disposals	(1,152)	(7,215)	(86,769)	(40,187)	(1,756)	(13,084)	(148,517)	(3,743)	(512)	(302,935)
Write off of fixed assets recorded in the year	-	(100)	(4,262)	(27)	-	(572)	(4,087)	(292)	-	(9,340)
Transfers	13,804	22,634	211,753	8,322	25,562	(11,131)	(282,573)	11,650	(21)	-
Depreciation charges of the year	-	(149,670)	(717,685)	(244,514)	(94,839)	-	-	(20,409)	(279)	(1,227,396)
Balances at December 31, 2013	<u>1,218,286</u>	<u>2,740,676</u>	<u>4,462,767</u>	<u>1,120,371</u>	<u>216,038</u>	<u>54,667</u>	<u>658,420</u>	<u>234,079</u>	<u>302</u>	<u>10,705,606</u>
At December 31, 2013										
Cost	1,218,286	4,072,362	9,644,131	2,564,732	791,685	54,667	658,420	463,421	997	19,468,701
Accumulated depreciation	-	(1,331,686)	(5,181,364)	(1,444,361)	(575,647)	-	-	(229,342)	(695)	(8,763,095)
Net balances at December 31, 2013	<u>Ps 1,218,286</u>	<u>Ps 2,740,676</u>	<u>Ps 4,462,767</u>	<u>Ps 1,120,371</u>	<u>Ps 216,038</u>	<u>Ps 54,667</u>	<u>Ps 658,420</u>	<u>Ps 234,079</u>	<u>Ps 302</u>	<u>Ps 10,705,606</u>
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	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	<u>2,673,163</u>	<u>8,089,585</u>	<u>10,709,433</u>	<u>1,034,993</u>	<u>375,477</u>	<u>59,887</u>	<u>987,206</u>	<u>190,329</u>	<u>56</u>	<u>24,120,129</u>
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	<u>Ps 2,673,163</u>	<u>Ps 8,089,585</u>	<u>Ps 10,709,433</u>	<u>Ps 1,034,993</u>	<u>Ps 375,477</u>	<u>Ps 59,887</u>	<u>Ps 987,206</u>	<u>Ps 190,329</u>	<u>Ps 56</u>	<u>Ps 24,120,129</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

At December 31, 2014 and 2013 there are acquisitions of property, plant and equipment that required no cash flows, since they were made on credit amounting to Ps381,619 and Ps296,463, respectively.

From depreciation expense, Ps1,682,341 and Ps1,227,396, have been charged in cost of sales Ps1,127,401 and Ps723,439, in sales expense Ps419,826 and Ps407,551, and in administrative expenses Ps135,114 and Ps96,406, in 2014 and 2013, respectively.

At December 31, 2014 and 2013, there are liabilities for a total amount of Ps 54,074 and Ps7,670, respectively guaranteed with property, machinery and equipment for US\$ 8,212 in 2014 and US\$1,243 in 2013.

At December 31, 2014 and 2013, 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:

	<u>2014</u>
Cost - capitalized financial lease	\$ 195,637
Accumulated depreciation	<u>(59,216)</u>
Carrying value, net	<u>\$ 136,421</u>

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.

Sigma Alimentos, S. A. de C. V. and subsidiaries
Notes to the Consolidated Financial Statements
As of December 31, 2014 and 2013

Note 12 - Goodwill and intangible assets:

	Finite life			indefinite life			Total
	Development Cost	Customer relationships	Software licenses and other	Goodwill	Trademarks	Other	
Cost							
At January 1, 2013	Ps 439,586	Ps 1,203,434	Ps 127,088	Ps 5,048,221	Ps 2,637,389	Ps -	Ps 9,455,718
Exchange differences	(1,168)	6,753	(7,593)	144,897	-	-	142,889
Additions due to business combinations	-	-	-	794,576	114,707	-	909,283
Additions	<u>36,252</u>	<u>-</u>	<u>21,603</u>	<u>-</u>	<u>-</u>	<u>82,681</u>	<u>140,536</u>
At December 31, 2013	Ps 474,670	Ps 1,210,187	Ps 141,098	Ps 5,987,694	Ps 2,752,096	Ps 82,681	Ps10,648,426
Exchange differences	332	-	20,941	100,637	64,650	-	186,560
Additions due to business combinations	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 (Note 2)	-	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	Ps 10,217,871	Ps 82,681	Ps22,327,018
Accumulated amortization							
At January 1, 2013	(Ps 333,777)	(Ps 200,021)	(Ps 22,152)	Ps -	Ps -	Ps -	(Ps 555,950)
Amortization	(16,379)	(85,506)	(3,706)	-	-	-	(105,591)
Exchange differences	1,085	(1,913)	(1)	-	-	-	(829)
At December 31, 2013	(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)
Net book value							
Cost	474,670	1,210,187	141,098	5,987,694	2,752,096	82,681	10,648,426
Accumulated amortization and impairment	<u>(349,071)</u>	<u>(287,440)</u>	<u>(25,859)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(662,370)</u>
At December 31, 2013	Ps 125,599	Ps 922,747	Ps 115,239	Ps5,987,694	Ps 2,752,096	Ps 82,681	Ps 9,986,056
Cost	478,184	1,351,946	1,521,932	8,674,404	10,217,871	82,681	22,327,018
Accumulated amortization and impairment	<u>(351,305)</u>	<u>(420,908)</u>	<u>(176,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(948,986)</u>
At December 31, 2014	Ps 126,879	Ps 931,038	Ps 1,345,159	Ps8,674,404	Ps10,217,871	Ps 82,681	Ps21,378,032

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

From amortization expense, Ps228,389 and Ps105,591, have been charged in cost of sales Ps5,214 and Ps4,502, in sales expense Ps149,027 and Ps86,237, in administrative expenses Ps74,148 and Ps14,852, in 2014 and 2013, respectively.

Goodwill was increased in 2014 for the acquisition of Campofrío, Fábrica Juris, CIA, LTDA, Savi and Inversión Arhuaco and the settings of the final valuation of ComNor acquisition in 2013 (see Note 2).

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
México	Ps 1,492,595	Ps 1,617,817
USA	4,004,263	3,951,130
Europe	2,118,569	-
Other segments	<u>1,058,977</u>	<u>418,747</u>
	<u>Ps 8,674,404</u>	<u>Ps 5,987,694</u>

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 2014 and 2013 are as follows:

	<u>2014</u>			
	<u>México</u>	<u>USA</u>	<u>Europe</u>	<u>Other segments</u>
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%

	<u>2013</u>		
	<u>México</u>	<u>USA</u>	<u>Other segments</u>
Estimated gross margin	35.3%	23.9%	29.5%
Growth rate	13.5%	4.4%	8.6%
Discount rate	9.8%	8.3%	10.9%

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Long-term related parties (Note 29)	Ps 264,627	Ps 236,210
Long-term notes receivable	642,992	21,277
Investment in shares of associates ⁽¹⁾	755,812	5,716,336
Other non-current asset	<u>32,746</u>	<u>31,640</u>
Total other non-current assets	<u>Ps 1,696,177</u>	<u>Ps 6,005,463</u>

⁽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:

	<u>2014</u>	<u>2013</u>
Balance at January 1,	Ps 5,716,336	Ps 88,305
Equity method	(249,040)	(4,363)
Associates from Campofrío (Note 2)	943,598	-
Acquisitions and takeover (Note 2 a)	<u>(5,655,082)</u>	<u>5,632,394</u>
Balance at December 31,	<u>Ps 755,812</u>	<u>Ps 5,716,336</u>

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

	<u>2014</u>
Operating losses	(Ps282,092)
Other items of comprehensive income	-
Comprehensive loss	(282,092)
Investment in associates at December 31	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, 2014 and 2013 is integrated as follows:

	<u>Non-controlling ownership percentage</u>	<u>Non-controlling interest income for the period</u>	<u>Non-controlling interest at December 31,</u>
		<u>2014</u>	<u>2014</u>
Campofrío ⁽¹⁾	42%	Ps 94,668	Ps 3,470,657

⁽¹⁾ See Note 2a

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

The summarized financial information at December 31, 2014 and 2013 and for the year then ended, corresponding to each subsidiary with a significant non-controlling interest is shown below:

Statement of financial position

Current assets	Ps11,750,466
Non-current assets	22,073,774
Current liabilities	(13,421,366)
Non-current liabilities	(12,232,779)
Stockholders' equity	(8,170,095)

Statement of income

Revenues	17,571,889
Net profit	222,852
Comprehensive income for the year	275,891

Cash flows

Cash flows from operating activities	1,963,728
Net cash used from investments activities	2,277,436
Net cash used from financing activities	(904,284)
Net increase in cash and cash equivalents	3,318,217

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

Note 15 - Suppliers and other accounts payable:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Trade	Ps14,061,702	Ps 3,734,364
Taxes and withholdings payable	1,096,979	533,546
Annual performance liabilities	70,650	22,832
Short-term employee benefits	1,253,060	238,005
Other accounts payable and accrued expenses	<u>1,573,447</u>	<u>519,735</u>
	<u>Ps18,055,838</u>	<u>Ps 5,048,482</u>

Note 16 - Debt:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Current:		
Bank loans (1)	Ps 280,457	Ps 843,060
Current portion of non-current debt	<u>860,051</u>	<u>2,967,739</u>
Current debt	<u>Ps 1,140,508</u>	<u>Ps 3,810,799</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Non-current:		
In dollars:		
Senior Notes (b)	Ps 10,279,361	Ps 9,096,863
Unsecured bank loans (a)	10,106,924	5,906,910
Unsecured bank loans	50,436	-
In euros:		
Senior Notes (b)	9,085,258	-
Unsecured bank loans	540,545	-
Finance leases	129,183	-
In Mexican pesos:		
Unsecured stock certificates (c)	1,718,235	3,331,759
In Peruvian Soles:		
Secured bank loans	<u>3,638</u>	<u>7,670</u>
	31,913,580	18,343,202
Less: Current portion of non-current debt	<u>(860,051)</u>	<u>(2,967,739)</u>
Non-current debt (2)	<u>Ps 31,053,529</u>	<u>Ps 15,375,463</u>

(1) At December 31, 2014 and 2013, bank loans and current notes payable caused interest at an average rate of 3.12% and 0.99%, 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:

<u>Description</u>	<u>Currency</u>	<u>Balance at December 31, 2014</u>	<u>Balance December 31, 2013</u>	<u>Maturity date DD/MM/YYYY</u>	<u>Interest rate</u>	<u>Interest effective rate</u>
Market (b)	USD	Ps 6,651,165	Ps 5,894,933	14/12/2018	5.625%	5.764%
Market (b)	USD	3,628,196	3,201,930	16/12/2019	6.087%	6.352%
Market (b)	EUR	<u>9,085,258</u>	-	31/10/2016	8.250%	8.425%
Total Senior Notes		<u>19,364,619</u>	<u>9,096,863</u>			
Peru loans	SOL	3,638	7,670	01/03/2016	7.38%	7.38%
Ecuador loan	USD	12,370	-	23/10/2015	9.76%	9.76%
Ecuador loan	USD	4,013	-	15/04/2015	8.95%	8.95%
Ecuador loan	USD	<u>34,053</u>	-	15/04/2015	8.90%	8.90%
Total secured bank loans		<u>54,074</u>	<u>7,670</u>			
Syndicated loan	USD	-	261,698	15/09/2014	1.59%	1.59%
Syndicated loan	USD	-	457,972	08/09/2014	1.57%	1.57%
Syndicated loan	USD	-	458,109	15/09/2014	1.57%	1.57%
Syndicated loan (a)	USD	441,540	392,468	20/06/2016	1.47%	1.47%
Syndicated loan (a)	USD	441,540	392,484	20/06/2016	1.47%	1.47%
Syndicated loan (a)	USD	9,223,844	3,944,179	13/11/2018	1.47%	1.47%
Syndicated loan	EUR	535,583	-	01/10/2015	2.95%	2.95%
Syndicated loan	EUR	<u>4,962</u>	-	31/12/2016	2.00%	2.00%
Total unsecured bank loans		<u>10,647,469</u>	<u>5,906,910</u>			

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

<u>Description</u>	<u>Currency</u>	<u>Balance at December 31, 2014</u>	<u>Balance December 31, 2013</u>	<u>Maturity date DD/MM/YYYY</u>	<u>Interest rate</u>	<u>Interest effective rate</u>
SIGMA 07-02 (c)	MXN	-	643,662	08/12/2014	8.75%	8.75%
SIGMA 08 (c)	MXN	1,047,549	1,047,264	12/07/2018	10.25%	10.25%
SIGMA 07 (c)	MXN	-	1,002,438	08/12/2014	5.04%	5.04%
SIGMA 08U (c)	MXN	<u>670,686</u>	<u>638,395</u>	12/07/2018	5.32%	5.32%
Total unsecured stock certificates (c)		<u>1,718,235</u>	<u>3,331,759</u>			
Finance leases	EUR	<u>129,183</u>	-			
TOTAL		<u>Ps 31,913,580</u>	<u>Ps 18,343,202</u>			

At December 31, 2014, the annual maturities of non-current debt are as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 onwards</u>	<u>Total</u>
Bank loans	Ps 900,187	Ps4,615,515	Ps 4,610,186	Ps -	Ps 10,125,888
Senior Notes	8,962,440	-	6,567,341	3,614,143	19,143,924
Stock certificates	-	-	1,654,534	-	1,654,534
Finance leases	<u>18,539</u>	<u>20,922</u>	<u>22,186</u>	<u>67,536</u>	<u>129,183</u>
	<u>Ps 9,881,166</u>	<u>Ps4,636,437</u>	<u>Ps 12,854,247</u>	<u>Ps 3,681,679</u>	<u>Ps 31,053,529</u>

At December 31, 2014 and 2013, the Company has contractual credit lines unused for a total of Ps5,608,000 (€232,237 and US\$100,000) and Ps9,122,815 (US\$698,531), respectively.

Relevant debt transactions:

(a) 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, 2014, the balance of this portion amounted to Ps 4,437,023.

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, 2014, the balance this portion amounted to Ps 4,783,350.

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, 2014, the balance amounted to Ps441,540.

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, 2014, the balance amounted to Ps.441,540.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

- (b) 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, 2014 and 2013, the balance of the Senior Notes amounts to US\$700 million in both years (Ps10,232,540 and Ps9,078,825 in 2014, 2013, 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, 2014 and 2013 amounted to Ps51,056 and Ps61,809, 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 December 17, 2007, SIGMA issued debt certificates of Ps1,000,000 and Ps635,000, SIGMA 07 and SIGMA 07-2, respectively, with maturity in 2014 at a monthly Interbank Equilibrium Interest Rate ("TIIE") plus 20 basis points and fixed biannual rate of 8.75% respectively, primarily to liquidate the short-term debt. The UDI's are instruments stated in Mexican pesos that automatically adjust the principal value of an obligation with the inflation rate published officially by the Bank of Mexico.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

On December 8, 2014 were liquidated stock certificates SIGMA 07 and SIGMA 07-2 at maturity for an amount of Ps 1,000,000 and Ps 635,000 respectively.

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 2014 and 2013, 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, 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 and 2013, there are liabilities for a total amount of Ps 54,074 and Ps7,670, respectively guaranteed with property, machinery and equipment for US\$ 8,212 in 2014 (Ps 120,864) and US\$1,243 (Ps 16,254) in 2013.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 17 - Deferred taxes:

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

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Deferred tax asset:		
- To be recovered after more than 12 months	Ps 535,699	Ps 74,557
- To be recovered within 12 months	<u>303,329</u>	<u>850,986</u>
	<u>839,028</u>	<u>925,543</u>
Deferred tax liabilities:		
- To be recovered after more than 12 months	(Ps 3,051,053)	(Ps 89,544)
- To be recovered within 12 months	<u>(18,160)</u>	<u>(926,982)</u>
	<u>(3,069,213)</u>	<u>(1,016,526)</u>
Deferred tax liabilities, net	<u>(Ps 2,230,185)</u>	<u>(Ps 90,983)</u>

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

	<u>2014</u>	<u>2013</u>
At January 1	(Ps 90,983)	Ps 98,642
(Charge) credit to the income statement (Note 28)	304,491	(187,674)
Exchange differences	(13,104)	61,142
Business acquisition	(2,398,351)	-
Tax creditable/(payable) related to component of other comprehensive income (Note 28)	<u>(32,238)</u>	<u>(63,093)</u>
At December 31	<u>Ps 2,230,185)</u>	<u>(Ps 90,983)</u>

Temporary differences requiring recognition of deferred income tax assets and liabilities are as follows:

	<u>(Assets)</u>	
	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Inventories	Ps 39,386	Ps 31,330
Customers	16,301	11,142
Advanced payments	(29,879)	(22,853)
Intangible asset	(498,205)	3,072
Property, plant and equipment	(1,338)	(51,889)
Advance payments from clients	546,858	822,904
Liabilities from retirement benefits	37,673	39,847
Provisions and other liabilities	91,164	40,444
Tax loss carryforwards	614,973	284,112
Other temporary differences, net	<u>22,095</u>	<u>(232,556)</u>
Deferred tax asset	<u>839,028</u>	<u>925,543</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

	<u>Liabilities</u>	
	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Inventories	(Ps 10,552)	Ps 1,019
Customers	9,058	5,518
Advanced payments	(14,335)	(11,356)
Intangible asset	(2,414,816)	(420,833)
Property, plant and equipment	(2,927,831)	(730,180)
Liabilities from retirement benefits	61,802	62,855
Provisions and other liabilities	644,866	86,752
Tax loss carryforwards	1,609,463	-
Other temporary differences, net	<u>(26,868)</u>	<u>(10,301)</u>
Deferred tax liability	<u>(3,069,213)</u>	<u>(1,016,526)</u>
Deferred tax liability, net	<u>(Ps2,230,185)</u>	<u>(Ps 90,983)</u>

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

	Balance at December 31, <u>2013</u>	(Charged) to income statement	Business acquisitions	(Charged) credited to other comprehensive income	Balance at December 31, <u>2014</u>
Inventories	Ps 31,330	Ps 8,056	Ps -	Ps -	Ps 39,386
Customers	11,142	5,159	-	-	16,301
Advanced payments	(22,853)	(7,026)	-	-	(29,879)
Intangible asset	3,072	(501,277)	-	-	(498,205)
Property, plant and equipment	(51,889)	50,551	-	-	(1,338)
Advance payments from clients	822,904	(276,046)	-	-	546,858
Liabilities from retirement benefits	39,847	6,798	-	(8,972)	37,673
Provisions and other accrued expenses payable	40,444	50,720	-	-	91,164
Tax loss carryforwards	284,112	330,861	-	-	614,973
Other temporary differences, net	<u>(232,566)</u>	<u>254,661</u>	<u>-</u>	<u>-</u>	<u>22,095</u>
Deferred tax asset	<u>925,543</u>	<u>(77,543)</u>	<u>-</u>	<u>(8,972)</u>	<u>839,028</u>
Inventories	Ps 1,019	(Ps 80)	(Ps 11,491)	Ps -	(Ps 10,552)
Customers	5,518	3,540	-	-	9,058
Advanced payments	(11,356)	(2,979)	-	-	(14,335)
Intangible asset	(420,833)	308,384	(2,302,367)	-	(2,414,816)
Property, plant and equipment	(730,180)	18,602	(2,216,253)	-	(2,927,831)
Liabilities from retirement benefits	62,855	22,213	-	(23,266)	61,802
Provisions and other accrued expenses payable	86,752	(39,778)	597,892	-	644,866
Tax loss carryforwards	-	147,444	1,462,019	-	1,609,463
Other temporary differences, net	<u>(10,301)</u>	<u>(88,416)</u>	<u>71,849</u>	<u>-</u>	<u>(26,868)</u>
Deferred tax liability	<u>(1,016,526)</u>	<u>368,930</u>	<u>(2,398,351)</u>	<u>(23,266)</u>	<u>(3,069,213)</u>
Deferred tax liability, net	<u>(Ps 90,983)</u>	<u>Ps 291,387</u>	<u>(Ps 2,398,351)</u>	<u>(Ps 32,238)</u>	<u>(Ps 2,230,185)</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

	Balances at December 31, 2012	(Charged) credited to statement of income	(Charged) credited to other comprehensive income	Balances at December 31, 2013
Inventories	Ps 42,104	(Ps 10,774)	-	Ps 31,330
Customers	14,494	(3,352)	-	11,142
Advanced payments	(13,240)	(9,613)	-	(22,853)
Intangible asset	(4,599)	7,671	-	3,072
Property, plant and equipment	(44,523)	(7,366)	-	(51,889)
Advance payments from clients	694,631	128,273	-	822,904
Net liability employee retirement	27,296	13,503	(952)	39,847
Employees' profit sharing and accrued expenses payable	73,686	(33,242)	-	40,444
Tax loss carryforwards	355,656	(71,544)	-	284,112
Other temporary differences, net	<u>(138,346)</u>	<u>(94,220)</u>	<u>-</u>	<u>(232,566)</u>
Deferred tax asset	<u>1,007,159</u>	<u>(80,664)</u>	<u>(952)</u>	<u>925,543</u>
Inventories	1,127	(108)	-	1,019
Customers	5,403	115	-	5,518
Advanced payments	(8,368)	(2,988)	-	(11,356)
Intangible asset	(321,954)	(98,879)	-	(420,833)
Derivative financial instruments	6,744	(6,744)	-	-
Property, plant and equipment	(759,106)	28,926	-	(730,180)
Net liability employee retirement	84,236	40,760	(62,141)	62,855
Amortization of foreign tax losses.	-	86,752	-	86,752
Tax loss carryforwards	6,854	(6,854)	-	-
Other temporary differences, net	<u>76,547</u>	<u>(88,848)</u>	<u>-</u>	<u>(10,301)</u>
Deferred tax liability	<u>(908,517)</u>	<u>(45,868)</u>	<u>(62,141)</u>	<u>(1,016,526)</u>
Deferred tax liability, net	<u>Ps 98,642</u>	<u>(Ps 126,532)</u>	<u>(Ps 63,093)</u>	<u>(Ps 90,983)</u>

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 Ps7,414,787 in 2014, Ps947,041 in 2013.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Tax losses at December 31, 2014 and 2013, expire in the following years:

<u>Year loss incurred</u>	<u>2014</u>	<u>2013</u>	<u>Year of expiration</u>
2007 and earlier	Ps 83,002	Ps 28,475	2017
2008	104,759	23,622	2018
2009	25,660	131,819	2019
2010	57,271	338,798	2020
2011	444,156	391,524	2021
2012	131,033	23,258	2022
2013	1,026,601	9,545	2023
2014	1,925,499	-	2024
2014	<u>3,616,806</u>	<u>-</u>	Without maturity (*)
	<u>Ps7,414,787</u>	<u>Ps 947,041</u>	

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

New Mexican Income Tax Law

On December 11, 2013 the decree for the new Income Tax Law was published (new LISR) becoming effective on January 1, 2014, repealing the LISR published as of January 1, 2002 (former LISR). The new LISR maintains the essence of the former LISR; however, it makes significant amendments among which the most important are:

- i. Limiting deductions in contributions to pension and exempt salary funds, automobile leases, restaurant consumption and social security fees; it also eliminates the immediate deduction in fixed assets.
- ii. Amending the mechanics to accumulate revenues derived from the term alienation and generalizing the procedure to determine the gain in alienation of shares.
- iii. Amending the procedure to determine the taxable basis for the Employees' Profit Sharing (PTU Spanish acronym), establishing the mechanics to determine the initial balance of the capital contribution account (CUCA Spanish acronym) and the Net Tax Profit Account (CUFIN Spanish acronym) and establishing new mechanics for the recovery of Asset Tax (IA Spanish acronym).
- iv. Establishing an ISR rate applicable for 2014 and the following years of 30%. In contrast to the LISR above that established a 30%, 29% and 28% rate for 2013, 2014 and 2015, respectively.

The Company has reviewed and adjusted the deferred tax balance at December 31, 2014, considering in the determination of temporary differences, the application of these new provisions, the impacts of which are detailed in the reconciliation of the effective rate as follows show in Note 28, within the rate difference effect item of the year for Ps 10,128. However, the effects in deduction limitations and others indicated previously will be applied from 2014 and will mainly affect the tax incurred as of that year.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Tax consolidation in Spain

At December 31, 2014 Campofrio Food Group was taxed on the tax consolidation regime. Following the tender offer, made by SIGMA and WH, on June 9, 2014 the consolidated tax is broken with effect from 1 January 2015. According to the Spanish Tax Law Societies, the termination of the tax consolidation regime involves assigning all pending application to the different entities that constitute the tax group tax assets. Therefore at December 31, 2014 were assigned, in the consolidated statement of financial position and consolidated statement of income, tax credits and losses based on the percentage that each entity contributed his generation.

Nota 18 - Provisions:

	<u>Disputes</u> ⁽¹⁾	<u>Restructuring</u> ⁽¹⁾	<u>Indemnities for dismissal and others</u> ⁽¹⁾	<u>Total</u>
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	<u>(3,526)</u>	<u>(26,473)</u>	<u>(6,340)</u>	<u>(36,339)</u>
At December 31, 2014	<u>Ps37,989</u>	<u>Ps 577,866</u>	<u>Ps 224,481</u>	<u>Ps 840,336</u>
			<u>2014</u>	
Short-term provisions			Ps 267,401	
Long-term provisions			<u>572,935</u>	
At December 31,			<u>Ps 840,336</u>	

⁽¹⁾ This provision comes from Campofrio 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:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Current portion		
Income taxes payable	Ps 237,739	Ps 77,274
Employees' profit sharing payable	90,076	80,066
Bank overdrafts (Note 6)	-	540
Employees' benefits based on shares (Note 23)	34,002	8,713
Notes payable	35,115	8,680
Accounts payable to affiliated company (Note 29)	<u>11,061</u>	<u>69,115</u>
Total other current liabilities	<u>Ps 407,993</u>	<u>Ps 244,388</u>
Non-current portion		
Notes payable and others	Ps 154,181	Ps 77,653
Employees' benefits based on shares (Note 23)	<u>63,699</u>	<u>85,957</u>
Total other non-current liabilities	<u>217,880</u>	<u>163,610</u>
Total other liabilities	<u>Ps 625,873</u>	<u>Ps 407,998</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 20 - Employee Benefits:

The valuation of employee benefits for retirement plans (covering approximately 80% of workers in 2014 and 80% in 2013) 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:

<u>Country</u>	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
México	Ps 327,815	Ps 341,874
Europe	403,812	-
Honduras, Nicaragua and El Salvador	<u>30,257</u>	<u>466</u>
Total	<u>Ps 761,884</u>	<u>Ps 342,340</u>

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

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Obligation in the balance sheet:		
Pension benefits	Ps 755,605	Ps 335,986
Post-employment medical benefits	<u>6,279</u>	<u>6,354</u>
Liability in balance sheet	<u>761,884</u>	<u>342,340</u>
Charge in the income statement:		
Pension benefits	(Ps)129,813	(Ps) 125,975
Post-employment medical benefits	<u>(604)</u>	<u>(502)</u>
	<u>(Ps)130,417</u>	<u>(Ps) 126,477</u>
Actuarial gain (loss) recognized in the statement of other comprehensive income for the period	<u>Ps 107,461</u>	<u>Ps 210,288</u>
Cumulative actuarial gain (loss) recognized in other comprehensive income	<u>Ps 147,630</u>	<u>Ps 40,169</u>

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).

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Amounts recognized in the balance sheet are determined as follows:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Present value of funded obligations	Ps2,681,744	Ps 1,078,691
Fair value of plan assets	<u>(1,926,139)</u>	<u>(742,705)</u>
Present value of unfunded obligations	755,605	335,986
Unrecognized past service costs	-	-
Liability in the balance sheet	<u>Ps 755,605</u>	<u>Ps 335,986</u>

At December 31, 2014 and 2013, the integration of plan assets calculated at fair value, is as follows:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Fixed rent short and long term securities	Ps1,401,659	Ps 445,201
Shares	<u>524,480</u>	<u>297,504</u>
Fair value of plan assets	<u>Ps1,926,139</u>	<u>Ps 742,705</u>

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

	<u>2014</u>	<u>2013</u>
At January 1	Ps 1,078,691	Ps 1,109,856
Current service costs (Nota 27)	107,134	108,451
Interest cost	90,307	60,970
Employee contributions	99,519	-
Remeasurements:		
Financial actuarial (gains) losses	120,409	(181,313)
Past service costs	(1,900)	-
Exchange differences	4,128	102
Benefits paid	(73,278)	(39,893)
Liabilities acquired in business combination	1,260,142	26,729
Reducing losses	<u>(3,408)</u>	<u>(6,211)</u>
At December 31	<u>Ps 2,681,744</u>	<u>Ps 1,078,691</u>

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

	<u>2014</u>	<u>2013</u>
At January 1	(Ps 742,705)	(Ps 676,291)
Expected return on plan assets	(64,218)	(37,235)
Employee contributions	(21,923)	-
Benefits paid	32,428	-
Assets acquired in business combinations	(899,085)	-
Exchange differences	(3,444)	-
Actuarial remeasurements	<u>(227,192)</u>	<u>(29,179)</u>
At December 31	<u>(Ps1,926,139)</u>	<u>(Ps 742,705)</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

The amounts recognized in the income statement are as follows:

	<u>2014</u>	<u>2013</u>
Current service cost	(Ps 107,134)	(Ps 108,451)
Financial costs, net	(26,089)	(23,735)
Reducing losses	<u>3,410</u>	<u>6,211</u>
Total included in staff costs	<u>(Ps 129,813)</u>	<u>(Ps 125,975)</u>

Total recognized in other comprehensive income items described below:

	<u>2014</u>	<u>2013</u>
Cumulative balance at beginning of year	Ps 40,169	(Ps 170,119)
Employees' benefits remeasurements	<u>107,461</u>	<u>210,288</u>
Accumulated balance at end of year	<u>Ps 147,630)</u>	<u>Ps 40,169</u>

The main actuarial assumptions were as follows:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Discount rate (México)	6.75%	6.75%
Discount rate (Europe)	1.69%	-
Inflation rate	4.25%	4.25%
Salary increase rate (México)	5.25%	5.25%
Salary increase rate (Europe)	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 17.47 and 20.5 years at December 31, 2014 and 2013, respectively.

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

	<u>Effect in defined benefit obligations</u>		
	<u>Change in assumptions</u>	<u>Increase in assumptions</u>	<u>Decrease in assumptions</u>
Discount rates	+1%	Increases by Ps417,489	Decrease by Ps369,412

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Amounts recognized in the balance sheet are determined as follows:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2013</u>
Present value of funded obligations	Ps 6,279	Ps 6,354
Past service cost not recognized	<u>-</u>	<u>-</u>
Liabilities in the balance sheet	<u>Ps 6,279</u>	<u>Ps 6,354</u>

Movements in defined benefit obligations are as follows:

	<u>2014</u>	<u>2013</u>
At January 1	Ps 6,354	Ps 5,648
Current service cost (Note 27)	175	191
Cost of interest	428	311
Financial actuarial remeasurements	<u>(678)</u>	<u>204</u>
At December 31	<u>Ps 6,279</u>	<u>Ps 6,354</u>

The amounts recognized in the income statement are as follows:

	<u>2014</u>	<u>2013</u>
Current service costs	(Ps 175)	(Ps 191)
Interest cost	<u>(429)</u>	<u>(311)</u>
Total included in staff costs	<u>(Ps 604)</u>	<u>(Ps 502)</u>

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

	<u>Effect in defined benefit obligations</u>		
	<u>Change in assumptions</u>	<u>Increase in assumptions</u>	<u>Decrease in assumptions</u>
Medical inflation rate	+1%	Increases by Ps1,264	Decreases by Ps995

Note 21 - Stockholders' equity:

At December 31, 2014 and 2013, the capital stock is variable, with a fixed minimum to withdraw Ps27,081 represented by 1,290,654,555 shares Series "A" (series "B" in 2013), 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, 2014 and 2013, the amount of the legal reserve amounted to Ps 5,416, which is included in other capital reserves.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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 SIGMA's General Ordinary Meeting held on February 28, 2013, the stockholders agreed to declare dividends in cash for a total amount of Ps 1,026,576 (Ps 0.79 dividends per share in pesos), which were paid during 2013, and are derived fully from the CUFIN.

In October 2013 the Chamber of Senators and Deputies approved the issuance of a new Income Tax Law becoming effective on January 1, 2014. Among other aspects, this law establishes a 10% tax on income generated as of 2014 on dividends paid to foreign residents and Mexican individuals when these correspond to tax profits generated as of 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 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 2014 and 2013 are presented below:

	<u>Effect of foreign currency translation</u>	<u>Legal reserve</u>	<u>Total</u>
At January 1, 2013	(Ps107,438)	Ps 5,416	(Ps102,022)
Losses on foreign currency translation	<u>271,873</u>	<u>-</u>	<u>271,873</u>
At December 31, 2013	164,435	5,416	169,851
Losses on foreign currency translation	<u>576,771</u>	<u>-</u>	<u>576,771</u>
At December 31, 2014	<u>Ps 741,206</u>	<u>Ps 5,416</u>	<u>Ps 746,622</u>

Foreign currency translation

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

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 22 - Foreign currency position:

At February 17, 2015, the issuance date of these financial statements, the exchange rate was Ps 14.89 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 2014 and 2013, the Company has the following assets and liabilities in foreign currencies:

	At December 31, 2014						
	Dollars (USD)		Euros (€)		Other currencies		Thousands of Mexican Pesos total
	Thousands of USD	Thousands of Mexican Pesos	Thousands of Euros €	Thousands of Mexican Pesos	Thousands of USD	Thousands of Mexican Pesos	
Monetary assets	69,996	Ps 1,030,196	306,071	Ps 5,451,215	78,056	Ps1,148,827	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	<u>(1,383,003)</u>	<u>(20,355,038)</u>	<u>(505,068)</u>	<u>(8,995,416)</u>	<u>(23,198)</u>	<u>(341,430)</u>	<u>(29,691,884)</u>
Currency monetary position	<u>(1,520,667)</u>	<u>(Ps 22,381,189)</u>	<u>(953,351)</u>	<u>(Ps16,979,471)</u>	<u>14,869</u>	<u>Ps 218,843</u>	<u>(Ps39,141,817)</u>
Non-monetary assets	<u>392,505</u>	<u>Ps 5,776,887</u>	<u>856,169</u>	<u>Ps 15,248,627</u>	<u>441,186</u>	<u>Ps6,493,382</u>	<u>Ps27,518,896</u>

	At December 31, 2013				
	Dollars (USD)		Other currencies		Thousands of Mexican pesos total
	Thousands of USD	Thousands of Mexican pesos	Thousands of USD	Thousands of Mexican pesos	
Monetary assets	Ps 76,106	Ps 995,188	Ps 146,154	Ps 1,911,179	Ps 2,906,377
Liabilities					
Current	(350,040)	(4,577,298)	(44,972)	(588,070)	(5,165,368)
Non-current	<u>(1,056,966)</u>	<u>(13,821,421)</u>	<u>(263)</u>	<u>(3,445)</u>	<u>(13,824,866)</u>
Currency monetary position	<u>(Ps1,330,900)</u>	<u>(Ps 17,403,521)</u>	<u>Ps 100,919</u>	<u>Ps 1,319,664</u>	<u>(Ps 16,083,857)</u>
Non-monetary assets	<u>Ps 442,354</u>	<u>Ps 5,784,437</u>	<u>Ps 118,355</u>	<u>Ps 1,544,790</u>	<u>Ps 7,329,227</u>

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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 2014 and 2013 is Ps37.38 and Ps38.8 Mexican pesos, respectively.

At December 31, 2014 and 2013 the liability for share-based payments amounted to Ps97,701, Ps94,670, respectively.

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Short term	Ps 34,002	Ps 8,713
Long term	<u>63,699</u>	<u>85,957</u>
Total carrying value	<u>Ps 97,701</u>	<u>Ps 94,670</u>

Note 24 - Expenses classified by their nature:

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

	<u>2014</u>	<u>2013</u>
Changes in inventory of finished goods and in progress	(Ps41,660,676)	(Ps27,350,163)
Human resources expense (Note 27)	(9,700,313)	(7,553,003)
Maintenance	(1,707,874)	(1,242,569)
Depreciation and amortization	(1,930,703)	(1,353,075)
Freight expenses	(1,083,159)	(435,431)
Advertising expenses	(1,569,826)	(1,187,490)
Energy and fuel consumption	(1,093,011)	(639,800)
Traveling expenses	(345,117)	(278,114)
Operating lease expenses	(393,702)	(273,207)
Technical assistance, professional fees and administrative services	(1,041,583)	(765,429)
Other	<u>(4,293,080)</u>	<u>(2,489,069)</u>
Total	<u>(Ps64,819,044)</u>	<u>(Ps43,567,350)</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 25 - Other expenses, net:

	<u>2014</u>	<u>2013</u>
Reimbursement from insurance ⁽¹⁾	Ps 1,766,018	Ps -
Gain from sale of assets	31,838	5,533
Other	<u>29,127</u>	<u>14,437</u>
Other income	<u>1,826,983</u>	<u>19,970</u>
Damage to property, plant, equipment, inventory and others ⁽¹⁾	(Ps 1,857,915)	Ps -
Expenses related to acquisitions	(50,617)	(5,921)
Advisory services for potential acquisition projects	-	(27,674)
Loss from sales of containers and platforms	-	(47,532)
Reorganization expenses	(42)	(3,481)
Write off from removal of fixed and intangible assets	<u>(127,790)</u>	<u>(79,837)</u>
Other expenses	<u>(2,036,364)</u>	<u>(164,445)</u>
Total other expenses, net	<u>(Ps 209,381)</u>	<u>(Ps 144,475)</u>

⁽¹⁾ In November 2014 there was a fire in one of the production plants of the Sigma segment, specifically in the Campofrío plant, 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.

At the date of issuance of these consolidated financial statements, 90% of the lost production capacity has been assigned to other plants, considering that at the beginning of 2015 a production volume similar to the one before the accident may be reached. Additionally, special commercial, promotion and communication measures will be implemented in order to normalize operations and minimize the future effects for the Company due to the Accident.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 26 - Financial cost, net:

	<u>2014</u>	<u>2013</u>
Financial income:		
- Interest income on short-term bank deposits	Ps 46,343	Ps 44,792
- Other financial income	18,955	4,964
- Interest rate swaps	-	769
- Interest on accounts receivable	<u>12,420</u>	<u>12,693</u>
Financial income, excluding foreign exchange gain	77,718	63,218
Gain on foreign exchange	<u>711,306</u>	<u>242,438</u>
Total financial income	<u>Ps 789,024</u>	<u>Ps 305,656</u>
Financial expenses:		
- Interest expense on bank loans	(Ps 443,087)	(Ps 108,359)
- Interest expense, stock certificates and Senior Notes	(914,351)	(873,406)
- Financial expense from sale of portfolio	(37,555)	(32,151)
- Financial expense from employees' benefits	(26,518)	(24,046)
- Other financial expenses	<u>(159,129)</u>	<u>(22,009)</u>
Interest expense, excluding foreign exchange loss	(1,580,640)	(1,059,971)
Foreign exchange loss	<u>(3,831,856)</u>	<u>(284,566)</u>
Total financial expenses	<u>(Ps 5,412,496)</u>	<u>(Ps 1,344,537)</u>
Financing cost, net	<u>(Ps 4,623,472)</u>	<u>(Ps 1,038,881)</u>

Note 27 - Employee benefit expenses:

	<u>2014</u>	<u>2013</u>
Salaries, wages and benefits	Ps 7,954,097	Ps 5,950,441
Contributions to social security	853,793	788,215
Employees' benefits (Note 20)	107,309	108,642
Other contributions	<u>785,114</u>	<u>705,705</u>
Total	<u>Ps 9,700,313</u>	<u>Ps 7,553,003</u>

Note 28 - Income tax of the year:

	<u>2014</u>	<u>2013</u>
Current:		
Current income tax	(Ps 1,179,824)	(Ps 1,176,293)
Adjustment to prior years provision	<u>(47,205)</u>	<u>(14,812)</u>
Total current income tax	<u>(1,227,029)</u>	<u>(1,191,105)</u>
Deferred:		
Origination and reversal of temporary differences	<u>304,491</u>	<u>(187,674)</u>
Total deferred income tax	<u>304,491</u>	<u>(187,674)</u>
Income tax expense	<u>(Ps 922,538)</u>	<u>(Ps 1,378,779)</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

The reconciliation between the statutory and effective income tax rates for the years ended on December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Income before income tax	Ps 1,563,862	Ps 4,233,701
Statutory tax rate (30% in 2014 and 2013)	<u>30%</u>	<u>30%</u>
Income tax at statutory rate	(469,158)	(1,270,110)
Tax rate difference effect	33,583	10,228
(Add) deduct tax effect of:		
Income from dividends	-	(1,309)
Inflationary tax adjustment	(232,333)	(164,273)
Non-deductible expenses	(238,892)	(16,275)
Reserves	36,642	(47,920)
Differences in accounting/tax depreciation and amortization	114,432	101,231
Sale, write-off and capitalization of fixed assets and deferred charges	(66,464)	(10,844)
Deductible results in associated	102,617	-
Restatement of receivable tax balances	7,118	3,212
Income from accident recovery	-	15,752
Uncollected income from simplified regime activity	-	9,315
Non-deductible financial cost	(102,428)	-
Other differences, net	<u>(60,450)</u>	<u>7,026</u>
Provision relating to the operations of the year	(875,333)	(1,363,967)
Tax return prior years and other	<u>(47,205)</u>	<u>(14,812)</u>
Total provision for income taxes charged to income	<u>(Ps 922,538)</u>	<u>(Ps 1,378,779)</u>
Effective rate	<u>59%</u>	<u>33%</u>

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

	<u>2014</u>			<u>2013</u>		
	Before tax	Tax charged (credited)	After tax	Before tax	Tax charged (credited)	After tax
Actuarial losses /gains	Ps107,461	(Ps32,238)	Ps 75,223	Ps 210,288	(Ps 63,093)	Ps 147,195
Exchange effect of foreign entities	<u>620,461</u>	-	<u>620,461</u>	<u>271,873</u>	-	<u>271,873</u>
Other items of comprehensive income	<u>Ps 727,922</u>	<u>(Ps32,238)</u>	<u>Ps 695,684</u>	<u>Ps 482,161</u>	<u>(Ps 63,093)</u>	<u>Ps 419,068</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

Note 29 - Related party transactions:

Transactions with related parties for the years ended December 31, 2014 and 2013, which were held as if conditions were equal to similar transactions with independent parties, were as follows:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Income (Affiliates)		
Leases	Ps 5,099	Ps 4,858
Interest	10,266	11,435
Expenses (Affiliates)		
Administrative services	Ps 173,863	Ps 172,812
Leases and other	137,554	143,845
Dividends paid to ALFA	695,155	1,040,199

For the year ended December 31, 2014, wages and benefits received by top officials of the Company were Ps320,508 (Ps269,564 in 2013), 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 its stock.

	<u>Nature of</u>	<u>December 31,</u>	
	<u>the transaction</u>	<u>2014</u>	<u>2013</u>
Receivable:			
Affiliates	Loan	Ps 264,627	Ps 236,210
Affiliates	Services	49,222	46
Payable:			
Affiliates	Services	Ps 10,027	Ps 68,590
Affiliates	Interest	1,034	525

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%.

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.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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, 2014:

	<u>México</u>	<u>USA</u>	<u>Europe</u>	<u>Other countries</u>	<u>Total</u>
Total income by segment	Ps 38,201	Ps 15,799	Ps 17,572	Ps 4,490	Ps 76,062
Intersegment income	<u>(814)</u>	<u>(3,665)</u>	<u>-</u>	<u>(118)</u>	<u>(4,597)</u>
Income with external clients	<u>37,387</u>	<u>12,134</u>	<u>17,572</u>	<u>4,372</u>	<u>71,465</u>
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	<u>-</u>	<u>-</u>	<u>(249)</u>	<u>-</u>	<u>(249)</u>
Gain before tax	<u>500</u>	<u>1,045</u>	<u>21</u>	<u>(2)</u>	<u>1,564</u>

Sigma Alimentos, S. A. de C. V. and subsidiaries
Notes to the Consolidated Financial Statements
As of December 31, 2014 and 2013

	<u>México</u>	<u>USA</u>	<u>Europe</u>	<u>Other countries</u>	<u>Total</u>
Capital expenditures (Capex): Property, plant and equipment	<u>Ps 1,083</u>	<u>Ps 218</u>	<u>Ps 495</u>	<u>Ps 75</u>	<u>Ps 1,871</u>
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	<u>1,493</u>	<u>4,004</u>	<u>2,118</u>	<u>1,059</u>	<u>8,674</u>
Total non-current assets	<u>Ps 10,446</u>	<u>Ps 8,702</u>	<u>Ps 23,144</u>	<u>Ps 3,206</u>	<u>Ps 45,498</u>
<u>Unallocated</u>					
Deferred income tax					839
Other non-current assets					<u>1,696</u>
Total non-current assets					<u>Ps 48,033</u>
Total liability	<u>Ps 27,502</u>	<u>Ps 1,474</u>	<u>Ps 25,654</u>	<u>Ps 917</u>	<u>Ps 55,547</u>

For the year ended on December 31, 2013:

	<u>Mexico</u>	<u>USA</u>	<u>Other countries</u>	<u>Total</u>
Total income by segment	Ps 34,428	14,577	4,024	Ps 53,029
Intersegment income	<u>(720)</u>	<u>(3,215)</u>	<u>(105)</u>	<u>(4,040)</u>
Income with external clients	<u>33,708</u>	<u>11,362</u>	<u>3,919</u>	<u>48,989</u>
Adjusted EBITDA	5,355	1,213	142	6,710
Depreciation and amortization	810	445	98	1,353
Comprehensive financing expense, net	(1,031)	-	(8)	(1,039)
Cancellation of deferred charges	-	-	50	50
Write-off of property, plant and equipment	<u>30</u>	<u>-</u>	<u>(1)</u>	<u>29</u>
Gain before tax	<u>2,948</u>	<u>878</u>	<u>408</u>	<u>4,234</u>
Capital expenditures (Capex): Property, plant and equipment	<u>Ps 1,307</u>	<u>Ps 145</u>	<u>Ps 70</u>	<u>Ps 1,522</u>
Non-current assets:				
Property, plant and equipment	Ps 7,986	Ps 1,543	Ps 1,177	Ps 10,706
Intangible asset	572	2,952	475	3,999
Goodwill	<u>1,618</u>	<u>3,951</u>	<u>418</u>	<u>5,987</u>
Total non-current assets	<u>Ps 10,176</u>	<u>Ps 8,446</u>	<u>Ps 2,070</u>	<u>Ps 20,692</u>
<u>Unallocated</u>				
Deferred income tax				925
Other non-current assets				<u>6,006</u>
Total non-current assets				<u>Ps 27,623</u>
Total liability	<u>Ps 24,295</u>	<u>Ps 1,118</u>	<u>Ps 589</u>	<u>Ps 26,002</u>

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Adjusted EBITDA	Ps 8,495	Ps 6,710
Depreciation and amortization (Note 24)	(1,931)	(1,354)
Write-off from removal of fixed and intangible assets (Note 25)	<u>(128)</u>	<u>(79)</u>
Operating profit	6,436	5,277
Associates equity method	(249)	(4)
Financial cost (Note 26)	<u>(4,623)</u>	<u>(1,039)</u>
Profit before taxes	<u>Ps 1,564</u>	<u>Ps 4,234</u>

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

<u>Revenue from external Customers by products:</u>	<u>2014</u>	<u>2013</u>
Processed meat (1)	Ps 52,142	Ps 31,673
Dairy products (2)	15,445	14,270
Other refrigerated products (3)	<u>3,878</u>	<u>3,046</u>
Total	<u>Ps 71,465</u>	<u>Ps 48,989</u>

(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 2014 and 2013, sales of its major customer represented 11.7% and 12.0%, respectively, of total sales.

Note 31 - Contingencies and commitments:

At December 31, 2014, the Company had the following contingencies:

In the normal course of its business, the Company is involved in disputes and litigation. While the results of the disputes cannot be predicted, 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 position.

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

Notes to the Consolidated Financial Statements

As of December 31, 2014 and 2013

At December 31, 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, a subsidiary 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 31 - Subsequent events:

In preparing the financial statements the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2014 and through February 17, 2015 (date of issuance of the financial statements), and has not identified subsequent events.



Mario H. Páez González
Chief Executive Officer



Rodrigo Fernández Martínez
Chief Financial Officer