ANNUAL REPORT

GRUPO BIMBO, S.A.B. DE C.V.

Annual Report filed pursuant to the general provisions applicable to securities issuers and other participants in the stock market (*disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado de valores*) for the fiscal year ended on December 31, 2015.

Name of the issuer: Grupo Bimbo, S.A.B. de C.V.

Headquarters: Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, C.P. 01210, México, D.F. The address of Grupo Bimbo, S.A.B. de C.V. on the Internet is www.grupobimbo.com; however, the information contained therein is not part of this Annual Report.

Outstanding shares: the authorized capital stock of Grupo Bimbo, S.A.B. de C.V. consists of Series "A" common shares, ordinary, nominative, with no par value, registered under the Securities Section of the National Securities Registry ("RNV") and listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores, S.A.B. de C.V.). Also, Grupo Bimbo, S.A.B. de C.V. has issued notes ("*Certificados Bursátiles*"), which are described below.

Ticker Symbol: "BIMBO".

The registration in the National Securities Registry does not constitute a certification as to the investment quality of the securities, the solvency of the issuer, or the accuracy or veracity of the information contained in this Annual Report, nor does it validate the acts, if any, that were performed in violation of the laws.

Mexico City, Federal District, April 29, 2016

KEY INFORMATION WITH RESPECT TO THE NOTES (CERTIFICADOS BURSATILES) ISSUED BY GRUPO BIMBO, S.A.B. DE C.V.

AS OF DECEMBER 31, 2015

Ticker Symbol	BIMBO 09-2	BIMBO 09U	BIMBO 12
Amount	$2,000,000,000	706,302,200 UDIS	$5,000,000,000
Number of series in which the issuance is divided	N.A.	N.A.	N.A.
Issuance date	June 15, 2009	June 15, 2009	February 10, 2012
Maturity date	June 6, 2016	June 6, 2016	August 3, 2018
Issuance period	2,548 days	2,548 days	2,366 days
Interest rate	Fixed interest rate of 10.60%	Fixed interest rate of 6.05%	Fixed interest rate of 6.83%
Periodicity in payment of interest	Every 182 days beginning on December 14, 2009	Every 182 days beginning on December 14, 2009	Every 182 days beginning on August 10, 2012
Place and manner of payment of principal and interests	The principal and interest due will be paid on their maturity date, by electronic funds transfer, at the registered office of S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V., or at the registered office of the Issuer.		
Subordination	Lien limitations / Pari Passu status		
Maturity and Acceleration	A single payment on the relevant maturity date. The Company shall have the right to prepay all (but not less) than all of the *Certificados Bursátiles* on any date before the Maturity Date.		
Guarantee	The *Certificados Bursátiles* are unsecured and shall be guaranteed (*avalados*) by the following subsidiaries: Bimbo, S.A. de C.V., Barcel, S.A. de C.V. and Bimbo Bakeries USA, Inc. The *Certificados Bursátiles* must be guaranteed (*avalados*) by Subsidiaries of Grupo Bimbo that, individually or jointly, reach the Minimum Guarantors Requirement. At any time during the effectiveness of the *Certificados Bursátiles* and without the consent of the Holders of the *Certificados Bursátiles* or the Common Representative, Grupo Bimbo may release any Guarantor of its payment obligations pursuant to the *Certificados Bursátiles*, as well as substitute any Guarantor or include new Guarantors, as long as after such release, addition or substitution, the Minimum Guarantors Requirement is met, based on the most recently available audited annual consolidated financial statements. For purposes of the above, "Minimum Guarantors Requirement" means, as of the last day of each fiscal year, that the Guarantor's EBITDA represents at least seventy five percent (75%) of Grupo Bimbo´s Consolidated EBITDA for that fiscal year. The abovementioned will be calculated based on the most recently available audited annual consolidated financial statements of Grupo Bimbo.		
Trustee	N.A.		
Rating	Standard & Poor's, S.A. de C.V. "mxAA+" Fitch México, S.A. de C.V. "AA+(mex)" Moody´s de México, S.A. de C.V. "Aa1.mx"		Fitch México, S.A. de C.V. "AA+(mex)" Moody´s de México, S.A. de C.V. "Aa1.mx"
Common Representative	Banco INVEX, S.A., Institución de Banca Múltiple, INVEX		
Depositary	S.D. Indeval Institución para el Depósito de Valores S.A. de C.V.		
Tax treatment	The withholding rate of the income tax applicable, as of the date of the Supplement, to the interest paid in accordance with the *Certificados Bursátiles* is subject to: (i) for individuals and entities considered as residents of Mexico for tax purposes, to the provisions of articles 54, 134, 135 and other applicable provisions of the Income Tax Law (*Ley del Impuesto Sobre la Renta*) in effect; and (ii) for individuals and entities considered as non-Mexican residents for tax purposes, to the provisions of articles 153, 166, 175 and other applicable		

Ticker Symbol	BIMBO 09-2	BIMBO 09U	BIMBO 12
	provisions of the Income Tax Law in effect. Potential investors shall consult their tax advisors with respect to the tax consequences of their investment in the *Certificados Bursátiles*, including the application of specific rules applicable to their particular situation. The current fiscal regime may be amended during the term of the Program and while the Issuance is in effect.		

Change of control: In accordance with the terms of the Notes of Grupo Bimbo, S.A.B. de C.V., holders may accelerate the Notes in the event of a "change of control" (as such term is defined in the Notes certificate).

Corporate Restructuring: In case of a corporate restructuring, Grupo Bimbo, S.A.B. de C.V. will disclose to investors the applicable disclosure document and other information required under applicable laws. In accordance with the terms of the Notes, Grupo Bimbo, S.A.B. de C.V. shall not merge or sell its "material assets" (as such term is defined in the Notes), except under certain circumstances.

Essential Assets: In accordance with the terms of the Notes, Grupo Bimbo, S.A.B. de C.V. shall not create liens on its assets, except for "permitted liens" (as such term is defined in the Notes). In case Grupo Bimbo, S.A.B. de C.V. decides to create a lien on its essential assets in order to carry out its operations, Grupo Bimbo, S.A.B. de C.V. shall obtain the necessary corporate consents and, if so required by the applicable law, will disclose such event to investors.

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No underwriter, person appointed as an attorney-in-fact to carry out transactions with the public, or any other person, has been authorized to disclose any information or make any representation that is not contained in this Annual Report. As a consequence of the above, any information or representation that is not contained in this Annual Report must be understood as not authorized by Grupo Bimbo, S.A.B. de C.V.

In addition, unless otherwise indicated, the Company's information contained in this Annual Report is shown as of December 31, 2015.

1) GENERAL INFORMATION

a) Summary of Terms and Definitions

Unless otherwise indicated by the context, for the purposes of this Annual Report, the following terms shall have the meaning attributed thereto as follows, which shall apply equally to the singular and plural forms of the terms defined:

Terms	Definitions
"Barcel"	Barcel, S.A. de C.V.
"BBU"	BBU, Inc.
"BIMBO", "Company", "Issuer", "Group", "Grupo Bimbo" or "Entity"	Grupo Bimbo, S.A.B. de C.V., and, whenever the context requires so, jointly with its consolidated subsidiaries.
"Bimbo"	Bimbo, S.A. de C.V.
"Bimbo Bakeries USA"	Bimbo Bakeries USA, Inc., an operating subsidiary of BBU.
"Bimbo Beijing"	Bimbo Beijing Food Company.
"Bimbo Iberia"	Bimbo, S.A.U.
"Bimbo Foods"	Bimbo Foods, Inc.
"BIMBO XXI"	Project for the implementation of a system for the rationalization of ERP (Enterprise Resource Planning) resources, database and support systems.
"BMV"	Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*).
"Canada Bread"	Canada Bread Company, Limited.
"CDOR"	Canadian Dealer Offered Rate.
"Notes"	Negotiable instruments issued by the Company in accordance with the Securities Market Law, under the Notes Program (*Programa de Certificados Bursátiles*) and which are outstanding.
"China"	People's Republic of China.
"CNBV"	National Banking and Securities Commission.
"Fast Food"	Food ready to be eaten.
"Board of Directors" or "Board"	Board of Directors of BIMBO.
"Dollars" or "dollars"	Currency legal tender in the USA.
"Earthgrains"	Earthgrains Bakery Group, Inc.
"USA"	United States of America.
"El Globo"	Gastronomía Avanzada Pastelerías, S.A. de C.V.
"ERP"	Enterprise Resource Planning.
"Audited Financial Statements"	The Company's consolidated financial statements, audited as of December 31, 2015 and 2014, which were prepared in accordance with the IFRS, as well as the respective notes, which are attached to this Annual Report.
"Corporate Bylaws"	Corporate Bylaws of BIMBO as amended from time to time.

Terms	Definitions
"Europe"	Countries of the European Union where BIMBO carries out operations.
"FDA"	Food and Drug Administration, a USA governmental agency.
"George Weston"	George Weston Bakeries, Inc., Entenmann's Products Inc., Entenmann's, Inc. and Entenmann's Sales Company, Inc. (TSX: WN)
"Gruma"	Mexican Company engaged in the production of corn flour, tortillas, wheat flour and similar products.
"HACCP"	Hazard Analysis and Critical Control Point.
"IASB"	International Accounting Standards Board, responsible for issuing the International Financial Reporting Standards (IFRS).
"IEPS"	Special tax on production and services.
"IETU"	Business Flat Tax (*Impuesto Empresarial a Tasa Única*).
"IFRS"	International Financial Reporting Standards, issued by the IASB.
"Indeval"	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V., a securities clearing, custody and transfer company
"INPC"	National Consumer Price Index (*Índice Nacional de Precios al Consumidor).*
"IRi"	Information Resources Inc.
"ISO"	International Organization for Standarization.
"ISR"	Income Tax (*Impuesto sobre la Renta*).
"IVA"	Value Added Tax (*Impuesto al Valor Agregado*).
"Latin America"	Central and South America; comprises the countries of this geographical area where BIMBO carries out transactions.
"LIBOR"	London Interbank Offered Rate.
"Syndicated Revolving Credit Facility"	Multicurrency revolving credit facility for an amount of $2,000 million dollars contracted with a syndicate of banks.
"LMV"	Securities Market Law (*Ley del Mercado de Valores*).
"Mexico"	United Mexican States.
"Nielsen"	The Nielsen Company.
"NOM"	Mexican Official Standard (*Norma Oficial Mexicana*).
"WHO"	World Health Organization.
"packaged bread"	Sliced and packaged bread.
"cake"	Cake sold individually.
"Pesos", "pesos" or "$"	Currency of legal tender in Mexico.
"PTU"	Employee Profit Sharing (*Participación de los Trabajadores en las Utilidades).*
"Annual Report"	This Issuer's Annual Report, prepared in accordance with the general provisions applicable to securities issuers and other securities market participants issued by CNBV.
"RNV"	National Securities Registry (*Registro Nacional de Valores*).

Terms	Definitions
"SEC"	U.S. Securities Exchange Commission.
"Supan"	Supan, S.A.
"TIIE"	Interbanking Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio)*.
"Adjusted EBITDA"	Operating income plus depreciation, amortization, impairment and provision of multiemployer pension plans and other non-cash items. The Group's management uses this measure as an indicator of its operating results and of its financial status; however, it shall not be taken into consideration in isolation, as a net income alternative, as an indicator of the operating performance or as a substitute for the analysis of results reported in accordance with IFRS, because, among other things: (i) it does not reflect cash expenses, or future requirements for capital expenses or contractual undertakings, (ii) it does not reflect changes in, or cash requirements necessary, for working capital, (iii) it does not reflect interest expenses, and (iv) it does not reflect any income tax in cash to be paid by the Group. Due to the foregoing, the Group's EBITDA shall not be considered as a discretionary measure of cash available to invest in the Group's growth or as a measure of cash that will be available in order for the Group to fulfill its obligations. EBITDA is not a financial measure recognized in accordance with IFRS and may not be compared with similar official measures presented by other companies in the industry, since not all companies use the same definition. Consequently, it shall be mainly focused on the results in accordance with IFRS and use the EBITDA measure only as a supplementary measure.
"WFI"	Weston Foods, Inc., bakery business in the USA that was owned by George Weston Limited and which BIMBO acquired on January 21, 2009.

Unless otherwise specified, the financial information contained in this document is expressed in millions of Mexican pesos and was prepared in accordance with IFRS.

b) EXECUTIVE SUMMARY

This chapter contains a brief summary of the information provided for in this Annual Report. Since it is a summary, it is not intended to contain all substantial information included in the Report.

a) The Company

The global headquarters of the Company are located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón, México D.F., 01210, Mexico, and its telephone number is +52(55) 5268-6600. The Company was incorporated under the laws of Mexico on June 15, 1966. Its commercial registry *(folio mercantil)* with the Public Registry of Property and Commerce of Mexico City (*Registro Público de la Propiedad y de Comercio del Distrito Federal*), or the Mexican Registry, is number is 9506 and its taxpayer's identification number is GBI 810615 RI8.

Grupo Bimbo is the largest baking company in the world and one of the largest consumer food companies in the Americas, according to IBISWorld. It operates in 22 countries, including the United States, Mexico, Canada, most of Latin America, Spain, Portugal, China and the United Kingdom. The Company has a diversified portfolio of over 10,000 products and more than 100 renowned brands, including Bimbo, Oroweat, Arnold, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Rainbo, Nutrella, Dempster's, POM, New York Bakery Co., Supan and Vachon.

The Company produces, delivers and markets a wide range of bread products in each of its categories, individually, traditional sliced bread, premium, buns & rolls, breakfast (English muffins and bagels), frozen bread, cakes, pastries, cookies, crackers, tortillas, pita, wraps, pizza base, tostadas, totopos, salty snacks, prepackaged foods and confectionary goods, among others. On average, the Company produces approximately 60 million pieces per day. The brand portfolio of the Company includes emblematic brands with a value of over a billion dollars in sales, such as Bimbo, Marinela, Arnold, Brownberry, Oroweat and Barcel, and well-known brands such as Thomas, Sara Lee, Entenmann’s, Ricolino, Tía Rosa, Plus Vita and Dempster’s, Vachon, among others.

Through brand development, fresh and quality products and continuous innovation, Grupo Bimbo has established a leading market share in bakery products in most of the countries where it operates. In 2015, its banner label and company name, Bimbo, was named the first and ninth strongest food brand in Latin America and the world, respectively, by Kantar World Panel.

Since the beginning of its operations in 1945, Grupo Bimbo has expanded broadly through organic growth as well as acquisitions and has experienced significant growth, especially over recent years. During the last ten years, it has successfully integrated 48 acquired companies to its portfolio. From 2008 to December 31, 2015, its Adjusted EBITDA increased from Ps.9,829 million to Ps.23,369 million at a CAGR of 13.2%. Also, during this period, its net sales grew at a CAGR of 15.0%, fueled by a CAGR of 30.5% in North America, 4.8% in Mexico and 11.5% in Latin America. The Group became the largest packaged bread market participant in the United States following the acquisitions of Weston Foods Inc., or WFI, in 2009, and Earthgrains, Sara Lee Corporation's North American fresh bakery business, in 2011, according to information from IRi. Also in 2011, it accessed the European market with the acquisition of Sara Lee's bakery business in Europe. On May 23, 2014, it entered the Canadian and United Kingdom markets with the acquisition of Canada Bread, producer of Dempster's, the leading bread brand in Canada. On July, 2014, it entered the Ecuadorian market with the acquisition of Supan, the leading bread producer in Ecuador. At the end of 2014, it announced the acquisition of Saputo Bakery, Inc., in Canada, which was finalized in February 2015. With these acquisitions, accompanied by its organic growth in Mexico and Latin America that has been mainly driven by market penetration and product innovation, the Company has consolidated its position.

Currently, it operates 163 plants worldwide in 22 countries. To ensure the freshness and quality of its products, the Company has developed an extensive direct-distribution network, which comprises one of the largest sales fleets in the Americas. As of December 31, 2015, its direct-distribution network consisted of more than 52,000 distribution routes, spread across more than 1,700 sales centers and reaching more than 2.5 million points of sale.

The following table shows certain lines of the audited consolidated financial statements of Grupo Bimbo upon closing of each of the years indicated:

	As of December 31		
	2015	**2014**	**2013**
Net Sales	219,186	187,053	176,041
Operating Profit	14,121	10,312	10,490
Adjusted EBITDA	23,369	18,420	17,326
Majority Net Income	5,171	3,518	4,404

Note: figures in millions of Mexican pesos

b) Financial Information

In accordance with the General Provisions Applicable to Securities Issuers and to Other Participants in the Securities Market as of January 1, 2012, the Mexican corporations with securities listed in the BMV, including the Company, shall prepare and submit their financial information in accordance with IFRS. Therefore, consolidated financial statements were prepared under IFRS. Unless otherwise indicated, all information contained in the audited financial statements included in this Annual Report has been expressed in millions of pesos.

Figures corresponding to 2015, 2014 and 2013 are shown in pesos in nominal terms as of the date on which they were registered, except for figures of certain countries whose inflation rate for the preceding three years is considered hyper-inflationary and that, as a result, require to be restated at the exchange rate applicable for the corresponding closing date. The effects resulting from updating these figures are not material for the consolidated financial statements of the Company or to the information shown in this Annual Report.

Consolidated Income Statements			
As of December 31:	**2015**	**2014**	**2013**
Net Sales (1)	**219,186**	**187,053**	**176,041**
Costs of Goods Sold	102,421	88,298	83,942
Gross Profit	**116,765**	**98,755**	**92,099**
Distribution and Sales Expenses	84,192	71,862	66,882
Administrative Expenses	14,351	11,215	11,750
General Expenses	98,543	83,077	78,632
Profit (Loss) Before Other Income and Expenses, Net	**18,222**	**15,678**	**13,467**
Other (Expenses) Income Net	4,101	5,366	2,977
Operating Income (Loss)	**14,121**	**10,312**	**10,490**
Net Interest	4,364	3,421	2,878
Exchange Gain (Loss)	18	(90)	(1)
Other Financial Income (Loss)	(192)	(66)	(81)
Comprehensive Financial Result	**4,190**	**3,265**	**2,796**
Equity in Results of Associated Companies	47	(61)	(38)
Income Before Taxes	**9,978**	**6,986**	**7,656**
Caused Taxes	3,884	3,921	2,712
Deferred Taxes	179	(966)	166
Income Taxes	**4,063**	**2,955**	**2,878**
Net Income	**5,915**	**4,031**	**4,778**
Net Majority Income	5,171	3,518	4,404
Net Minority Income	744	513	374
Basic Earnings per Share	1.10	0.75	0.94
Dividend per Share	-	-	0.52[2]
Adj. EBITDA	**23,369**	**18,420**	**17,326**

Notes to the Consolidated Income Statements:

(1) During 2015, 2014 and 2013, net sales of Bimbo, S.A. de C.V. and Barcel, S.A. de C.V., located in Mexico represented approximately 32%, 36% and 40%, respectively, of the consolidated net sales. During 2015, 2014 and 2013, net sales of BBU and Canada represented 53%, 48% and 45%, respectively, of the consolidated net sales.
(2) Corresponds to two dividend payments, the first of 0.17 and the second to of 0.35.

Consolidated Balance Sheet

As of December 31:	2015	2014	2013
Cash and Cash Equivalents	3,825	2,572	2,504
Accounts and Notes Receivables - Net	19,047	19,028	15,848
Inventory - Net	5,509	4,978	4,729
Prepayments	861	695	1,421
Derivative Financial Instruments	885	386	38
Deposits in Guaranty Accounts of Derivative Financial Instruments	1,501	18	659
Available-for-sale Financial Assets	502	188	54
Total Current Assets	32,130	27,865	25,253
Accounts Receivable from Independent Operators	950	1,109	1,560
Net Property, Plant and Equipment	58,073	52,475	42,683
Stock Investments in Associated Companies, Joint Ventures and other permanent investments	2,106	2,031	2,132
Derivative Financial Instruments	3,346	1,653	695
Deferred Income Taxes	10,705	8,709	5,399
Intangible Assets, Net	42,535	37,960	26,977
Goodwill - Net	49,196	45,257	29,822
Other Assets Net	592	702	206
Total Assets	**199,633**	**177,761**	**134,727**
Current Outstanding Long Term Debt Portion	8,282	1,789	7,997
Payable Accounts to Suppliers	13,146	11,867	9,698
Other Accounts Payable and Accrued Liabilities	14,046	12,432	10,779
Payable Accounts to Related Parties	401	789	523
Income Tax	2,845	3,232	2,372
Employee Profit Sharing	1,110	1,114	876
Derivative Financial Instruments	3,208	673	1,033
Total Outstanding Debt	43,038	31,896	33,278
Long Term Debt (1)	59,479	60,415	32,332
Employees Benefits and Social Security	1,707	1,540	236
Deferred Income Taxes (2)	25,932	23,292	18,771
Other Long Term Debt	3,359	3,380	1,554
Long Term Debt (1)	4,259	3,636	773
Total Assets	**137,774**	**124,159**	**86,944**
Controlling Stockholders	58,955	50,975	45,619
Non-controlling interests	2,904	2,627	2,164
Total Equity	**61,859**	**53,602**	**47,783**

Consolidated Balance Sheet Notes:

(1) Some financial liabilities provide certain restrictions and obligations to the Company's financial structure (see Note 13 of the Audited Financial Statements).
(2) See Note 18 of the Audited Financial Statements.

Additional Financial Information
(millions of Mexican pesos as of December 31)

As of December 31:	2014	2013	2012
Depreciation and Amortization	7,050	5,831	5,247
Net Cash Flows from Operating Activities	18,116	18,319	11,394
Net Cash Flows from Investment Activities	(11,404)	(31,032)	(5,621)
Net Cash Flows from Financing Activities	(5,634)	13,318	(7,302)
Cash and Cash Equivalents at the End of the Period	3,825	2,572	2,504
Operating Margin	6.4%	5.5%	6.0%
EBITDA Margin	10.7%	9.8%	9.8%
Net Majority Margin	2.4%	1.9%	2.5%
Asset Return	2.6%	2.0%	3.3%
Return on Invested Capital	8.4%	6.6%	9.2%
Adjusted EBITDA	23,369	18,420	17,326
Total Debt / Adjusted EBITDA	2.9	3.4	2.3
Net Debt / Adjusted EBITDA	2.7	3.2	2.2
Adjusted EBITDA / Interest Expense	5.1	3.4	5.5

a) Capital Markets

The authorized capital stock of Grupo Bimbo consists of Series "A" common shares, nominative, with no par value, registered with the RNV.

Such shares are publicly traded in Mexico, are listed on the BMV under the ticker symbol "BIMBO" and are registered with the RNV. As of December 31, 2015, its market capitalization was approximately Ps.216 billion.

BIMBO shares started to trade in the BMV on February 1980, when the Company carried out its initial public offering. Since February 1, 1999 BIMBO is part of the Price and Quotation Index (*Índice de Precios y Cotizaciones*) of the BMV.

The trade of BIMBO shares has not been suspended in the past three years.

As of the date of this Annual Report, the BIMBO share is classified as high trading volume, in accordance with the Trading Activity Index published by the BMV.

Since 2011, BIMBO is included in the Sustainable IPC Index of the BMV. This index allows investors to follow the component companies' performance on environmental care, social responsibility and corporate governance matters.

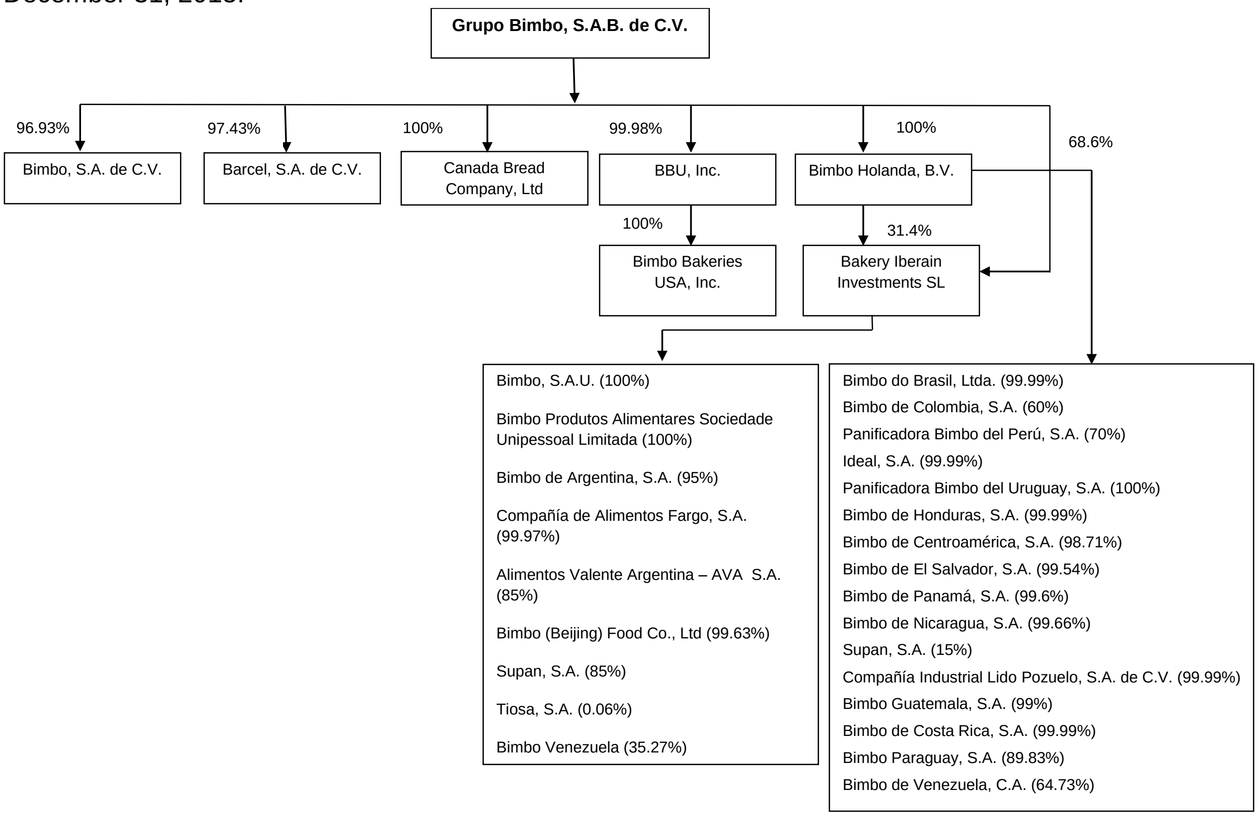
Moreover, since 2011, Acciones y Valores Banamex, S.A. de C.V., Casa de Bolsa, a member of Grupo Financiero Banamex has operated as market maker for the shares of Grupo Bimbo. With the hiring of this institution as market maker, there has not been a significant impact on trading levels and share prices or maximum price spreads between the buy and sell positions on the stock.

The following table shows the maximum, minimum and closing adjusted quotation prices in nominal pesos as well as the trading volume of BIMBO Series "A" shares in the BMV, during the indicated periods.

Year ended December 31	Mexican Pesos per Share "A"			Shares "A" Trading Volume
	Maximum	Minimum	Closing	
2010	27.41	27.41	26.36	606,156,400
2011	28.47	28.47	28.47	577,729,900
2012	33.47	28.44	33.47	557,993,449
2013	45.80	31.72	40.20	597,627,669
2014	43.17	32.53	40.70	521,029,420
2015	49.04	37.81	45.95	481,273,569

4. Corporate Structure

The following table shows the main subsidiaries comprising the Group's corporate structure as of December 31, 2015:



c) RISK FACTORS

The following risks factors described may adversely affect the development, financial status and/or results of operations of the Company, as well as affect the price of any securities of the Company.

Risks Related to the Business and Industry

Increases in prices and shortages of certain raw materials, fuels and utilities could increase the Groups' costs

Raw materials, including, among others, wheat flour, water, sugar, plastics used to package its products and edible oils and fats, are or may be subject to price and supply fluctuations. The prices for raw materials are influenced by a number of factors, including weather, crop production, transportation and processing costs, government regulation and policies and worldwide market supply and demand, among others. Any substantial increase in the prices of raw materials that is not reflected as an increase of the price of its products may adversely affect its financial condition, results of operations and cash flows. Any reduction in sales revenue as a result of competitive pressures would negatively affect profit margins and, if Grupo Bimbo's sales volumes fail to offset any reduction in margins, it will be materially and adversely affected.

Grupo Bimbo also relies on utilities to operate its business. For example, its bakeries and other facilities use natural gas, liquefied petroleum gas and electricity to operate. In addition, its distribution operations use gasoline and diesel fuel and electricity to deliver its products. For these reasons, substantial increases in prices for, or shortages of, these fuels or electricity could adversely affect the Company.

The Group enters into wheat, natural gas and other hedging arrangements to mitigate its exposure against price volatility. These contracts could cause the Company to pay higher prices for raw materials than those available in the spot markets, materially and adversely affecting the Group.

The Group may not achieve its targeted cost savings and efficiencies from cost reduction initiatives

The Group's success depends in part on its ability to be a low-cost producer in a highly competitive industry. The Company periodically makes investments in its operations to improve its production facilities and reduce operating costs. The Group may experience operational issues when carrying out major production, procurement, or logistical changes and these, as well as any failure by it to achieve its planned cost savings and efficiencies, could have a material adverse effect on the Company.

Competition could adversely affect the results of operations of the Group

The baked goods industry is highly competitive and an increase in competition could reduce its market share or force the Group to reduce prices or increase promotional spending in response to competitive pressures, all of which would adversely affect the results of operations. Competitive pressures may also restrict its ability to increase prices, including in response to commodity and other cost increases. Competition is based on product quality, price, customer service, brand recognition and loyalty, effective promotional activities, access to points of sale and sufficient shelf space and the ability to identify and satisfy consumer preferences.

The Group competes with large national and transnational companies, local traditional bakeries, smaller regional operators, small family-owned bakeries, supermarket chains with their own bakeries and brands, grocery stores with their own in-store bakery departments or private label products and diversified food companies. To varying degrees, its competitors may have strengths in particular product lines and regions as well as greater financial resources. The Group expects that it will continue to face strong competition in all of its markets and anticipates that existing or new competitors may broaden their product lines and extend their geographic scope.

In particular, from time to time, the Group experiences price pressure in certain of its markets as a result of its competitors' promotional pricing practices, which could be exacerbated by excess industry capacity. As a result, the Group may need to reduce the prices for some of its products to respond to competitive and customer pressures and to maintain market share. Such pressures also may restrict its ability to increase prices in response to raw material and other cost increases. Its competitors may also improve their competitive position by introducing new products or products that can be substituted for the product of the Group, improving manufacturing processes or expanding the capacity of manufacturing facilities. If Grupo Bimbo is unable to maintain its pricing structure and keep pace with its competitors' product and manufacturing process initiatives, it could be materially adversely affected.

The reputation of the brands and the intellectual property rights of the Group are key to its business

The substantial majority of the Group’s net sales derive from sales of products under brands that the Group owns. The brand names are a key asset of the Group’s business. Maintaining the reputation of the brands is essential to its ability to attract and retain retailers, consumers and employees and is critical to the Group’s future success. Failure to maintain the reputation of the brands could have a material adverse effect on the Group’s business, results of operations and financial status. If the Group fails, or appears to fail, to deal with various issues that may give rise to reputational risk, it could harm the business’s prospects. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, safety conditions in operations, ethical issues, money-laundering, privacy, record-keeping, sales and trading practices and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in the Group’s business.

The principal trademarks are registered in the countries in which the Group uses such trademarks. While the Group intends to enforce its trademark rights against infringement by third parties, the actions to establish and protect the Group’s trademark rights may not be adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of the Company’s products on grounds that the Group’s products violate their trademarks and proprietary rights. If a competitor were to infringe on the Group’s trademarks, enforcing the Group’s rights would likely be costly and would divert resources that would otherwise be used to operate and develop the Group’s business. Although the Group intends to actively defend the brands and trademark rights, the Group may not be successful in enforcing its intellectual property rights. See “Section “2” The Company— b) Business Description— iv) Patents, Licenses, Brands and Other Contracts”.

Inability to anticipate changes in consumer preferences may result in decreased demand for products

The success of the Group depends in part on its ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Changes in consumer preferences combined with its failure to anticipate, identify or react to these changes could result in reduced demand for its products, which could in turn adversely affect its financial status, results of operations and cash flows. In particular, demand for the products of the Group could be impacted by the popularity of trends such as low carbohydrate diets and by concerns regarding the health effects of fats, sugar content and processed wheat.

In addition, the Group’s success depends in part on its ability to enhance its product portfolio by adding innovative new products in fast growing, profitable categories as well as increasing market share in its existing product categories.

Introduction of new products and product extensions requires significant research and development as well as marketing initiatives. If the Group’s new products fail to meet consumers‘ preferences, then the return on that investment will be less than anticipated and the Group’s strategy to grow net sales and profits may not be successful.

Health and product liability risks related to the food industry could adversely affect the Group’s business, results of operation and financial status.

The Group is subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, product tampering, the availability and expense of liability insurance and the potential cost and disruption of mandatory product recalls. Grupo Bimbo may also become involved in lawsuits and legal proceedings if it is alleged that the consumption of any of the Group's products causes injury, illness or death. A mandatory product recall or an adverse result in any such litigation could adversely affect the Group's financial status, results of operations and cash flows.

Any actual or perceived health risks associated with the Group's products, including any adverse marketing concerning these risks, could cause customers to lose confidence in the safety and quality of the Group's products. Even if the products are not affected by contamination, the industry may face adverse marketing if the products of other producers become contaminated, which could result in reduced consumer demand for the Group's products in the affected category.

In addition, adverse marketing about the safety and quality of certain food products, such as the marketing about foods containing genetically modified ingredients, whether or not valid, may discourage consumers from buying the Group's products or cause production and delivery disruptions.

Grupo Bimbo maintains systems designed to monitor food safety risks throughout all stages of the production process. However, the Group's systems and internal policies may not be fully effective in mitigating risks related to food safety. Any product contamination could have a material adverse impact on the Group's business, results of operations and financial status.

The Group relies on retailers and if they perform poorly or give preference to competing products, the financial performance of the Group could be negatively affected

The Group derives significant operating revenues from sales to retailers. The Group sells its products to non-traditional retailers, such as supermarkets and hypermarkets, and to traditional retailers, such as small family-owned stores. These retailers, in turn, sell the Group's products to consumers. Any significant deterioration in the business performance of the major customers could adversely affect the sale of products. Retailers also carry products that directly compete with the Group's products for retail space and consumer purchases. There is a risk that retailers may give higher priority to products of, or form alliances with, the Group's competitors or their own private labels other than with respect to products that the Group produces for such private labels. If retailers fail to purchase the Group's products, or provide its products with promotional support, the Group's financial performance could be adversely affected.

Further consolidation in the retail food and baking industries may adversely impact the Group

Consolidation in the supermarket industry has changed the grocery retail landscape in recent years. Originally, supermarkets rose to prominence by selling numerous types of goods under one roof, largely replacing small grocery stores and other retailers that only sold one particular type of product. Also, in order to increase efficiency and maintain competitiveness, supermarket chains have begun consolidating, a trend that has led to the dominance of the grocery retail industry and a shrinking number of giant companies. The Group and other producers are becoming increasingly dependent on a small number of retailers for sales volume, which gives these retailers significant leverage to bargain for lower prices in their purchases of its products, and it requires additional spending on marketing programs by producers or specifically tailored products. Sales to its larger customers on terms less favorable to the Group could adversely affect Grupo Bimbo.

In addition, consolidation among the competitors of the Group in the baked goods and retail food industry may cause its competitors to gain in size and competitive strength, adversely affecting the Group's business.

Changes in health-related regulations could have a negative impact on the Group's business

Grupo Bimbo's operations in Mexico are subject to extensive laws, rules, regulations and standards of hygiene and quality regulation and oversight by designated authorities such as the Ministry of Health (*Secretaría de Salud*), the Ministry of Agriculture, Farming, Rural Development, Fish and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentos*), the Federal Commission for Protection from Sanitary Risks (*Comisión Federal para la Protección contra Riesgos Sanitarios*) and the Ministry of the Economy (*Secretaría de Economía*) and other authorities regarding the processing, packaging, labeling, storage, distribution and advertising of the Group's products.

The U.S. products and packaging materials of the Group are regulated by the U.S. Food and Drug Administration, or FDA. This agency enacts and enforces regulations relating to the manufacturing, distribution and labeling of food products in the United States. In addition, various states regulate the U.S. operations of the Group by licensing plants, enforcing federal and state standards for selected food products, grading food products, inspecting plants and warehouses, regulating trade practices related to the sale of food products and imposing their own labeling requirements on food products.

Grupo Bimbo is subject to comparable hygiene and quality-related local laws and regulations in other countries in which it operates. Government policies and regulations in the United States, Mexico, Canada and its other markets may adversely affect the supply of, demand for, and prices of, its products, restrict its ability to do business in existing and target local and export markets and could adversely affect its results of operations and financial condition. In addition, if Grupo Bimbo is required to comply with future material changes in food safety or health-related regulations, it could be subject to material increases in operating costs and also be required to implement regulatory changes on schedules that cannot be met without interruptions in its operations. Increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-related requirements or to regulate imported ingredients, could increase the costs of the Group and adversely affect it.

Disruption of the supply chain and distribution network could adversely affect the operations of the Group

The operations of the Group depend on the continuous operation of its supply chain and distribution network. Damage or disruption to its manufacturing or distribution capabilities due to weather, natural disaster, fire, electricity shortages, terrorism, pandemics, strikes, disputes with, or the financial and/or operational instability of, key suppliers, distributors, warehousing and transportation providers, or other reasons could impair its ability to manufacture or distribute its products.

To the extent that the Group is unable, or it is not financially feasible, to mitigate interruptions in its supply chain, whether through insurance arrangements or otherwise, or their potential consequences, there could be an adverse effect on Grupo Bimbo, and additional resources could be required to restore its supply chain.

The Group may be subject to unknown or contingent liabilities related to its recent and future acquisitions

The recent and future acquisitions of assets and entities of the Company, including, among others, the acquisition of Canada Bread and Supan, may be subject to unknown or contingent liabilities or breaches of representations and warranties for which the Group may have no recourse, or only limited recourse, against the former owners. In some of the acquisitions, the former owners agreed, or may agree, to indemnify Grupo Bimbo for certain of these matters, such indemnification obligations are often subject to materiality thresholds and guaranty limits, and such obligations are generally time limited. In the case of the acquisition of Canada Bread, Grupo Bimbo has no recourse against the former owners for unknown or contingent liabilities or breaches of representations and warranties. As a result, the Group may not recover any amounts with respect to losses due to unknown or contingent liabilities or breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with the acquired assets and entities may exceed the expectations of the Group, and it may experience other unanticipated adverse effects, all of which may adversely affect the Company.

The Group's future growth opportunities through mergers, acquisitions or joint ventures may be impacted by antitrust laws and other challenges in integrating significant acquisitions

Grupo Bimbo may pursue further acquisitions in the future. The Group does not know if it will be able to successfully complete any acquisitions or whether it will be able to successfully integrate any acquired business into its business or retain key personnel, suppliers or distributors. Also, there can be no assurance that a challenge on antitrust grounds, in connection with its existing operations or any acquisition that the Group may pursue in the future, will not be made. If any such challenge is made, the Company may be required to sell or divest a significant portion of its business or be prevented from consummating a specific acquisition. The ability of Grupo Bimbo to successfully grow through acquisitions depends upon its ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. These efforts could be expensive and time consuming, disrupt the Group's ongoing business and distract management. If the Group is unable to integrate any acquired businesses effectively, including Canada Bread, it could be materially adversely affected.

The Group may be unable to successfully expand its operations into new markets.

If the opportunity arises, the Group may expand its operations into new markets. Each of the risks applicable to its ability to successfully operate in its current markets is also applicable to its ability to successfully operate in new markets. In addition to these risks, the Group may not possess the same level of familiarity with the dynamics and market conditions of any new markets that it may enter, which could adversely affect its ability to expand into or operate in those markets. Grupo Bimbo may be unable to create similar demand for its products and business, which could adversely affect its profitability. If the Group is unsuccessful in expanding its operations into new markets, it could be materially and adversely affected.

Currency fluctuations may adversely affect the Group

The Group generates revenues and incurs operating expenses and indebtedness in local currencies in the countries in which it operates. The amount of the revenues of the Company denominated in a particular currency in a particular country typically varies from the amount of expenses or indebtedness incurred by its operations in that country given that certain costs may be incurred in a currency different from the local currency of that country, such as the U.S. dollar. This situation exposes the Group to potential losses and reductions in its margins resulting from currency fluctuations, which may materially and adversely affect the Group.

As of December 31, 2015, 100% of its consolidated debt and a significant portion of the operating costs and taxes of the Group were denominated in U.S. dollars and Canadian dollars. Other significant portions of its operating costs, taxes and income are denominated in Mexican pesos and certain other currencies. As a result, the appreciation or depreciation of the Mexican peso against the U.S. dollar affects its results of operations and financial condition. Significant fluctuation of the Mexican peso relative to the U.S. dollar has occurred in the past, negatively affecting the results of the Company. According to the Board of Governors of the Federal Reserve System, as certified by the Federal Reserve Bank of New York, relative to the U.S. dollar, the Mexican peso depreciated by 1% in 2013, depreciated by 12.6% in 2014 and depreciated by 16.6% in 2015, all in nominal terms. Banco de México and the Mexican government have also promoted market-based mechanisms for stabilizing foreign exchange rates and providing liquidity to the exchange market. However, the peso is currently subject to significant fluctuations against the U.S. dollar and may be subject to such fluctuations in the future.

Grupo Bimbo selectively hedges its exposure to the U.S. dollar with respect to the Mexican peso and other currencies, its U.S. dollar-denominated debt obligations and the purchase of certain U.S. dollar-denominated raw materials. A severe depreciation of the Mexican peso or any currency of the countries in which the Groups operates may result in a disruption of the international foreign exchange markets and may limit its ability to transfer or to convert Mexican pesos into U.S. dollars or other currencies for the purpose of making timely payments of interest and principal on the U.S. dollar-denominated indebtedness or obligations in other currencies. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could institute restrictive exchange rate policies in the future. Currency fluctuations may have an adverse effect on the Group in future periods.

The Group may be subject to interruptions or failures in its information technology systems

The Group relies on sophisticated information technology systems and infrastructure to support its business, including process control technology. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures and similar events. The failure of any of the Group's information technology systems may cause disruptions in its operations, adversely affecting its net sales and profitability. The Group has business continuity plans in place to reduce the negative impact of information technology system failures on its operations, but these plans may not be effective.

The Group's failure to maintain the relationships with labor unions may have an adverse effect on its financial results

The majority of the workforce of Grupo Bimbo is represented by labor unions. If the Group is unable to maintain satisfactory relationships with labor unions, the risk of strikes or other labor disruptions could increase, which in turn would cause increases in operating costs, damage its relationships with its customers and adversely affect the Company.

In addition, the Company may be materially and adversely impacted as a result of increases in labor costs. A shortage in the labor pool or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on the Group.

The labor costs of the Group include the cost of providing benefits for its associates. Grupo Bimbo sponsors a number of defined benefit plans for its associates in most of the regions where it operates, which provide pension, retiree health and welfare, active health care, severance and other post-employment benefits. Grupo Bimbo also participates in a number of Multi-Empoyer Pension Plans (MEPPs) for certain of its manufacturing locations. The annual cost of benefits can vary significantly from year to year and is materially affected by such factors as changes in the weighted-average discount rate used to measure obligations, the rate or trend of health care cost inflation, the provisions of collectively-bargained wage and benefit agreements or material adjustments in the MEPP sponsors. As a result, it may be difficult to properly assess the labor costs and liabilities of the Group and its benefit plans may not be fully funded from time to time.

The Group enters into significant transactions with affiliates and related parties, whether individuals or legal entities, and this may create potential conflicts of interest and result in less favorable terms

Grupo Bimbo participates in transactions with individuals and legal entities affiliated with or related to it. Even if the Audit and Corporate Practices Committee is in charge of analyzing such transactions, these transactions could create potential conflicts of interest and result in less favorable terms for the Group than would be obtainable from a non-related third party. See "4. ADMINISTRATION — b) Certain Transactions with Related Parties and Conflicts of Interest".

It may be difficult to enforce civil liabilities against the Group or its directors, executive officers and controlling persons

Grupo Bimbo is a listed variable stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico, with its registered address in Mexico, and most of its directors, executive officers, and controlling persons are residents in Mexico. Moreover, a significant portion of its assets and a significant portion or all of the assets of such resident persons are located in Mexico.

As a result, it may be difficult for investors to effect service of process outside Mexico upon such persons or the Group or to enforce against them or the Group in courts of any jurisdiction outside of Mexico judgments, including any judgment predicated upon the civil liability provisions of such persons in those countries. There is doubt as to the enforceability in Mexican courts of civil liabilities arising under the laws of federal laws of the United States, by means of judgements carried out in Mexico or enforcement processes of judgements from the United States courts.

The Group depends on the expertise of senior management and skilled personnel, and the Group's business may be disrupted if it loses their services

The Group's senior management team possesses extensive operating experience and industry knowledge. The Group depends on its senior management to set its strategic direction and manage its business and believes that their involvement in the Group is crucial to the Group's success. Furthermore, the Group's continued success also depends upon its ability to attract and retain experienced professionals. The loss of the services of its senior management or its inability to recruit, train or retain a sufficient number of experienced personnel could have an adverse effect on the Group's operations and profitability. The Group does not maintain any key person insurance on any of its senior management or associates. The Group's ability to retain senior management as well as experienced personnel will in part depend on having in place appropriate staff remuneration and incentive schemes. The remuneration and incentive schemes the Group has in place may not be sufficient in retaining the services of its experienced personnel.

Compliance with environmental and other governmental laws and regulations could result in added expenditures or liabilities

Grupo Bimbo's operations are subject to federal, state and municipal laws, regulations and official standards, relating to the protection of the environment and natural resources.

In Mexico, Grupo Bimbo is subject to various Mexican federal, state and municipal environmental laws and regulations that govern the discharges into the environment, as well as the handling and disposal of hazardous substances and wastes. Environmental laws impose liability and clean-up responsibility for releases of hazardous substances into the environment. The Group is subject to regulation by, among other agencies, the Mexican Environmental and National Resources Ministry (*Secretaría de Medio Ambiente y Recursos Naturales*), the Mexican Labor and Social Security Ministry (*Secretaría del Trabajo y Previsión Social*), the Federal Environmental Protection Bureau (*Procuraduría Federal de Protección al Ambiente*) and the National Water Commission (*Comisión Nacional del Agua*). These agencies may initiate administrative proceedings for violations of environmental and safety ordinances and impose economic penalties on violators.

In the United States, the Group is subject to federal, state and local laws and regulations relating to the protection of the environment. These laws and regulations include the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act and Superfund, which imposes joint and several liabilities on each responsible person. Grupo Bimbo has specific programs in all its business units designed for the compliance of the applicable environmental requirements.

The Group is also subject to strict environmental regulations in the other countries in which it operates.

Modifications of existing environmental laws and regulations or the adoption of more stringent environmental laws and regulations may result in the need for investments that are not currently provided for in the capital expenditures program and may otherwise result in a material adverse effect on Grupo Bimbo.

Impairment in the carrying value of goodwill or other acquired intangibles could negatively affect the Group's consolidated operating results and net worth

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trademarks, trade names, and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to the Group's cash flows are not amortized, but must be evaluated by management at least annually for impairment. If carrying value exceeds current fair value, the intangible is considered impaired and is reduced to fair value via a charge to earnings. Events and conditions which could result in an impairment include changes in the industries in which the Group operates, including competition and advances in technology; a significant product liability or intellectual property claim; or other factors leading to a reduction in expected sales or profitability. Should the value of one or more of the acquired intangibles become impaired, the Group's consolidated earnings and net worth may be materially adversely affected.

Financing to meet the future capital needs of the Group may not be available or sufficient on terms acceptable to it and/or at all.

The Group may need additional financing to build new facilities, expand existing ones, undertake mergers and acquisitions or refinance its debt or for other purposes. Some of the financing agreements entered into by Grupo Bimbo and by its subsidiaries contain financial ratios and other customary covenants for transactions of this type which may limit its ability to incur additional debt.

The global market and economic conditions are unpredictable and may continue to be so in the future. Debt capital markets have in the past been affected by significant losses in the international financial services industry and economic events in certain countries, among other factors. In the future, the cost of fundraising in debt capital markets may increase significantly, while funds available from these markets may materially decrease. The growth strategy of the Group may require financing by public or commercial banks and loans from other public or private financial institutions. In the event there are no funds available from public or private banks, or if such funds are provided on less favorable terms, Grupo Bimbo may not be able to pay its debt, meet its capital needs, or these needs may be limited or hampered, and it may not be able to take advantage of certain business opportunities, respond to competitive pressures, fund needed capital expenditures or fund required margin calls or margin deposits in connection with hedging transactions, which may adversely affect the Group.

The Group may incur additional indebtedness in the future that could adversely affect its financial health and its ability to generate sufficient cash to satisfy the Group's debt

In the future, the Group may incur additional indebtedness that may have the following effects:

- limit its ability to pay its debt;
- limit its ability to pay dividends;
- increase its vulnerability to adverse general economic and industry conditions;
- require the Group to dedicate a portion of its cash flow from operations to servicing and repaying its indebtedness, which may place the Group at a competitive disadvantage with respect to its competitors with less debt;
- limit its flexibility in planning for or reacting to changes in its business and the industry in which it operates;
- limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds; and
- increase the cost of additional financing.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are not controlled by the Group. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditure, selling assets, restructuring or refinancing its indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of the Group's financing arrangements impose operating and financial restrictions on its business. These provisions may negatively affect its ability to react to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in its business.

In the future, the Group may from time to time incur substantial additional indebtedness. If the Group or its subsidiaries incur additional debt, the risks that it faces as a result of its existing indebtedness could further intensify.

Legal and regulatory developments may adversely affect the business of the Group

The Group is subject to regulation in each of the countries in which it operates. The principal areas in which it is subject to regulation are water, environment, labor, taxation, health and antitrust. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries in which Grupo Bimbo operates may increase its operating costs or impose restrictions on its operations which, in turn, may adversely affect its financial condition, business and results. In particular, environmental standards are becoming more stringent in several of the countries in which it operates, and the Group is in the process of complying with these standards, although it cannot assure you that it will be able to meet the timelines for compliance established by the relevant regulatory authorities. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on the future results or financial condition of the Group.

Grupo Bimbo is affected by governmental regulations and guidelines imposing health, food safety and nutritional standards. Its compliance with such standards may require the Group to incur substantial costs for research and development and use more costly ingredients in its products. The Group may not be able to make corresponding increases in the prices for its products, which would adversely affect Grupo Bimbo.

In 2014, the Mexican tax reform was enacted, seeking to boost Mexican federal tax revenue. The Group cannot predict the effects that this reform or other changes to tax regulations in the jurisdictions where it operates will have on the Company. For example, since these changes occurred, most of its products are subject to the Special Tax on Products and Services (*Impuesto Especial Sobre Producción y Servicios*), or IEPS, which currently taxes 8.0% on certain products. Additional excise taxes in Mexico or other countries may affect the profitability of the operations of Grupo Bimbo.

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries in which the Group operates. Currently, price controls on its products exist in certain of the territories in which Grupo Bimbo has operations. The imposition of these restrictions or voluntary price restraints in other territories may have an adverse effect on its results and financial position. The Group cannot assure you that governmental authorities in any country where it operates will not impose statutory price controls or that it will not need to implement voluntary price restraints in the future.

The operations of the Group have from time to time been subject to investigations and proceedings by antitrust authorities, and litigation relating to alleged anticompetitive practices. Grupo Bimbo has also been subject to investigations and proceedings on environmental and labor matters. The Group cannot assure you that these investigations and proceedings will not have an adverse effect on it.

Corporate disclosure in Mexico may differ from disclosure regularly published by or about issuers of securities in other countries

A principal objective of the securities laws of Mexico and other countries is to promote full and fair disclosure of all material corporate information, including the financial information of the issuers. However, it is possible that issuers of securities in Mexico do not disclose the same information or disclose different information from what would be mandatory for them to disclose in other countries.

The Group is a holding company and depends on dividends and other financial resources from its subsidiaries to fund its operations and pay dividends, should it determine to do so.

Grupo Bimbo is a holding company and conducts all of its operations through its subsidiaries. Grupo Bimbo has no material assets other than the shares of its subsidiaries. Consequently, its ability to fund its operations and, to the extent that the Group decides to do so, pay dividends, primarily depends on its subsidiaries' ability to generate revenue and pay dividends to it. Its subsidiaries are separate and distinct legal entities. Any dividend payment, distribution, credit or advance from its subsidiaries is limited by the Mexican laws applicable to profit distributions, including statutory employee profit sharing and, in certain circumstances, covenants, such as those resulting from financing contracts of its subsidiaries. All these restrictions could limit Grupo Bimbo's capacity to obtain dividends from its subsidiaries. If a shareholder initiates legal action against the Group, the enforcement of any judgment would be limited to its subsidiaries' available assets. The payment of dividends by its subsidiaries also depends on their earnings and business considerations. In addition, the Group´s right to receive any assets from any subsidiary upon its reorganization or liquidation, in its capacity as a shareholder of such subsidiary, will be effectively subordinated to the rights of such subsidiary's creditors, including trade creditors and any adverse change in the financial situation or in the result of operations of its subsidiaries could affect its financial situation.

A decrease in consumer confidence and changes in consumer habits may adversely affect the business, financial condition or results of operations of the Group.

The Group is exposed to certain political, economic and social factors in Mexico and in the other countries in which it operates that are beyond its control and could adversely impact the confidence and habits of consumers. Changes in employment and salary levels, interest rates and other economic indicators, among other factors, have a direct impact on consumers' income and their purchasing power and an indirect impact on their confidence and consumption habits, which could have an adverse effect on the sales and results of operations of Grupo Bimbo.

Risks Related to Mexico and the Other Countries in Which the Group Operates

Adverse economic conditions in Mexico may adversely affect the financial condition and results of operations of the Group

Grupo Bimbo is a company incorporated in Mexico, and a significant portion of its operations are conducted in Mexico. For the twelve months ended December 31, 2015, 34% and 58% of its total net sales and Adjusted EBITDA, respectively, were attributable to Mexico. As a result, the business, financial condition and results of operations of the Group may be affected by the general condition of the Mexican economy, price instability, inflation, interest rates, regulation, taxation, increasing crime rates and other political, social and economic developments in or affecting Mexico, over which the Company has no control. The Mexican economy continues to be heavily influenced by the U.S. economy, and therefore, deterioration in economic conditions in the U.S. economy may affect the Mexican economy. In the past, Mexico has also experienced prolonged periods of economic crisis caused by internal and external factors over which the Group has no control. These periods have been characterized by exchange rate instability, high inflation, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. Such conditions may return and could have a material and adverse effect on the business, financial condition or result of operations of the Group.

In the past, Mexico has experienced periods of high interest rates. The annualized 28-day TIIE , averaged 4.28%, 3.51% and 3.32% for 2013, 2014 and 2015, respectively. Accordingly, if the Group incurs debt denominated in Mexican pesos in the future, it could be at higher interest rates.

Decreases in the growth rate of the Mexican economy, periods of negative growth and/or increases in inflation or interest rates may result in lower demand for the products of the Group, lower real pricing of its products or a shift to lower margin products. Because a large percentage of the costs and expenses of the Group are fixed, it may not be able to reduce costs and expenses upon the occurrence of any of these events which may adversely affect it.

Political and social events in Mexico and in the countries where it operates could adversely affect the operations of the Group

The social, political, economic and other developments in Mexico and in the other countries in which the Group operates may adversely impact its operations and results.

Governmental action as well as any other social or political developments in Mexico and in the other countries in which the Group operates may adversely impact the market conditions and the price of its raw materials or of its products, which may affect its financial situation.

Economic and political conditions in the other countries in which the Group operates may adversely affect it

Given the relevance of the Group´s non-Mexican operations, including in the United States, Canada, Latin America and Europe, its results continue to be affected by the economic and political conditions in the countries, other than Mexico, where it conducts operations. Consumer demand, preferences, real prices and the costs of raw materials are heavily influenced by macroeconomic and political conditions in the other countries in which Grupo Bimbo operates. These conditions vary by country and may not be correlated to conditions in its Mexican operations. The business of the Group may be affected by the general conditions of the economies, rates of inflation, interest rates or exchange rates for the currencies of the countries in which it operates. Decreases in the growth rate of these countries' economies, periods of negative growth and/or increases in inflation or interest rates in these countries may result in lower demand for its products, lower real pricing of its products or a shift to lower margin products. Deterioration in economic and political conditions in any of these countries would have an adverse effect on Grupo Bimbo.

The market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers, including the securities of Grupo Bimbo.

In addition, the direct correlation between economic conditions in Mexico and the United States has sharpened in recent years as a result of the North American Free Trade Agreement, or NAFTA, and increased economic activity between the two countries. As a result of the slowdown of the economy of the United States and the uncertainty it could have on the general economic conditions in Mexico, the financial condition and results of operations of the Group could be adversely affected. In addition, due to the unpredictable dynamics of the international credit markets, capital availability and cost could be significantly affected and could restrict the Group's ability to obtain financing or refinance its existing indebtedness on favorable terms, if at all, materially adversely affecting the Group.

Political or social developments in any of the countries in which the Group has operations, over which it has no control, may have an adverse effect on the global market or on Grupo Bimbo.

Disruptions in the global credit markets and their effects on the global and Mexican economies could adversely affect the business of the Group

Substantial volatility, unavailability of attractive financing and disruptions in the global capital markets since the 2008 financial crisis have had a significant negative impact on financial markets, as well as on the global and domestic economies. Although economic conditions have been slowly improving since 2011 and the availability of credit increased while interest rates remained stable, the recent Eurozone debt crisis has caused, and may continue to cause, disruption in the global financial markets. The recent economic recession, continued economic uncertainty and the slow recovery in Mexico, the United States, Europe and much of the rest of the world has had a negative impact on the global financial markets. The effects of these disruptions and continued general instability are widespread and difficult to quantify or mitigate, and it is impossible to predict the rate at which the global economy will recover. Both the future financial results and growth of the Group could be affected if efforts to recover from these economic disruptions slow or reverse.

The reinstatement of exchange controls and restrictions could adversely affect the financial performance of the Group

The Group will pay distributions to holders of its shares in pesos. Any significant fluctuations in the exchange rates between pesos and U.S. dollars or other currencies could have an adverse impact on the U.S. dollar or other currency-equivalent amounts holders of the shares of Grupo Bimbo receive from the conversion. In addition, the amount paid by the Group in pesos may not be readily convertible into U.S. dollars or other currencies. While the Mexican federal government does not currently restrict, and for many years has not restricted, the ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or other currencies, it has done so in the past and could reinstate exchange controls in the future. Future fluctuations in exchange rates and the effect of any exchange control measures adopted by the Mexican government on the Mexican economy cannot be predicted.

The Group is subject to different disclosure and accounting standards than companies in other countries

A principal objective of the securities laws of the United States, Mexico and other countries is to promote full and fair disclosure of all material corporate information, including accounting information. However, there may be less or different publicly available information about foreign issuers of securities than is regularly published in such countries. The Group is subject to reporting obligations in respect of the shares it has listed on the CNBV and the BMV. The disclosure standards imposed by the CNBV and the BMV may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what non-Mexican investors are accustomed to. In addition, accounting standards and disclosure requirements in Mexico differ from those of the other countries. In particular, the financial statements of the Group are prepared in accordance with IFRS, which may differ from other financial information rules. In this respect, the information of the financial statements may vary if they would have been prepared under different financial information rules.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy

The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state-controlled, -funded or -influenced financial institutions could have a significant impact on private sector entities in general (and on the Group), on Grupo Bimbo in particular, and on market conditions, prices and returns of Mexican securities. The Mexican federal government occasionally makes significant changes in policies and regulations and may do so again in the future. Actions to control inflation and other regulations and policies have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations and capital controls and limits on imports. Tax and labor legislation, in particular, in Mexico is subject to continuous change, and the Group cannot assure you that the Mexican government will maintain existing political, social, economic or other policies or that such changes would not have a material adverse effect on the financial performance of Grupo Bimbo.

The Group's business and financial performance may be adversely affected by risks inherent in international operations

The Group currently maintains production facilities and operations in Mexico, the United States, Canada, Argentina, Brazil, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Guatemala, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Uruguay, the United Kingdom and Venezuela. The ability of the Group to conduct and expand its business and its financial performance are subject to the risks inherent in international operations. The liquidity, results of operations and financial condition of Grupo Bimbo may be adversely affected by trade barriers, currency fluctuations and exchange controls, political unrest, high levels of inflation and increases in duties, taxes and governmental royalties, as well as changes in local laws and policies of the countries in which the Group conducts business, including changes to environmental laws that could affect its manufacturing facilities or to health safety laws that could affect its products. The governments of the countries in which the Group operates, or may operate in the future, could take actions that materially adversely affect Grupo Bimbo, including the taking, expropriation or condemnation of its assets or subsidiaries.

Any limitation on foreign trade in any of the countries in which the Group operates could affect its operations. Individual governments could impose trade restrictions for a variety of reasons, either tariff or non-tariff, restricting, limiting or prohibiting international trade of goods. Such measures would adversely affect its operations since Grupo Bimbo imports a significant portion of its raw materials.

It may be difficult to enforce civil liabilities against the Group or its directors, executive officers and controlling persons

Grupo Bimbo is a listed variable stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico. Most of its directors, executive officers, controlling persons and experts named in this Annual Report are residents in Mexico, and a significant portion of the assets of such persons and a significant portion of all the assets of Grupo Bimbo are located in Mexico. As a result, it may be difficult for investors to effect service of process in any other jurisdiction outside of Mexico upon such persons or Grupo Bimbo or to enforce against them or Grupo Bimbo in courts of any jurisdiction outside of Mexico judgments predicated upon the laws of any such jurisdiction. It is possible that those sentences arising from the application of foreign laws may not be enforceable in Mexico.

d) OTHER SECURITIES

I. As of December 31, 2015, the following securities were registered by Grupo Bimbo in the RNV:

a. Authorized capital stock Series “A” common shares, ordinary, nominative, with no par value, listed in the BMV since 1980 under ticker symbol “BIMBO”.

b. *Certificados Bursátiles*:

(i) Bimbo 12 - Issued on February 10, 2012 in the aggregate amount of $5,000,000,000 pesos maturing on August 3, 2018.

(ii) Bimbo 09-2 - Issued on June 15, 2009 in the aggregate amount of $2,000,000,000 pesos maturing on June 6, 2016.

(iii) Bimbo 09U - Issued on June 15, 2009 in the aggregate amount of 706,302,200 Investment Units (UDIs or *Unidades de Inversión*), maturing on June 6, 2016.

II. Senior Notes:

1. On June 30, 2010, Grupo Bimbo issued Senior Notes in the international markets, in the aggregate amount of $800,000,000 dollars maturing on June 2020, under Rule 144A and Regulation S of the U.S. Securities Act.

2. On January 25, 2012 Grupo Bimbo issued Senior Notes in international markets, in the aggregate amount of $800,000,000 dollars maturing on 2022, under Rule 144A and Regulation S of the U.S. Securities Act.

3. On January 24, 2014 Grupo Bimbo issued (i) Senior Notes in the international markets, in the aggregate amount of $800,000,000 dollars maturing on 2024, and (ii) Senior Notes in the international markets, in the aggregate amount of $500,000,000 dollars maturing on 2044, under Rule 144A and Regulation S of the U.S. Securities Act.

The Company has been complying in a timely manner with all of its obligations to disclose information on material events as well as the legal and financial information required by the applicable provisions.

I. Annual Information:

a) The third business day following the date of the annual shareholders' meeting in which the annual results are approved, such shareholders' meeting shall be held during the first four months of each year,

1. Reports and opinion referred to in article 28, paragraph IV of the Securities Market Law.

2. The annual financial statements together with the respective external audit opinion, as well as the audited annual financial statements of the associated entities, that contribute more than 10% of the Company's earnings or consolidated assets.

3. Letter prepared by the Secretary of the Board of Directors, stating the current status of the shareholders' meetings minutes registry book, Board of Directors' meetings minutes registry book, share registry book and, for corporations with variable capital (*sociedades anónimas de capital variable*), the capital increase and decrease registry book.

4. Documents of the external auditor, referred to in Articles 84 and 84 Bis of the General Provisions Applicable to Securities Issuers and to Other Participants in the Securities Market, subscribed by the external auditor.

b) No later than April 30 of every year:

1. The annual report corresponding to the fiscal year immediately ended, prepared in accordance with the General Provisions.

c) No later than June 30 of every year:

1. Report corresponding to the fiscal year immediately ended, regarding the level of adherence to the Best Corporate Practices Code, pursuant to the format issued by the BMV.

II. Quarterly Information:

Within 20 business days following the end of the first three calendar quarters and within 40 business days following the end of the fourth calendar quarter of each fiscal year, the Company must report its financial statements and the economic, accounting and administrative information set forth in the corresponding electronic templates, comparing, at least, the results for the relevant quarter against the financial statements for the previous fiscal year according to the applicable accounting principles. Such electronic templates shall include an update of the annual report (or prospectus, if as of the date of presentation of the financial information the issuer has not been required to publish such annual report) regarding the comments and analysis of the management of the results of operation and financial situation of the issuer.

In addition, the Company shall deliver to the Commission and BMV a certificate prepared by the Chief Executive Officer or the Finance Director, or any other person holding a similar title, stating, under oath, that, in the competence of their authority, they prepared the relevant information of the Company contained in the quarterly report, which, as of their knowledge, reflects in a reasonable manner the situation of the Company. Likewise, they should state that they are not aware of any material information that is missing in such quarterly report or that the report contains information that could confuse an investor.

III. Legal Information:

a) On the date of their publication, the calls for shareholders' meetings and the calls for bondholders' meetings or meetings of holders of other securities. Such calls must contain each and all of the items of the agenda to be discussed during the relevant meeting.

b) On the business day immediately following the date on which the relevant meeting is held:

1. A summary of the resolutions adopted at the shareholder's meeting held pursuant to article 181 of the General Corporations Law, including the application of profits and, as the case may be, the payment of dividends, number of coupon o coupons against which payment will be made, as well as place and date of payment.

2. A summary of the resolutions adopted at the shareholder's meetings other than the meetings mentioned above, as well as the resolutions adopted by the meetings held by the holders of other securities.

c) Within the 5 business days following the date of the shareholder's meeting or of the holders of other securities meetings, as applicable:

1. A copy, certified by the Secretary of the Board of Directors of the Company or any person authorized thereto, of the shareholder's meetings minutes, together with the attendance list signed by the examiners appointed for such purposes, stating the number of shares that correspond to each shareholder and, as the case may be, on behalf of whom is acting, as well as the total number of shares represented at the meeting.

2. A copy, certified by the president of the meeting, of the holders of the securities minutes meetings, together with the attendance list signed by the holders of the securities or their representatives and by the examiners appointed for such purposes, stating the number of securities that correspond to each holder of the securities, as well as the total number of the securities represented at the meeting.

d) At least 6 business days before the start of the period within which it is intended to carry out the acts referred to in each of the following notices:

(i) Notice to the shareholders for the exercise of any rights of first offer derived from capital increases and the subsequent issuance of shares, whose amount is required to be paid in cash.

(ii) Notice for the delivery or exchange of shares, obligations or other securities.

(iii) Notice for the payment of dividends, which must include the corresponding amount and the proportion of such dividends or, as the case may be, the payment of interest.

(iv) Any other notice addressed to the shareholders, holders of other securities or the general public.

e) No later than June 30 of every third year, the notarization of the shareholder's meeting by means of which a restatement (*compulsa*) of the Company's by-laws has been approved.

IV. Repurchase of the Company's own shares:

The Company is required to disclose to the BMV no later than the next business day following the consummation of any transactions involving the repurchase of the Company's shares.

V. Material events:

The Company is required to disclose to the BMV, all material events pursuant to the provisions set forth in the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities' Market.

e) RELEVANT CHANGES TO THE SECURITY RIGHTS REGISTERED WITH THE RNV

During 2015 there were no material changes in the capital stock of Grupo Bimbo and therefore such capital stock was represented as of December 31, 2015 by 4,703,200,000 shares.

f) USE OF PROCEEDS

During 2015 the Company did not register any securities in the RNV. Also, there are no unused proceeds obtained from the issuance of securities completed in previous years (see "Section “1. GENERAL INFORMATION – d) Other Securities").

g) PUBLIC DOCUMENTS

In order to review this Annual Report, please contact the Investor Relations site:

www.grupobimbo.com/ir/

For any clarification, please contact the Investor Relations team at the following e-mail:
ir@grupobimbo.com

In connection with the public information that has been delivered to the BMV, please check the following electronic addresses:

http://www.grupobimbo.com/ri
www.bmv.com.mx

The information available on these sites is not a part of this Annual Report.

2) THE COMPANY

a) ISSUER'S HISTORY AND DEVELOPMENT

a) Legal background

Incorporation

The Company was incorporated by public deed number 10,670, dated June 15, 1966, granted before Tomás O'Gorman, Public Notary number 96 of the Federal District, the first official transcript of which was filed in the Public Registry of Commerce of the Federal District, in the Commerce section, under number 299, pages 377, volume 636, 3rd book.

Corporate Name

The Company was originally incorporated under the corporate name of Promoción de Negocios, S.A. In 1978 it changed its corporate name to Grupo Industrial Bimbo, S.A. and in 1981 it adopted the modality as *sociedad anónima de capital variable*. On August 24, 1999, the Company changed its corporate name to Grupo Bimbo, S.A. de C.V., and on November 16, 2006, by public deed number 30,053, granted before Ana de Jesús Jiménez Montañez, Public Notary number 146 of the Federal District, the first official transcript of which was filed in the Public Registry of Commerce of the Federal District in mercantile folio number 9,506. On December 6, 2006, the Company adopted the form of *sociedad anónima bursátil de capital variable*.

Duration

The Company's duration is indefinite.

Domicile and Telephone Numbers

The Company's headquarter is located in Prolongación Paseo de la Reforma 1000, Colonia Peña Blanca Santa Fe, C.P. 01210, Mexico, D.F. The telephone number is +55 5268-6600. The Company's web site is: www.grupobimbo.com. The information contained in the Company's website is not part of this Annual Report.

b) History

All figures shown in this section correspond to historical values on the dates indicated.

1945 Taking advantage of their experience in the bakery industry, Don Lorenzo Servitje Sendra and Don Lorenzo Sendra Grimau decided to create an American-style packaged bread factory, to which they invited Don Alfonso Velasco, as well as Don Jaime Jorba Sendra and Don José T. Mata to participate as industrial partners. Another founder was Don Roberto Servitje Sendra, who collaborated since the inception as sales supervisor. Even though he did not participate as partner at the Company's inception, gradually Don Roberto Servitje acquired greater responsibilities and likewise participated in the decision-making process. He later purchased BIMBO shares and, subsequently, became Chief Executive Officer, a position he left in 1994, when he was appointed Chairman of the Board of Directors, replacing Don Lorenzo Servitje, who held that position since its foundation.

For the creation of the packaged bread factory, the founding partners mainly took care of the needs posted by the market at that time; that is, regular and high quality client service, and product freshness. To satisfy such needs, the products to be manufactured and the characteristics of the packing thereof were determined, in addition to putting in place direct distribution systems and the replacement of unsold products every two days. On December 2, 1945, Panificación Bimbo was formally founded in Mexico City.

1947-1952 In 1947, external distribution to some cities in the states of Veracruz, Morelos, Hidalgo and Puebla was initiated. By 1952, four plants were already installed in Mexico City and the rolls category was already integrated within the Company's products. Likewise, the distribution had extended to some of Mexico's central and northern states.

1956 In May 1956, the corporation Pasteles y Bizcochos, S.A. was incorporated, currently known as Productos Marinela, S.A., with which the Group ventured in the cakes category. As of this date the establishment of plants outside Mexico City began. The first of them were Bimbo de Occidente, S.A. (Guadalajara) and Bimbo del Norte, S.A. (Monterrey), which significantly broadened the geographical coverage of distribution and the variety of products offered by the Company.

1963-1978 The period between 1963 and 1978 was characterized by great expansion and diversification. In addition to opening eight more plants in different states of the Mexican Republic, the existing plants were enlarged and other additional cake lines were integrated to those offered by Productos Marinela, S.A. Moreover, it ventured in the candies and chocolates industry, with the establishment of the first Ricolino plant, and in the salted snacks market, with what is currently known as Barcel. At that time practically all the states of the country were covered through the Company's direct distribution system.

In that period, the Group's vertical integration initiated with the inauguration of the first jam plant. Not only were the other Group's companies supplied with these products, but also the line of products offered to the consumers was diversified.

In connection with pastry products, in the 1970's BIMBO launched the *Suandy* line, whose products were prepared with butter. This line was significantly enlarged in 1981.

1979 In 1979, *Tía Rosa* was introduced as a house-made bakery brand in the domestic market and some of the production lines under this brand were rapidly developed with automated systems.

1983 By this time, the Group already manufactured some equipment and parts thereof, which were used in its plants. Therefore, in 1983 the inauguration of the Maquindal, S.A. plant took place, which merged in January 2001 with the corporation Moldes y Exhibidores, S.A. de C.V.

1984 In 1984, BIMBO ventured in the export market with the distribution of *Marinela* products into the USA.

1986-1990 In 1986, after the crisis faced by Mexico for almost five years, BIMBO acquired Continental de Alimentos, S.A. de C.V., a company that produced and commercialized the products under the brand *Wonder,* which until then was BIMBO's direct competitor in the bread and cakes categories. As of 1989, the Group further significantly expanded through the additional acquisition and establishment of plants in the lines of business of final products and raw materials, material and equipment for internal consumption.

1992-1996 Regarding transactions at an international level, in 1990 the Company acquired a bread and cake producer plant in Guatemala, which marked the beginning of the Group's coverage in Latin America. In 1992, BIMBO initiated the acquisition of productiion plants in other countries of the region with the acquisition in 1992 of Alesa, S.A. and Cena (currently Ideal, S.A.) in Chile. Thereager, it expaned to Venezuela with the acquisition of Industrias Marinela, C.A. and Panificadora Holsum de Venezuela, C.A. in 1993, merged in 1999 under the name of Bimbo Venezuela C.A. At the same time, production plants were installed in Argentina, Colombia, Costa Rica, El Salvador and Peru, as well as distribution companies in Honduras and Nicaragua.

Additionally, the Company significantly expanded in the USA with the establishment and acquisition of several production plants in different states near the border with Mexico. The following companies were acquired: Orbit Finer Foods, Inc., in 1993; Fabila Foods, Inc. and La Fronteriza, Inc., in 1994; C&C Bakery, Inc. and La Tapatía Tortillería, Inc., in 1995; and Pacific Pride Bakeries, with two plants (Suandy Foods Inc. and Proalsa Trading Co.), in 1996.

In 1992, the Company acquired the factory Galletas Lara, which allowed it to enter into the traditional cookie market, with “maría” type cookies and crackers, a category not covered by the *Marinela* brand.

1998 Important levels of investments characterized 1998. In that year the Company acquired Mrs. Baird’s bakery company, a market leader in the state of Texas, United States, and in Mexico the production facility in La Paz, Baja California began operating. Likewise, BIMBO’s expansion reached the European continent with the establishment in Germany of Park Lane Confectionery, a confectionery goods distribution company. Also during that year, in order to focus on its main businesses, BIMBO divested its participation in the business of preparation and distribution of ice creams in Mexico and its stake in the salted snacks business in Chile.

1999 In February 1999, BIMBO carried out a strategic alliance with the company Dayhoff, in the USA, and engaged in the distribution of candies, through an equity interest of 50%. In 2002, BIMBO’S interest increased to 70% and in 2004 it acquired 100% of the shares.

In March 1999, BIMBO associated with Grupo Mac’Ma by acquiring a 51% interest in the companies engaged in pastries manufacturing. In the state of California, USA, it acquired the baking company Four-S.

In 1999, a new bread production plant was built and began operations in the city of Tijuana, Baja California, with the following production lines: white, whole wheat and sweet bread, rolls, wheat tortillas and tostadas, among others.

In July 1999, BIMBO reinforced its presence in Colombia through the acquisition of different assets in the city of Cali. In September, the Company completed an agreement with the McDonald’s restaurant chain, through which it became the exclusive supplier of all rolls for this restaurant chain in Venezuela, Colombia and Peru. The exclusive concession of its rolls contributed to the consolidation of the Company’s position in Latin America. Further, this exclusivity has strengthened the relationship between the companies since 1985, the year when McDonald's entered Mexico.

In October 1999, BIMBO completed negotiations with Panacea, S.A., located in San Jose, Costa Rica. This allowed BIMBO to acquire some of the assets owned by the Costa Rican company and the right to use *Tulipán*, its leading brand in that country.

For an amount of $140.6 million dollars, in December 1999, BIMBO sold its six wheat mills and the fresh and processed fruits and vegetables business to a group of investors represented by Mr. Roberto Servitje Achútegui.

In line with the strategy of taking advantage of synergies and operational consolidation, in 1999 BIMBO initiated the administrative and operational merger of its companies in the USA, consolidating as follows: Mrs. Baird’s Bakeries Business Trust, in Texas, and Bimbo Bakeries USA, Inc., in California.

2000 In March 2000, BIMBO, Oracle de Mexico, Sun Microsystems and Cap Gemini Ernst & Young agreed to the development of the computer program BIMBO XXI.

In April 2000, the Company, through Ricolino, inaugurated two plants in the European Union, one in Vienna, Austria, and the other in Ostrava, Czech Republic; see Section “2.

THE COMPANY- b) Description of the Business -– i) Principal Activity”.

Additionally, in November 2000, BIMBO acquired Pan Pyc, the second most important bakery company in Peru, which consolidated its leadership in that country. In December 2000 it acquired the Guatemalan bakery company La Mejor, reinforcing its presence in Guatemala, El Salvador and Honduras.

2001 2001 highlighted the intense activity to consolidate the Group’s presence in the regions where it participated and increase efficiency in its operations. In March, BIMBO acquired 100% of the capital stock of Plus Vita, Ltda., one of the largest baking companies in Brazil and producer of packaged bread, sweet baked goods, cakes, rolls and toasted bread under brands considered among the most traditional and with the highest prestige in the Brazilian market, such as *Pullman*, *Plus Vita*, *Ana María*, *Muffs* and *Van Mill*, among others. Plus Vita operated three plants, located in Sao Paulo, Rio de Janeiro and Recife. See Section “2. THE COMPANY— b) Business Description—i) Principal Activity—Strategy and Strengths”.

In addtion, and in order to add value to BIMBO’S shareholders’ equity, in August 2001 a public offer to repurchase shares was completed, which achieved the expected purpose of granting to its shareholders the possibility to choose among obtaining immediate liquidity with a premium or keep their investment and participate in the Group’s future results. As a result, 238,803,031 Series “A”, ordinary, nominative, with no par value shares, representing its capital stock were acquired at a price of $17.25 per share.

In October, the Company concluded the sale of its shares in Pastas Cora, S.A. de C.V. and Pastas Cora de la Laguna, S.A. de C.V. to Grupo La Moderna, S.A. de C.V. The companies sold were owned by Grupo Bimbo and Grupo Mac’Ma, S.A. de C.V. Through this transaction, Grupo La Moderna, S.A. de C.V. acquired 100% of the shares of Pastas Cora, S.A. de C.V. and Pastas Cora de la Laguna S.A. de C.V., in exchange of 4,500,000 shares representing 5.8% of the capital stock of Grupo La Moderna, S.A. de C.V., of which 57.4% corresponded to Grupo Bimbo.

In November 2001, the Company acquired certain operating assets from Gruma, S.A. de C.V., related to bread manufacturing and distribution. This acquisition included the fresh and frozen bread businesses in Costa Rica, as well as the equipment from the plant which Gruma closed in Escobedo, Nuevo Leon.

2002 As of January 1, 2002 the merger of all the Group’s operating companies in Mexico into two big companies, Bimbo, S.A. de C.V. and Barcel, S.A. de C.V., became effective. The first one consolidated all the bakery operations, while the second involved the consolidation of the salted snacks, confectionery goods and goat milk caramel “cajeta” categories. The purpose of the merger was to optimize the operations and make its installed capacity and distribution force more effective.

On March 4, 2002, the Company acquired, through its subsidiary in the USA, the western region bakery operations in the USA of George Weston Limited. This transaction, with a total price of $610 million dollars, provided Grupo Bimbo with access to leading brands and products in the United States market, such as Oroweat bread, Entenmann’s cakes, English muffins and Thomas’ bagels, as well as Boboli pizza dough.

In accordance with the terms of the agreement, Grupo Bimbo acquired the Oroweat bread brand, five plants in the states of Texas, Colorado, California and Oregon, and an efficient direct distribution system, with approximately 1,300 routes, among other assets. Additionally, the Company obtained in the same region the rights related to the Entenmann’s brand products, as well as the distribution rights of the Thomas’ and Boboli brands.

This acquisition responded to BIMBO’s strategy to build a leading bakery business in the USA. With that, the Group’s position in core markets, such as the states of California and

Texas, became stronger.

On December 11, 2002, BIMBO's General Extraordinary Shareholder's Meeting approved the merger of the Company with its subsidiary Central Impulsora, S.A. de C.V. As a result of the merger, the Company became holder of the Group's main trademarks.

2003 In January 2003, BIMBO completed a strategic alliance with Wrigley Sales Company ("Wrigley"), to distribute its products. With this agreement, the Company, through its subsidiary Barcel, S.A. de C.V. became the exclusive distributor in Mexico of the Wrigley chewing gum brands. This transaction incorporated a line of products of the highest quality to the Group's confectionery goods platform and granted the Company the opportunity to offer Doublemint, Juicy Fruit, Orbit, Spearmint and Winterfresh, the most successful American chewing gum brands in the industry.

In June 2003, the Company, together with its partner Grupo Arteva, S. de R.L., sold the company Novacel, S.A. de C.V., engaged in the manufacture of flexible packaging, to Pechiney Plastic Packaging, a subsidiary of the Canadian company Alcan, world leader in package manufacturing. Prior to this sale, BIMBO held an interest of 41.8% in the capital stock, while its partner owned the rest. In this transaction, Grupo Bimbo executed a supplier agreement in commercial terms and conditions in accordance with the industry's general practices.

In July 2003, the Company disclosed to the public its intention to participate as a minority partner in a consortium led by the Mexican businessman Fernando Chico Pardo. This entity acquired certain ownership and debt rights of Compañía de Alimentos Fargo, S.A., in Argentina, and undertook its financial and operational restructuring.

2004 On March 18, 2004, Grupo Bimbo announced an agreement to acquire the confectionery companies Joyco de México, S.A. de C.V., Alimentos Duval, S.A. de C.V. and Lolimen, S.A. de C.V., property of a group of Mexican shareholders, and the Spanish company Corporación Agrolimen, S.A. After obtaining all necessary authorizations, the purchase transaction was completed in May 2004.

Grupo Bimbo invested $290 million pesos, of which approximately $27 million was used for the repayment of existing indebtedness. The investment with cash on hand resulted in Grupo Bimbo acquiring two production plants and rights to leading brands and products in the Mexican confectionary industry, such as Duvalín, Bocadín and Lunetas. These companies had, in the aggregate, annual sales of approximately $500 million pesos.

2005 On June 9, 2005, BIMBO announced the acquisition of certain assets and trademarks owned by Empresas Chocolates La Corona, S.A. de C.V. and its subsidiaries ("La Corona"), in a transaction valued at $471 million pesos, whose purchase price was paid with Company's own funds. La Corona has presence in the Mexican candies market, mainly in the chocolate segment. After regulatory approval, this transaction was completed on July 29, 2005.

On July 20, 2005, the Company announced the acquisition, through a cash transaction valued at $1,350 million pesos, of Controladora y Administradora de Pastelerías, S.A. de C.V., which produces and sells fine pastry products under the brand "El Globo". With this acquisition, Grupo Bimbo ventured into retail sales of fine pastries for the first time. The transaction was completed on September 23, 2005 following the corresponding regulatory approvals.

On September 30, 2005, the Company executed a distribution agreement with Arcor, S.A.I.C. ("Arcor"), of Argentina. With this agreement, BIMBO, through its subsidiary Barcel, S.A. de C.V., became the exclusive distributor in Mexico of "Bon o Bon" candy. This product was incorporated into the Company's existing candies portfolio as a line renowned for its high quality. The parties to the distribution agreement also agreed to make investments to build a plant to produce Arcor and Barcel candies in Mexico.

On January 30, 2006, BIMBO returned to the baking market in Uruguay with the acquisition of the Uruguayan companies Walter M. Doldán y Cía. S.A. and Los Sorchantes S.A., positioning itself as the market leader. This transaction was valued at $7 million dollars, of which $5.5 million was used for the purchase of 100% of the shares and the rest was used for the payment of financial liabilities. These companies are engaged in the production and sale of baking products, mainly through *Los Sorchantes* and *Kaiser* trademarks.

2006 On March 24, 2006, BIMBO initiated operations in Asia with the agreement to acquire Beijing Panrico Food Processing Center, a subsidiary of the Spanish company Panrico, S.A., located in China, in a transaction valued at 9.2 million euros for 98% of the shares, additionally assuming a net indebtedness of 1.3 million euros. With this transaction, the Company acquired a company with 800 associates, a production plant and a distribution network with an extended portfolio of baking products, designed and developed for the local market, which have allowed it to achieve an important presence and profile in the cities of Beijing and Tianjin.

On June 19, 2006, BIMBO announced an agreement to acquire certain assets and trademarks of the “El Molino” pastries company, in a transaction valued at $42 million pesos, paid with Company’s own funds. El Molino is one of the oldest and most traditional bakeries in Mexico, in the fiscal year ended as of December 2005, its sales totaled $45 million pesos.

This transaction, supplementary to the acquisition of “El Globo” pastries, carried out in July 2005, was intended to strengthen the presence of Grupo Bimbo in the retail sale of high end pastry products.

2007 On July 31, 2007, BIMBO acquired 100% of the equity of Maestro Cubano Florentino Sande S.A. for the sum of $93 million pesos. The company, located in Uruguay, is the owner of industrial premises engaged in the production and commercialization of cookies, *grissines* and breadcrumbs.

On October 2, 2007, BIMBO announced the acquisition of Temis for the sum of $17 million pesos. With this acquisition, BIMBO entered the Paraguay market.

On November 5, 2007, Grupo Bimbo announced that, as included in a judicial request dated November 2, 2007, filed by the investment group The Yucaipa Companies, LLC (“Yucaipa”) before the Bankruptcy Court in the West District of Missouri, in Kansas City (the “Court”), Yucaipa, together with BBU, subsidiary of Grupo Bimbo, and The International Brotherhood of Teamsters (the “Teamsters”), intended to file a collective proposal for the reorganization of Interstate Bakeries Corporation (“IBC”).

IBC is one of the largest bakeries and fresh bread and sweet bread distribution companies in the United States. Among its main trademarks are Wonder®, Merita®, Home Pride®, Baker’s Inn®, Hostess®, Drake's®, and Dolly Madison®. IBC operates more than 40 plants, 650 distribution centers, 6,400 routes and employs approximately 25,000 associates.

It was expected that the Court would consider Yucaipa’s request in a hearing scheduled for November 7. In case the Court instructed IBC to grant Yucaipa and BBU the access required to initiate a purchase audit, Yucaipa and BBU expected to carry out their review expeditiously in order to determine IBC’S status and, if so determined they would submit, together with the Teamsters, the terms and conditions of IBC’S reorganization plan.

Grupo Bimbo intended to use this audit to evaluate if IBC represented a feasible opportunity to strengthen and grow its position in the bakery industry in the United States, consolidating at the same time its leadership position in the bakery global industry.

Any subsequent decision that implied a continued advancement in this process would require a series of additional steps, including the satisfactory completion of the abovementioned audit, as well as the approval of the reorganization plan by the Court and IBC'S creditors.

However, on December 13, 2007, Grupo Bimbo announced that after the audit process for IBC was completed, it was not in a position to submit a proposal to acquire IBC.

On November 29, 2007, Grupo Bimbo disclosed to the public that on November 28, Compañía de Alimentos Fargo, S.A. ("Fargo"), an Argentine company in which Grupo Bimbo holds an indirect 30% equity interest, executed an agreement for its reorganization with its main creditors, who represented the majority of the verified indebtedness, the investment funds *Rainbow Global High Yield*, *The* Argo Capital Investors Fund SPC, Argo Global Special Situations Fund Segregated Portfolio and The Argo Fund Limited (the "Bond Holders").

The agreement included the payment of 33.81% of the unsecured indebtedness. Likewise, the Bond Holders committed to collaborate in order for Fargo to complete the Meeting of Creditors (*Concurso Preventivo*) convened in June 2002, as well as to forgo any legal actions against it.

2008 On January 2, 2008, BIMBO announced the acquisition of Laura, a company located in Brazil, for a sum of $202 million pesos. Accordingly, BIMBO entered into the *panettone* category and enlarged the cookies portfolio through the wafers line.

On February 21, 2008, BIMBO announced the acquisition of Firenze, also in Brazil, for a sum of $185 million pesos. The integration with Firenze allowed taking advantage of the strength in the *light* segment and continuing its development through the increase of the physical distribution of Firenze and Plus Vita trademarks.

On April 1, 2008, the Company announced the acquisition of Plucky, a company located in Uruguay, for a sum of $123 million pesos. The company produces and commercializes confectionery goods. With this acquisition, Bimbo ventureed into this market for the first time in Latin America.

On May 7, 2008, Grupo Bimbo announced that it reached an agreement to acquire 75% of the shares of the Brazilian bakery company Nutrella Alimentos, S.A. ("Nutrella"). This acquisition positioned Grupo Bimbo as the leader in industrialized bread in Brazil, increasing its geographic scale and presence.

Nutrella was founded in 1972 and produces and sells packaged bread, rolls and cakes, through two production units in the states of Sao Paulo and Rio Grande do Sul. With the trademarks "Nutrella", "Nhamy" and "Nutrellinhas", among others, it is positioned as the leader in Brazil's southern region. In 2007, Nutrella, with more than 1,600 associates, registered sales of R$150 million and EBITDA of R$21 million.

This investment reflected Grupo Bimbo's strategy of consolidating its operations in the countries where it participates and gave it a stronger position to continue developing a profitable business in Brazil, by complementing its current operation. Likewise, it gave access to one of the regions with greatest economic activity in the country, with more than 25 million inhabitants.

2009 On January 21, 2009, Grupo Bimbo announced the acquisition of the bakery business in the United States of WFI, owned by Dunedin Holdings S.à r.l., a subsidiary of George Weston Limited (TSX: WN), located in Toronto, as well as the acquisition of the related financial assets, having obtained the relevant regulatory approvals and permits. These transactions were valued at $2,380 and $125 million dollars, respectively. The aggregate payment of $2,505 million dollars was made through a financing of $2,300 million dollars, as well as with the Company's own funds. The consolidated operation in the United States, known as BBU, became one of the largest bakery companies in the country, with a leading position in the bread, rolls, sweet baked goods and cakes categories. The portfolio includes premium trademarks such as ARNOLD®, BIMBO®, BOBOLI®, BROWNBERRY®, ENTENMANN'S®, FRANCISCO®, FREIHOFER'S®, MARINELA®, MRS BAIRD'S®, OROWEAT®, STROEHMANN®, THOMAS'® and TIA ROSA®. The new operation employs more than 15,000 associates, operates 35 plants and distributes its products through more than 7,000 routes. Grupo Bimbo's consolidated results started reflecting the integration of WFI transactions as of January 21, 2009.

On November 18, 2009, the assets related to the production, distribution and sale of corn products under the trademark Sanissimo were acquired.

2010 On December 6, 2010, Dulces Vero, main producer, distributor and trader in Mexico of lollipops, hard candy and marshmallows, most of them covered with spicy powder, was acquired.

Vero, founded in 1952, produces a wide variety of candy and jams, including hard candy lollipops, jellies and marshmallows, among others. The company has broad experience and its own technology for the production of hard candies and products made based on chile. Vero has 1,500 associates and in 2009 it generated sales of approximately $1,100 million pesos, as well as EBITDA of $220 million pesos.

The acquisition of these assets strengthens Grupo Bimbo's position in the Mexican confectionery market through its subsidiary Barcel, in addition to supporting the Company's strategy to reach all the socio-demographic segments. Together with sales and cost synergies, Vero's strength in the wholesale channel, combined with Barcel's broad retail distribution network, will provide a sound platform for continuous growth. Likewise, Vero products supplement Barcel's portfolio in the Hispanic market of the United States and represent an opportunity to increase the Company's presence in that country.

2011 On September 19, 2011, the Group acquired Fargo, the largest bread and baked products producer and distributor in Argentina, exercising a call option for Fargo's remaining 70% interest. Fargo's acquisition included Fargo, Lactal and All Natural brands.

On November 6, 2011, Grupo Bimbo acquired the fresh bakery business of Sara Lee, one of the largest food processing and distribution companies globally. Earthgrains was Sara Lee's fresh bakery business in the USA, and the business value was $749 million dollars.

As a result of the transaction, the Group acquired the exclusive and perpetual license, without copyrights, of the Sara Lee brand, for its use in certain fresh bakery products in America, Asia, Africa and some European countries, and other renowned brands, such as Sunbeam, Colonial, Heiners, Grandma Sycamore´s Home-Maid Bread, Rainbo and Earthgrains. The company operates 41 production plants and approximately 4,700 distribution routes, and employs approximately 13,200 associates.

On December 5, 2011, the Group acquired Bimbo Iberia, Sara Lee's fresh bakery business in Spain and Portugal, for 115 million Euros.

The acquisition of Bimbo Iberia positioned the Group as the leading branded bread company in the Iberian Peninsula and boosted its international growth strategy through an established and sound baked-goods business. This acquisition included the brands Bimbo, Silueta, Ortiz, Martínez and Eagle, among others, in Spain and Portugal, which have broad name recognition and market leadership in the bread, pastries and snack categories in these countries. It had 7 production plants, around 800 distribution routes and approximately 2,000 associates.

2012 During 2012 Grupo Bimbo announced its plan to construct its sixth production facility in Argentina, which began operations in 2013, creating direct and indirect jobs. Likewise, Grupo Bimbo opened a new plant in Brasilia in order to improve the logistics of distribution and quantity of fresh products to consumers in local cities. Finally, Grupo Bimbo opened two sales centers in Yucatan, Mexico in order to integrate the different operations of leading brands.

During 2012 Grupo Bimbo obtained approval from the Department of Justice of the United States (“DOJ”) to complete part of the divestitures required by the DOJ as part of the acquisition of the Sara Lee Fresh Bakery by BBU in November 2011. Transactions include: i) license for Earthgrains® and Healthy Choice® brands in Omaha, Nebraska, to Pan-O-Gold Baking Company in St. Cloud, Minnesota; ii) license for Holsum® and Milano® brands in Harrisburg and Scranton, Pa., to Schmidt Baking Company of Baltimore, Maryland; iii) license for the Sara Lee® and Earthgrains® brands for bread, buns and rolls categories in the state of California, to Flowers Foods, Inc; iv) license for Earthgrains® brand in Oklahoma city, Oklahoma, to Flowers Foods, Inc; and (v) the license for Earthgrains ® and Mrs Bairds ® brands in Kansas City to Tortilla King.

On October 30, 2012, Grupo Bimbo opened “Piedra Larga”, the largest wind farm in the food industry worldwide, which generates almost 100% of the electricity consumed by Grupo Bimbo in Mexico. With installed capacity of 90 megawatts, the wind farm supplies the electricity consumption for 65 facilities (production plants and other operation centers) of the Company. Grupo Bimbo focused its attention on the implementation of wind energy to meet its permanent commitment to the environment and the welfare of future generations.

2013 On March 22, 2013 Bimbo announced the inauguration of Barcel’s West plant, a 100% sustainable plant, built in the State of Jalisco, for the manufacture and distribution of snacks and confectionery with four different production lines.

On April 5, 2013, Grupo Bimbo completed the acquisition of the brand "Beefsteak" for $31.9 million US dollars as part of the bankruptcy proceedings of "Hostess Brands". The Beefsteak brand has the highest sales volume of rye bread in the United States with a strong presence in parts of Midwest and Mid-Atlantic United States, which represented an important opportunity for national expansion to BBU. The transaction was completed with Company’s resources.

During 2013, Grupo Bimbo announced at the General Shareholders’ Meeting the resignation of Roberto Servitje as Chairman of the Board of Directors of the Company effective as of July 1, 2013. Daniel Servitje, Chief Executive Officer, was appointed to succeed him from that date.

In October 2013, Grupo Bimbo signed an agreement with Visa Inc. of the Alliance Blue Label Mexico, with Blue Label Telecoms Limited and Nadhari, S.A. de C.V., to enable their customers retail channel in Mexico to accept electronic payments. This agreement allows small businesses that serve a large segment of the population in terms of sales volume of the Company nationwide to accept electronic payments with Visa cards and other cards, and therefore, to increase sales of the Company's products in their stores. Specifically, using Blue Label and Red Qiubo Mexico, which operates a platform based on POS terminals, over 75,000 businesses to that date, are able to offer their customers products and services such as airtime cell phone sale and payment of various services.

This agreement complemented the offer of Qiubo, allowing clients of the traditional channel to accept electronic payments with Visa card and other cards. Visa was selected due to its capacity to provide fast, secure and trustworth payment technology in more than 200 countries.

2014 On May 23, 2014, the Group concluded the acquisition of Canada Bread, one of the leading companies in the production and distribution of bread products in Canada, for an amount of $1,830 million Canadian dollars (1,710 million US dollars, on May 23, 2014). The acquisition of Canada Bread was financed by means of a multicurrency revolving credit line facility for an amount of $2,000 million US dollars, or the Syndicated Revolving Credit Facility, and equity.

With the integration of Canada Bread´s business, the Group expanded its geographical presence in North America and Europe, reaching a new customer base in Canada and the United Kingdom, growing its product portfolio to include a new line of frozen bread as a new business line.

This acquisition is one of the most important in Grupo Bimbo´s history and a further step in its growing strategy to consolidate its position as the largest baking company in the world and one of the most important food companies, reducing the dependence of its results on any single market. Moreover, the acquisition strengthens the geographical position of the Group, and helps to maintain solid margins, diversify cash flows and take advantage of the opportunities in the frozen bread industry. The acquisition also included the business of Canada Bread in the United Kingdom, where it is a leader in the bagels category.

On June 24, 2014, the Company concluded the offer in the international markets of: (i) bonds with a maturity date in 2014, for an amount of $800 million US dollars paying an interest rate of 3.875%, and (ii) bonds with a maturity date in 2044 for an amount of $500 million US dollars, paying an interest rate of 4.875%. The Group used the resources obtained from these issuances for the refinancing of existing debt and other general corporate purposes.

On July 15, 2014, Grupo Bimbo reached an agreement to acquire Supan, the largest baking company in Ecuador. Supan participates in the categories of bread, pastries and sweet baked goods. Its brand portfolio includes Supan, Bimbo, Grille, Braun, Dulzones, King-Pan and Pansol. This transaction represents the debut of the Group in the Ecuadorian market, in line with its strategy to further strengthen its geographic coverage in the Americas.

2015 On February 3, 2015, Grupo Bimbo announced that its subsidiary, Canada Bread, closed the acquisition of Saputo Bakery Inc. Saputo Bakery, is the leading muffin Company and strengthened the position of Canada Bread in the country with the Vachon®, Jos Louis®, Ah Caramel®, Passion Flakie® and May West® brands, among others.

Bimbo Iberia inaugurated its new Factory in Guadalajara, Spain, with a capacity of production of 15,000 pieces per hour, thus becoming the most important industrial project in the country. In December, Grupo Bimbo celebrated its 70th anniversary.

The table below is a summary of the material acquisitions carried out by the Company in the last 3 years and the price paid at the relevant time:

Date	Company	Country	Sales*
2015			
February 2, 2015	Saputo Bakery	Canada	≈CAD$130
May 23, 2014	Canada Bread	Canada	≈CAD$1,439
July 15, 2014	Supan	Ecuador	≈US$57

**Figures expressed in millions and taken from the announcement of the transaction.*

c) Recent Developments

On July 9, 2015, Grupo Bimbo announced a final agreement to purchase 100% of Panrico S.A.U., excluding branded packaged bread for a price of 190 million euro.

With sales of appproximately 280 million euro, Panrico is one of the leading companies in the baking industry in Spain and Portugal; it participates in the packaged bread, sweet bread and bakery categories. The acquisition includes leading trademarks such as Donuts®, Qé!®, Bollycao®, La Bella Easo® and Donettes®, among others. It has more than 2,000 associates and nine production plants. This transaction will strengthen, through the capture of synergies, Grupo Bimbo's presence in the region, by complementing its product portfolio, manufacture footprint and supply chain.

This acquisition is subject to the approval of the corresponding regulatory authorities.

On January 2016, the Group announced that its subsidiary BBU was sued by five independent distributors in the Federal Court of the State of Nevada and that, based on its preliminary analysis, the Group did not consider this matter relevant.

b) BUSINESS DESCRIPTION

i) Main Activity

1. Strategy and Strengths

The Group's general strategy is based on its corporate mission, "Delicious and nutritious food within everyone's reach", which implies the development of the value of its brands and essentially its commitment to being a highly productive Company with a humanistic approach, as well as innovative, competitive and aimed at total customer and consumer satisfaction, being an international leader in the baked goods industry and with a long term vision. Likewise, the Company, through its general strategy, aims to create value, which is reflected in an increased shareholders value.

Grupo Bimbo´s strategy

The Group's business strategy is directly linked to its mission, ensuring the alignment of its actions and decision-making with the value-creation measures that advance its vision.

Mission	Vision
Delicious and nutritious foods within everyone´s reach.	On 2020 we shall have transformed the bread industry and expanded our global leadership in order to better serve more consumers.

Building our key capacities

Our presence at a global scale brings a balance between mature markets and high-growth markets, as well as between trends across different geographies; also the scale of our operations brings us several benefits in terms of supply, production, sales and distribution. The group is working to strengthen its brands, including those of significant global value as well as the most recognized national and regional brands, in order to seize existing opportunities in different markets, while continuing to invest in innovation, category development and operational excellence.

The Group considers that the following capabilities are essential to achieving its Vision, which is that in 2020 we will transform the baking industry and expand our global leadership to better serve more consumers:

1. Our associates' commitment to our Vision
2. Lasting and menaningful brands
3. Universal presence with superior execution
4. Winning innovation in products and processes
5. Our culture of continuous improvement

Although management believes that the execution of the strategies described is the most appropriate, it cannot guarantee the expected effects on the Group's operations or that these will remain as strategies in the future, as the directors of Grupo Bimbo periodically review the orientation and impact thereof.

The strengths of the Group

Unless otherwise indicated, all information contained in this Section of "The strengths of the Group" was prepared using data from the "Nielsen Retail Index" for all Mexico with figures for 2015, with IRi figures for the same period and data from reports for the baking industry of IBISWorld.

From 2008 until the year ended on December 31, 2015, total sales grew at a CAGR of 15.0%.

- ***Global leadership in baking.*** Size is a decisive advantage in such a complex and capital-intensive industry. The Company benefits from its geographical diversity, product portfolio, talent within the industry and ability to benefit from the resources and knowledge, and to build, acquire and reinvest.

  Grupo Bimbo is the largest baking company in the world and one of the largest food companies in the Americas, with a diversified portfolio of over 10,000 products and more than 100 renowned brands, which allows it to reach all of its market categories in most of the countries in which it operates. The Company has a leading position in developed markets as well as emerging markets with high growth potential. The Group is the number one or number two market participant in terms of sales in its primary markets in each of the fresh and frozen bread, cakes and pastries, English muffins and bagels categories.

- ***Market-leading brands and an innovation pipeline.*** The Company's portfolio includes emblematic brands with billions of dollars in sales, such as Bimbo, Marinela, Arnold, Brownberry, Oroweat and Barcel, and well-known brands such as Thomas', Sara Lee, Entenmann's, Ricolino, Tía Rosa, Plus Vita and Dempster's, among others. They all enjoy customer loyalty, top of mind awareness and healthy market positions; significant investment in R&D allows us to innovate and stay ahead of consumer trends.

  The Group has a strong track record of creating, nurturing and managing brands, resulting in an unrivaled international portfolio of wholesome, indulgent, healthy and premium products. The Group strives to create and maintain an emotional bond with its consumers and to develop customer loyalty through its brands, prioritizing their long-term positioning.

  The Group's brands are also leaders in market recognition in almost all the markets in which it operates. In the United States, it is the strongest market participant in terms of sales, with strong nationwide and regional brands. As the Group has expanded its operations internationally, it has acquired local brands while introducing products under its global brand names respecting the taste of customers. Each of its brands is targeted to a specific consumer segment and supported by a comprehensive marketing plan. Some of its brand symbols, such as the Bimbo bear, the Thomas' carriage, the Arnold, Oroweat and Brownberry wheat stalk, the Gansito goose, the Ana María girl and the Paleta Payaso clown have developed iconic status and are immediately recognizable to millions of consumers.

- ***World class distribution.*** The Group operates one of the largest fleets in the Americas. It reaches more than 2.5 million points of sale with a direct distribution model, in line with the particular needs of each channel, customer and consumer. The Group has developed an extensive direct-distribution network, with one of the largest sales fleets in the Americas with more than 52,000 distribution routes worldwide. The Group maintains what it believes is a highly efficient and sophisticated logistics operation to address distribution requirements across the markets it serves. Its network allows the Group to distribute products from its 163 plants to more than 2.5 million points of sale every day to ensure the freshness and quality of its products and to meet the needs of every type of customer from hypermarkets to family-owned businesses. For example, in Mexico the Group's bread is delivered to the customers in less than six hours from the time it leaves the plant. Through the recent acquisition of Canada Bread, the Group has further strengthened its distribution capabilities in the United States, Canada and Europe, which Grupo Bimbo expects will enable it to increase its market penetration and brand recognition in these regions. The Group has also developed strong relationships with its customers that enable it to tailor its approach and response to their diverse and changing needs in an effective manner, including with respect to frequency of delivery. The Group believes these actions result in strong customer loyalty. See Section "2. THE COMPANY b) Business Description — ii) Distribution Channels".

- ***Strategic geographic diversification with balanced presence in developed and emerging markets*.** During the last decade, the Group evolved from a strong local leader to a global participant. Its global character is reflected in the geographic diversification of its revenue stream that reduces reliance on any single geographic region to drive performance. Grupo Bimbo believes that its geographic diversification allows it to benefit from participation in steady and mature markets, in which it still has great potential for penetration, while capitalizing on promising growth opportunities in markets such as Latin America and Asia. Through this geographic footprint, Grupo Bimbo intends to take advantage of proven business models and strategically approach regions with a potential for growth.

- ***Extraordinary production capabilities***. The Group guarantees quality and freshness with global reach and local execution; its continued focus on being a low cost producer improves the efficiency of its operations.

  The Group manages its supply chain, production and distribution processes in order to provide its consumers with high quality products at the lowest possible cost. The Group achieves cost savings through waste reduction, economies of scale in procurement, streamlined manufacturing and distribution, among other initiatives focused on becoming a low-cost producer. Grupo Bimbo has developed an integrated and efficient supply chain of raw materials. The Group selects suppliers based on a number of factors, including price competitiveness, on-time delivery, quantity and speed of response, quality and innovation. Its supplier audit program gauges the performance of each supplier and the extent to which it complies with its requirements. Grupo Bimbo employs state-of-the-art technology in order to increase efficiency, reduce waste and optimize energy and water usage in its production facilities and sales centers. It aims to locate its manufacturing assets and sales centers optimally in their markets with relation to population centers. The Group believes its focus on cost control allows it to pass value along to its clients and customers and increase its profitability.

- ***Vast and innovative production lines.*** The Group offers its consumers, through its different brands, a wide variety of baked goods spanning a broad range of product categories, pricing levels, flavors and sizes. It offers products for every meal, occasion and consumer profile. The Group continuously expands and creates innovative product lines based on a deep understanding of its final customers and its ability to anticipate their specific needs and preferences in each market. For example, Grupo Bimbo regularly improves its existing products by increasing their nutritional value and introduces new and healthy options. The Group has gained this understanding with continued market research and by retrieving and analyzing key information from its consumers, through activities performed at its six research and development centers across the Americas and by the use of sophisticated technology by its sales force. The quality of its market intelligence allows the Group to both track and create new market trends and target the right products at each point of sale at the right time. Since 2011 the Group has successfully met the ongoing challenge of significantly reducing the saturated fat, sodium and sugar content of its products and introducing new products with improved nutritional profiles. Grupo Bimbo aims to continue to be one of the leading innovators within its product categories and to continue introducing new products that are well received by consumers, as it has done in the past.

- ***Experienced management team with a successful track record in acquisitions.*** The senior management team has proven industry expertise. It has successfully developed and consolidated its market leadership by focusing on the baked goods business of the Group and its effective and rapid response to the constantly changing consumer demands and competitive environment in the markets in which Grupo Bimbo operates. The management team has completed and integrated over 48 acquisitions during the past ten years and has implemented innovative ideas and best practices in manufacturing and distribution.

- ***Sound corporate governance and solid reputation.*** In 1980, the Group listed its shares in the BMV and since then it has endeavored to comply with the highest corporate governance requirements of this stock exchange and additional requirements from self-regulatory organizations such as the Mexican Business Coordination Council (*Consejo Coordinador Empresarial*). As a result, the Group is committed to maintaining certain additional corporate governance practices not required by Mexican law, in an effort to afford additional protection to its shareholders' rights and enhance the quality of information it discloses to the market. The Group has established a Finance and Planning Committee which is responsible for helping the Board of Directors in defining its long-term strategies, as well as investment and risk management policies. In addition, as of the date hereof, 39% of the members of the Board of Directors are independent. The Group´s high degree of commitment to implement sound corporate governance and environmental and social practices has led Grupo Bimbo to be one of the participants in the BMV Sustainability Index since its inception in 2011. The Sustainability Index includes 28 issuers, which have been selected based on their commitment to corporate governance, social responsibility and environmental management.

- ***Strong corporate culture with social and environmental responsibility.*** The Group places great emphasis on its relationship with its associates and it is strongly committed to developing and supporting socially responsible and environmentally sustainable initiatives. Grupo Bimbo views workforce satisfaction and active corporate social responsibility practices as essential to the development of a strong corporate culture and customer and client loyalty. As part of its sustainability commitment, the Group developed and extensively uses biodegradable packaging technology which breaks down up to ten times faster than conventional polyethylene packaging. The Group consumes most of the energy required by its production plants in Mexico from a 90 megawatt wind farm in the state of Oaxaca, Mexico, known as "Piedra Larga", completed in 2012. On July 2013, Bimbo started operating a fleet of vehicles, powered by electricity generated in the Piedra Larga wind farm, for delivery of its products in downtown Mexico City. In addition to Grupo Bimbo´s sustainable development efforts, it continuously introduces innovative products that offer healthy choices to its customers. Grupo Bimbo has devoted great efforts to reduce sugars, saturated fat and sodium, and eliminate trans fats from their products. It works with various international bodies to promote research in food science and strengthen best practices that include alliances with institutions such as the World Health Organization, the Whole Grains Council and the International Food and Beverage Alliance.

  * *Estimated data as it includes data from 10 months and an estimated two missing months.*

- **Responsible financial policies.** The Group adopts a conservative approach to risk and pursues disciplined reinvestment and cash management policies;, its healthy and flexible balance sheet allows it to invest in growth and optimization while maintaining investment-grade ratings; and the Company has a track record of financial outperformance and stability.

- **Solid platform for growth.** With an almost 70-year track record of consistent growth, the Company knows how to identify and capitalize on the substantial growth opportunities in its industry, whether in their current markets –through innovation and penetration– or in new high potential geographies and categories.

2. Main Operations

Grupo Bimbo is the largest baking company in the world and one of the largest consumer food companies in the Americas, according to IBISWorld. It operates in 22 countries, including Mexico, the United States, Canada, most of Latin America, Spain, Portugal, China and the United Kingdom. The Group has a diversified portfolio of over 10,000 products and more than 100 renowned brands, including Bimbo, Oroweat, Arnold, Marinela, Thomas', Barcel, Sara Lee, Entenmann's, Ricolino, Tía Rosa, Pullman, Rainbo, Nutrella, Dempster's, POM, New York Bakery Co., Supan and Vachon.

The Company produces, distributes and markets a wide variety of baked goods in every category, including traditional sliced bread, premium, buns & rolls, breakfast (English muffins and bagels), frozen bread, cakes, pastries, cookies, crackers, tortillas, pita, wraps, pizza base, tostadas, totopos, salty snacks, prepackaged foods and confectionary goods, among others.

Bimbo estimates, based upon the data reported by the Nielsen Retail Index corresponding to the year 2015, that through brand development, fresh and quality products and continuous innovation, it has achieved the leading market share in terms of value in the baking industry in the United States, Mexico, Canada, most of the Latin American countries (Mexico, Colombia, Venezuela, Peru, Argentina and Chile, according to Nielsen) in which it operates, Spain and the United Kingdom, according to data from market audits conducted by IRi or Nielsen by Nielsen Retail Index.

According to Nielsen Retail Index, for 2015, the Company was ranked first or second position in its main markets in the categories of fresh and frozen bread, pastries, cakes, muffins and bagels and maintained a leading position in the categories of cookies and crackers, salted snacks, confectionery goods and tortillas.

Since the Group founding in 1945, it has expanded broadly through organic growth as well as through acquisitions and has experienced significant growth, especially over recent years. During the last ten years, the Group has successfully integrated 48 acquired companies to its portfolio. From 2008 to December 31, 2015, its Adjusted EBITDA increased from $9,829 million to $23,369 million at a CAGR of 13.2%. Also, during this period, its net sales grew at a CAGR of 15.0%, fueled by a CAGR of 30.5% in North America, 4.8% in Mexico and 11.5% in Latin America. Grupo Bimbo became the largest packaged bread market participant in the United States following the acquisitions of Weston Foods Inc., or WFI, in 2009, and Earthgrains, Sara Lee Corporation's North American fresh bakery business in 2011, according to information from IRi. Also in 2011, the Group accessed the European market with the acquisition of Sara Lee's bakery business in Europe. On May 23, 2014, Grupo Bimbo entered the Canadian and UK markets with the acquisition of Canada Bread, producer of Dempster's, the leading bread brand in Canada. On July 2014, the Group entered the Ecuadorian market with the acquisition of Supan S.A., or Supan, the leading bread producer in Ecuador. With these acquisitions, accompanied by organic growth in Mexico and Latin America that has been mainly driven by market penetration and product innovation, Grupo Bimbo consolidated its position as the largest global baking company.

Currently, the Group operates 163 plants worldwide in 22 countries. To ensure the freshness and quality of its products, it has developed an extensive direct-distribution network, which comprises one of the largest sales fleets in the Americas. As of December 31, 2015, the direct-distribution network consisted of more than 52,000 distribution routes, spread across more than 1,700 sales centers and reaching more than 2.5 million points of sale.

The tables below set forth the Company’s net sales in each of the main markets in which it operates as of December 31, 2015, 2014 and 2013, as well as the production plants the Company had in each of its markets as of December 31, 2015:

	Net sales for the periods ended December 31,		
Region	**2015**	**2014**	**2013**
	(in millions of Mexican pesos)		
North America	116,399	90,375	79,767
Mexico (1)	76,295	72,098	73,179
Latin America	24,272	21,931	21,822
Europe	7,560	6,897	5,323
Consolidated	**219,186**	**187,053**	**176,041**

Region	**Number of production plants***
North America	86
Mexico (1)	38
Latin America	30
Europe	9

1. Includes the operations in Asia

Business Units

USA

The Group's subsidiary, BBU, is the largest baking company in the United States according to IBISWorld. The Group consolidated its leading position through several major acquisitions, including WFI and Earthgrains in 2009 and 2011, respectively. Other acquisitions that it has made in the United States include Beefsteak, Oroweat, Entenmann's and Mrs. Baird's. On December 29, 2013, Bimbo Foods, Inc. and Earthgrains Bakery Group Inc. merged with Bimbo Bakeries USA, Inc. (existing company).

BBU has the most extensive geographic presence in the United States, with renowned brands in every market segment of the industry, a portfolio that serves a variety of price points and meal occasions, from breakfast to dinner, festive meals and snack times. According to information from IRi, BBU is the market leader in several categories, from basic baking products to premium products. Currently, BBU operates 59 production plants across the United States and has a nationwide distribution network. BBU maintains strong relationships with large retailers across the United States, which enhances its ability to market its products.

BBU has an attractive brand portfolio comprised pf leading national brands, such as Thomas' English muffins and bagels, Sara Lee and Nature's Harvest packaged bread, Ball Park for buns, Entenmann for snack cakes; premium healthy brands such as Arnold, Brownberry, Oroweat, and organic brands such as Eureka, as well as strong regional brands such as Mrs. Baird's, Freihofer's, Stroehmann, Rainbo, Heiners, Colonial and Beefsteak. Furthermore, BBU produces and distributes Grupo Bimbo´s Mexican brands in the United States such as Bimbo and Marinela.

BBU's extensive distribution network has allowed the Group to significantly expand its market share in the United States. In addition, its products marketed under the Barcel brand have recently gained strength in the U.S. snacks market.

Additionally, with the acquisition of Canada Bread, Grupo Bimbo entered the frozen bread business in the U.S. and Canada. It produces in seven factories frozen bread and buns, which are distributed by leading brands such as Wholesome Harvest, California Gold Sourdough, Grace Baking and Tenderflake as well as private label products for strategic clients. Its supply chain has been growing throughout the years and distribution is made through supermarkets, supermarket bakeries and restaurant chains. This business allows Grupo Bimbo to engage in new categories with attractive and significant growths.

As a result of the significant growth of its operations in the United States, Grupo Bimbo has undergone a transformation process through efficiency-oriented initiatives to achieve sustainable and profitable growth. These initiatives intend to:

- Reallocate its assets, which includes closing and opening facilities with state-of-the-art technology and investing in assets to achieve cost savings, among others.
- Restructure the supply chain through the use of technology and consolidate some of its sales centers.
- Optimize the product portfolio by simplifying and standardizing formulas and by introducing new products.

The table below shows Grupo Bimbo's main brands in the United States:

United States Brands

BBU is headquartered in Horsham, Pennsylvania.

Canada

Grupo Bimbo started operations in the Canadian baking market following the acquisition of Canada Bread, which took place in May 2014.

It operates 23 production plants in Canada and one of the largest direct store distribution networks in the country through independent operators.

Bimbo Canada produces fresh and frozen bread, buns and rolls, sweet baked goods, bagels, muffins, pastries, frozen pie shells and fresh tortillas. Its brand portfolio includes Dempster's, the leading Canadian fresh bread brand according to Nielsen, Tenderflake, Grace Baking and California Sour Dough, for frozen bread and pie shells and POM, Bon Matin, Tenderflake, Ben's, McGavin's and Villaggio for fresh bread.

Bimbo Canada's brands hold the number one or number two positions in all major fresh and frozen baking categories in the Canadian market. In addition to selling under its own brands, it participates in the private label category. It maintains strong relationships with large retailers across Canada, which enhances the Group’s ability to market its products.

As a result of this acquisition, Grupo Bimbo increased its geographic footprint in North America, reached Canada's customer base and has expanded its product portfolio in the region to include frozen products.

The table below shows the Group’s main brands in Canada:

Main Canada Brands

The main offices are located in Toronto, Canada.

Mexico

Grupo Bimbo's business in Mexico is divided into two major divisions:

- Baking products, including high-end pastry and artisan bread, and other baked products through Bimbo; and
- Salted snacks and confectionery goods, operated through Barcel.

Currently, the Group operates 37 production plants across Mexico, with a nationwide proprietarys distribution network. Its distribution goes from small convenience stores to big retailers, hypermarkets, price clubs, convenience stores and other institutional clients with which it maintains strong relationships.

Bimbo

Bimbo started operations in Mexico in 1945. Bimbo produces, distributes and sells packaged bread, sweet baked goods, buns, cakes, pastries, salty cookies, crackers, cereal bars, packaged wheat tortillas, and tostadas, among others. Bimbo has a strong presence in Mexico where some of its products are considered staples, such as packaged bread. These products are marketed under the Bimbo, Oroweat, Marinela, Tía Rosa, Wonder, Milpa Real, Lara, Del Hogar, Gabi, Saníssimo, Lonchibon and Suandy brands, among others. Additionally, Bimbo produces, distributes and markets high-end pastry and artisan bread marketed under the Group´s brands El Globo, La Balance and El Molino, through direct points of sale.

The Group´s brands have high consumer recognition in the Mexican market and are supported by the country's most extensive distribution network, making Grupo Bimbo the leader in the packaged bread market in the country, with continued gains in market share as consumer preferences evolve and it introduces innovative products. Bimbo is also the Mexican snack cake market leader and the number two cookie and cracker producer in terms of sales, according to information from Nielsen. However, the Mexican baked goods market remains highly competitive and fragmented. Furthermore, according to Nielsen, Bimbo has quickly established market leadership in the cereal bars category through its brands Branfrut, Multigrano, Doble Fibra and Plus Vita, demonstrating its ability to identify new consumer trends and satisfy them with innovative products. Also, according to information from Nielsen, Bimbo has steadily maintained its high market share in the packaged wheat tortillas market, as more Mexicans look for convenient, packaged wheat tortillas with longer shelf life. In addition, the Group´s brands Milpa Real and Saníssimo lead the tostadas market, according to information from Nielsen.

Bimbo's main offices are headquartered in Mexico City.

Barcel

Barcel produces, distributes and markets salted snacks and confectionery goods including fried chips, peanuts, corn-based salted snacks, lollipops, marshmallows, chocolates, chocolate-covered marshmallows, chewing gum and gummy candies. Among its main brands are Barcel, the second-ranked salted snack brand in Mexico according to Nielsen, and Ricolino, Mexico's second-ranked candy and chocolate brand according to Nielsen, as well as Vero, La Corona and Coronado. Barcel has consolidated its position as a key player in the market offering innovative and well-differentiated products, such as snacks and confectionery goods.

Barcel has increased its reach and customer base with an expanding presence and a complementary product portfolio in the U.S. as well as through exporting its products to 16 countries across the world. In addition, through organic growth combined with several acquisitions, Barcel has strengthened its position in the Mexican salted snacks and confectionary goods market.

Barcel is headquartered in Lerma, in the State of Mexico.

The table below shows the Group's main brands in Mexico:

Mexico Brands

Latin America

The Group has presence in 15 Latin American countries, including Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

Its main products in the region include packaged bread, sweet baked goods, toasted bread, tortillas, pita, bread, pizza crust, cakes, snack cakes and muffins, cookies, *alfajores*, snacks, pasta pasties, frozen bread and patisserie, all of which are sold under the brands Bimbo, Marinela, Ana María, Barcel, Braun, Breddy, Cena, Crocantíssimo, Fargo, Fuchs, Grillé, Holsum, Ideal, Lactal, Los Sorchantes, El Maestro Cubano, Mamá Inés, Crocantíssimo, Marinela, Monarca, Nutrella, Oroweat, Plus Vita, Pullman, PYC, Rap 10, Ricolino, Saníssimo, Supan and Tía Rosa, among others. The innovation in connection with these brands is a product of the processes and deep understanding of the customer and of the identification and insight of their needs.

The Group has 30 plants with an extensive distribution network tailored to each of the markets in the countries in which it participates, while it follows its global standards for logistics, information technology and market intelligence, successfully maintaining the quality of its products and remaining close to the customer. To support this business process, the Company, after implementing these processes continuously trains its leaders and associates with a mix of local and foreign talent through a professional training program.

In recent years, the Company has continuously increased its market penetration in the traditional channel and maintains strong relationships with retailers across Latin America, which enhances its ability to market its products.

The table below shows its main brands in Latin America:

Latin America Principal Brands

The Group´s Latin American operations have its headquarters located in Bogotá, Colombia and Santiago de Chile, Chile.

Europe

The Group has been present in Spain and Portugal and in the United Kingdom after its acquisitions of Sara Lee and Canada Bread in 2011 and in 2014, respectively.

It operates 9 production plants in Europe and an extensive distribution network served by independent operators, which delivers to supermarket chains and other institutional clients.

In Spain and Portugal specifically, the Company has a strong presence in the bread, pastries and snacks categories, with brands like Bimbo, which is a household name in Spain, Silueta, Ortiz, Martínez and Eagle, among others.

In the United Kingdom the Company participates in the fresh and frozen baking business through the bagels, croissants, viennoiserie, Italian ciabatta and other artisan bakery products categories. The Group markets its products through the New York Bakery Co. brand, which, according to Nielsen is the leading brand in the bagels category.

The table below shows its main brands in Europe:

Main Europe Brands

Asia

Grupo Bimbo is a pioneer in the Chinese baking market through its subsidiary Bimbo Beijing, which produces and distributes packaged bread, pastries, cookies and ready-to-eat food, among others, mainly under the Bimbo, Million Land and Jin Hong Wei brands. Bimbo Beijing operates one production plant in Beijing and maintains a continuously-growing distribution network tailored to the local market, primarily covering the cities of Beijing, Tianjin, the Hebei province and most of China, a result of the development of distribution alternatives and products with long shelf lives.

As well as in other regions, the Group has developed new products, including packaged bread and Asian bakery, rolls filled with sweet beans and bread filled with spicy meat, to satisfy region-specific tastes. It also produces western-style products, which it expects to meet the growing Asian demand for international products and changes in dietary trends toward the inclusion of bread products as part of the Asian diet.

The table below shows the main brands in Asia:

Asia Main Brands

3. Products

Grupo Bimbo has a diversified portfolio of over 10,000 products under more than 100 renowned brands to cover every meal, occasion and consumer segment.

The Group's brand portfolio includes three with more than one billion dollars of sales; four with more than 500 million dollars, and 12 brands that sell more than 100 million dollars annually.

Grupo Bimbo's business has always been focused on a large array of products tailored to the local markets, including traditional sliced bread, premium, buns & rolls, breakfast (English muffins and bagels), frozen bread, cakes, pastries, cookies, crackers, tortillas, pita, wraps, pizza base, tostadas, totopos, salty snacks, prepackaged foods and confectionary goods, among others. To a certain extent, demand for most of its products varies depending on the season.

As part of BIMBO's marketing program and to enhance its brand recognition and market penetration, it has distinctly adapted its various brands to local markets through different packages, flavors and appearances designed to cater to the needs, preferences and expectations of consumers for every occasion.

Grupo Bimbo seeks to provide more and better products suitable for healthy lifestyles through innovation, including products with beneficial ingredients, such as whole grains, fiber, vitamins and minerals as well as lowering sugar, sodium and fat levels and the elimination of trans fats in most of the portfolio. With the objective of establishing general guidelines and to promote the development of new products with with a better health profile, a Health and Wellbeing Manual was introduced which should be considered for new launches.

a. Innovation

Grupo Bimbo, a global leader in the baking industry one of the largest food companies works to identify, understand, translate and anticipate the needs of consumers with innovative, tasty and nutritious products that add value and differentiation as well as relevance, in order to secure the leading spot in the market. As a result of a continuous investment in research, development and technology Grupo Bimbo optimized and improves the nutritional contribution of its product portfolio as well as its convenience, introducing new and nutritious options to the market considering consumer trends and its commitment to wellbeing.

Global trends are leading consumers to demand more products that are suitable to healthy diets and lifestyles. The problem of obesity and its consequences, as well as its coexistence in many countries with substantial nutritional deficiencies, challenge us with the need to develop alternatives that may cover the different needs of a market increasingly committed to this issue. Seeking to align with these trends Grupo Bimbo is committed to offering its customers products that are suitable to healthy lifestyles and to position itself as a leading company in health and wellbeing.

Grupo Bimbo's commitment to nutrition goes back to the year 2005, when it publicized its internal program "Committed to your Health" that established several actions seeking to improve the product portfolio. In 2008, it became a member of International Food and Beverage Alliance to implement the Global Strategy of the World Health Organization on Diet, Physical Activity and Health, with five concrete and fundamental commitments:

1. Constantly work on the reformulation and innovation of its portfolio in order to offer consumers more and better options that are part of a healthy lifestyle;
2. Promote and ensure that advertising made for and aimed at children under 12 complies to the highest international standards with socially responsible marketing practices promoting healthy lifestyles, and the adoption of good eating habits among consumers;
3. Provide appropriate, clear and sufficient nutritional information to allow consumers to make better decisions about products that are part of their daily diet;
4. Promote the frequent practice of physical activity and healthy lifestyles; and
5. Take part in strategic partnerships with health organizations and public and private institutions.

Grupo Bimbo has been evaluated by ATNI (Access To Nutrition Index), an accountability tool for companies and investors with the purpose of measuring and improving the development of each company in the promotion of better nutrition. Between 2013 and 2015, Grupo Bimbo has consecutively held 6th place in the global ranking in which 22 leading food related companies participate.

Through its innovative products, the Group continues to implement and consolidate strategies focused on diversifying its brands and products in the regions in which it operates. One of Grupo Bimbo´s goal is to take advantage of trends and opportunities in its markets, developing products with unique nutritional features such as products with functional ingredients, low fat, salt and sugar levels, with whole grains, fiber, among others, and eliminating ingredients with negative perception to address the needs of different sectors of the population, ages and preferences.

To promote the competitiveness of its products, the Group forms strategic alliances with universities and research centers in order to develop new technologies.

Grupo Bimbo has formed teams of specialists to develop new products and has 6 innovation and nutrition institutes, 1 located in Mexico, 2 in the US (1 for frozen bread), 1 in Canada, 1 in Spain and 1 in Brazil. Similarly, it has laboratories and facilities dedicated to prototyping, testing and validating ingredients, as well as studies related to the functionality of the ingredients and the evaluation of new product studies.

Significant results from Grupo Bimbo's innovation and nutrition centers include:

- Redefinition of the strategy for the reduction of nutrients with negative impact, which, up to 2015 focused on: sugars, saturated fats and sodium. In 2015 the process formerly in place of reducing nutrients with negative perception was concluded, and is being redefined in 2016 towards a new methodology in which maximum limits of fat, sugar and sodium per category are established. This shift of methodology seeks to improve every product profile. In 2015, we launched and reformulated more than 30 of our leading brands.

- Product launches directed to populations with different needs, such as bread for people with diabetes, Zero-Zero Bread, Sugar-free pancakes, sugar-free small cakes and organic products (e.g, organic breads, Oroweat USA), etc.

With the purpose of promoting healthy and appropriate diets as well as healthy lifestyles, Grupo Bimbo has been developing actions with tangible benefits that focus on consumers and associates:

- Through institutional websites and social media, the users —whether customers, member of society or associates — may have access to the different platforms and obtain general information on food, well-being and healthcare, as well as nutritional profile of the products.
- Through the "Wellness" initiative, a term which enables the Company to expand this initiative internationally and which is interwoven with programs designed to inform and guide associates and their families in adopting and maintaining behaviors that reduce health risks, in order improve quality of life and the performance of every person.
- Participation in a great number of activities related to nutrition, physical activity and healthy lifestyles. A number of athletic events of the Group have been held, such as "Futbolito Bimbo", or the "Global Energy Race" which are successfully replicated in the different countries in which we are present. During 2015, Futbolito Bimbo had a participation of 90,000 youth in five countries –Chile, Peru, Argentina, the U.S. and Mexico– with the regional finals held in Chile and the U.S. As regards to the "Global Energy Race", families were summoned in 19 countries and in 22 cities throughout the world to run in 10k, 5k and 3k circuits with more than 70,000 participants globally. With these actions, family and community life is also being promoted.

Finally, Grupo Bimbo believes that consumer education is vital to achieving a significant change in their lifestyles. Labeling and, in particular, nutritional information play an important role in disseminating essential information on the nutritional value and composition of its products. Grupo Bimbo is committed to increasing its efforts to provide consumers with nutritional information that may be easily accessed and understood, to aid them in making healthier decisions when buying and consuming food.

b. Seasonality

In most of the Company's product categories there is seasonal behavior, with larger levels of consumption in holiday seasons, rain season, and low temperature seasons. In order to stabilize the demand for its products, BIMBO has developed various promotions and advertising campaigns and new product launches during lower consumption periods in the different regions, which do not overlap due to the Group's geographical coverage.

4. *Production Processes*

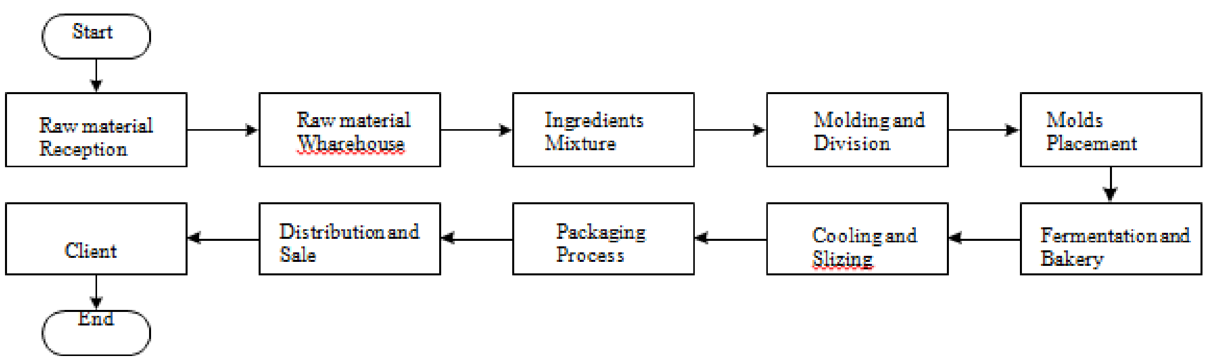
a. Production Processes

The Group makes ongoing investments to implement state-of-the-art technology and equipment in its plants. Grupo Bimbo has been adopting and implementing modern automated production processes for each of its business lines and maintains strict operation and control systems, resulting in efficiencies throughout its production processes within a competitive cost structure. It manages its production processes in a dynamic way in order to promote the quality of its products at the lowest cost. Some of its manufacturing plants may be programmed to manufacture a variety of products also contributing to production efficiencies. The production process of the Group has slight variations among products, but generally includes the mixing of ingredients, baking, slicing, packaging and distribution of the products.

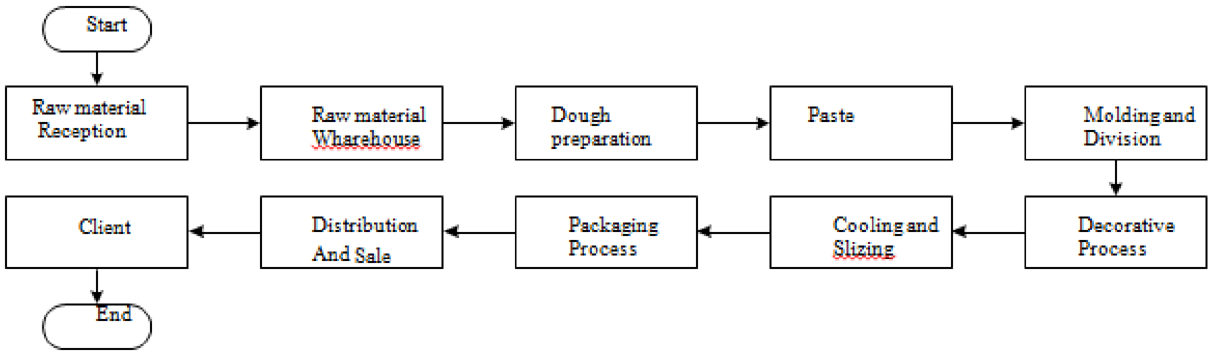
As part of the Group´s strategy to respond to the changing needs of the market, it has implemented and continuously updates innovative systems to increase the capacity, quality, and production potential of its production lines. Its production process constantly evolves, as it shares global best practices from recently acquired companies and from its existing operations. To that end, the Group constantly redesigns its facilities and incorporates new technology (either developed by the Group or acquired from third parties), significantly optimizing capacity and reducing production costs, as in its new plants in Rockwall, (Texas, U.S.), Lehigh (Pennsylvania, U.S). and Guadalajara (Spain).

The chart below shows an example of some process lines of packaged bread, sweet baked goods, frozen bread, and salted snacks. It should be noted that the diagrams correspond to the main productiion processes, which means that the production of other foods such as tortillas, chocolates and goat milk caramel "cajeta" etc. are different.

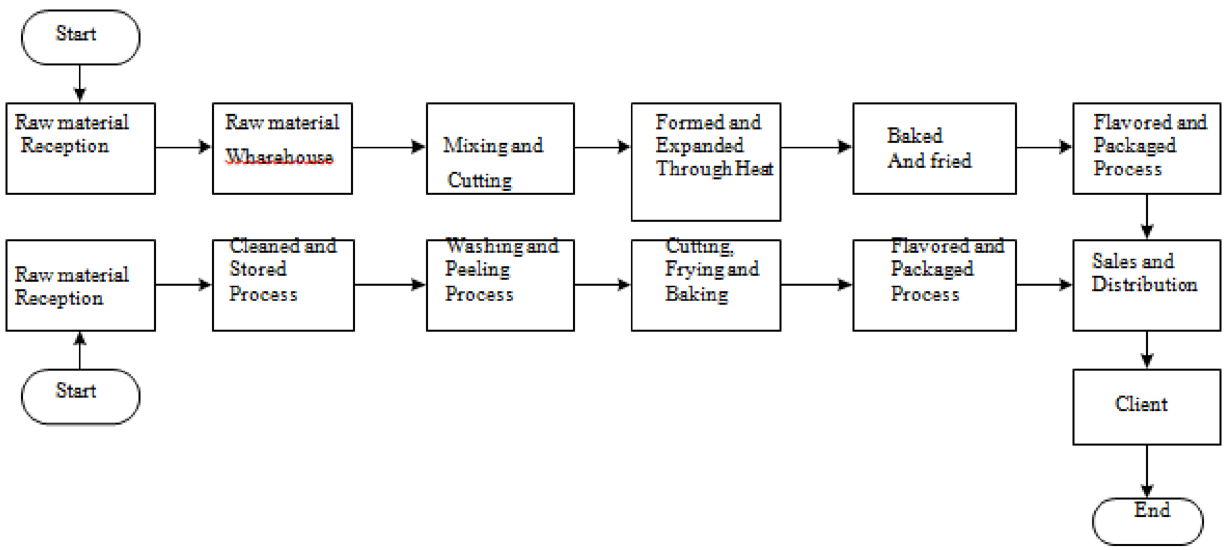
PACKAGED BREAD



SWEET BREAD



SALTED SNACKS



b. Raw Materials

The quality and continuous supply of the Group's raw materials are critical factors in its production process. Grupo Bimbo has adopted rigorous supply policies under which it requires its suppliers to adhere to detailed specifications for raw materials and to provide quality control certificates for their products. The Group also conducts laboratory testing on raw materials supplied by third parties and routinely inspects its suppliers' production plants and other facilities.

The Group has long-standing relationships with suppliers who adhere to the Group's high quality standards. Grupo Bimbo seeks to maintain low supply costs without sacrificing quality of raw materials.

Wheat flour is Grupo Bimbo's main raw material. Wheat is generally traded in U.S. dollars and subject to price fluctuations depending on factors such as weather, crop production and worldwide market supply and demand, among others. Grupo Bimbo routinely reviews and revises its relationship with its wheat flour suppliers and continuously enters into hedging arrangements to manage its exposure to price fluctuations of its key raw materials. See "1. GENERAL INFORMATION – c) Risk Factors—Price increases and shortages of production inputs, fuels and utilities could result in increased costs".

Other important raw materials are sugar, edible oils, fats and eggs, as well as plastics used to package its products.

The table below shows the principal raw materials of the Group and its major suppliers in the main markets in which it operates:

Raw Material	Mexico	North America	Europe	Latin America
Wheat Flour	• Bunge • Ardent • Harinera de Irapuato • Harinas de Chihuahua • Trimex	• Ardent Mills • Archer Daniels Midland Company • Graincraft • Bay State Milling Company • Miller Milling Company • Mennel Milling • P&H Milling • Horizon Milling Cargill • Cereal Food Processors	• Vilafranquina • Grupo Harántico • Grupo La Meta • Hovis • Shipton Mill	• Molino Santa Marta • Cargill • Molinos Modernos • La Superior • Canepa • Molino La Estampa • Alicorp • Molino Río de Uruguay • Hilagro
Educolorant (sugar, fructose, glucose)	• Beta San Miguel • Ingenio la Gloria • Almidones Mexicanos • Ingredion • Roquette México	• Domino Sugar Incorporated • Sweetener Products Company • ADM • Indiana • Cargill • Ingredion • Tate & Lyle • Roquette • National Sugar • Redpath • Ingredion • Lantic Sugar	• Acor &Teros • Amado González • EDF Man • Nueva Comercial Azucarera • Sudzucker	• Ingenio Riopaila • Central Azucarero La Victoria • Industrias Alimenticias McLaws • Solvesa Ecuador • Copersucar • Productos de Maíz (Ingredion) • Tabacal • AZPA • Iansangro • Sucden
Fats and Edible Oils	• Aarhuskarlshamn • Cargill De México • Ragasa Industrias • Proteínas y Oléicos • Industrializadora Oleofinos • Cremería Americana, S.A. de C.V. • Asturias	• Archer Daniels Midland • Bunge • Cargill • Perdue • Stratas • CHS • Loders Croklaan	• Aceites Borge Pont S.A. • Aceites Toledo S.A. • Colortecninc, S.A. • Deoleo • Distrib.Aalimentaria Mallorquina, SA • Valpercan, S.L. • Zeelandia Productos Alimentarios, S • Lípidos Santiga,S.A.	• Team Foods • Grasco • Gradesa • Del Llano • AAK • Bunge • Alimentos Ideal S. A. • Agrícola Tornabe, S.A. de C.V. • Olmeca, Sociedad Anónima • Grupo Agroindustrial Numar Sociedad Anónima • Grupo Nijar, S.A. • Cargill • Lactuarios de Maracay, C.A. • Dubor Canarias, S.L. • Corporación Azucarera Ecuatoriana S A • Coazucar Ecuador • Gustaff S.A. • Levapan del Ecuador S. A. • Distribuciones y Representaciones REPYDISA C. A. • Solvesa Ecuador S.A • Carrasco Recalde Fanny Edelmira • Crista Industria e Comercio Ltda • Dsm Prod Nutricionais Brazil Ltda. • Lactojara Industria e Comercio de Laticinios Ltda • Triangulo Alimentos • Dow Agrosciences Argentina SA • Cousa • Todoaceite • Camilo Ferron • Refinería del Centro

Liquid and Powder Egg	• Avibel de México S.A. de C.V. • Granjas Orespi, S.A. de C.V. • Socorro Romero Sanchez, S.A. de C.V. • AVIGM • Productos Cachanilla	• Debel Corporation. • Sonstegard Foods Company. • Rose Acre Farms Inc. • Michael Foods.	• Arteovo, S.L.U. • Ovofoods S.A.	• Alimentos de La Granja, S.A. de C.V. • Avicola Triple A S A S • Comercial Agricovial S.A. • Establecimiento Avícola Las Acacias S.R.L • Negociaciones Vadis S.A.C. • Ovobrand S.A • Ovoprot International S.A. • Ovosur S.A. • Santa Reyes S.A. • Riolsa

The Group holds minority interests in some of its major suppliers of sugar.

Currently, the Group does not depend on any single supplier in any market in which it operates.

Due to the nature of the products, its raw materials inventories, mainly perishable products, have a high turnover rate. Grupo Bimbo receives most of its supplies on a continuous basis, in some cases with daily deliveries. Its raw materials are managed using the first-in first-out method to preserve the freshness of its products. The corporate offices of the Group lead the negotiations of its main raw materials with its suppliers while its inventories are directly managed by each plant and storage facility. Local plants and storage facilities also manage and directly place orders of raw materials that may be obtained locally.

c. Energy Consumption

Through the Planet Pillar, part of the social responsibility platform called *Sembrando Juntos*, Grupo Bimbo performs actions with effects on climate change, water use, residuals, packages and sustainable products. During 2015, the Company adopted some aggressive??? commitments on climate change and deforestation such as adopting the measures from COP21 Paris prior to their coming into effect in 2020 and the new policy regarding palm oil to avoid deforestation in the value chain.

The Piedra Larga wind farm (Unión Hidalgo, Oaxaca) is an iconic project in renewable energy in the food industry. The wind farm began operations in November 2012 to provide around 90% of the electricity to the plants in Mexico and other major consumption centers.

Energy Intensity

We measure the reduction of energy consumption with the Energy Intensity Ratio, which is calculated taking into account the amount of energy consumed and the total of products packaged in one year.

The Energy Intensity Ratio (thermal and electric) was reduced by 6% from 2010 through 2015. This means that, in spite of the growth of our business, we have reduced our energy consumption per unit produced. As regards our supply fleet, we measure progress considering kilometers driven and fuel consumption. The Energy Intensity Ratio in our own vehicles (excluding third party vehicles) was reduced 43% from 2011 through 2015. From 0.013 to 0.007.

Emissions Intensity

Notwithstanding Grupo Bimbo's growth in size and presence in more countries, as any other successful and growing company, it has been been able to reduce the intensity of its emissions. This measurement method allows for more transparency and comparability throughout the years as well as for the growth of the company. It is calculated as the ratio of tons of carbon dioxide issued in connection with the tons of products packaged.

In 2015, we reached a total reduction of 18% in our Emissions Intensity Ratio in plants from a starting point basis of 2010; this includes the emissions arising from fuel and electricity.

The Emissions Intensity Ratio as regards fuel consumption in plants (First Scope) was reduced 10%, from 0.13 to 0.11; whereas as regards electricity (Second Scope) it was reduced 29% during the 2010-2015 from 0.096 to 0.07.

As regards our supply fleet (kilometers driven versus carbon dioxide emissions; First Scope), the Emissions Intensity Ratio was reduced 43% from a baseline in 2011, from 0.93 to 0.52.

d. Inventory

Production Inputs

All of the materials received in the Group's plants comply with the specifications previously agreed upon with its suppliers. This allows the Company to develop products with the highest quality standards and to meet the specifications and freshness defined.

Inputs are consumed according to first-in, first out method, and in some cases according to first-in first-out expirations depending on the length and characteristics of inputs, particularly agroindustrial inputs.

The Group has systems that maintain and provide appropriate rotation of input to ensure quality at the time of use regarding the full range of products produced.

In Mexico, most inventories are under custody and are supplied on a recurring basis, even with a daily delivery frequency.

The inventory administration of production inputs carried out by classification according to their logistics:

- ***Local***. Inputs whose negotiation and supply occur in the Regional Corporate or the Organization, but whose orders and storage are directly managed by each plant.

- ***Centralized.*** The negotiations are handled at a corporate level, with supply and import made by the Regional Corporate.

Finished Products

The Group has strategically located production plants and sales centers which allows it to consolidate its operations in each region and to efficiently distribute its products. In addition, Grupo Bimbo has successfully implemented an information system that allows it to synchronize its production capabilities with consumer demands based on information retrieved several times a day from its sales force, resulting in optimal levels of customer order management and thus, very low inventories of its finished products.

Due to the nature of some of its products and the commitment to freshness, inventory has a high turnover rate. Its inventories of dried products, such as toasted bread and breadcrumbs, cookies, candies and chocolates, have a lower turnover rate.

e. Quality System

Quality is a core value for Grupo Bimbo and it is applied in production processes to ensure compliance with each product specification. It has programs and policies which address Quality and Food Safety and govern how the Group implements health processes, quality assurance and process control. Each plant has a team that ensures standards are met for each process and complies with the regulations of each country in which the products are marketed. The processes are continuously improved in order to make them more efficient. Best practices are shared with all the operations of the Group worldwide.

Throughout the years Grupo Bimbo has been recognized for its high quality standards, obtaining several awards. The most recent award is the *Premio Nacional de Calidad* 2014 awarded by the Office of the

President to the Southeast Region of Bimbo, which includes five operations: Bimbo Puebla, Bimbo Veracruz, Bimbo and Marinela Villahermosa and Bimbo Yucatan. This is the fourth time that this distinguished award which evaluates the Competitiveness Model and Quality has been received. It was awarded previously to Marinela Mexico, Bimbo and Barcel Lerma Mexico operations.

For several years, the Group has had certifications of processes and safety systems such as HACCP (Hazard Analysis & Critical Control Points) in most operations; these cover the prerequisites of food safety and HACCP Manual which includes all products, raw materials and plant processes. The Group has over 100 plants certified in standards recognized by the GFSI (Global Food Safety Initiative), mainly with the BRC (British Retail Consortium) certification, as well as the SQF (Safe Quality Food). These standards evaluate and certify the plant's safety system which focuses on prevention in physical, chemical and microbiological aspects of products and having a management system to improve preventive programs.

Plants that export products to the United States also have certifications that ensure that the product is transported and marketed safely avoiding smuggling. This certification is C-TPAT (Custom Trade Partnership against Terrorism), granted by the United States Customs (Custom Border Protection, CBP) and covers the logistics, personnel, security facilities, staff and visitor access control, and audits of business partners within the supply chain process.

The implementation of these international standards all around its operations ensures that products meet the highest standards in manufacturing, thereby committing to meet the expectations of its customers and consumers and achieving their preference.

5. Prices

The Company’s general pricing policies are based primarily on general market conditions and production input costs.

Based on its strategy to optimize processes, Grupo Bimbo continuously works to maintain low costs in order to offer competitive prices to its customers.

Price increases are not only related to the eventual increase in costs. Other factors are taken into account, such as market and competition, product sensitivity and its market, a general research of the environment (mainly economic) and the lack of repercussions due to inefficiencies by Grupo Bimbo in the consumer price. The Company considers itself to have an comprehensive price system allowing it to be one of the leaders in the industry.

It should be noted that practically none of Bimbo’s products are under any price controls in effect by any governmental authority of the countries where the Company operates. See Section “1. GENERAL INFORMATION – c) Risk Factor—Increases in prices and shortages of raw materials, fuels and utilities could cause an increase in the production costs of the Group”.

6. Marketing and Promotion

Brands need to be in social networks to create a relationship with their consumers. To answer this virtual reality, Grupo Bimbo has implemented a robust platform for digital marketing on social networks and websites that promote the creation of communities of like-minded consumers for its brands and categories, as well as the creation of relevant content to generate commitment among these users.

Apart from using open television as the communication mean used to the greatest extent, the Company also uses other means, such as pay television, external advertising, radio, press, mobile advertisement (through the signage of vehicles where its products are transported) and digital media.

Grupo Bimbo initiated the execution of new commercial commitments with children's promotions, following the World Health Organization’s (WHO) recommendations. Therefore, the focus of its marketing encourages the adoption of healthy life styles, with advertising of products addressed to children under 12 years old complying with established nutritional profiles, based on scientific evidence and worldwide standards.

Grupo Bimbo continues its strategy to carry out mass media advertising and promotional campaigns aimed at maintaining the image and growth of its leading products, supporting the new products that have been launched to the market. Also, through its advertising agencies and media centers, the Company has communicates specific products and new launches to its consumers.

7. Technology and Information Systems

a. Technology and Information Systems

Grupo Bimbo uses automatized information systems for both operating and management levels, which have been developed in various stages. The operational information systems link processes which include planning and the reception of materials, production control, sales process and integration with clients. As a result, this provides greater control and operational efficiency.

Management information systems synthesize operating information that has been concentrated in the various plants and agencies in all the business sectors.

One of the above-mentioned integration purposes is that inside the organizational structure of Grupo Bimbo the maximum responsibility may be delegated to each of its members, including the lower levels of the organization chart.

Since 2001, Grupo Bimbo has operated a business solution integrated by an ERP system, on a database with the capacity to manage a large amount of information. For implementation at sales spots, Grupo Bimbo has developed solutions oriented to achieve a greater operational efficiency and consistency across the markets in which it operates. As a result, Grupo Bimbo has major control and operating efficiencies. In the past years, in order to continually improve its operation, Grupo Bimbo has used data processing services in the cloud with excellent results.

This has allowed the Group to have a standardized and centralized business model which simplifies the information, installed on a modern and robust technology infrastructure that enables the integration into all its operations.

Currently, we’ve been operating cloud-based services in connection with the operations in China, Iberia, Latin Centro, Latin Sur, United Kingdom, Frozen and Canada. These services work through an outsourcing system for both infrastructure and applications. In both cases, ERP services are handled from Austin, Texas, and functional support is received from Mexico. Likewise, the Group has advanced planning solutions for supply and distribution, using a similar platform on demand.

b. Climate Change

Climate change is occuring, and it is expected to continue, therefore some consumption patterns, including those related to BIMBO’s products, could be affected. Grupo Bimbo has taken specific actions to make consumers conscious about the changes associated with environmental impact (see Section “2. THE COMPANY – b) Business Description— vii) Environmental”). In addition to the environmental commitment of Grupo Bimbo, these actions are intended, among other things, to prevent the decrease in demand for their products, although Grupo Bimbo cannot assure that such actions will achieve that result.

i) Distribution Channels

Grupo Bimbo uses a direct distribution network to deliver its products to more than 2.5 million points of sale. Considering this has been a key driver to its success. It has developed one of the largest fleets with mostly proprietary vehicles that cover more than 52,000 distribution routes worldwide. According to internal estimations, 77% of the Group’s routes are operated by its own delivery force, while the remaining are operated by third parties.

The sales division places orders with a week in advance by its sales force and may be adjusted three to five days before being delivered to a sales center, depending on the line and product. Before the products are delivered to the sales center, they are analyzed to confirm that they respond to the Company's quality standards.

Once the placed order is received, the sales division delivers the products to the customers starting from points of sale on a previously established route. Based on the necessity of the customers and its sale level, the frequency of the visits to each customer may be once or several times a day, every third day, twice per week or weekly. Grupo Bimbo personalizes its service to the customer's need considering their purchase volume, channel, etc. and the Company has the capacity to adapt its supply system to the diverse and changing needs of the market.

Each product is displayed for sale in accordance with its shelf life, which varies from 7 days, in the case of bread, or several months, in the case of chocolates, cookies and snacks, among others.

As a result of its commitment to quality, when fresh products are delivered on each route, unsold products are collected and replaced by new products without cost to customers. Even though Grupo Bimbo doesn't consider the products returned as fresh, those may be consumed by virtue of the fact they are withdrawn from the shelves systemically some days before their expiration date.

The returned products are returned to small shops to be sold at an inferior price as "cold bread" which are offered to the customer in an average period of four to seven days. Some of these small shops are owned by the companies and others are licensed to third parties. In its final stage, the products are collected once more to be sold by kilogram as animal food.

The vehicles fleet which provides service to the sales division consists mainly of small and efficient units, as well as large sized units (*rabones*), for distribution to institutional customers.

The primary transportation, that is, from the factories to the points of sale, is performed through loaded semi-trailers, which can be single or double, depending on the applicable laws of the country. As of December 31, 2015, the vehicles used by Grupo Bimbo around the world were distributed according to the following table:

		Vehicles		
Delivery	Transport	Trailers	Other	Total
41,119	1,405	6,498	6,253	**55,275**

The fleet is an average of 7-years old, and new units are incorporated on an annual basis, whether due to replacement or growth, looking always to improve the services provided to the customers, as well as reducing permanently the environmental impact and optimizing operating costs.

The Group directly operates all of its routes in Mexico while most of its routes in Latin America and Asia, over half of its routes in the United States, and most of its routes in Canada and Europe are operated by independent operators.

The Group generally enters into long-term contracts with these independent operators under which they agree to exclusively sell its products. Furthermore, the terms of these contracts also specify which territories they will cover and their compensation which is based on sales performance. Grupo Bimbo has strict control over brand management, marketing strategies and pricing, among others, and retains its right to directly undertake the supply rights to distribute under certain limited circumstances. Grupo Bimbo has the capacity to adapt its distribution model in the countries in which it operates.

ii) Main Customers

Grupo Bimbo has more than 2.5 million points of sales and has strong relationships with its customers and strives to understand and meet their specific needs. Grupo Bimbo has a diverse client base among and within the countries in which it operates, including hypermarkets, price clubs, supermarket chains and other large retailers, convenience stores, institutional clients, such as restaurants, fast food chains and schools, vending machine operators and traditional customers (miscellaneous, grocery stores, etc.), and e-commerce with presence on websites such as Amazon, Freshdirect, Peapod and ShopRite among others.

Most of its customers in the United States are supermarket chains, followed by price clubs, restaurant chains, institutional customers and small convenience stores. Some of the main customers of the Group in the United States are Walmart, Kroger, Albertsons and Ahold, among others.

In Mexico, most of its customers are small family-owned convenience stores, but the Company also has a significant base of large institutional customers, including large retail stores, supermarkets, warehouses, price clubs, convenience stores, government-owned supermarkets, institutional clients and vending machines. Some of the main customers of the Group in Mexico are Walmart, Oxxo and Soriana, among others. The Group also serves large fast food chains and other large institutional customers, such as Burger King and McDonald’s, KFC, among others.

In Canada, most of the customers of Grupo Bimbo are retailers and foodservice chains such as Sobey´s, Metro and Costco, along with other institutional clients.

In Latin America, while the Group has increased its penetration in the traditional channel over the last 4 years, more than half of its sales are to supermarket chains and hypermarkets. Among its main customers in the region are Walmart, Grupo Casino, Cencosud and 3G Capital.

In Spain and Portugal, most of the sales of the Group are to supermarkets and hypermarkets. Its main customers in Spain and Portugal include Carrefour, DIA and 3G Capital.

In the United Kingdom, most of the sales of the Group are to supermarkets and institutional clients such as Tesco and Sainsburys, among others.

The largest client of Grupo Bimbo, Walmart, represented approximately 14.5% of its total sales for the year ended December 31, 2015. No other customer represented, individually, more than 10% of the total sales for such period.

iii) Patents, Trademarks, Licenses and Other Contracts

1. Brands and Logos

Grupo Bimbo’s most important brands, slogans and logos are protected by trademarks in the countries in which the Group operates and in many other countries. The Company manufactures or commercializes more than 10,000 products with more than 100 well-known brands, including, Bimbo, Oroweat, Arnold, Brownberry, Barcel, Dempster’s, Thomas’, New York Bakery Co., Milpa Real, Supan, Marinela, Fargo, Ricolino, Tia Rosa, Monarca, Entenmann’s, Ideal, Ana Maria, Pullman, Los Sorchantes,, among others.

Currently, the Company has approximately 7,093 brand files and registries in Mexico and more than 18,045 internationally. The Group has brands registries in Africa, North and South America, Asia, Europe and Middle East. However, the trademark for Bimbo is held by others in Chile, Puerto Rico and certain European countries, and the trademark for Marinela has been registered by third parties in El Salvador and Honduras. Therefore, the Company’s products in those countries are sold under the brands Ideal and Marisela, respectively; however the Company’s designs and packages are used in those countries. In addition, the Company has several has several domain names and registries addressed to the customers in the geographical areas it operates.

2. Patents and Copyrights

Patents

The protection of the Company's inventions through patents is very important for Grupo Bimbo. The Company operates mainly with technology developed by its Research and Development Department, which regularly requests patent protection of these inventions in Mexico and internationally.

Currently Grupo Bimbo has 207 patents (including industrial designs and utility models) in Mexico and 333 internationally, mainly in the United States of America, Canada, Argentina, Chile, China, Colombia, Korea, Costa Rica, El Salvador, the Philippines, Guatemala, India, Peru, the Czech Republic, Taiwan, Turkey, Venezuela and the European Union.

Copyrights

The major characters, publications, computer systems, logos and package designs used by the Group in its products are protected by copyrights in the countries where it operates and in other countries.

Litigation

As of December 31, 2015, Grupo Bimbo was not a party, in Mexico or abroad, of any judicial, administrative or arbitration proceeding in connection with intellectual property outside the ordinary course of business or which may have a significant adverse effect in its operations. See Section "2. THE COMPANY— b) Business Description— xi) Judicial, Administrative or Arbitration Processes".

3. Contracts

Grupo Bimbo executes and maintains several contracts within the ordinary course of business, such as software licenses, raw materials supply, manufacturing, machinery purchase or lease, in-bond manufacturing agreements, distribution and commercialization agreements, sponsorship and all of the service agreements necessary for its operations, which may be short, medium or long term agreements, depending on the needs and strategies of the Group.

iv) Applicable Legislation and Tax Status

The development of the Group's business is regulated by laws, rules, regulations and generally applicable provisions issued by governmental authorities, as the federal, state and municipal authorities. Laws and regulations relating to environmental protection, health, marketing and intellectual property are particularly important for the results of the Company.

In Mexico, the principal laws applicable to Grupo Bimbo are laws relating to trade, taxes, intellectual property, corporate governance, securities and environmental protection, such as the Commerce Code (*Código de Comercio*), the Corporations Law (*Ley General de Sociedades Mercantiles*), the General Ecologic Equilibrium and Environmental Protection Law (*Ley General del Equilibrio Ecológico y Protección al Ambiente*), the Income Tax Law (*Ley del Impuesto sobre la Renta*), the Intellectual Property Law (*Ley de la Propiedad Industrial*), the Mexican Securities Market Law, the National Waters Law (*Ley de Aguas Nacionales*) and the General Law on Comprehensive Waste Prevention and Management (*Ley General para la Prevención y Gestión Integral de los Residuos*). In addition, Grupo Bimbo is governed in particular by the provisions included in its by-laws.

The Group is subject to the General Health Law (*Ley General de Salud*), the Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*), the Federal Metrology and Standardization Law (*Ley Federal sobre Metrología y Normalización*), the Federal Labor Law (*Ley Federal del Trabajo*), the Social Security Law (*Ley del Seguro Social*), the Federal Bill of Rights (*Ley Federal de Derechos*), the Customs

Law (*Ley Aduanera*), the Federal Law for Administrative Procedures (*Ley Federal del Procedimiento Administrativo*), the Federal Law for the Protection of Personal Data in Possession of Private Sector Persons (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*), the Federal Antitrust Law (*Ley Federal de Competencia Económica*) and the Social Security Law (*Ley del Seguro Social*), as well as to several of their regulations.

Additionally, the Group is also required to comply with several regulations and Mexican Official Standards, or NOMs, related to labeling and packaging, sanitary specifications, nutritional specifications, hygiene standards for processing of food, beverages or dietary supplements, foods based on grains, edible seeds, flour, semolina or mixtures thereof, test methods, information for collectibles promotions or promotions through sweepstakes and contests, and net contents, among others.

With respect to the production plants of the Group, it must obtain operating licenses, file statements as a company generating hazardous waste, register the Company as a company generating hazardous and non-hazardous waste, prepare a management plan for hazardous and non-hazardous waste, obtain environmental licenses, obtain wastewater discharge permits, obtain permits to separate trash, obtain concession agreements for the use and exploitation of national waters, among others. In addition, for the construction of new plants, facilities or its expansion, the Group must obtain environmental impact assessments and risk analyses, construction licenses and licenses for land use, among others.

In the other countries in which Grupo Bimbo operates, it is subject to equivalent laws and regulations.

As a result of the dynamism of the laws, Grupo Bimbo schedules periodic reviews of its plants and operations to keep pace with the regulatory changes. In addition, the Group is subject to internal requirements and policies which represent standards above the minimum required by the applicable laws.

Amendments to, or enactment of, environmental laws, including laws related to climate change, could require Grupo Bimbo to make significant investments to comply with such laws, which could affect its operating results.

Failure to comply with its obligations under applicable laws and regulations could result in the imposition of administrative sanctions or other penalties to the Company.

Tax Status

Grupo Bimbo is required to comply with tax laws and regulations in the countries in which operates.

In Mexico, the Group is subject to Income Tax and income taxes. The tax rate of Income Tax in 2015 applicable to the Group was 30% pursuant to the Income Tax Law of 2014 which shall remain the same for 2016 and the subsequent years. Regarding income taxes in other countries where the Company's subsidiaries must be assesses, this calculation is performed individually pursuant to the specific regimes of each country. Specifically, the U.S. is authorized to file a consolidated income tax return and Spain to file a consolidated income tax return staring from the 2013 fiscal year.

Each of the subsidiaries of the Group outside Mexico is required to determine and pay its taxes under the individual legal entities regime. The annual tax return is filed within the six months following the end of the fiscal year; additionally, companies must perform provisional monthly payments during said fiscal year.

v) Human Resources

From its foundation the Group has a personnel policy aimed to harmonize the Company's interest with those of its associates; this has led to the consolidation of an excellent labor relationship. The Company has sought to extend this philosophy to the companies that has acquired.

The Company pays special attention on the selection of its personnel, which the Company seeks to keep informed about the financial and operational situation of the Group. Grupo Bimbo also makes periodic assessments of performance, directs and promotes the Company's personal and professional training.

The following table shows the number of associates in the Group over the past three years:

	As of December 31		
	2015	**2014**	**2013**
Unionized	85,325	85,790	82,534
Non-unionized	41,827	42,793	42,881
Total	**127,152**	**128,583**	**125,415**

Grupo Bimbo follows a series of internal guidelines that allow it to maintain a positive relationship with unionized personnel. Most of the Group's operations have collective bargaining agreements, which are agreed in accordance with the applicable labor provisions in each of the countries where the Group operates.

Grupo Bimbo currently has labor relationships with various unions, including in the United States, the International Brotherhood of Teamsters and the Bakery, Confectionery, Tobacco and Grain Millers International Union; in Mexico, the *Sindicato Nacional de Trabajadores Harineros, Panificadores de Alimentos, del Transporte, Similares y Conexos de la República Mexicana* and the *Sindicato Nacional de Trabajadores de la Industria Alimenticia, Similares y Conexos de la República Mexicana*; and in Canada, the International Brotherhood of Teamsters, CSN, UFCW, Unifor and IUOE.

Since Grupo Bimbo´s formation, it has attempted to promote and preserve a healthy labor force. The Group has been recognized for its day-to-day commitment to the safety and health of its associates and customers and a preventive approach to well-being. For this reason in every country in which it operates it has a transparent and respectful relationship policy with the legitimate representatives of the workers' interests, whether syndicates, unions, cooperatives or any other collective form of association of its personnel. This is why it has earned acknowledgment as an exemplary company from the Mexican Employees Confederation (*Confederación de Trabajadores de Mexico*) and by labor authorities in Mexico.

The Group strives to live its philosophy as a highly productive and people-oriented company.

vi) Environmental Performance

Grupo Bimbo believes that its commitment to social responsibility and sustainability is a key component of its success.

The relevant data this year on this subject include:

- Reduction of carbon dioxide emissions, in spite of increase of production volumes and sales.
- 16 plants across the world reached zero waste to landfills; two within the U.K. received the award Gold Zero Waste, an award by Letsrecycle, a division of Environmental Media Group.

Environmental Data	2015	2014	VAR. (%)
Total Green effect gas emissions (tons of carbon dioxide, Scope 1, 2, 3)	1,550,395	1,361,102	12.2
Tons of waste produced, including recycling (tons)	279,142	257,800	7.7
Windmill energy created (total joules)**	1'188,000	1'904,400	8.6

**Days lost by accidents: indicates the number of days lost owing to staff injury and the delays caused by their absence.*
***The assessment of emissions and wastes in 2014 was made with 10 months of measurement and two estimation months*

Climate Change

The Chief Executive Office of the Company published an open letter exhorting participants of the COP 21 Summit in Paris to join forces with the purpose of encouraging governments to set ambitious and clear goals, based on scientific and demonstrable data for reducing carbon dioxide emissions.

Through the Energy Star Challenge program, the group reduced between 10% and 25% the use and intensity of energy in the U.S.

It participated with the CDP to make the information regarding energy, forests, water and supply chain more transparent.

It achieved LEED Gold certification in the plant in Lehigh Valley, Pennsylvania, U.S. and a sales center in Colombia.

The Piedra Larga Wind Park supplies 90% of the electricity plants in Mexico, along with two sales centers (Guadalajara and Monterrey) and its corporate offices in Mexico City.

Grupo Bimbo owns 320 electric vehicles for the supply of products in Mexico City, Guadalajara and Monterrey.

More than 6,500 speed controllers were installed in supply vehicles.

Waste and Packaging

Since 2010 the Group, more than 90% of waste is used for beneficial uses, with less than 10% sent to landfills.

Two plants in the U.K. were recognized with Gold Zero Waste Award and Let’s Recycle Platinum Award for Excellence awards, owing to their efforts to maximally reduce waste.

Since 2010 the Group has reduced the volume of its packaging by 1,900 metric tons.

Water Use

In its facilities Bimbo captures thousands of liters of rainwater and is developing better methods to measure the volume of the water captured accurately.

In Mexico and Central America, treated water is reused to irrigate green areas and wash cars.

Environmental Evaluation of the Suppliers

During 2015 we continued to conduct a survey on sustainability among suppliers in Mexico, which was developed internally. At the same time, we established alliances with some of our main customers in the U.S. to Implement an Ethical Sourcing Assessment, which enabled the creation and adoption of a Responsible Purchase and Social Responsibility Policy, which shall influence our global operations.

Global Policy on Palm Oil

In 2015 it launched a new policy on sustainable palm oil. The action plan strengthens its commitment against deforestation in the areas of High Conservation Value and in the forests with Elevated Carbon Reserves, as well as against the development of wetlands and against social and work exploitation, as well as assuring traceability up to plantations.

Animal Welfare in Egg Production

At the end of 2015, Bimbo made a public commitment to change its fresh egg supply policy worldwide to transition gradually into production systems of 100% cage-free chickens. This transition will be undertaken while maintaining its quality standards in accordance with the regulatory requirements in the markets where it operates and taking into account the supply availability in each of the countries.

Through these policies and initiatives, the Group expects to continue to have a positive impact on the communities that it serves. Grupo Bimbo believes these commitments set it apart from its competitors.

* *The data are estimates which only include data from 10 months and an estimate of the remaining two months.*

vii) Market Information

Unless otherwise stated, references to market size, consumption, market share and other references in the next section are based on information from IBISWorld and Nielsen, which the Company believes are reasonable.

1. General Overview of the Bakery Industry

- Size and scope of the industry

According to IBISWorld* in 2015 the baking industry –comprised by the bread, muffins, whether fresh or frozen, sweet and salty cookies, pretzels; cakes, whether fresh or frozen, pies and other snack cakes– generated up to $406 billion American dollars in revenues. Grupo Bimbo also participates in snacks, packaged and patisserie related food products.

According to IBISWorld, the Global Bakery Goods Industry is forecasted to grow more aggressively over the next five years, to 2019, relative to the previous five-year period, with performance varying by region and category. From a geographic perspective, Latin America and Asia in particular have seen more significant growth in recent years due to changing consumer diets that are incorporating more wheat-based products, while rising disposable incomes have allowed consumers to purchase a greater variety of discretionary packaged baked goods. These trends are expected to continue.

At the same time, while in the past overall demand has leveled off in more mature bakery markets like the United States and Western Europe, sales today are growing for premium baked goods and nutrient-enhanced products. It is expected that part of the growth in these markets will come from innovation that addresses demand for healthy and premium products, helping boost industry performance.

For Grupo Bimbo specifically, the opportunity lies not just in emerging markets and high-growth segments –both of which we are strategically pursuing– but also within our own core markets and products, as well as the potential to increase penetration of packaged bread and adjacent categories in the pursuit of "stomach share"

According to IBISWorld, the global baking industry is comprised by a wide variety of products, generally divided into four different categories:

- fresh and frozen breads and rolls (50.5%);
- cookies, crackers and pretzels (20.3%);
- fresh and frozen cakes, pies and other pastries (18.5%); and
- tortillas (10.7%).

The baking industry is highly competitive and fragmented. Small bakeries dominate the industry, with more than 277,000 companies operating worldwide, including regional family-owned bakeries, supermarkets and grocery stores with in-store bakeries. Since the production process in small volumes is unsophisticated and only uses raw materials, commodities that are generally available to the public, such as wheat, edible oils, eggs, sugar, milk and chocolate, allow small producers access to local or regional markets.

The major market participants are Grupo Bimbo, Mondelez International, Yamazaki Baking Company and The Kellogg Company, which combined only account for approximately 10% of the market (Grupo Bimbo having the largest share, at 3%). Over the last five years, these companies have increased their respective market share, largely due to M&A activity, including our own, as well as their capacity to adapt and anticipate market trends.

In relation to the participants mentioned above, Mondelez International comprises the global food brands of the former Kraft Foods, and produces biscuits, confectionary products, chocolate, candy, coffee and powdered beverages. Yamazaki Baking Company is based in Japan and manufactures a range of breads, sweet buns, Japanese and Western-style confectionery, processed bread and prepared rice, as well as side dishes and desserts. The Kellogg Company produces breakfast cereals and convenience foods.

Even though bread is one of the oldest manufactured food products, according to IBISWorld, packaged bread penetration remains low, which implies a growth opportunity for industry participants, mainly for large baking companies.

There are many factors driving the industry, such as changes in consumer preferences, the growth in products considered healthy and enriched with nutrients and the growth of premium products, among others.

Recently, price competition has intensified in many markets. However, Grupo Bimbo believes that the ability to leverage the growth opportunities depends on competitive factors beyond price, such as: product quality, differentiation, innovation, brand management, control over the quality of ingredients and technology. Moreover, given the perishable nature of the products and the need to constantly reach the point of sale, companies with strong local production and sales centers will always be better positioned to compete.

The competitive environment differs in each of our core markets; in the US & Canada, where there has been significant consolidation, the major competitors account for approximately 50% of the market, and private label represents 25%. In Mexico, regional and traditional bakeries are still strong, but large international participants compete in the packaged bread, baked goods and snacks categories. The Latin American baking industry is primarily composed of regional and traditional bakeries with limited geographical reach. Western Europe, where we operate in the UK, Spain and Portugal, is the largest global market for bakery products, but private labels and artisanal bakeries have the largest share of market. The bakery manufacturing market in China is extremely fragmented; however, international manufacturers are expected to expand their operations in the region due to rising bread consumption.

Mexico

The Mexican baking industry is primarily comprised by regional and traditional bakeries, in most cases, family-owned businesses, of which there are a significant number.

The packaged bread industry is competitive at a national and regional level. Some of the most important international participants also have national presence such as Flowers Foods, Wal-mart and other supermarkets, which compete through their own private labels. At a regional level, the strongest competition comes from the significant number of artisanal bakeries, small family-owned bakeries and in-store bakeries in supermarkets, in addition to regional packaged bread competitors.

The major competitors in the cookies category include global market participants such as Grupo Bimbo, Gamesa (a PepsiCo. brand), Nabisco, Mondelez International and local market participants such as Cuétara and Dondé, among others. According to Nielsen, the Group is the second cookie and cracker producer in terms of sales for both segments in Mexico, and participates in this market through its brands Marinela, Lara, Gabi, Bimbo, Tía Rosa and Suandy. The cereal bars subcategory has grown substantially in less than a decade. According to Nielsen, Grupo Bimbo is a leading participant in this category and its main competitors are the Kellogg Company, Quaker, General Mills and other foreign companies.

Grupo Bimbo also participates in the packaged tortilla market with its Tía Rosa, Milpa Real, Del Hogar and Wonder brands, which compete mainly with products from Gruma and Maseca.

United States

The baking industry in the United States produces a range of baked goods, including bread, rolls, bagels, doughnuts, muffins, croissants and desserts. North America represents the second largest baked goods market in terms of volume and revenues after Western Europe, as of December 2015.

The U.S. packaged baked goods industry is much more competitive than in Latin America and consumers have a higher interest in healthier products, such as whole-grain baked products. It is a mature market with established brands. Thus, differentiated products, solid cost controls and distribution density and efficiency are key performance drivers in this market, which is considered to be mature. Bread products tend to be homogenous, so manufacturers must distinguish themselves with new products or marketing initiatives to promote demand and increase their market share. In addition, revenue growth has been aided by the introduction of healthier and innovative products with better nutritional profiles that address changing consumer tastes.

Some of the major competitors of Grupo Bimbo include Flowers Foods, Mondelez International, The Kellogg Company, Pepperidge Farm and private label brands. Competition among industry participants is based in great part on quality, product differentiation, price and nutritional value.

Recently, the industry has experienced changes in the consumer nutrition trends and diets such as low-carbohydrate diets. However, the industry has adapted well to these trends and has attracted consumers with nutritionally enhanced breads and healthier alternatives.

In the U.S., the private label segment, especially in the white bread category, is a key segment that has continued to grow against mainstream brands.

The Group participates in the U.S. market through BBU, and the U.S. frozen division of Canada Bread, producing, distributing and commercializing products in the categories of fresh and frozen bread and rolls, English muffins, bagels, croissants, fresh and frozen cakes and pastries, cookies and tortillas, among other. These are commercialized under the brands Bimbo, Oroweat Arnold, Marinela, Thomas', Sara Lee, Entenmann's, Stroehmann, Mrs. Baird's, Freihofer's, Earthgrains, Maier's, Heiners, Rainbo, Sunbeam, D'Italiano, Colonial, San Luis Sourdough, Ball Park, Boboli and Sunmaid, among others. Following the acquisitions of WFI in 2009, Earthgrains in 2011 and Canada Bread in 2014, the Group increased its range of products offered in the United States and incorporated several household bakery brands into its portfolio, such as Sara Lee, Earthgrains, Sunbeam and Rainbo, consolidating its presence in the United States. BBU is the largest baking participant in the United States.

Following nutritional trends, the Group has introduced a variety of whole-grain, organic products and a sophisticated array of healthy products. BBU offers these products under the Oroweat, Arnold, Brownberry, Earthgrains, Sara Lee and Eureka brands. Furthermore, other brands owned by BBU, such as Thomas', Boboli and D'Italiano, offer highly differentiated unique products with limited private-label competition.

Canada

The baking industry in Canada produces a range of baked goods, including packaged bread, packaged desserts, buns, pita bread, sweet baked goods, bagels and muffins. The demand has historically remained stable because bread represents a staple food item among Canadians.

Some major producers have acquired smaller players in order to participate in new markets and to expand their product portfolios. Some industry leaders have achieved an organic growth derived from a price-based competition and a stable demand.

The main participants in the baking Canadian market are Canada Bread and George Weston Limited. The subsidiary of Grupo Bimbo, Canada Bread has a major presence in the provinces of Quebec and Ontario. Weston maintains a leading position in central Canada, where Canada Bread’s presence is limited.

Recently, the industry has experienced consumer nutrition trends, such as increased popularity of low-carbohydrate diets. The industry has adapted to these trends and the baked goods industry has attracted and retained consumers with nutritionally enhanced breads and healthy alternatives. Industry participants are expected to continue to offer and develop this type of products to address such demand.

Since the acquisition of Canada Bread, the Group has been an active participant in the Canadian market for fresh and frozen bread. According to Nielsen, the Group is a leading participant in the Canadian market, in the categories of fresh and frozen bread, bun, fresh and frozen sweet baked goods, bagels and tortillas through its brands Dempster's and POM, in Ontario and Quebec respectively, among other leading brands. It also sells sweet baked goods and with fruits in Canada through its licensed brands Sun-Maid and Cinnabon.

Latin America

The Latin American baking industry is primarily composed of a significant number of regional and traditional bakeries that are, in most cases, family-owned businesses, with a limited geographical reach. Global growth in the baking industry is expected to be driven substantially by increasing demand from emerging markets, including Latin America.

Despite low penetration levels, the packaged bread industry is competitive at local levels. Local competitors include Panco, Wickbold, Seven Boys (recently acquired by Wickibold), Bauducco and private label product lines. The strongest competition comes from the significant number of artisanal bakeries, small family-owned bakeries and in-store bakeries in supermarkets.

Traditionally, white bread has been the most popular type of packaged bread in Latin America, with increasing penetration over recent years, as larger players reach more points of sale, more consumers join the workforce and lifestyles shift toward convenience products. In certain markets consumers are slowly adopting more healthy diets and shifting toward more premium products. The Group believes these trends represent a major growth opportunity for its operations in these region.

The Group operates in 16 countries across Latin America and, according to Nielsen, it leads the packaged bread market (Nielsen Retail Index exists in 15 of the mentioned countries) in every Latin American country in which it operates, in the categories of bread, cookies, sweet baked goods, tortillas, cakes, confectionary, cereals and prepared foods, with strong local brands such as Pullman, Plus Vita, Nutrella, Fargo, Ana Maria, Lactal, Supan, as well as regional brands such as Bimbo.

Grupo Bimbo has operations in 16 countries within Latin America and each one of its operations holds a leading position in the packaged bread industry (in 14 of such countries the Nielsen Retail Index exists), while in the cookies, sweet baked goods, tortillas, cakes, pastries, confectionary, cereals and prepackaged foods categories, the Company has a strong portfolio with local brands such as Pullman, Plus Vita, Nutrella, Fargo, Ana Maria, Lactal and Supan, as well as global brands like Bimbo.

Europe

Western Europe is the largest global market for bakery products and it is considered a mature and stable market, with a high level of packaged bread penetration. Also, private label and artisanal bakeries have significant presence in the region.

Through Bimbo Iberia, the Group is a leader in the bread and buns categories in Spain, mainly competing against Panrico Group, artisanal producers and a growing segment of private label, including self-service chain Mercadona.

Grupo Bimbo leads the branded packaged bread market in Spain and holds a leading position of this category in Portugal. The Group also participates in the categories of sweet baked goods and snacks through its brands Bimbo, Silueta, Martínez and Eagle.

In the United Kingdom, Grupo Bimbo is a leading producer in the bagel market, with its brand New York Bakery Co., according to Nielsen. Its principal competitors in these markets are Weight Watchers, Kings Mill and other private label players. The Group also holds a leading position in the United Kingdom in the specialized bakery products category.

Asia

Industry growth in China has been driven by economic growth, increased urbanization, more working women and the growing influence of Western cultures and diets. This has gradually transformed bread into a part of the Chinese diet. The bakery manufacturing market in China is extremely fragmented; however, international manufacturers are expected to increasingly expand their operations in the region due to rising consumption of wheat-based products.

During the past decade, Chinese baking product consumption nearly doubled its volume; this trend is expected to continue during the next five years. As a result, growth is expected to rise through a shift from sweet bread varieties toward healthier whole grain bread varieties, such as whole grain bread. Additionally, China has experienced significant growth in the private-label market.

Through Bimbo Beijing, Grupo Bimbo has been a pioneer in the Chinese baking industry, by adapting its products to local preferences such as bread filled with sweet beans, green tea and spicy meat, through its brands Bimbo, Million Land and Jin Hong Wei.

viii) Corporate Structure

Grupo Bimbo is a holding company that, as of April 30, 2016 was a direct or indirect owner of shares in its 6 primary operational subsidiaries. The table shown below lists the most important companies, their main activity and the equity holding percentage held by Grupo Bimbo in each of them.

Subsidiary Companies	Main Activity	Holding
Bimbo, S.A. de C.V.	Baking	96.93%
Barcel, S.A. de C.V.	Candies and Snacks	97.70%
Canada Bread	Baking	100%
Bimbo Bakeries USA, Inc.	Baking	100%
Bimbo do Brazil, Ltda.	Baking	100%
Bimbo S.A.U. (Iberia)	Baking	100%

ix) Main Assets Description

1. Facilities

a. Production Plants

As of December 31, 2015, Grupo Bimbo had 163 production plants distributed as follows:

- 63 in the USA; in Alabama, Arizona, California, North Carolina, South Carolina, Colorado, Connecticut, Florida, South Dakota, Georgia, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Nebraska, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Washington, West Virginia and Wisconsin.
- 37 in Mexico; in Baja California, the City of Mexico, Chihuahua, Durango, Estado de México, Guanajuato, Hidalgo, Jalisco, Nuevo León, Puebla, San Luis Potosí, Sinaloa, Sonora, Tabasco, Veracruz and Yucatán.
- 30 in Latin America; in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru, Uruguay and Venezuela.
- 23 in Canada; in Alberta, British Columbia, Manitoba, New Brunswick, New Foundland and Nova Scotia, Ontario and Québec;
- 9 in Europe; in Spain, Portugal and the United Kingdom, and
- 1 in Asia; in China.

These plants produce traditional sliced bread, premium bread, buns & rolls, breakfast (English muffins and bagels), frozen bread, cakes, pastries, cookies, crackers, snacks, tortillas, pita, wraps, pizza base, tostadas, totopos, prepackaged foods and confectionary goods, among others. The Group owns approximately 90% of the production plants it operates and leases the remaining from third parties.

All plants have insurance that the Group considers appropriate and similar to companies in its industry.

In 2015, the Group made capital expenditures for an amount of approximately $570 million US dollars, which were financed with own resources.

The location of the Company's main plants per geographic area is shown below.

MEXICO

	Number of plants
Bimbo S.A.	26
Organización Barcel	10
Moldes y Exhibidores, S.A. de C.V.	1
TOTAL	**37**

US & CANADA

	Number of plants
Bimbo Bakeries USA	59
Organización Barcel	1
Bimbo Frozen	7
Bimbo Canada	19
TOTAL	**86**

LATIN AMERICA

South	Number of plants
Argentina	6
Brazil	6
Peru	1
Paraguay	1
Uruguay	2
Chile	2
TOTAL	**18**

Central	Number of plants
Guatemala	1
El Salvador	1
Honduras	1
Costa Rica	1
Panama	1
Colombia	4
Venezuela	1
Ecuador	2
TOTAL	**12**

EUROPE

	Number of plants
Spain and Portugal	7
United Kingdom	2
TOTAL	**9**

ASIA

	Number of plants
China	1
TOTAL	**1**

The following table shows the capacity utilization percentage of the major production lines as of December 31, 2014:

Organization and type of product	
Bimbo, S.A. de C.V. Bread, rolls, doughnuts, cakes, toasts, cookies, cakes, suavicremas, tortillas	53%
Bimbo Bakeries USA Bread, rolls, doughnuts, cakes, pies, tortillas, tostadas, muffins and cakes	62%
Latin South Organization Bread, rolls, doughnuts, cakes, toasts, pastries, cookies, Swiss rolls, puff pastry and tortillas	36%
Latin Central Organization Bread, rolls, doughnuts, toasts, cookies, pastries and tortillas	50%
Barcel, S.A. de C.V. Snacks, sweets, confectionary and chocolates	60%

Bimbo Iberia Bread, buns, doughnuts, thins, toasts and cereal bars	48%
Canada Bread Bread, cakes, rolls, tortillas, muffins and cereal bars	42%
Wholesome Harvest Baguettes, artisan bread, bagels, Danish bread and pie	57%
Bimbo Brazil Bread, rolls, doughnuts, cakes, toasts, pastries, cookies, Swiss rolls, puff pastry and tortillas	48%
New York Bakeries Bagels, croissants	63%
Asia Bread, pastries, cakes, tortillas and cookies.	25%

The utilized capacities were calculated based on 168 productive hours per week. Hours are used as a measuring parameter because the mixture of the different products of each line implies the utilization of different volumes and weight, which obstructs the direct comparison of all products and lines capacities.

b. Agencies

As an important part of its distribution process, the Company has approximately 1,700 sales centers, each of which is supplied by one or more production plants. These centers may be exclusive for some of its brands or may handle several brands making use of the same infrastructure.

2. Asset Maintenance

The Group has a policy to have preventive predictive maintenance programs applied to all its assets, including several equipment and vehicular fleets in order to not suddenly affect operations. The purpose is that all the Group's premises and equipment present optimal operational and appearance conditions, and that they not only comply with the governmental rules and regulations, but that they provide for the wellbeing and safety of personnel.

When the situation requires, corrective maintenance is applied. However, such situations rarely occur and, therefore, it does not represent a habit of the Company.

In this regard, the Company allocates approximately 2% of net sales to preventive, predictive and corrective maintenance previously described. Likewise, it is important to mention that during the last year, the Company has allocated nearly 1% of its sales to investments to support the growth, equipment modernization and productivity of its lines. All these resources have been financed with the Company's own resources.

3. Guarantees on Assets

On the date of this Annual Report, the Company has not created liens on its important assets.

4. Insurance

Grupo Bimbo has worldwide traditional insurance policies that sufficiently cover its properties in case of risks such as fire or any other natural phenomenon, as well as operational interruptions due to these events. Grupo Bimbo also secures the necessary coverage to respond appropriately to damage caused to its personnel and goods.

In the case of the vehicular supply fleet, Grupo Bimbo's policy is not to resort to conventional insurance for individual damages; therefore, it created a "self-insurance" program, based both on the available cash flows and high discipline of its vehicle maintenance and handling policy, although the Group complies with the local regulations by having coverage for third party liability in every region.

In accordance with the above, the Company has workshops to repair its vehicles. According to a study, owing to the lack of vehicular incidents such repairs are cheaper than paying a traditional insurance policy.

x) Judicial, Administrative or Arbitration Processes

Currently, Grupo Bimbo is involved in several legal proceedings in the normal course of business, which it considers part of the ordinary course of business and incidental to its operations. In the past, the Group has cooperated with the government in investigations related to proceedings brought against some of its customers and distributors, including investigations related to money laundering activities and tax issues. Grupo Bimbo has cooperated in a timely manner with the appropriate government authorities in these investigations and, so far, the authorities have not imposed any penalties to the Group for significant breaches of these laws. Except as described in this Annual Report, Grupo Bimbo has no judicial, governmental or arbitration proceedings against it (including proceedings pending or that may be reported) of which it has knowledge for twelve months prior to the date of this Annual Report, that may have or have had in the recent past, a material adverse effect on its financial position or its operation results. Moreover, at the date of this Annual Report, the Company does not fall within the circumstances established in Articles 9 and 10 of the Bankruptcy Act (*Ley de Concursos Mercantiles*) and has not been declared or may be declared in bankruptcy.

xi) Shares Representing the Capital Stock

Up to the date of this Annual Report, Bimbo's capital stock at nominal value total $4,227 million pesos, represented by 4,703,200,000 outstanding Series "A" common nominative shares, with no par value, fully subscribed and paid, all of them representing the minimum fixed portion without right of withdrawal of the capital stock. See Note 15 to the Audited Financial Statements.

Grupo Bimbo was incorporated on June 15, 1966 with a minimum fixed capital stock of $50,000,000.00 pesos, represented by 50,000 shares, with a nominal value of $1,000.00 each one.

Since its incorporation, Grupo Bimbo has had several modifications to its capital stock structure. As of 1998, the modifications were as follows:

In accordance with the corporate bylaws, the capital stock is variable. The capital stock shall be represented with Series "A" common nominative without nominal value expression shares. Additionally, the Company may issue non-voting and/or limited-voting, nominative, without nominal value expression shares, which shall be denominated with the series name determined by the Meeting which approves the issuance thereof. In no case shall the non-voting and/or limited voting shares represent more than twenty-five percent (25%) of the total capital stock placed among the investing public or of the total shares placed therein. However, the National Banking and Securities Commission (CNBV) or, otherwise, the competent authority, may extend the above-mentioned limit up to an additional twenty-five percent (25%), provided that this percentage is represented by non-voting shares, with the limitation of other corporate rights, or by restricted voting shares, which shall be convertible into common shares within a term not exceeding five (5) years, computed as of their placement (See Section "4. ADMINISTRATION— d) Corporate Bylaws and Other Agreements").

On April 28, 2011, Grupo Bimbo carried out a split of the shares representing its capital stock, making outstanding Issue 2011-I, through which the Company's capital stock was not modified and remained represented by 4,703,200,000 shares.

xii) Dividends

The information set forth herein below refers to the Company's outstanding shares as of the date of this

Annual Report see Section “2. THE COMPANY – b) Business Description – xii) Shares Representing the Capital Stock”).

The decree, amount and payment of dividends to the holders of BIMBO’s Series “A” shares is proposed by the Board of Directors and approved by the General Shareholders’ Meeting.

In the year 2015 no dividends were paid.

Historically, the Company has paid dividends resulting from profits generated during each period. The Company's management considers that this situation will continue in the future; however, it cannot assure that this will happen.

An additional income tax of 10% is applicable to dividends paid when they are distributed to individuals and foreign residents. The Income Tax is paid via retention and a final payment by the shareholder. In the case of foreigners, treaties to avoid double taxation may apply. This tax will apply for the distribution of profits generated since 2014.

The retained income includes the legal reserve. Pursuant to the General Law of Business Entities at least 5% of the net-income must be segregated to constitute the legal reserve, until said reserve reaches 20% of the face value of its equity. The legal reserve may be capitalized but may not be distributed unless the entity is dissolved and must be recovered when it is lost for whatever reason. On December 31, 2015, and 2014, its face value import amounts to $500,150,000.

The net worth distribution, except for the updated amounts of corporate capital stock contributed and of the retained taxable profits, shall cause the income tax on dividends to be discharged by the Company at the rate in effect upon the distribution. Taxes paid for such distribution may be credited against the income tax of the fiscal year in which the tax on dividends is paid and in the two immediately subsequent fiscal years, against the fiscal year tax and the provisional tax payments thereof.

The net worth fiscal account balances as of December 31 were:

	2015	2014
Contribution capital account	$ 29,338	$ 28,464
Net tax profit account	42,372	37,174
Total	$ 71,710	$ 65,638

Dividends on shares that are held through Indeval shall be distributed by BIMBO, also through Indeval. Dividends on shares represented by certificates or physical certificates shall be paid upon presentation of the relevant coupon. In case provisional certificates exist at the time when the dividend is decreed, and if such provisional certificates have no coupons attached, the dividend shall be paid against the relevant receipt.

3) FINANCIAL INFORMATION

a) Selected Financial Information

	As of December 31,		
	2015	2014	2013
Net Sales	219,186	187,053	176,041
Operating Income	14,121	10,312	10,490
EBITDA	23,369	18,420	17,326
Majority Net Income	5,171	3,518	4,404
Basic and diluted earnings per common share	1.10	0.75	0.94
Dividends per share	NA	NA	0.35
Total Assets	199,633	177,761	134,727
Current Outstanding Long Term Debt Portion	8,282	1,789	7,997
Long term debt	59,479	60,415	32,332
Shareholders' Equity	61,859	53,602	47,783

Note: amounts in millions of Pesos.

(See Note 3 of the Audited Financial Statements attached to this Annual Report)

b) Financial Information per Business, Geographic Zone and Export Sales

Grupo Bimbo, through its main subsidiaries, is mainly engaged in the production, distribution and commercialization of bread, bakery, premium bread, breakfast bread (muffins and bagels), frozen bread, cakes, snack cakes, cookies and crackers, tortillas, pita, pizza crisp, *tostadas, totopos*, snack, and packaged foods among others. The Company manufactures more than 10,000 products. The sale of such products constitutes Grupo Bimbo's only line of business. The division between bakery products, and salted snacks and confectionery goods referred to in this Annual Report is an organizational division, the only purpose of which is to achieve administrative efficiencies and which derive from historical reasons. In some cases, such division is shown exclusively in order to differentiate the market for such products. Grupo Bimbo has no significant export sales.

The following table shows certain financial information of Grupo Bimbo per geographic zone for the three preceding fiscal years:

	As of December 31:		
	2015	2014	2013
	Total Sales		
Mexico(1)	76,295	72,098	73,179
North America	116,399	90,375	79,767
Latin America	24,272	21,931	21,822
Europe	7,560	6,897	5,323
	Operating Income		
México(1)	10,920	10,132	9,556
North America	5,024	392	2,613
Latin America	(1,310)	7	(1,168)
Europe	(601)	(209)	(545)
	Adjusted EBITDA		
Mexico(1)	13,431	12,049	11,557

North America	9,665	5,588	5,798
Latin America	519	856	141
Europa	(334)	(63)	(204)
	Total Assets		
Mexico[1]	43,020	36,449	42,436
North America	130,148	115,427	71,790
Latin America	19,332	20,176	19,278
Europe	8,253	6,844	3,103

(1) Including operations in Asia.

c) **Report on Significant Debt**

The Company's relevant financing facilities are described below.

Up to the date of this Annual Report, the Group is current in the payment of principal and interest of all its relevant loans.

The Company has complied with all the negative and affirmative covenants, including several financial ratios established in credit facilities entered into and executed by the Company and its subsidiaries.

1. International Bonds (Senior Notes) and Local Notes (*Certificados Bursátiles*)

(a) International Senior Notes:

1. Issued on June 27, 2014, for $800,000,000 dollars, with maturity on 2024 and for $500,000,000 dollars, maturing in 2044, under Rule 144 A and Regulation S. Such notes accrue interest at a fixed rate of 3.875% and 4.875%, respectively, with semi-annual interest payments. The proceeds from this issuance were used to refinance a portion of debt disposed in its Revolving Credit Facility.

2. Issued on January 25, 2012, for $800,000,000 dollars, with maturity on 2022. Issued under Rule 144 A and Regulation S. Such notes accrue interest at a fixed rate of 4.50% with semi-annual interest payments. The proceeds from this issuance were used to refinance Group's debt and for corporate general expenses.

3. Issued on June 30, 2010 under Rule 144 A and Regulation S for $800,000,000 dollars, with maturity on June 30, 2020. Such notes accrue interest at a fixed rate of 4.875% with semi-annual payments. The proceeds from this issuance were mainly used to refinance the Company's debt.

(b) Local Notes (*Certificados Bursátiles*)

1. Bimbo 12 – Issued on February 10, 2012, for $5,000 million pesos, with maturing on August 2018 and with a fixed interest rate applicable to such issue of 6.83%.

2. Bimbo 09-2 - Issued on June 15, 2009 for $2,000 million pesos maturing on June 2016 with a fixed interest rate of 10.60%.

3. Bimbo 09U - Issued on June 15, 2009 for 706,302,200 Investment Units (UDIS) maturing on June 2016, with a fixed interest rate of 6.05%. The UDI value as of December 31, 2015 was of $5.3812.

All the notes are guaranteed by the Company's main subsidiaries.

2. Committed revolving multicurrency line-of-credit

In December 2013, the Company renewed and modified some of the terms and conditions of its committed revolving multicurrency facility opened originally on April 26, 2010.

According to the new terms and conditions, there are nine financial institutions committed. The total amount of this credit facility is up to $2,000 million dollars, with maturity on March 13, 2019 and accruing an interest rate of LIBOR plus 1.00% for disbursements in dollars, CDOR plus 1.00% for disbursements in Canadian dollars and TIIE plus 0.75% for disbursements in Pesos. Up to December 2015, this credit facility had been drawn in $1,854 million pesos.

3. Other Loans

Some Group's subsidiaries have entered into and executed loans mainly to cover their working capital needs, with maturity dates ranging between 2015 and 2020, which accrue interest at different rates.

Summary of Affirmative and Negative Covenants and Acceleration Causes

The credit facilities or bank loans, international bonds and Notes (*Certificados Bursátiles*) of the Company aforementioned provide affirmative and negative covenants, as well as events of default. The main covenants, and events of default to which the Company is subject are the following, provided that this summary is indicative and does not include relevant definitions, nor the scope or exceptions to these covenants and events of default:

Affirmative Covenants	Negative Covenants	Events of Default[3]
Provide periodical financial information and information of relevant events	Do not modify its main business activity	Non-payment of interest
Preserve its legal standing and incorporation and the necessary permits to perform its operations	Do not merge, liquidate or sell its "material assets"	Disclose false or inaccurate relevant information
Use the proceeds for the agreed purpose	Do not engage in transactions with "affiliates" unless they are in arm's length or in case of certain exceptions	Failure to comply with any affirmative or negative covenants of the credit facilities
In the case of the Local Notes (Certificados Bursátiles), maintain registration with the RNV	Do not allow its "material subsidiaries" have restrictions to pay dividends to its shareholders	Failure to pay the principal or interest of a debt for more than U.S.$100 million, or if any "material debt" is accelerated and requires the Company to pay an amount greater than U.S.$100 million
Comply with tax and labor obligations	Do not create "liens" except for any "permitted liens"	If the Company or any of its "material subsidiaries" is declared insolvent or in bankruptcy
Maintain a *pari passu* payment priority amongst the corporate creditors		If a judgment is passed against the Company, requiring the payment of an amount greater than U.S.$100 million

[3] Each of the credit facilities, loans, bonds and local notes (certificados bursátiles) establish the requirements to exercise acceleration.

In the case of some credit facilities, to maintain ratios of interest coverages and leverage in certain levels		If the Company fails to pay any social security or housing quotas (IMSS, INFONAVIT or SAR)
		If assets representing more than 20% of the "total consolidated assets" of Grupo Bimbo are expropriated, and if the compensation for such expropriation is not applied for the substitution of the such assets within a 180-day term
		If the Company rejects the validity of the Local Notes (Certificados Bursátiles)
		If there is a "change of control"

In general, the negative and affirmative covenants, as well as the events of default, under the Notes (*Certificados Bursátiles*) issued in Mexico are stricter than those contained in the international bonds issued by the Company. The negative and affirmative covenants and events of default in credit facilities or bank loans of the Company described in this Section are, with some particular differences of the banking market, similar to those contained in the Notes (*Certificados Bursátiles*).

d) Management's Discussion and Analysis of the Company's Financial Status and Results of Operations Status

The following discussion and analysis should be read together with the Audited Financial Statements, including the notes thereto. Unless otherwise stated, all amounts herein are expressed in million Mexican Pesos and were prepared according to IFRS. Consolidated figures include the effects of inter-region eliminations.

i) Results of Operations

Comparative analysis of fiscal years ended on December 31, 2015 and 2013

Net Sales

Net consolidated sales increased 17.1% compared to the previous year, which reflects a benefit of 8.5% of the exchange rate, the recent acquisitions and the substantial and organic growth in Mexico and Latin America. By region, the net sales performed as follows:

Net Sales	2015	2014	% Change
Mexico	76,295	72,098	5.8
US & Canada	116,399	90,375	28.8
Latin America	24,272	21,931	10.7
Europe	7,560	6,897	9.6
Consolidated	**219,186**	**187,053**	**17.2**

In Mexico, sales increased 5.8%, due to an increase in the volumes as a result of a better consumption environment, the launching of new products such as snacks *Levísimo* and *Chips de Limón* and the introduction of products from other markets such as Artesano and Nature's Harvest breads. Notwithstanding the fact the sweet bread and patisserie had a poor performance; sales grew in every channel and in most categories, particularly cookies, bread, cakes and snacks.

In North America, the 28.8% Increase had to do with an Exchange rate of 17.3%, of the acquisitions of previous periods and an additional week of sales. In spite of the strong ´performance of the sweet bread, snacks and breakfasts, successful launches such as Sara Lee Artesano and Thomas' Swirl Breads in the U.S. and Campagnard in Canada, the volumes of the category of bread were under pressure owing to the increase in prices during the first half of the year.

In Latin America the growth of 10.7% in the net sales is attributable to major volumes specifically in Brazil and in most countries in Central America, and to de currency of certain currencies to Mexican pesos. The sales of *premium* bread and tortillas continued its ascending tendency in spite of a challenging economic environment in some countries.

In Europe, la the U.K. operation acquires as part of the Canada Bread Transaction along with the currency exchange 2.4% benefit led to a 9.6% increase in sales. In the specific case of Iberia, the sales during the second half of the year were affected by a competitive environment in the bread category because of a dynamic change of prices between private brand players.

Gross Margin

Gross profit increase from 18.2%, to $116,765 million, with an expansion of 50 basis points in the margin of 53.3%, as a result of the reduced raw materials cost in most regions.

Operating Income before Other Income and Expenses

Income before other income and expenses increased 16.2% during the year, while the margin experienced a small 10 basis point contraction, to amount to 8.3%.

Operating Income

Operating income increased 36.9% with respect to last year, with an increase of 90 basis points in the margin. That as a reflection of minor expenses of the restructure in the U.S. ($1,007 million in 2015, against $2,259 million in 2014). This factor was partially fronted by the integration expenses in Canada, Europe and Latin America, specifically by the migration of systems in Canada, de acquisition of Supan in Ecuador and the construction of a new plant in Latin America.

Operating Income	2015	2013	% Change
Mexico	10,920	10,132	7.8
US & Canada	5,024	392	>100
Latin America	-1,310	7	NA
Europe	-601	-209	>100
Consolidated	**14,121**	**10,312**	**36.9**

Comprehensive Financing Result

The comprehensive financing result amounted in the tax year to $4,190 million, an increase in $925 million. This variation has to do with the expense in the concept of interests related with the acquisition of Canada Bread and with the strengthening of the American dollar *vis a vis* the Mexican Peso, which led to an increase in the value of Mexican Pesos of the interests paid.

Taxes

In 2015, taxes registered an increase of 37.48%, for an amount of $4,063 million; the tax rate was of 40.7%, while in 2014 it was of 42.3%. This was because of the income increase before taxes and because of the deduction of the inflationary effect in Mexico.

Gross Margin

Gross Profit increased 47.0%, while the margin increased 2.4%, an expansion of 50 basis points attributable to the operative performance and a reduced tax effective rate of 40.7% compared to the 42.3% in force during 2014.

Income per share was of $1.10 pesos, compared to $0.75 during last year.

Operating Income before Depreciation and Amortization and other non-monetary (Adjusted EBITDA)

Adjusted EBITDA increased 26.9%, while the margin expanded 90 basis points, which resulted in an expansion of 210 basis points in the margin in North America and a record-setting 17.6% in Mexico.

During this period, the Company registered $2,196 million in non-monetary charges mainly by concept of deteriorations and good will credit, especially in Brazil, the U.S., Argentina and China.

Adjusted EBITDA	2015	2014	% Change
Mexico	13,431	12,049	11.5
US & Canada	9,665	5,588	72.9
Latin America	519	856	-39.2
Europe	-334	-63	>100
Consolidated	**23,369**	**18,420**	**26.9**

Financial Structure

Total debt as of December 31, 2015 amounted to $67,761 million compared to $62,204 million on December 31, 2014. This increase took place by reason of an increase of 17% in the American dollar value, which increased the debt hired in said currency; in spite the Company has been repaying its debt by reason of its commitment to unleveraged.

The average maturity of debt is 8.4 years, with an average cost of 4.5%. The long-term debt represents 88% out of the total. Furthermore, 77% of the debt was in USD and 23% in Canadian Dollars.

Total debt ratio vs. Adjusted EBITDA was of 2.9 times, vis a vis 3.2 times as of December 31, 2014; that is considering the pro forma EBITDA from Canada Bread. The Debt-adjusted EBITDA ratio was of 2.7 times.

Net Sales

Net sales totaled $187,053 million in 2014, an increase of 6.3% when compared to 2013. This was mainly due to the acquisition of Canada Bread. By region, the net sales performed as follows:

Net Sales	2014	2013	% Change
Mexico	72,098	73,179	-1.5
US & Canada	90,375	79,767	13.3
Latin America	21,931	21,822	0.5
Europe	6,897	5,323	29.6

Consolidated	**187,053**	**176,041**	**6.3**

In Mexico, sales decreased 1.5% to $72,098 million, which was primarily due to continued pressure on volumes, due to a weak consumption environment and pricing initiatives implemented in the fourth quarter of 2013 associated with the IEPS introduced in January 2014.

In North America, net sales increased 13.3%, to $90,375 million, mainly due to the Canada Bread acquisition and the favorable exchange rate; despite the challenging environment in the US, categories like bread, snacks and breakfast continued to grow.

In Latin America the net sales totaled $21,931 million, with local currency increases in all the countries of the region. The increase of 0.5% was attributed to innovation, new product launches and ongoing market penetration efforts even when the results were affected by a higher FX rate in Venezuela.

In Europe, the increase of 29.6% in net sales, totaling $6,897 million, was mainly caused by the incorporation of the new operation in the United Kingdom acquired as part of the Canada Bread transaction, and the continuous growth in Iberia after the launch of new products and the solid performance in most categories despite a difficult economic environment.

Gross Margin

Gross profit increased 7.6% to $99,137 million, with an expansion of 68 basis points of the margin, which resulted in 53.0%. This is mainly due to the decrease in average prices of certain raw materials throughout the year.

General Expenses

The general expenses amounted $83,637 million, or 44.7% expressed as a percentage of sales, posting no difference vs. 2013.

Other Incomes and Expenses

The other income and expenses totaled $5,190 million, an increase of 74.3% mainly due to:

i) A $1,990 million non-cash charge reflecting the impact that a lower US interest rate had on the provision for multi-employer pension plans in the US

ii) higher restructuring costs in the US related to the asset reconfiguration strategy and optimization of the manufacturing and distribution network in the amount of ($2,259 million vs. $1,680 million in 2013)

Operating Income

The operating income decreased 1.7% to $10,312 million, reflecting the effect described in the paragraph above regarding the other incomes and expenses increase.

Operating Income	2014	2013	% Change
Mexico	10,132	9,556	6.0
US & Canada	392	2,613	-85.0
Latin America	7	-1,168	>100
Europe	-209	-545	-61.7

Consolidated	**10,312**	**10,490**	-1.7

Comprehensive Financing Costs

The comprehensive financial result ended the year at $3,265 million, equivalent to an increase of 16.7%, the latter is attributed almost entirely to incremental spending for interests related to the financing of the acquisition of Canada Bread. This was partially offset by higher foreign exchange and monetary gains.

Taxes

In 2014, taxes posted an increase of 2.6%, for a total of $2.955 million, while the effective tax rate was 42.3%, compared with 37.6% in 2013. This increase was mainly due to: i) the lower deductibility of certain fringe benefits in Mexico; ii) a higher taxable base caused by the inflationary gains related to financial debt; and iii) no longer carrying deferred income tax benefit in Brazil.

Net Majority Income

In 2014, the net majority income was $3,518 million, a decrease of 20.1% attributable to the above-mentioned non-cash charge related to MEPP's and a higher effective tax rate.

Operating Income before Depreciation and Amortization and other non-monetary (Adjusted EBITDA)

Adjusted EBITDA increased 6.3%, to $18,420 million, with a margin of 9.8%, as result of operating performance plus depreciation and non-monetary charges. It should be noted that the charge associated with MEPPs does not affect this concept.

Adjusted EBITDA	2014	2013	% Change
Mexico	12,049	11,557	4.3
North America	5,588	5,798	-3.6
Latin America	856	141	>100
Europe	-63	-204	-69.1
Consolidated	**18,420**	**17,326**	6.3

Financial Structure

The Company's cash position as of December 31, 2014, totaled $2,572 million compared to $2,504 million on December 31, 2013. Total debt at December 31, 2014 was $62,204 million, $21,875 million pesos more than at the end of the previous year. This increase is explained by the credit taken for the acquisition of Canada Bread and the impact of a higher peso-dollar exchange rate, which increased the peso value of US and Canadian dollar-denominated debt.

The long-term debt represented 97% of the total, with an average maturity of 8.9 years. 70% of the total debt was denominated in US dollars, 29% in Canadian dollars and 1% in Mexican pesos. The amortization profile as the currency composition is aligned to the cash flow generation of the Company, maintaining a natural economic and accounting hedge. The average cost of Grupo Bimbo's debt was 4.4%.

The total debt to Adjusted EBITDA ratio was 3.4 times. On a pro forma basis, considering five months Adjusted EBITDA from Canada Bread, the total debt to EBITDA ratio was 3.2 times. The Company maintains a disciplined focus on cash management in order to deleverage to reach comfortable levels.

ii) Financial position, liquidity and capital resources

a. Internal and external liquidity sources

BIMBO has internal and external liquidity traditional sources available, which have been already used in the past. The Company's liquidity is based on its own operations and has had sufficient levels of its own capital historically. On the other hand, in the past the Group has had access to bank financings and to the domestic and international capital and debt markets.

Likewise, BIMBO has obtained different credit lines from several financial institutions. Notwithstanding the foregoing, the Company cannot assure that it will have access to the sources of capital mentioned above. BIMBO has not had any cyclical credit requirements and generally, financing needs are associated with growth operations and not with working capital.

b. Debt level

The table contained in "Selected Financial Information" contains information on the Company's debt at the end of the last three fiscal years. See Section "3. FINANCIAL INFORMATION - Selected Financial Information". There is no cyclicality in the Company's financing requirements.

Significant Indebtedness

International bonds (Bonos Internacionales)

Issued on January 27, 2014 under Rule 144A and Regulation S for $800 million dollars, with maturity on 2044.

Issued on January 25, 2012 under Rule 144A and Regulation S for $800 million dollars, with maturity on January 25, 2022.

Issued on June 30, 2010 under Rule 144A and Regulation S for $800 million dollars, with maturity on June 30, 2020.

Local Notes (Certificados Bursátiles)

During 2012, the Company issued Notes with maturity on August 2018, with a fixed interest rate of 6.83%, such notes were added to those issued during 2009. See —Financial Information – Report on Significant Debt.

During 2009, the Company issued Notes for an amount of $2,000 million pesos, with maturity on June 2016, and with a fixed interest rate of 10.60%.

During 2009, the Company issued Notes for an amount of 706,302,200 investment units (*Unidades de Inversión (UDIS)*), with maturity on June 2016, and with a fixed interest rate of 6.05%. The value of the UDI at December 31, 2014 was $5.2704.

The Company has a committed multicurrency revolving credit line and in which nine financial institutions are involved, hired on April 26, 2010 and renewed and amended in December 2013 amounting to $2,000 million dollars, with maturity date on March 13, 2019 and a rate of LIBOR + 1.00% for the disbursements in Dollars, TIE + 0.75% for disbursements in pesos and CDOR + 1.00% for disbursements in Canadian Dollars. This credit line is guaranteed by the Company's main subsidiaries.

The Company has a committed revolving line in which three financial institutions participate, same which was hired on November 6, 2015 in an amount of $300 million Euros, with a maturity date on February 6, 2021 and an interest rate of EURIBOR + 1.00% for the used facilities. This revolving credit line has the corporate guaranty of the main subsidiaries of the Group.

See Section "3. FINANCIAL INFORMATION – c) Report on Significant Debt".

Canada Bread Company Ltd, a subsidiary of the Company in Canada, has a revolving credit line committed with the participation of 3 financial institutions, same which was hired on October 27, 2015 for an amount of up to CAD$ 200 million, with a maturity date on October 27, 2020 and an interest rate of CDOR + 1.00% for facilities used. This revolving credit line has the corporate guaranty of Grupo Bimbo S.A.B. de C.V.

Other loans

Some of the Group's subsidiaries have contracted direct loans to mainly finance their own working capital needs. Such loans accrue interest at different rates and mature between 2015 and 2020.

Events of Default

For a description of the events of default contained in the material financings of the Company, see "See Section "3. FINANCIAL INFORMATION – c) Report on Significant Debt".

Liquidity

Liquidity represents the ability of the Group to generate sufficient cash flows from operating activities to meet its obligations as well as its ability to obtain appropriate financing. Therefore, liquidity cannot be considered separately from capital resources that consist primarily of current and potentially available funds for use in achieving its objectives.

Currently, the Group's liquidity needs arise primarily from working capital requirements, debt payments, capital expenditures and dividends. In order to satisfy its liquidity and capital requirements, the Group primarily relies on its own capital, including cash generated from operations, and committed credit facilities. The Group believes that its cash from operations, its existing credit facilities and its long-term financing will provide sufficient liquidity to meet its working capital needs, capital expenditures, debt payments and future dividends.

Commitments

Grupo Bimbo S.A.B. de C.V., along with some of its subsidiaries, through credit letters, has insured certain labor obligations and contingent risks related to labor risks of some of its subsidiaries. The value of such letters as of December 31, 2015and 2014, totaled $344and $270 million US dollars, respectively.

The Company executed self-supply energy agreements by means of which it commits to purchase certain amounts of energy for a renewable period of 16 years at an agreed price which is updated in accordance with the Mexican Consumer Price Index (INPC), during the first 15 years. Even though these agreements have the characteristics of a derivative financial instrument, they can be qualified as an exception of such, as they are for personal consumption; therefore, they are recorded in the financial statements as energy consumption is spent.

c. Treasury Policies

The Company maintains treasury policies consistent with its financial obligations and operating requirements and maintains its financial resources invested in highly-liquid, non-speculative and low-risk instruments. Grupo Bimbo's treasury maintains several currencies, especially currencies of such countries in which the Company operates.

d. Material committed capital expenditures

As of the date of this Annual Report, the Company had no material committed capital expenditures.

Both issues are guaranteed by the Group's main subsidiaries.

e. Changes in the Balance Sheet

Below is information on the cash flows generated by the operations, investments and financing activities during 2015, 2014 and 2013. The table contained in the Section "3. FINANCIAL INFORMATION - a) Selected Financial Information" includes certain financial ratios that show changes in the financial status of the Company during such years.

Cash Flows from Operating Activities

For fiscal year ended December 31, 2015 and 2014

For the fiscal year ended December 31, 2015, net cash flow from operations decreased by $203 million Pesos to reach $18,116 million, compared to $18,319 million in 2014, primarily due to long-term assets deterioration.

For fiscal year ended December 31, 2014 and 2013

For the fiscal year ended December 31, 2014, net cash flow from operations increased by $6,925 million Pesos to reach $18,319 million, compared to $13,970 million in 2013, primarily due mainly to an increase in accounts payable and provision of multi-employer pension plans.

Net Cash Flows from Investing Activities

For fiscal year ended December 31, 2015 and 2014

For the fiscal year ended December 31, 2015, net cash used in investing activities decreased by $19,628 million Pesos to $11,404 million pesos, compared to $31,032 million pesos in 2014, primarily as a result of the acquisition of Canada Bread in the preceding fiscal year.

For fiscal year ended December 31, 2014 and 2013

For the fiscal year ended December 31, 2014, net cash used in investing activities increased by $25,411 million Pesos to $31,032 million pesos, compared to $5,621 million pesos in 2013, primarily as a result of the Canada Bread acquisition.

Net Cash Flows from Financing Activities

For the year ended December 31, 2015 and 2014

For the year ended December 31, 2015, net cash provided by financing activities increased by $18,952 million pesos to reach $(5,634) million pesos, compared to $13,318 million pesos in 2014, primarily due to the commitment to unleveraged the Company.

For fiscal year ended December 31, 2014 and 2013

For the year ended December 31, 2014, net cash provided by financing activities increased by $20,620 million pesos to reach $13,318 million pesos, compared to $7,302 million pesos in 2013, primarily due to refinancing of Canada Bread and the maturity of a Note (*Certificado Bursátil*) in June, 2014.

f. Not registered operations

As of December 31, 2015, the Company had no significant transactions that were not recorded in the Audited Financial Statements.

iii) Internal Control

The Company has an Audit & Corporate Practices Committee that performs the activities set forth in the LMV, as well as such other corporate practices activities set forth therein and by the Company's Board of Directors. The Audit & Corporate Practices Committee and is comprised by at least three independent members appointed by the Board of Directors or the Shareholders' Meeting. The chairman of the committee is appointed by the General Shareholders' Meeting.

e) RESERVES

The Audited Financial Statements that form a part of this Annual Report comply with IFRS. Their preparation requires that the Company's management make estimates and assumptions to assess some of the financial statement entries and to carry out disclosures required therein. However, actual results may differ from such estimates. The Company's management believes that such estimates and assumptions were adequate considering the circumstances under which they were made.

The notes to the Audited Financial Statements contain a description of the most significant accounting policies of the Company, including the following:

a. ***Statement of compliance***

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

b. ***Basis of preparation***

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities (derivative financial instruments assets and debits (financial derivatives) valued at fair market value, at the end of each period, as explained in the accounting policies below.

a) Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

b) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the aforementioned basis, with exception of the measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c) Basis of consolidation

As of December 2015 and 2014, the consolidated financial statements incorporate the financial statements of the Entity and those entities over which it exercise control, including structured entities ("SE"). Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

An SE is consolidated when the Entity concludes that it controls the SE based on the evaluation of the substance of the relationship with the Entity and the risks and benefits of the SE. The most significant subsidiaries are shown below:

Subsidiary	% of ownership	Country	Main activity	Subsidiary
Bimbo, S. A. de C. V.	97	Mexico	Mexico	Baking
Barcel, S. A. de C. V.	98	Mexico	Mexico	Candies and Snacks
Bimbo Bakeries USA, Inc.	100	U.S.	North America	Baking
Canada Bread Corporation, LLC	100	Canada	North America	Baking[1]
Bimbo do Brazil, Ltda.	100	Brazil	OLA	Baking
Bimbo, S.A.U.	100	Spain and Portugal	Europe	Baking

[1] Canada Bread was acquired on May 23, 2014, date in which the Entity took control over it.

Subsidiaries are consolidated from the date on which control is transferred to the Entity and are no longer consolidated from the date that control is lost. Gains and losses of subsidiaries acquired during the year are included in the consolidated statements of income and other comprehensive income results from the acquisition date, as applicable.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All relevant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated on consolidation.

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions.

d) ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the very same entity to the former owners of the acquire and the equity interests issued by the Entity in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share based payments at the acquisition date (as of December 31, 2015 and 2014 the Entity does not have share-based payments); and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

e) ***Assets available for sale***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The long-lived asset (and asset disposal groups) classified as held for sale are valued at the lower of their carrying amount and fair value of assets less costs to sell.

f) Recognition of the effects of inflation

Inflationary effects are recognized in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary, defined generally as economies in which inflation in the preceding three fiscal years equals or exceeds 100%. The Mexican economy ceased to be hyperinflationary in 1999. Therefore, inflation effects for the Entity's Mexican operations were recognized through that date, except for certain office equipment, machinery and equipment, for which inflation was recognized through 2007, as permitted by Mexican Financial Reporting Standards ("MFRS"), and retained as deemed cost as permitted by the transition rules of IFRS. Inflation continues to be recognized for operations in those countries operating in hyperinflationary economic environment. In 2014 and 2013, the operation in Venezuela qualified as hyperinflationary in relation to the inflation of the three preceding years and for which the effects of inflation were recognized. These effects are not material to the financial position, performance or cash flows of the entity.

g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- The Entity as lessee

  Assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

h) Foreign currency transactions

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 14), and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Mexican pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Entity are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

i) Cash and cash equivalents

Consist mainly of bank deposits in checking accounts and investments in short-term securities, highly liquid, readily convertible into cash, maturing within three months from the date of purchase and are subject to insignificant risk of changes in value. Cash is stated at nominal value and cash equivalents are measured at fair value, fluctuations in value are recognized in income (see financial assets below). Cash equivalents consist primarily of investments in government debt instruments with daily maturities.

j) Financial assets

Financial assets are acknowledged whenever the Entity becomes part of the contractual provisions of the instruments.

1. <u>Loans and receivables</u>

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

   Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2. <u>Impairment of financial assets</u>

   Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period, which is reported.

   For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit, as well as observable changes in national or local economic conditions that correlate with default on receivables.

   As regards accounts receivable which may be charged to customers, the value in books is reduced through an estimation of the accounts receivable which may not be recovered. When an account receivable is not recoverable, it is eliminated along with the estimation. Subsequent recoveries of eliminated amounts become creditable against the estimation. Changes on the book value of the estimation account are acknowledged in results.

k) *Inventories and cost of sales*

Inventories are stated at the lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling, loading, and storage cost at the customs and distribution centers; returns on purchases are deducted from cost. Net realizable value represents the estimated selling price for inventories in the normal course of operations less all estimated costs of completion and costs necessary to perform its sale. The acquisition of the cost is assessed using the formula for the average cost.

l) Property, plant and equipment

Property, plant and equipment records are recognized at their cost minus net of accumulated depreciation and accumulated impairment losses. Balances from certain acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the National Consumer Price Index ("NCPI") through that date, which became the deemed cost of such assets as of January 1, 2011 upon adoption of IFRS.

Cost include those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost for expansion, remodeling or improvements that enhance the capacity and extend the useful life of the asset are also capitalized. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss. Repairs and maintenance costs are recognized in profit and loss of the period they are incurred.

Freehold land is not depreciated. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Useful lives are as follows:

	Years
Infrastructure	15
Building foundations	45
Roofs	20
Fixed facilities and accessories	10
Manufacturing equipment	10
Vehicles	13
Office furniture and fixtures	10
Computer equipment	3
Leasehold improvements	Term of the related lease

The Entity allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of such components separately.

The carrying value of an asset is reduced to its recoverable value, when the carrying amount exceeds its recoverable value.

An item of property, plant and equipment is derecognized when sold or when no future economic benefits arising from the continued use of the asset are expected. The gain or loss arising from the sale of assets results from the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in 'other expenses, net', in general expenses.

Leasehold improvement and adaptations to buildings and premises in which the Entity is the lessee are recognized at historic cost less the respective depreciation based on useful lives on the same basis as owned assets.

m) ***Investments in associates***

An associate is an entity over which the Entity has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non- current assets held for sale and discontinued*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Entity discontinues the use of the equity method from the date the investment ceases to be an associate or when the investment is classified as held for sale.

When the Entity reduces its ownership interest in an associate but continues to use the equity method, it reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Entity, profits and losses resulting from the transactions with the associate are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate that are not related to the Entity.

n) Intangible assets

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses in the USA, Canada, Spain and Argentina and certain trademarks in South America, and are recorded at their fair value on acquisition date. The intangible assets costs acquired through an acquisition is their fair value as of the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, except for development costs, are not capitalized and are recognized as expenses in profit and loss in the period in which they are incurred.

Intangible assets are classified as having either finite or indefinite useful lives. Amortization of intangible assets with finite useful lives is recognized on a straight-line method over their estimated useful lives. Such assets are reviewed for impairment when there is an indicator of impairment. The amortization methods and useful lives of the assets are reviewed and adjusted, if necessary, annually, at the end of each reporting period. Amortization is recognized in profit and loss, within selling, distribution and administrative expenses. Intangible assets with indefinite useful lives are not amortized, but are at least tested annually for impairment.

o) Impairment of tangible and intangible assets, other than goodwill

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets which have a undefined useful life or which are yet unavailable to use are subject to proof as regards its deterioration at least every year and insofar as there is an indication as to the fact that the asset may have deteriorated.
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Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

p) Goodwill

Goodwill arising on acquisition of a business is carried at cost, which is determined as explained in the business acquisitions policy note above, less accumulated impairment losses, if any (see note 12).

For purposes of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash generating units) that is expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss.

An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Entity's policy for goodwill arising on the acquisition of an associate is described at note 3m.

q) Financial liabilities

Financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the issuance of financial liabilities (except for those financial liabilities classified as at fair value with changes through profit and loss) are deducted from the fair value of the financial liability; transaction costs directly attributable to the issuance of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either "Financial liabilities at fair value through profit or loss" or "Other financial liabilities". Note 14 provides further detail regarding financial liabilities.

r) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Entity only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

The Entity documents all hedging relationships at the beginning of the transaction, including their objectives and risk management strategies for undertaking derivative transactions. Periodically, the Entity documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

<u>Cash flow hedges</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under "Valuation effects of cash flow hedges". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

<u>Hedges of net investment in foreign operations</u>

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of “Translation effects of foreign subsidiaries”. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the “Exchange loss (gain), net” line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated other comprehensive income are reclassified to profit or loss on the disposal of the foreign operation.

Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount which is recognized as a provision is the best estimation of the required disbursement to liquidate are the present liability, at the end of the information related period, taking into account the risks and uncertainties surrounding the liability. When a provision is valuated using the estimated cash flows to pay for the present obligation its value in books represents the present value of said cash flows (when the effect of the value of money is material).

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

s) Income taxes

Income tax expense comprises current tax and deferred tax.

1. Current income taxes

   Current income taxes are calculated in accordance with rates that have been enacted or substantively enacted as of the end of the reporting period for the countries in which the Entity operates and creates an imposable amount registered in the results of the year on which it is caused. In the case of Mexico, the income tax corresponds to the Income Tax (“IT”).

2. Deferred taxes

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the end of the reporting period.

   The deferred income tax is recognized on temporary differences between the statements and the corresponding tax bases used for determining taxable income by applying the rate corresponding to these differences, including benefits from tax loss carryforwards and certain tax credits, if applicable. The liability for deferred income taxes are generally recognized for all temporary tax differences. An asset is recognized deferred tax for all deductible temporary differences to the extent that it is probable that the Entity will have future taxable income against which to apply those deductible temporary differences.

Deferred income tax is not recognized on the following temporary differences: i) amounts that arise from the initial recognition of assets or liabilities resulting from transactions other than in a business combination, that affects neither the accounting profit nor the taxable profit; ii) those related to investments in subsidiaries and associates, to the extent that it is not likely they will reverse in the foreseeable future, and, iii) those that result from the initial recognition of goodwill. The deferred income tax asset is recognized only to the extent that it is likely there will be future taxable profits it can be used against.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Assets and deferred tax liabilities are offset when a legal right to offset assets with liabilities exists and when they relate to income taxes relating to the same tax authorities and the Entity intends to liquidate its assets and liabilities on a net basis.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

t) Employee benefits from termination, retirement and statutory employee profit sharing ("PTU")

i. ***Pensions and seniority premiums***

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The amount recognized in the consolidated statement of financial position as a liability or asset for defined benefit plan represents the present value of the net defined benefit obligation (defined benefit obligation minus the fair value of plan assets). The present value of the net defined benefit obligation is determined based on the discounted value of estimated net cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

The Entity provides a bonus in cash to certain executives, which is calculated using performance metrics, the bonus is paid 30 months later regarding the date on which it was granted.

ii. ***Statutory employee profit sharing***

In Mexico, Venezuela and Brazil, there is an obligation to recognize a provision for the statutory employee profit sharing when the Entity has a legal or constructive obligation, as a result of past events and the amount can be reliably estimated. PTU is recorded in profit or loss of the year in which it is incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

iii. ***Termination benefits***

The Entity recognizes a liability for termination benefits only when the Entity is without realistic possibility of withdrawal from an offer to provide termination benefit to employees, or before, if it complies with the criteria for recognition of a liability related to a restructuring.

iv. ***Multi-employer pension plans ("MEPP")***

The Entity classifies the multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Entity accounts for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Entity accounts for such plan as a defined contribution plan.

Liabilities related to the wind-up or the Entity's withdrawal from a multi-employer plan is recognized and measured in conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account the estimated customer returns, rebates and other allowances.

– Sale of products

Revenue from the sale of products is recognized when the goods are delivered, at which time all the following conditions are satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits associated with the transaction will flow to the Entity.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

– Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

v) Reclassifications

Financial consolidated statements for the year which ended on December 31, 2014 have been reclassified in certain respects pursuant to the form used in 2015.

4) ADMINISTRATION

a) EXTERNAL AUDITORS

The external auditor selection is entrusted to the Audit Committee, who recommends to the Board of Directors hiring. The Board of Directors is the body that approves the hiring of the external audit firm and, if applicable, the additional or ancillary services to the external auditing.

The Audit Committee carries out a bid of the external audit services every 5 years, regardless of considering the possibility of doing it within a shorter period. The Committee selects among the firms its background, reputation, partners, international coverage, methodology and technology, which cover the expectations and needs of the Board of Directors, the Committee and the Company's Management.

In some cases, given the results of the services evaluation of the appointed firm, the Audit Committee may consider it necessary to change the partner of the relevant firm, for which it requests a slate of three candidates and chooses the one that will be in charge to audit the Company's Financial Statements, in which case the relevant bidding process will not be carried out.

Since 2002, Galaz, Yamazaki, Ruiz Urquiza, S.C. (member of Deloitte Touche Tohmatsu), has been in charge to audit the Company's consolidated financial statements. Until 2007, it supported its opinion through other independent auditors' reports. Since 2008, Galaz, Yamazaki, Ruiz Urquiza, S.C. carries out the Financial Statements audit without being based in other firms´ opinions.

In the different reviews and reports which have been periodically made to the Group's Financial Statements, such auditors firm has not issued an opinion with observations, notes or a negative opinion, nor has refrained from issuing an opinion in connection thereto.

During 2015, Galaz, Yamazaki, Ruiz Urquiza, S.C. rendered to the Company services other than audit, consisting of surveys on transfer prices, preparation of statements for the VAT (*IVA*) return and tax advisory services. For the rendering of such services, the Company paid $7,478 pesos to Galaz, Yamazaki, Ruiz Urquiza, S.C., which amount represented 35% of the total disbursements made to such firm.

b) TRANSACTIONS WITH RELATED PERSONS AND CONFLICTS OF INTERESTS

In the ordinary course of business, Grupo Bimbo enters into commercial transactions with some of its affiliates, including in connection with the supply of raw materials, office supplies and uniforms for its associates.

These transactions are approved by the Board of Directors of the Company, except for transactions that (i) are not material, or (ii) are entered into in the ordinary course of business and on an arm's length basis. The transactions with related parties are revised by the Audit and Corporate Practices Committee before their approval or confirmation by the Board of Directors.

Grupo Bimbo shall continue to carry out transactions with its associate and affiliate companies in the future. Transactions with related companies are entered into on an arm's length basis; therefore the Group considers that the terms are not less favorable than those which may be obtained in a comparable transaction with an unrelated company (see Note 17 of the Audited Financial Statements).

From January 1,2016 and up to April 1, 2016, bimbo has not engaged in any relevant transactions with related parties.

a. Transactions with related parties performed in the Group's ordinary course of business were the following ones:

	2015	2014	2013

Income for:			
Interests collected	$ -	$ -	$2

	2015	2014	2013
Disbursements for:			
Purchase of raw materials	$2,017	$1,783	$5,562
Finished products	$1,301	$1,189	$1,292
Office supplies, uniforms and others	$397	$381	$708
Financial services			
Disbursements for:	$464	$456	$338

Sales and purchases were made at market value, discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current period or prior periods regarding irrecoverable debts or doubtful accounts related to amounts owed by related parties.

b. Net balances payable to related parties are:

	2015	2014	2013
Beta San Miguel, S.A. de C.V.	$ 190	$ 326	$ 108
Efform, S.A. de C.V.	31	41	24
Fábrica de Galletas La Moderna, S.A. de C.V.	53	65	63
Frexport, S.A. de C.V.	13	116	83
Grupo Altex	-	-	150
Industrial Molinera Montserrat, S.A. de C.V.	6	34	15
Makymat, S.A. de C.V.	-	4	8
Mundo Dulce, S.A. de C.V.	48	48	8
Ovoplus del Centro, S.A. de C.V.	-	7	10
Pan-Glo de México, S. de R.L. de C.V.	10	14	7
Paniplus, S.A. de C.V.	-	-	25
Proarce, S.A. de C.V.	9	47	15
Fin Común Servicios Financieros, S.A. de C.V.	8	8	-
Uniformes y Equipo Industrial, S.A. de C.V.	22	21	-
Otros	11	58	157
Total	**$ 401**	**$ 789**	**$ 523**

In connection with transactions with related parties, the Company's main suppliers are:

- Proarce, S.A. de C.V., related to trays used in the Company's production processes;
- Beta San Miguel, S.A. de C.V., as main egg supplier; and
- Uniformes y Equipo Industrial, S.A. de C.V., as uniform supplier.

c) MAIN OFFICERS AND SHAREHOLDERS

Board of Directors

In accordance with the corporate bylaws, the Company's management is entrusted to a Board of Directors and a General Director (Chief Executive Officer) who performs the duties established by the Securities Market Law (LMV). The members of the Board of Directors are elected, as a general rule, by the shareholders at the annual ordinary general shareholders' meeting, which the Board of Directors may elect temporary directors out of the shareholders' meeting in the event of resignation of a director or if a position of alternate director is vacant. The Board of Directors shall be comprised by a minimum of (5) and a maximum of twenty one (21) directors, of which at least twenty five percent (25%) shall be independent directors.

Each shareholder or group of shareholders holding at least 10% or more of the capital stock is entitled to designate or revoke one director. The Board of Directors meets at least once every quarter. The bylaws of Grupo Bimbo provide that the shareholders may elect an alternate director for each director. The alternate directors for the independent directors shall also have the independent character.

Independent Directors shall be those persons which are not impeded to perform their duties free from conflicts of interest and that satisfy the requirements set forth in the LMV to be considered as such, the provisions derived there from, and in the laws and regulations, stock exchanges or markets in the jurisdictions where the Company's securities are traded, as the case may be.

The Board of Directors appointed and ratified during the Ordinary General Shareholders' Meeting held on April 10, 2015, is comprised, of eighteen (18) directors, which will remain in their positions until the persons appointed to substitute them take possession; they may be reelected indefinitely and will receive the remuneration that determines the Ordinary General Shareholders´ Meeting. The following table includes the name of the members of the Board of Directors and the period during which they have acted as directors:

Board Members	Seniority in the board	Position
Daniel Javier Servitje Montull	22	Director / Chairman
José Ignacio Mariscal Torroella	27	Director
Raúl Carlos Obregón del Corral	22	Director
Mauricio Jorba Servitje]	19	Director
Maria Luisa Jorda Castro	>1-	Director (I)
Ricardo Guajardo Touché	12	Director (I)
Agustín Irurita Pérez	12	Director (I)
Arturo Manuel Fernández Pérez	10	Director (I)
Luis Jorba Servitje	10	Director
María Isabel Mata Torrallardona	10	Director
Nicolás Mariscal Servitje	8	Director
Javier de Pedro Espínola	5	Director
Ignacio Pérez Lizaur	5	Director (I)
Thomas Stanley Heather Rodríguez	4	Director (I)
Edmundo Miguel Vallejo Venegas	4	Director (I)
Jorge Pedro Jaime Sendra Mata	3	Director

Jaime Chico Pardo	2	Director
Francisco Laresgoiti Servitje	1	Secretary
Luis Miguel BriolaClement[1]	11	Secretary

[1] *Secretary and alternate secretary of Bimbo are not members of the Board of Directors*.

*(I): Independent director

Daniel Javier Servitje Montull

Daniel Servitje Montull is member of the Board of Directors of Grupo Financiero Banamex, S.A. de C.V., Coca-Cola Femsa, S.A.B de C.V., Instituto Mexicano para la Competitividad, A.C., The Global Consumer Goods Forum, Latin America Conservation Council (The Nature Conservancy), Suppliers of Walmart Mexico, Stanford GSB Advisory Council and Aura Solar.

José Ignacio Mariscal Torroella

Mr. Mariscal Torroella is President of Grupo Marhnos and Chairman of the Committee of Una Sola Economía of the Mexican Business Coordination Council (*Consejo Coordinador Empresarial*). Mr. Mariscal Torroella is member of the Board, Executive Committee, Chairman of the Human Development Committee and Vice President for International Affairs of Coparmex. Mr. Mariscal Torroella is member of the Board of Directors of Grupo Calidra, Grupo Financiero Aserta, Arko, City Express, Aura Solar, Member of the Executive Board of the Business and Industry Advisory Committee to the OECD, and Board Member and Executive Committee, Executive Commission of the Confederación USEM. He is also Chairman of the Fundación León XIII, Vice President of Fincomún Servicios Financieros Comunitarios and the former President and Member of the Board of UNIAPAC International and the Foundation and of the Vigilance Committee of IMDOSOC.

Mr. Mariscal Torroella is brother-in-law of Daniel Javier Servitje Montull and uncle of Nicolás Mariscal Servitje.

Raúl Carlos Obregón del Corral

Mr. Obregón del Corral is the Managing Partner of Alianzas, Estrategia y Gobierno Corporativo, S.C. and is affiliated with Proxy Gobernanza Corporativa, S.C. Mr. Obregón del Corral is member of the Board of Invermat, S.A. de C.V., Altamira Unión de Crédito, S.A. de C.V., Activos Turísticos de México, S.A.P.I. de C.V., Fondo Nacional de Infraestructura, as well is independent member of the Evaluation and Finance Sub-committee of the Instituto Tecnológico Autónomo de México, where he is Board Member. He is also an alternate Board Member and member of the Audit and Corporate Governance Committee of Industrias Peñoles, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V. and Grupo Palacio de Hierro, S.A.B. de C.V., and alternate Board Member of Valores Mexicanos Casa de Bolsa, S.A. de C.V. and Crédito Afianzador, S.A.

Mr. Obregón del Corral is brother-in-law of Daniel Javier Servitje Montull and uncle of Nicolás Mariscal Servitje.

Mauricio Jorba Servitje

Mr. Jorba Servitje is a Member of the Board of Directors of VIDAX, Promociones Monser, S.A. de C.V. and Chairman of the Board of Directors of Bimbo Europe.

Mr. Jorba Servitje is brother of Luis Jorba Servitje and cousin of Daniel Javier Servitje Montull.

Maria Luisa Jorda Castro

Mrs. Jorda holds a Degree in Economical and Entrepreneurial Sciences by the Universidad Complutense de Madrid is a member to the ROAC; and a member of the Administrative Board of Orange Espagna since March 1, 2016. Until February 29, 2016 she was a member of the Jazztel Board; from November 2009, and Vocal to its Audit Commission. She has been President to the Audit Commission of Jazztel from October, 2011 to July, 2015. She is a member of the Administration Board of Merlin Properties from June 2014 y and President of its Audit Commission. She is also member of the Administration Council and member to the Audit Commission of Control de Tubos Reunidos, S.A. from May and June 2015, respectively. Member of the Government Board and Audit Commission of the Instituto de Consejeros y Administradores (ICA) from June 2013. On the other hand, Mrs. Jorda has acted in several executive positions throughout her thirty year career belonging to the different Direction, Investment and Audit Committees. She was CFO of Grupo Deoleo until February 2015, Audit Internal Director from SOS Corporación Alimentaria (now Deoleo, S.A.), and Audit and Corporate Governance Internal Director at Metrovacesa, CFO in the Corporación Empresarial ONCE, CFO in Grupo Alimentos y Aceites SA, and CFO in Testa (previously Prima Inmobiliaria) and Grupo Ayco (previously Inmobiliaria Alcázar).

Agustín Irurita Pérez

Mr. Irurita Pérez is member of the Board of Directors of Cámara Nacional de Autotransporte de Pasaje y Turismo (life member), Grupo Comercial Chedraui, S.A.B. de C.V., Fincomún Servicios Financieros Comunitarios, S.A. de C.V. and Grupo Financiero Aserta, S.A. de C.V. Mr. Irurita Pérez is also member of the National Board and Executive Committee of Confederación Patronal de la República Mexicana, or Coparmex.

Ricardo Guajardo Touché

Mr. Guajardo Touché is member of the Board of Directors of Grupo Financiero BBVA Bancomer, S.A. de C.V., Instituto Tecnológico y de Estudios Superiores de Monterrey, Grupo Fomento Económico Mexicano, S.A.B. de C.V., Coca-Cola FEMSA, S.A.B. de C.V., Alfa, S.A.B. de C.V., El Puerto de Liverpool, S.A.B. de C.V., Grupo Aeroportuario del Sureste, S.A.B. de C.V., Grupo Coppel, S.A. de C.V. and Vitro, S.A.B. de C.V., as well as Vice-Chairman of Fondo para la Paz and Chairman of SOLFI.

Arturo Manuel Fernández Pérez

Mr. Fernández Pérez is the Dean of Instituto Tecnológico Autónomo de México or ITAM, and a member of the Board of Directors of Industrias Peñoles, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V., Grupo Palacio de Hierro, S.A.B. de C.V., Valores Mexicanos, Casa de Bolsa, S.A.B. de C.V., Grupo Financiero BBVA Bancomer, S.A. de C.V., FEMSA, and Fresnillo, plc.

Luis Jorba Servitje

Mr. Jorba Servitje is Chief Executive Officer of Frialsa Frigoríficos, Chairman of Efform, S.A. de C.V. and member of the Board of Directors of Texas Mexico Frozen Food Council, International Association of Refrigerated Warehouses, World Food Logistics Organization and World Group of Warehouses.

Mr. Jorba Servitje is brother of Mauricio Jorba Servitje and cousin of Daniel Javier Servitje Montull.

María Isabel Mata Torrallardona

Ms. Mata Torrallardona is the Chief Executive Officer of Fundación José T. Mata, A.C. and member of the Board of Directors of Tepeyac, A.C.

Ms. Mata Torrallardona is wife of Mr. Javier de Pedro Espínola.

Nicolás Mariscal Servitje

Mr. Mariscal Servitje is Chief Executive Officer of Grupo Marhnos and member of the Board of Directors of Fundación Mexicana para el Desarrollo Rural, A.C.

Mr. Mariscal Servitje is nephew of Daniel Javier Servitje Montull, José, Ignacio Mariscal Torroella, Raúl Obregón del Corral and Fernando Francisco Lerdo de Tejada Luna.

Francisco Laresgoiti Servitje

Mr. Laresgoiti Servitje is a commercial and film director and founder of the *Casa del Cine* and the communication company Netfan on 2010, responsible for communication in social networking brands such as DHL, Takis and Wonder, among others.

Mr. Laresgoiti Servitje is nephew of Daniel Javier Servitje Montull.

Javier de Pedro Espínola

Mr. de Pedro Espínola is the Manager and Chief Financial Officer of MXO Trade S.A. de C.V. and member of the Board of Directors of Industrias Rampe, MXO Trade, S.A. de C.V., Global Biotherapeutics and Fundación José T. Mata.

Mr. de Pedro Espínola is husband of Ms. Mata Torrallardona.

Ignacio Pérez Lizaur

Mr. Pérez Lizaur is a Partner of Consultores Pérez Lizaur, S.C. He is a Member of the Board of Directors of Central American Bottling Corporation, Fundación Mexicana para el Desarrollo Rural A.C. and Newell Rubbermaid Inc.

Edmundo Miguel Vallejo Venegas

Mr. Vallejo Venegas is professor of Business Policy at the Instituto Panamericano de Alta Dirección de Empresas, IPADE, in Mexico City, and the former President and Chief Executive Officer of GE Latin America.

Thomas Stanley Heather Rodríguez

Mr. Heather Rodríguez is partner at Ritch, Mueller, Heather y Nicolau, S.C., and independent Board Member and Chairman of the Audit Committee of Grupo Financiero Scotiabank, GSF Telecom, S.A.P.I. de C.V., Grupo Industrial Maseca, S.A.B. de C.V., Gruma, S.A.B. de C.V. Mr. Heather Rodríguez is also member of the Advisory Board Program of International Financial Institutions at Harvard University and Member of the Best Practices Committee of the Mexican Business Coordinating Council (CCE).

Jorge Pedro Jaime Sendra Mata

Mr. Sendra Mata is Manager of JJ Textiles, S.A. and Member of the Board of Directors of Advance Design Center, INC, db Homes S.A. and JRPVJ, Inc.

Jaime Chico Pardo

Jaime Chico Pardo is founding partner and President of ENESA, S.A. de C.V. and member of the Board of Directors of Honeywell Internacional Inc, AT&T Inc. and Chicago Booth GSB.

Luis Miguel Briola Clément

Mr. Briola joined Grupo Bimbo on 2004 and serves as the General Counsel and Secretary of the Board of Directors since April 2005. Mr. Briola holds a law degree from Escuela Libre de Derecho and a Master Degree of Laws from Columbia University.

In the ordinary course of business, the Company has executed transactions with some of the companies, in which the members of its Board of Directors work or in which its relevant officers worked. Such transactions have been carried out on an arms-length basis and the Company considers that none of them is relevant.

Board of Directors' Powers

The Board of Directors establishes guidelines and general strategies to conduct the business and supervises its fulfillment accordingly.

The Board of Directors is the Company's legal representative, and has the broadest powers for the administration of the Company's businesses, with general power of attorney for lawsuits and collections, administrate properties and to exercise acts of ownership, without any limitation, in order to appoint and remove the General Director, directors, managers, officers and attorneys-in-fact, and to determine their attributions, working conditions, compensations and guaranties and, particular, to grant powers and faculties to managers, officers, lawyers and any other persons in charge of the Company's labor relationship in accordance with the provisions of the by-laws.

The Company's Board of Directors also has the power to approve any transfer of the Company's shares, when such transfer represents more than 3% of the voting shares.

Likewise, for the performance of its duties, the Board of Directors shall be aided by an Audit and Corporate Practices Committee, a Results Evaluation Committee and a Finance and Planning Committee, which duties and integration are described herein below. See Section "4. ADMINISTRATION – c) Administration and Shareholders".

Board of Directors' Resolutions

Each director is entitled to one vote at any meeting of the Board of Directors. Meetings of the Board of Directors are legally convened when at least the majority of the members are present. Resolutions at Board of Directors' meetings are valid when approved by the majority of directors present at the meeting. The Chairman of the Board of Directors has a casting vote in the event of a draw. The resolutions taken outside a meeting of the Board of Directors, by unanimous vote, will be for all legal purposes as valid as if they had been adopted at the meeting of the Board of Directors, provided that they are confirmed in writing.

Pursuant to the Mexican Securities Market Law, any director who has a conflict of interest to vote in any transaction must disclose such fact to the chairman of the Board of Directors and should abstain from voting on such transaction. Any director who violates such provision will be liable to the Company for any resulting damages or losses. In addition, directors must keep confidential all acts, facts or events that have not been disclosed to the public generally, and must keep confidential any discussions held at each meeting.

Intermediate Administration Bodies

The Board of Directors in order to perform its duties has the support of the following committees, which assist the Board of Directors in the administrations of the Company.

Audit and Corporate Practices Committee

In accordance with the Mexican Securities Market Law and the bylaws, the Company has an Audit and Corporate Practices Committee, comprised with at least three members who must all be independent, including its chairman. The chairman of the Audit and Corporate Practices Committee shall be appointed and/or removed from his position, exclusively, by the General Ordinary Shareholders´ Meeting and shall not be able to be the chairman of the Board of Directors. This Committee performs the audit activities, as well as those corporate practices activities established by the Securities Market Law and determined by the Board of Directors.

The General Ordinary Shareholders Meeting held on April 10, 2016 appointed Edmundo Miguel Vallejo

Venega, as chairman of the Committee, and ratified Arturo Manuel Fernández Pérez, Thomas Stanley Heather Rodríguez, Agustín Irurita Pérez, Ignacio Pérez Lizaur and named Maria Luisa Jorda Castro. All members of the Audit and Corporate Practices Committee are independent within the meaning of the Mexican Securities Market Law.

The main duties of the Audit and Corporate Practices Committee include (i) supervises and assesses the external auditors, as well as all the reports issued by them (including their opinion with respect to the financial statements), (ii) reviews and supervise the financial statements drafting for its approval to the Board of Directors, (iii) informs the Board of Directors of the status of the internal controls and procedures and the internal audit function of the Company, (iv) supervises and drafts opinions required under the Mexican Securities Market Law with respect to transactions with related parties and transactions representing 20% or more of the consolidated assets, (v) drafts the opinions and request the directors and independent experts to prepare the reports required under the Mexican Securities Market Law, (vi) researches and to inform the Board of Directors of any significant finding out of the ordinary course of business, (vii) reviews and analyzes recommendations for improvements by the shareholders, directors, executive officers or third parties and take the corresponding actions to perform such recommendations, (viii) calling for shareholders' meetings, (ix) supervises the performance of the chief executive officer instructions issued by the Board of Directors and shareholders, (x) supervises the of mechanisms and internal controls performance that allow the controlled companies operations comply with the applicable laws, (xi) such other responsibilities provided for in the Mexican Securities Market Law.

The Audit and Corporate Practices Committee may meet at any time. The meetings of this committee are regarded as legally convened when the majority of its members are present and its resolutions will be valid when approved by a majority of the present members at the meeting. The Chairman of the Audit and Corporate Practices Committee has a casting vote in the event of a draw.

Based on the professional profiles of the members of the Audit and Corporate Practices Committee, the Company considers that such members may be deemed financial experts.

The Chairman of the Audit and Corporate Practices Committee must prepare an annual report on the activities corresponding to the committee and submit it for approval of the Board of Directors.

Evaluation and Results Committee

The Evaluation and Results Committee is comprised by members of the Board of Directors, who are appointed by the Board of Directors or the Shareholders´ Meeting.

The members of the Results and Evaluation Committee to this date are Raúl Carlos Obregón del Corral, who serves as Chairman of the committee, Thomas Stanley Heather Rodríguez, Edmundo Miguel Vallejo Venegas, Daniel Javier Servitje Montull and Luis Jorba Servitje., appointed by the Board of Directors, as members of the Results and Evaluation Committee.

The Results and Evaluation Committee is in charge of (i) analyzes and approves the general compensation structure for the executive officers and associates, and the general compensation policies, which include policies for increases, decreases and changes in general and individual compensation, except for the compensation of the Chief Executive Officer and other senior executive officers which is determined by the Board of Directors with the opinion of the Audit and Corporate Practices Committee, (ii) evaluates the results of operations of the Company and their impact on the compensation of the executive officers and employees, (iii) analyzing and revising the salary levels applicable to the executive officers and employees, including annual compensation plans and promotions and criteria for pension plans, (iv) requests the opinion of an independent expert, if necessary, to adequately comply with its duties, (v) requests the executive officers and employees to prepare and provide such committee with the reports required to comply with its duties, (vi) acts as a consultation body for the Board of Directors in all aspects related to the associates, and (vii) coordinates all the activities related to other committees, as the case may be.

Based on the professional profiles of the members of the Evaluation and Results Committee, the Company considers that several of such members may be deemed financial experts.

Finance and Planning Committee

The Finance and Planning Committee is comprised by members of the Board of Directors, who are appointed by the Board of Directors or by the Shareholders' Meeting.

The Finance and Planning Committee is in charge of analyzes and presents for the approval of the Board of Directors, the long-term strategies, investment and risk management policies.

The Finance and Planning Committee has the following powers: (a) to analyze and submit to the Board of Directors' approval the evaluation of the long-term and budget strategies, as well as the Company's main investment and finance policies; (b) by the Board of Directors' express delegation, it may approve: (i) transactions which imply the acquisition or conveyance of properties with a value equal to or lower than three percent of the Company's consolidated assets; (ii) the granting of guaranties or the assumption of liabilities in an amount equal to or lower than three percent of the Company's consolidated assets; (iii) investments in debt securities or in banking instruments, exceeding three percent of the Company's consolidated assets; provided, however, that the same are made in conformity with the policies approved to that effect by the Board; c) propose and, as the case may be, evaluate and periodically review policies for the performance of the Company's and its subsidiaries' treasury; d) request an opinion from independent experts in the cases it deems it convenient, for the adequate performance of its duties; e) request of the Company's or its subsidiaries´ relevant directive officers and other employees, reports regarding the preparation of the financial information and of any other kind deemed necessary for the performance of its duties; f) act as consultation body for the Board of Directors in everything pertaining to the above mentioned duties, including financial matters, as well as in connection with the review and recommendation of investment projects and/or diversification of the Company and its subsidiaries, observing their congruence and profitability. Likewise, it shall coordinate activities related to the Company's other committees, when the case so requires.

The member of the Finance and Planning Committee as of April 15, 2016 are: Ricardo Guajardo Touché, Luis Jorba Servitje, Raúl Carlos Obregón del Corral, Daniel Servitje Montull, Javier De Pedro Espínola and as chairman, José Ignacio Mariscal Torroella.

Based on the professional profiles of the members of the Finance and Planning Committee, the Company considers that several of such members may be deemed financial experts.

Code of Ethics and Compliance

Grupo Bimbo relies on self-regulated measures that govern its business practices. Its Code of Ethics covers general aspects such as policies for its interaction with society, government and the competitors, as well as its employees, suppliers, consumers, customers, counselors partners and shareholders.

In 2013, the Group created an Ethics and Regulatory Compliance Committee and appointed, as of 2014, a Compliance Director, who will be implement and monitor and to enforce the compliance program in Grupo Bimbo.

During 2014 the Board of Directors approved the Global Integrity Policies of Grupo Bimbo, which are binding to all counselors, directors, workers and suppliers of the Group, who are instructed in the same periodically and who are monitored as regards their compliance; this includes guidelines based on best practices and international standards on integrity and anti-corruption laws to ensure that individuals and entities acting on behalf of the Group do so with integrity and in compliance with the law; likewise it foresees a Code of Conduct for Third Parties designed to ensure that parties who have business with Grupo Bimbo act with integrity and comply with the policies and the applicable laws.

The Ethics and Regulatory Compliance Committee is responsible for promoting the values contained in the Code of Ethics and its Global Integrity Policies and strengthening the compliance with the regulatory framework of the countries in which Grupo Bimbo operates. The Ethics and Regulatory Compliance Committee is in charge of (i) elaborates and recommends policies and guidelines for the adequate compliance with applicable law, (ii) reviews and recommends improvements to the internal controls and procedures, (iii) coordinates internal audit programs and programs to enforce the compliance with laws, (iv) performs internal and external research, (v) manages the anonymous complaints by the associates and third parties, (vi) sanctions actions or behaviors against internal and external rules, laws and regulations, and (vii) enforces compliance with the Code of Ethics, Code of Conduct, as well as compliance with policies, laws and analyzes complaints related to any breach thereof.

The main compliance issues that are overseen by the Ethics Committee and the Regulatory Compliance Director are: anticorruption, restricted party transactions, money laundering, data protection.

Additionally, the Executive Committee approved a new Economic Competition Policy in Mexico, which will strength internal practices and procedures in order to ensure a fair and competitive market.

In early 2015, the Board of Directors also approved the guidelines, policies and control mechanisms for the operations of securities made by the directors, officers and employees of Grupo Bimbo.

Key Executive Officers

The following table shows the names of the Group's key executive officers as of the date of this Annual Report, their current position and their seniority in the Company:

Name	Position	Age	Years with the Group
Daniel Javier Servitje Montull	Chief Executive Officer and President of Board of Directors of Grupo Bimbo	56	34
Guillermo Jorge Quiroz Abed	Chief Financial and Administration Officer	62	17
Javier Augusto González Franco	Executive VP	60	38
Pablo Elizondo Huerta		62	38
Reynaldo Reyna Rodríguez	Executive VP	60	14
Raúl Argüelles Díaz González	Chief Global Services Officer	52	4
José Gabriel Calderón	Chief Human Global Relations Officer	48	6
Miguel Ángel Espinoza Ramírez	VP of Internal Auditing	58	35
Alfred Penny	President of Bimbo	60	35
Raúl Ignacio Obregón Servitje	President of BBU	43	14
José Manuel González Guzmán	President of Latin Sur	49	24
Gabino Miguel Gómez Carbajal	President of Bimbo Iberia	56	34
Iván Chiu Yat	President of Barcel	50	3
Jorge Esteban Giraldo Arango	President of China	62	12
Bernardo Serna Gámez		47	25
Ricardo Padilla Anguiano	President of Latin Centro	62	34
Alejandro Pintado López	President of Brazil	48	26
Daniel J. Curtin	President of Canada Bread	56	7
Cliff Irwin		54	8
Daniel Javier Servitje Montull	President of Wholesome Harvest Baking	56	34

Daniel Javier Servitje Montull

Daniel Servitje Montull has served as the Chief Executive Officer of Grupo Bimbo since 1997 and as Chairman of the Board of Directors since 2013. He holds a degree in Business Administration from Universidad Iberoamericana, in Mexico. In 1987 he obtained an MBA degree from Stanford University. He joined Grupo Bimbo in February 1982, where he has been responsible for different positions, including VP of Bimbo, General Director of Marinela and VP of Grupo Bimbo.

Guillermo Jorge Quiroz Abed

Mr. Quiroz Abed serves as Chief Financial and Administration Officer of Grupo Bimbo since 1999. He is in charge of the Finance, Comptroller and Legal departments of Grupo Bimbo since he joined Grupo Bimbo in 1999. Mr. Quiroz Abed obtained a degree in Actuarial Studies from the Universidad Anáhuac and an MBA degree from the IPADE in Mexico City. He is a member of the Board of Directors of Grupo GEO.

Javier Augusto González Franco

Mr. González Franco has served as Executive VP of Grupo Bimbo since February 2014. He holds a degree in Chemical Engineering from UNAM, an MBA from Universidad Diego Portales, in Chile, an Advanced Management degree from Harvard University and a degree from the IMD in Switzerland. Mr. González Franco joined Grupo Bimbo in 1977 and has served as Assistant General Manager of Latin America, Deputy General Manager of Bimbo, President of Barcel and President of Bimbo.

Pablo Elizondo Huerta

Mr. Elizondo Huerta has served as Executive VP of Grupo Bimbo since January 2008. Mr. Elizondo is also Vice Chairman of the Board of ConMéxico (Consejo Mexicano de la Industria de Productos de Consumo A.C.). Mr. Elizondo holds a degree in Chemical Engineering from UNAM and an Advanced Management degree from Harvard University. Mr. Elizondo Huerta joined Grupo Bimbo in 1977 and has served as General Manager of Wonder in Mexico City, General Manager of Bimbo in Hermosillo, Director of Latin America, General Corporate Manager and Commercial Director of Bimbo and Director of Bimbo.

Reynaldo Reyna Rodríguez

Mr. Reyna Rodríguez has served as Chief Global Services Officer of Grupo Bimbo since January 2010. He holds a degree in Industrial and Systems Engineering at ITESM and holds a Master's degree in Operations, Analysis and Finance from The University of Pennsylvania, Wharton Business School. He joined Grupo Bimbo in 2001 and has served as Corporate General Director, General Director of BBU and Executive VP of BBU West.

Raúl Argüelles Díaz González

Mr. Argüelles Díaz González has served as Chief Human Relations Officer of Grupo Bimbo since January 2013. Mr. Argüelles Díaz González studied Industrial Engineering at the UNAM and he holds a Master's degree in Administrative Engineering from Stanford University. Additionally, he has completed various seminars at Stanford, Harvard and Michigan Universities. His professional experience includes acting as manager of various private companies in the areas of Human Resources, Corporate Affairs and Institutional Relations. Mr. Argüelles Díaz González joined Grupo Bimbo in 2011 as Chief Human Global Relations Officer of Grupo Bimbo.

José Gabriel Calderón Goyenaga

Mr. José Gabriel Calderón will become the Internal Audit Global Director as of June 2016. Mr. Calderón is a public accountant with a master degree in corporate finance in the Costa Rica University. He is also a Public Accountant authorized by the Public Accountant's College of Costa Rica. He served previously as the Finance and Administration Director of the Latin Centro Organization. Before joining Grupo Bimbo, Mr.

Calderón worked in Danish APMoller Maerks, world leader in the maritime cargo transport in the positions of Global Business Controller and Regional Finance Manager for Latin America.

Miguel Ángel Espinoza Ramírez

Mr. Espinoza Ramírez has served as President of Bimbo since February 2014. He holds a degree in Industrial Engineering from Instituto Tecnológico de Chihuahua and has completed various programs at the IPADE and the Advanced Management Program in Harvard University. Mr. Espinoza Ramírez joined Grupo Bimbo in 1981 and among his previous positions has served as General Manager of Dulces y Chocolates Ricolino, Vice President of Barcel del Norte, Administrative Manager of Organización Barcel, President of Barcel, Commercial Manager of Bimbo, and later, President of South America Operations.

Alfred Penny

Mr. Penny has served as President of BBU since April 2013. From 1987 to 1997 he served as Controller in the Northeast of the U.S., as Director of Strategic Planning and Productivity and as General Manager of the Intermountain region for Kraft Baking. Mr. Penny was appointed as Vice President and General Manager of Entenmann's in 1997. Mr. Penny was appointed as Executive Vice President of George Weston Bakeries Inc., in 2007. Mr. Penny was appointed as Executive Vice President after the acquisition of Weston Foods Inc. by Grupo Bimbo in January 2009.

Raúl Ignacio Obregón Servitje

Mr. Obregón Servitje has served as President of Bimbo South America since February 2014. He joined Grupo Bimbo in 1998, and since then he has served as Corporate Director of Sales, Director of Big Clients at Bimbo, General Manager of Bimbo Peru and he has also held senior positions at Bimbo Bakeries. Prior to joining Bimbo he worked at Citibank Mexico. Mr. Obregón Servitje holds a degree in Chemical Engineering from Universidad Iberoamericana, an MBA from the Boston University, and specialization courses at Harvard Business School.

José Manuel González Guzmán

Mr. González Guzmán serves as President of Bimbo Iberia. He holds a degree in Administration and Finance, as well as studies in Advertising and Marketing at Universidad Panamericana. He completed the D1 of the IPADE, as well as seminars of strategy and new marketing trends (CIES). Mr. González Guzmán joined Grupo Bimbo in June 1991 and he has served as Executive, Brand Manager and Manager of Marketing. In the area of sales, Mr. González Guzmán served in all its positions until being appointed as Regional Commercial Manager in Bajío, in Central South Mexico and most recently as VP of El Globo.

Gabino Miguel Gómez Carbajal

Mr. Gómez Carbajal serves as General Deputy Director as of 2016, after having served as President of Barcel since January 2008. Mr. Gómez Carbajal holds a degree in Marketing from ITESM, an MBA from Miami University and studies at IPADE. Mr. Gómez Carbajal joined Grupo Bimbo in 1981 and among his previous positions at Grupo Bimbo. Mr. Gómez Carbajal served as VP of Business Development, VP of Bimbo and VP of Latin America operations.

Iván Chiu Yat

Mr. Chiu Yat joined Grupo Bimbo in 2012 and has served as President of Bimbo China since July 2013. Mr. Chiu Yat studied Marketing in the Lancaster University, England, and he holds an MBA of Kellogg School of Management at Northwestern University in Chicago. He has 24 years of experience in positions of management and direction. Before joining Grupo Bimbo, Mr. Chiu Yat was VP and CEO of Pepsico's North China.

Jorge Esteban Giraldo Arango

Mr. Giraldo Arango has served as President of Bimbo Central America since July 2010. He holds a degree in Electrical Engineering from the Universidad Pontificia Bolivariana de Medellín-Colombia. He holds a Senior Management degree from the University of Chicago and Instituto de Empresa-IE (Madrid). He joined Grupo Bimbo in June 2004 as General Manager of Bimbo Colombia.

Ricardo Padilla Anguiano

Mr. Padilla Anguiano serves as General Director of Barcel as of 2016, after being President of Bimbo Brazil since December 2012. Mr. Padilla Anguiano holds a degree in Accounting from Universidad de Guadalajara and an MBA degree from IPADE. He joined Grupo Bimbo in 1981 and has served as General Manager of Bimbo Noreste, Bimbo Golfo and Bimbo San Luis and as Services Director of Bimbo.

Alejandro Pintado López

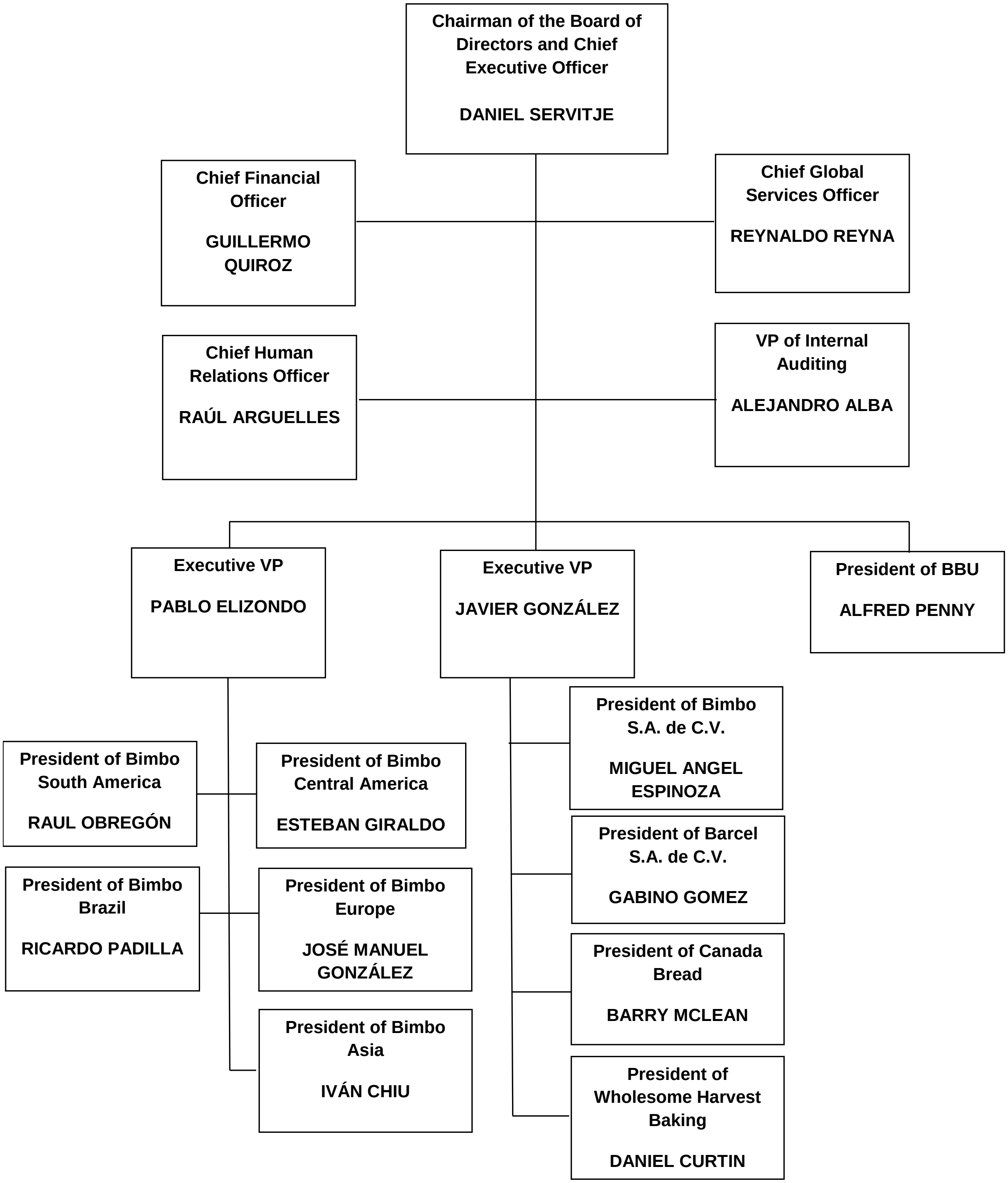
Alejandro Pintado López serves as General Director of Bimbo Canada since June, 2015 and forms part of the ExecutiveBoard since 2006. He holds a degree in Business Administration from the ITESM and a postgraduate in the ADL School of Management (Boston College). He joined the Group in 1989. He founded and was General Manager in Bimbo de Perú, General Manager in Bimbo de Argentina, and well as Deputy General Director of the Latin America Organization and Sales Director in Mexico.

Daniel J. Curtin

Mr. Curtin has served as President of Wholesome Harvest Baking since July 2012. Mr. Curtin served as Senior Vice-President of Retail Sales, North America at Maple Leaf Foods Inc. Before joining Maple Leaf Inc. Mr. Curtin held senior management positions at McCain Citrus U.S. and was a partner at Boca Burger Inc. and Papa Charlie's in the U.S.

Except as indicated above, there are no potential material conflicts of interest between the duties of the key officers and their private interests. The key officers can be reached at the principal executive offices. See "Section 1. GENERAL INFORMATION – b) Summary — Company Information".

The following is an organizational chart of the Group’s key officers:


Chairman of the Board of Directors and Chief Executive Officer
DANIEL SERVITJE
Chief Financial Officer
GUILLERMO QUIROZ
Chief Global Services Officer
REYNALDO REYNA
Chief Human Relations Officer
RAÚL ARGUELLES
VP of Internal Auditing
ALEJANDRO ALBA
Executive VP
PABLO ELIZONDO
Executive VP
JAVIER GONZÁLEZ
President of BBU
ALFRED PENNY
President of Bimbo South America
RAUL OBREGÓN
President of Bimbo Central America
ESTEBAN GIRALDO
President of Bimbo Brazil
RICARDO PADILLA
President of Bimbo Europe
JOSÉ MANUEL GONZÁLEZ
President of Bimbo Asia
IVÁN CHIU
President of Bimbo S.A. de C.V.
MIGUEL ANGEL ESPINOZA
President of Barcel S.A. de C.V.
GABINO GOMEZ
President of Canada Bread
BARRY MCLEAN
President of Wholesome Harvest Baking
DANIEL CURTIN

Compensation

Compensation to the Directors and members of the Company's Committees is determined by the General Ordinary Shareholders´ Meeting. Such compensation, as of the General Ordinary Shareholders´ Meeting held on April 15, 2016, is as follows: Directors receive $80,000 pesos per meeting attended in Mexico and $200,000 pesos per meeting attended abroad. The members of the Audit and Corporate Practices Committee receive $96,000 pesos per meeting attended, and the members of the rest of the committees receive $48,000 pesos. The Company's officers who are also Directors and/or members of any of the Committees shall not be entitled to receive any compensation. In 2015, the total amount corresponding to the compensation mentioned in this paragraph amounted to approximately $11 million pesos.

Compensation paid to key officers for the fiscal year ended as of December 31, 2015 amounted approximately $326 million pesos, which represented 0.3% of the Company's total consolidated general expenses. Such amount includes payments for salaries, vacation bonuses, legal year-end bonuses, bonuses for goal achievement and annual results bonuses. Bonuses paid by the Company are determined based on the individual performance of its associates, while the annual results bonuses also contemplate a factor which is determined by the financial results achieved by the Company.

Likewise, the amount accrued by the Company and its subsidiaries for the key officers´ pension plans is $269 million pesos.

Executives and Directors Virtual Shares Plan

As of 2013, the Virtual Share Plan ("Plan Acciones por VEAB - *Valor Económico Agregado BIMBO*") for executive officers and directive officers is in effect. This plan allocates an annual number of Virtual Shares in accordance with the level, the salary of the officer and the results obtained by the Business Unit to which it is associated and the average share price of Bimbo in the BMV, in January of the following year. The number of Virtual Shares is paid 30 months after the average share price of Bimbo in the BMV in June through a taxable bonus.

Principal Shareholders

As of the date of this Annual Report 4,703,200,000 Series "A", ordinary, nominative shares with no par value, representing the capital stock are authorized, and registered in the RNV (National Securities Registry) and have been listed on the BMV (Mexican Stock Exchange) since 1980 under the ticker symbol "BIMBO".

The companies mentioned herein below hold an interest of approximately 67% in BIMBO's capital stock. The following table shows the information referring to the Principal Shareholders' interest, in accordance with the Company's Stock Transfer Book until April 30, 2015:

Name	No. of shares	% Capital Stock
Normaciel, S.A. de C.V.	1,756,513,140	37.3
Promociones Monser, S.A. de C.V.	550,268,544	11.7
Banco Nacional de México, S.A. como fiduciario	263,280,212	5.6
Philae, S.A. de C.V.	232,692,104	5.0
Distribuidora Comercial Senda, S.A. de C.V.	174,960,000	3.7
Marlupag, S.A. de C.V.	161,213,536	3.4
Otros	1,564,272,464	33.2
Total	**4,703,200,000**	**100%**

Regarding the above shareholders, Normaciel, S.A. de C.V. holds significant influence.

Moreover, the Company believes that Mr. Daniel Javier Servitje Montull, as Chief Executive Officer and Chairman of the Board, has a significant influence on the management, conduct and execution of the business. Therefore, it could be considered that he has power of command.

To the best knowledge of the Company, any member of the Board of Directors or other relevant officer of Grupo Bimbo, individually, hold shares representing more than 1% and less than 10% of the outstanding shares of Grupo Bimbo.

d) Bylaws and other Agreements

As of December 30, 2005 the new Securities Market Law was published in the Official Gazette of the Federation (*Diario Oficial de la Federación*), which became effective on June 28, 2006, and in accordance with that BIMBO's Corporate Bylaws were amended by virtue of an Extraordinary Shareholders´ Meeting held on November 14, 2006. In such meeting, among other things, the total amendment to the Corporate Bylaws was approved, and was notarized by public deed No. 30,053 dated November 16, 2006, granted before Ana de Jesús Jiménez Montañez, Public Notary number 146 of the Federal District, and filed in the Public Registry of Commerce of this city under mercantile folio No. 9506, dated December 6, 2006. With the amendment to the Corporate Bylaws, the Company adjusted to the securities laws in effect.

Among the most relevant amendments are the ones regarding the creation of a regime applicable to the *sociedades anónimas bursátiles* (the shares of which are traded in the BMV) to improve their organization and functioning, as well as their responsibilities regime.

The Company is a publicly traded variable capital corporation (*sociedad anónima bursátil de capital variable*) incorporated under Mexican law. On November 16, 2006, at the general extraordinary shareholders' meeting, the shareholders resolved to amend the bylaws entirely to comply with the provisions of the Mexican Securities Market Law applicable to publicly traded corporations and to adopt the form of a publicly traded stock corporation. Such amendment to the bylaws was notarized by public deed No. 30,053 dated November 16, 2006, granted before Ana de Jesús Jiménez Montañez, Public Notary number 146 of the Federal District, and filed in the Public Registry of Commerce of this city under mercantile folio No. 9,506, dated December 6, 2006. A copy of the current bylaws has been filed with the CNBV and the BMV on June 10, 2014, and is available for review at the following websites: www.cnbv.gob.mx, www.bmv.com.mx and www.grupobimbo.com.

e) Rights Granted by Shares

Holders of Series "A" shares are entitled to one vote in the General Ordinary and Extraordinary Shareholders' Meetings. With no shares of this kind existing as of this date, the Company may issue, under the Securities Market Law, non-voting and/or limited voting shares. As the case may be, holders of Series "A" shares may not attend the Special Meetings held by the holders of non-voting and/or limited voting shares and neither have they voting rights in the Special Meetings held by the holders of non-voting and/or limited voting shares.

The holders of limited voting shares shall be entitled to attend and vote at a rate of one vote per each share, only and exclusively in the Special Meetings held by the holders of such shares and in the General Extraordinary Shareholders' Meetings held to discuss any of the following matters: a) transformation of the Company; b) merger with another company or companies, when the Company is the merged party; c) cancellation of the limited voting shares filing in the RNV and in domestic and foreign stock exchanges in which the same are registered, except in quoting systems or other markets not organized as stock exchanges; and d) any other matter provided for in the Securities Market Law.

Holders of limited voting shares may not attend General Ordinary Meetings, except in the events expressly provided for in the Securities Market Law. Neither may they attend the General Extraordinary Shareholders´ Meetings held to discuss matters in which they have no voting rights.

Additionally, shareholders holding limited or restricted voting shares, for each ten percent (10%) of the Company's capital stock that they individually or collectively hold, shall have the rights conferred in the Corporate Bylaws and the General Commercial Corporation Law.

Shareholders holding non-voting shares shall have the rights granted by the Securities Market Law.

f) Shareholders' Meetings and Voting Rights

Under the bylaws of the Group, two types of shareholders' meetings may be held: ordinary and extraordinary. Ordinary shareholders' meetings are those called to discuss any issue not reserved for extraordinary shareholders' meetings.

An annual ordinary shareholders' meeting must be convened and held within at least once a year in the first four months following the end of each fiscal year to discuss the following, pursuant to the bylaws or the Mexican Securities Market Law, (i) the approval of the financial statements for the previous fiscal year, (ii) the annual reports prepared by the Audit and Corporate Practices Committee and the allocation of the profits for the previous year (including, if applicable, the payment of dividends), (iii) the appointment of members of the Board of Directors, (iv) the appointment of the chairman of the Audit and Corporate Practices Committee, (v) the increase or decrease of the variable capital and the issuance or cancellation of the corresponding shares, (vi) the determination of the amount that may be allocated to repurchase the shares, and (vii) the approval of any transaction representing 20% or more of the consolidated assets, during any fiscal year.

Extraordinary shareholders' meetings are those called at any time to consider any of the following matters (i) the extension of the duration or the dissolution of the Company, (ii) any increase or decrease in the fixed capital and the issuance of the corresponding shares, (iii) any public offering of the shares, (iv) any change in the corporate purpose or nationality, (v) any transformation, merger or spin-off involving the Company, (vi) any issuance of preferred stock, (vii) any redemption of the shares with retained net profits, (viii) any amendments to the bylaws, including amendments to change in control provisions, and (ix) any other matters for which applicable Mexican law or the bylaws specifically require a general extraordinary shareholders' meeting (x) the cancellation of the registry of the shares with the RNV,.

Shareholders' meetings may be called at any time by the chairman of the Board of Directors, the chairman of the Audit and Corporate Practices Committee or the secretary and alternate secretary of the Board of Directors. Any shareholder or group of shareholders representing at least 10% of the capital stock of Grupo Bimbo, including shares with limited or non-voting rights, has the right to request publication of a call to a shareholders' meeting. In addition, according to the bylaws, any holder of one share is entitled to request that the Board of Directors or the chairman of the Audit and Corporate Practices Committee to call a general shareholders' meeting in the event that no such general shareholders' meeting has been convened and held within two consecutive fiscal years or if the following matters have not been discussed at the general shareholders' meetings convened and held during such period (i) discuss, approve or modify the report prepared by the Board of Directors, (ii) the appointment of members of the Board of Directors, and (iii) the determination of the compensation for the directors.

Shareholders' meetings are required to be held in the corporate domicile of Grupo Bimbo, which is Mexico City. Calls for shareholders' meetings must be published in the Mexican Official Gazette of the Federation (*Diario Oficial de la Federación*) or in one newspaper of general circulation in Mexico City at least 15 calendar days prior to the date of the meeting. Each call must set forth the place, date and time of the meeting and agenda for the meeting. Calls must be signed by whoever call to them. From the date on which a call is published until the date of the corresponding meeting, all relevant information regarding the meeting must be available to the shareholders at the corporate headquarters of the Company.

To be admitted to any shareholders' meeting, shareholders must submit their stock certificates or evidence of their shares deposited in the Indeval or any other institution authorized to act as securities depositary in accordance with the Mexican Securities Market Law, at least 48 hours (computed in terms of business days) prior to the shareholders' meeting. Such stock certificates or evidence of their deposit must be exchanged for a certificate issued by the Company for that purpose, stating the name of the corresponding shareholder and the number of shares held. Such certificates shall serve as admission tickets for the shareholders' meeting. The members of the Board of Directors, the Chief Executive Officer and the external auditor may attend the shareholders' meetings.

Shareholders may be represented at shareholders' meetings through attorneys-in-fact appointed by means of a form prepared by Grupo Bimbo and made available to shareholders through broker-dealers or at the offices of the Company at least 15 calendar days prior to the shareholders' meeting. Such forms must comply with the requirements of the Mexican Securities Market Law and its ancillary provisions.

Ordinary meetings are regarded as legally convened pursuant to a first call when at least 50% of the common shares representing the capital are present or duly represented. Any number of common shares represented at an ordinary meeting of shareholders convened pursuant to a second or subsequent call constitutes a quorum.

Resolutions at ordinary meetings of shareholders are valid when approved by a majority of the shares present at the meeting.

Extraordinary shareholders' meetings are regarded as legally convened pursuant to a first call when at least 75% of the shares representing the capital are present or duly represented. On a second or subsequent call, extraordinary shareholders' meetings are legally convened when at least 50% of the shares representing the outstanding capital are present or duly represented.

Resolutions at an extraordinary meeting of shareholders are valid when adopted by the holders of shares representing at least 50% of the capital stock.

g) Minority Shareholders’ Rights

Pursuant to the Mexican Securities Market Law, the bylaws include minority right shareholder protections, some of which have already been described above. These minority protections include provisions that allow:

- Holders of at least 10% of the outstanding voting capital stock have the right to:
    - to request a call for a shareholders' meeting;
    - to request that resolutions, with respect to any matter on which they were not sufficiently informed, be postponed; and
    - to appoint one member of the Board of Directors and one alternate member of the Board of Directors.
- Shareholders of 20% of the outstanding voting capital stock may oppose judicially to any resolution adopted at a shareholders' meeting and to request a court order to suspend the resolution temporarily, if the request is made within the following 15 days of the adjournment of the meeting where the resolution was made, provided that (i) the challenged resolution violates Mexican law or the bylaws, (ii) the opposing shareholders neither attended the meeting nor voted in favor of the challenged resolution, and (iii) the opposing shareholders deliver a bond to the court to secure payment of any damages that the Company may suffer as a result of suspending the resolution, in the event that the court ultimately rules against the opposing shareholders.
- Shareholders of 5% or more of the outstanding capital stock may initiate a liability action against some or all of the directors (for the benefit of the Company and not their personal benefit), for violations of their duty of care or duty of loyalty, in an amount equal to the damages or losses caused to the Company. Actions initiated on these grounds have a five-year statute of limitations.

5) CAPITAL MARKETS

a) SHAREHOLDING STRUCTURE

As of the date of this Annual Report, shares representing the Company's capital stock are Series "A" common, ordinary, nominative, with no par value shares, which are filed in the RNV. Such shares began being quoted in the BMV in February 1980, when the Company carried out its initial public offer. Since February 1, 1999 BIMBO is part of the Price and Quotation Index (*Índice de Precios y Cotizaciones*) of the Mexican Stock Exchange (BMV).

As of the date of this Annual Report, BIMBO share is classified as high trading volume, in accordance with the Trading Activity Index published by the Mexican Stock Exchange (BMV).

b) SHARE BEHAVIOR IN THE SECURITIES MARKETS

The Following tables show the maximum, minimum and closing adjusted quoting prices in nominal pesos, as well as the volume of BIMBO's Series "A" shares in the BMV, during the indicated periods.

Annual	Pesos per Series "A" share			Volume of Series "A" traded
	Maximum	Minimum	Closing	
2011	28.47	23.07	28.47	577,729,900
2012	33.47	28.44	33.47	557,993,449
2013	45.80	31.72	40.20	597,627,669
2014	43.17	32.53	40.70	521,029,420
2015	49.04	37.81	45.95	481,273,569

Quarterly	Pesos per Series "A" share			Volume of Series "A" traded
	Maximum	Minimum	Maximum	Minimum
4T13	44.14	38.00	40.20	156,556,062
1T14	40.20	32.53	35.24	162,076,946
2T14	39.88	35.18	38.07	132,364,415
3T14	43.17	38.29	38.94	129,206,788
4T14	40.90	35.60	40.70	97,381,271
1T15	44.49	37.81	43.26	137,895,407
2T15	44.33	40.26	40.66	124,190,771
3T15	43.87	39.12	42.81	110,934,043
4T15	49.04	42.54	45.95	108,253,348

Monthly	Pesos per Series "A" share			Volume of Series "A" traded
	Maximum	Minimum	Maximum	Minimum
October 2015	47.70	42.54	46.87	43,241,942
November 2015	49.04	45.88	45.88	34,950,846
December 2015	47.77	45.07	45.95	30,060,560
January 2016	50.66	45.02	50.66	41,712,537
February 2016	53.71	50.10	51.50	37,399,742
March 2016	53.91	50.34	51.07	48,009,060

c) MARKET MAKER

As of March 2, 2011, the Company announced to sign an agreement with Acciones y Valores, S.A. de C.V., Casa de Bolsa to operate as market maker for the shares with ticker symbol BIMBO, Series “A” kind and with the code ISIN MXP495211262 listed in the Mexican Stock Exchange (Bolsa Mexicana de Valores).

The agreement, with maturity on March 2, 2016, was extended in order to finish on September 2, 2016.

Under the mentioned agreement, Acciones y Valores, SA de CV, Casa de Bolsa undertook with the Company to submit, on its own behalf, postures purchase and outright sale of the shares representing the capital stock of the Company, in order to promote and increase the liquidity of the same, set prices reference and contribute to the stability and continuity of these actions.

During the second semester of 2015, the number of transactions regarding the shares representing the capital stock of the Company increased more than 100% vs. the first semester of 2015.

The average daily trading volume in 2015 was of 1,915,834 shares of the Company (including major crossings to $500,000 pesos, share buybacks, etc.), while the average daily volume of the market maker were 23,264 shares.

The market share of the market maker compared to the amount traded in the market (not including major crossings to $500,000, share buybacks and operations after closure) in the period January to December 2015 averaged 3% per month.

The price of the shares representing the share capital of the Company during 2015 rise 16.6%, from $39.68 (January average price) to $46.27 (December average price) per share, that is to say at 15.6% according to the averages.

6) RESPONSIBLE PERSONS

The undersigned hereby represent under oath that, within the scope of our respective functions, we prepared the information of the Issuer contained in this Annual Report, which, as to our best knowledge, reasonably reflects its situation. We also represent that we have no knowledge of relevant information that has been omitted or misrepresented in this Annual Report, or if it contains information which could mislead investors.

Daniel Javier Servitje Montull
Director General y Presidente del Consejo de Administración

Guillermo Jorge Quiroz Abed
Director de Administración y Finanzas

Luis Miguel Briola Clement
Director Jurídico

he undersigned represent under oath that the consolidated financial statements of Grupo Bimbo, S.A.B. de C.V. and its subsidiaries as of December 31, 2015 and 2014, for the years ended in those dates. As well as for the years ended in those dates contained in this annual report (see Annexes 7c and 7e), were audited in accordance with International Standards on Auditing in 2015, 2014 and 2013.

We also represent having read this annual report and based on such regards and within the scope of the audit work performed, we are not aware of relevant errors or inconsistencies in the information included and whose source comes from the audited financial statements referred to in previous paragraph, or information that has been omitted or misrepresented in this annual report or if it contains information that could mislead investors.

However, the undersigned were not hired, to perform and did not perform additional procedures in order to express an opinion regarding the other information contained in the annual report which does not come from the audited financial statements.

C. P. C. Octavio Aguirre Hernández
Auditor Externo y Apoderado Legal
Socio de Galaz, Yamazaki, Ruiz Urquiza, S. C.
Miembro de Deloitte Touche Tohmatsu Limited

7) SCHEDULES

The following documents are enclosed to this Annual Report:

a) Audit Committee's Opinion with respect to the Chief Executive Officer's Report corresponding to the year ended as of December 31, 2015.

b) Independent Auditor's report to the Board of Directors and Shareholders of Grupo Bimbo, S.A.B. de C.V., for the years ended as of December 31, 2015.

c) Audited Financial Statements for the years ended as of December 31, 2015 and 2014.

d) Audit Committee's Report corresponding to the year ended as of December 31, 2015.

e) Audited Financial Statements for the years ended as of December 31, 2014 and 2013.

Mexico City, April 11, 2016

To the Board of Directors of Grupo Bimbo, S.A.B. de C.V.

In my capacity as chairman of the Audit and Corporate Practices Committee (the "Committee") of Grupo Bimbo, S.A.B. de C.V. (the "Company"), and in accordance with point e), section II of Article 42 of the Securities Market Act, I hereby present you the opinion of the Committee regarding the content of the report of the Chief Executive Officer regarding the financial situation and results of the Company for the year ended December 31, 2015.

In the opinion of the Committee, the accounting and information policies and criteria followed by the Company and used to prepare the consolidated financial information are appropriate and sufficient, and consistent with international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company as of December 31, 2015 and for the year ended on that date.

Sincerely,

Henry Davis Signoret
Chairman of the Audit and Corporate Practices Committee
of Grupo Bimbo, S.A.B. de C.V.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Independent Auditors’ Report and Consolidated Financial Statements 2015 and 2014

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Index to the notes to the consolidated financial statements

Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

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

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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 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 consolidated financial statements present fairly, in all material respects, the financial position of Grupo Bimbo, S. A. B. de C .V. and its subsidiaries as of December 31, 2015 and 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Octavio Aguirre Hernández
Ciudad de México, México
30 de marzo de 2016

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2015 and 2014
(In millions of Mexican pesos)

Assets	Notes	2015	2014
Current assets:			
Cash and cash equivalents		$ 3,825	$ 2,572
Accounts and notes receivable- net	6	19,047	19,028
Inventories- net	7	5,509	4,978
Prepaid expenses		861	695
Derivative financial instruments	14	885	386
Guarantee deposits for derivative financial instruments		1,501	18
Assets available for sale	9	502	188
Total current assets		32,130	27,865
Non-current assets:			
Notes receivable from independent operators		950	1,109
Property, plant and equipment- net	9	58,073	52,475
Investment in shares of associated companies	10	2,106	2,031
Derivative financial instruments	14	3,346	1,653
Deferred income taxes	18	10,705	8,709
Intangible assets- net	11	42,535	37,960
Goodwill	12	49,196	45,257
Other assets- net		592	702
Total assets		$ 199,633	$ 177,761

Liabilities and stockholders' equity	Notes	2015	2014
Current liabilities:			
Current portion of long-term debt	13	$ 8,282	$ 1,789
Trade accounts payable		13,146	11,867
Other accounts payable and accrued liabilities		14,046	12,432
Due to related parties	17	401	789
Income tax	18	2,845	3,232
Statutory employee profit sharing payable		1,110	1,114
Derivative financial instruments	14	3,208	673
Total current liabilities		43,038	31,896
Non-current liabilities:			
Long-term debt	13	59,479	60,415
Derivative financial instruments	14	1,707	1,540
Employee labor obligations and workers' compensation	15	25,932	23,292
Deferred income taxes	18	3,359	3,380
Other liabilities		4,259	3,636
Total liabilities		137,774	124,159
Stockholders' equity:			
Capital stock	16	4,227	4,227
Reserve for repurchase of shares		770	916
Retained earnings	16	52,146	46,975
Accumulated translation effects of foreign subsidiaries	16	2,107	(1,026)
Remeasurement effects of employee benefits	16	669	103
Valuation effects of cash flow hedges	14	(964)	(220)
Equity attributable to owners of the Entity		58,955	50,975
Non-controlling interests in consolidated subsidiaries		2,904	2,627
Total stockholders' equity		61,859	53,602
Total liabilities and stockholders' equity		$ 199,633	$ 177,761

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2015 and 2014
(In millions of Mexican pesos, except earnings per common share)

	Notes	2015	2014
Net sales		$ 219,186	$ 187,053
Cost of sales	19	102,421	88,298
Gross profit		116,765	98,755
General expenses:			
Distribution and selling		84,192	71,862
Administrative		14,351	11,215
Integration costs		1,933	2,489
Other general expenses	20	2,168	2,877
	19	102,644	88,443
Operating income		14,121	10,312
Interest expense		4,576	3,692
Interest income		(212)	(271)
Exchange gain, net		18	(90)
Monetary position gain		(192)	(66)
Net financing costs		4,190	3,265
Equity in loss of associated companies		47	(61)
Income before income taxes		9,978	6,986
Income tax expense	18	4,063	2,955
Consolidated net income		$ 5,915	$ 4,031
Net income attributable to owners of the Entity		$ 5,171	$ 3,518
Net income attributable to non-controlling interests		$ 744	$ 513
Basic and diluted earnings per common share		$ 1.10	$ 0.75
Weighted average number of shares outstanding (000's)		$ 4,703,200	$ 4,703,200

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014
(In millions of Mexican pesos)

	2015	2014
Consolidated net income	$ 5,915	$ 4,031
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in actuarial gain (loss) on defined benefit plans of labor obligations	877	(1,411)
Income taxes relating to items that will not be reclassified	(315)	430
	562	(981)
Items that may be reclassified subsequently to profit or loss:		
Hedges of net investments in foreign operations, net	(7,109)	(5,463)
Exchange differences on translating foreign operations	8,121	6,974
Net fair value loss on hedging instruments entered into for cash flow hedges	(1,105)	(19)
Income taxes related to items that will be reclassified in the future	2,466	1,682
	2,373	3,174
Other comprehensive income for the year	2,935	2,193
Total comprehensive income for the year	$ 8,850	$ 6,224
Comprehensive income attributable to owners of the Entity	$ 8,126	$ 5,517
Comprehensive income attributable to non-controlling interests	$ 724	$ 707

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2015 and 2014
(In millions of Mexican pesos)

	Capital stock	Reserve for repurchase of shares	Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to owners of the Entity	Non-controlling interests in consolidated subsidiaries	Total stockholders' equity
Balances as of January 1, 2014	$ 4,227	$ 917	$ 43,617	$ (3,142)	$ 45,619	$ 2,164	$ 47,783
Consolidation effect of structured entities	-	-	-	-	-	(244)	(244)
Loss on investment of associate due to dissolution	-	-	(160)	-	(160)	-	(160)
Decrease in reserve for repurchase of shares	-	(1)	-	-	(1)	-	(1)
Balances before comprehensive income	4,227	916	43,457	(3,142)	45,458	1,920	47,378
Consolidated net income for the year	-	-	3,518	-	3,518	513	4,031
Other comprehensive income	-	-	-	1,999	1,999	194	2,193
Total comprehensive income	-	-	3,518	1,999	5,517	707	6,224
Balances as of December 31, 2014	4,227	916	46,975	(1,143)	50,975	2,627	53,602
Consolidation effect of structured entities	-	-	-	-	-	(447)	(447)
Decrease in reserve for repurchase of shares	-	(146)			(146)	-	(146)
Balances before comprehensive income	4,227	770	46,975	(1,143)	50,829	2,180	53,009
Consolidated net income for the year	-	-	5,171	-	5,171	744	5,915
Other comprehensive income	-	-	-	2,955	2,955	(20)	2,935
Total comprehensive income	-	-	5,171	2,955	8,126	724	8,850
Balances as of December 31, 2015	$ 4,227	$ 770	$ 52,146	$ 1,812	$ 58,955	$ 2,904	$ 61,859

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2015 and 2014
(In millions of Mexican pesos)

	2015	2014
Cash flows from operating activities:		
Income before income taxes	$ 9,978	$ 6,986
Adjustments for:		
Depreciation and amortization	7,050	5,831
Loss on sale of property, plant and equipment	132	330
Equity in loss of associated companies	(47)	61
Impairment of long-lived assets	1,839	166
Multi-employer pension plan provision	359	1,990
Interest expense	4,576	3,692
Interest income	(212)	(271)
Changes in assets and liabilities:		
Accounts and notes receivable	1,373	(881)
Inventories	(297)	630
Prepaid expenses	(183)	789
Trade accounts payable	735	84
Other accounts payable and accrued liabilities	(317)	2,280
Due to related parties	(388)	266
Income tax paid	(3,884)	(3,921)
Derivative financial instruments	(2,161)	260
Statutory employee profit sharing	(2)	238
Employee labor obligations and workers' compensation	(446)	(211)
Assets available for sale	11	-
Net cash flows generated by operating activities	18,116	18,319
Investing activities:		
Acquisition of property, plant and equipment	(9,604)	(6,829)
Acquisition of businesses, net of cash received	(1,641)	(22,351)
Proceeds from sale of property, plant and equipment	726	85
Acquisition of trademarks and other assets	(1,060)	(1,415)
Other assets	8	(672)
Investments in shares of associated companies	(45)	(120)
Interest collected	212	270
Net cash flows used in investing activities	(11,404)	(31,032)
Financing activities:		
Proceeds from long-term debt	13,954	46,476
Payment of long-term debt	(15,928)	(30,231)
Interest paid	(3,899)	(3,128)
Payments of interest rate swaps	(1,384)	(1,277)
Interest rate swaps collected	1,623	1,478
Net cash flows (used) obtained from financing activities	(5,634)	13,318
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects	175	(537)
Net increase in cash and cash equivalents	1,253	68
Cash and cash equivalents at the beginning of the year	2,572	2,504
Cash and cash equivalents at the end of the year	$ 3,825	$ 2,572

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014
(In millions of Mexican pesos)

1. Activities and significant events

Activities - Grupo Bimbo, S. A. B. de C. V. and Subsidiaries ("Grupo Bimbo" or the "the Entity") is engaged in the manufacture, distribution and sale of bread, premium bread, breakfast bread "muffins and bagels), frozen bread, cakes and smaller cakes, sweet and nonsweet cookies, tortillas, pita bread, pizza bread, tostadas and tortillas, snacks, salads, candies and processed foods, among others.

The Entity operates in the following geographical areas: Mexico, the United States of America ("USA"), Canada, Central and South America, Spain, Portugal, United Kingdom, and China. Due to its minimal significance, the financial information of China is aggregated with Mexico in the disclosures that follow. Reporting segments are grouped based on the geographical areas as follow: Mexico, USA and Canada, referred to as "North America", Organization Latinamerica ("OLA"), and Europe.

Corporate offices are based in Santa Fe, Mexico City, Mexico, 1000 Prolongación Paseo de la Reforma, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Zip code 01210, Distrito Federal, Mexico.

During 2015 and 2014, net sales of Bimbo S. A. de C. V. and Barcel, S. A. de C. V, classified in the Mexico segment, represented approximately 32% and 36%, respectively, of consolidated net sales. During 2015 and 2014, net sales of subsidiaries Bimbo Bakeries USA, Inc. ("BBU"), and Canada Bread Company Limited ("Canada Bread" or "CB"), which are classified in the "North America" segment represented approximately 53% and 48%, respectively, of consolidated net sales.

Significant events –

<u>2015 acquisitions</u>

Acquisition of Saputo

On February 2, 2015, the Entity acquired, through its subsidiary Canada Bread, 100% of the shares of Saputo Bakery, Inc., which on the same day, changed names to Vachon Bakery, Inc. ("Vachon"). Such company is leader in the production and sale of bakery products in Canada and strengthens the Entity's position in the country. The acquisition includes leading brands such as Vachon®, Jos Louis®, Ah Caramel®, Passion, Flakie® and May West®, among others. The acquisition cost was $1,369.

<u>Funding sources</u>

To finance the transaction, Canada Bread used financing resources available under existing long-term committed credit lines.

<u>Accounting effects of the acquisition of Vachon</u>

The valuation process and the acquisition were performed in accordance with International Financial Reporting Standard ("IFRS") 3, *Business Combinations*. The following table presents the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on February 2, 2015 using the exchange rate as of the date of the transaction:

Consideration transferred		$ 1,369
Fair value of identifiable assets acquired and assumed liabilities		
Accounts receivable	84	
Inventories	60	
Property, plant and equipment	778	
Intangible assets	431	
Other assets	10	
Total identifiable assets		1,363
Goodwill		604

Total acquired assets		1,967
Current liabilities	136	
Deferred tax liability	179	
Long-term liabilities	283	
Total assumed liabilities		598
Acquired investment value		$ 1,369

Goodwill recorded in 2015 as result of this transaction totaled $604, which is representative of the expected synergies from the acquisition.

Asset acquisition

During 2015, the Entity acquired, through its subsidiary Canada Bread, certain assets of Sobey’s West, Inc. and Italian Home Bakery, for a total amount of $272. The acquisitions were comprised mainly of property, plant and equipment and intangible assets.

2014 Acquisitions

During 2014, the Entity purchased 100% of several businesses in Canada, United States and United Kingdom, referred to as Canada Bread and in Ecuador, referred to as Supan, SA (“Supan”) as described below:

Entity	Country	Transaction Amount	Date
Canada Bread	Canada,USA and United Kingdom	$ 21,731	May 23, 2014
Supan	Ecuador	858	July 15, 2014
		$ 22,589	

Canada Bread

Canada Bread is one of the leading companies in the production and sale of bakery products, including the categories of bread, buns, bagels, english muffins and tortillas in Canada, frozen bread in North America and specialized bakery in the UK.

This acquisition impulses the global growth strategy of Grupo Bimbo and enables its foray into the attractive Canadian market through recognized brands, such as DEMPSTER'S®, POM®, VILLAGGIO®, BEN'S®, BON MATIN® and MCGAVIN'S®. Canada Bread has a strong relationship with major supermarkets and institutional channels in Canada and is recognized for its strong market position in all baking categories.

Funding sources

To finance the transaction, Grupo Bimbo used its own resources as well as financing resources available under long-term committed credit lines and the issuance of international bonds.

Accounting effects of the acquisition of Canada Bread and Subsidiaries

The valuation process and the acquisition were performed in accordance with IFRS 3. The following table presents the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on May 23, 2014 using the exchange rate as of the date of the transaction:

Consideration transferred		$ 21,731
Fair value of identifiable assets acquired and assumed liabilities		
Cash and cash equivalents	200	
Accounts receivable	1,359	
Inventories	719	
Property, plant and equipment	6,334	
Intangible assets	7,746	
Other assets	122	
Total identifiable assets		16,480

Goodwill		10,624
Total acquired assets		27,104
Current liabilities	2,274	
Deferred taxes	1,974	
Long-term liabilities	1,125	
Total assumed liabilities		5,373
Acquired investment value		$ 21,731

Purchase accounting was concluded in January 2015, within the 12 months subsequent to the acquisition, resulting in an increase of property plant and equipment and deferred tax liability of $303 and $91, respectively, as well as the decrease of goodwill of $212.

Supan

On July 15, 2014, the Entity acquired 100% of the fresh bakery business in Ecuador “Supan”. With this purchase, the Entity enters the market in Ecuador and strengthens its operation in Latin America with brands such as Supan, Guile, Braun, Dulzones and Rey Pan

Accounting effects of the acquisition of Supan

The valuation process and the acquisition were performed in accordance with IFRS 3. The following table shows the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on July 15, 2014 using the exchange rate as of the date of the transaction.

Consideration transferred		$ 858
Fair value of identifiable assets acquired and assumed liabilities		
Cash and cash equivalents	38	
Accounts receivable	27	
Inventories	33	
Property, plant and equipment	500	
Identifiable intangible assets	347	
Other assets	10	
Total identifiable assets		955
Goodwill		232
Total acquired assets		1,187
Current liabilities	174	
Long-term liabilities	58	
Deferred tax	97	
Total assumed liabilities		329
Acquired investment value		$ 858

Purchase accounting was concluded during the 12 months following the purchase of Supan, resulting in an increase of property, plant and equipment, intangible assets and the deferred tax liability of $91, $347 and $97 respectively, as well as the decrease of goodwill of $341.

Funding sources

To complete the acquisition of Supan in 2014, the Entity obtained funding for an amount equivalent to the amount of these transactions.

Consolidated amounts

The following table presents the amounts contributed by CB and Supan to the consolidated figures of Grupo Bimbo for the 222 and 169 days from the date of each acquisition, respectively, through December 31, 2014:

December 31, 2014

	Consolidated January 1st to December 31, 2014	Canada Bread May 23 to December 31, 2014	Supan July 15 to December 31, 2014
Net sales	$ 187,053	$ 10,735	$ 438
Operating income	$ 10,312	$ 684	$ 20
Net income attributable to controlling interest	$ 3,518	$ 406	$ 12

	As of December 31, 2014		
	Consolidated	Canada Bread	Supan
Total assets	$ 177,761	$ 34,873	$ 852
Total liabilities	$ 124,159	$ 5,925	$ 153

Consolidated net sales and consolidated net income, if Canada Bread and Supan had been consolidated from January 1, 2015, would have been $193,821 and $4,293, respectively.

The contributions of Vachon to total assets and liabilities, net sales, operating and net profit, are not considered material for the consolidated financial statements of the Entity for the year ended December 31, 2015.

Goodwill recorded in 2014 as result of these acquisitions totaled $11,409, which is representative of the expected synergies in both acquisitions. This amount was adjusted in 2015 to $10,856, once the purchase accounting was concluded.

In 2015 and 2014, the Entity incurred $19 and $124, respectively, in fess and expenses to carry out these acquisitions, which are included in general expenses.

Panrico acquisition

On July 9, 2015, the Entity announced it reached an agreement to acquire, through its subsidiary in Spain, Bakery Iberian Investment, 100% of the shares of Panrico, S.A.U. (“Panrico”), excluding the loaf bread segment, for a price of 190 million euros.

The acquisition is subject to authorization of the appropriate regulatory authorities and it is expected to conclude during the second quarter of 2016. To ensure such acquisition, the Entity provided an escrow deposit of 15 million euros, equivalent to $281.

2. Basis of preparation

Application of new and revised International Financial Reporting Standards

b. ***Amendments of new and revised International Financial Reporting Standards(“IFRSs” or “IAS”) and interpretations that are mandatorily effective for the current year***

In the current year, the Entity had no impact on its financial statements for the application of new or amended IFRSs, issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective on or after January 1, 2015.

Annual Improvements to IFRSs 2010 – 2012 and 2011- 2013

The Entity has applied the amendments to the IFRSs included in the Annual Improvements to IFRSs 2012-2014 and 2011-2013 for the first time this year. One of the annual improvements require the entities to disclose judgments made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 *Operating Segments*. The application of amendments has had no impact on the disclosures or amounts recognized on the consolidated financial statements.

c. **New and revised IFRSs in issue but not yet effective**

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instrument*[2]
IFRS 14	Regulatory Deferral Accounts[1]
IFRS 15	*Revenue from Contracts with Customer*[3]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014[1]

1 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

The Entity is in the process of determining the potential impacts on its consolidated financial statements, from the adoption of these new IFRSs and amendments.

c. ***Comprehensive income***

The Entity presents comprehensive income in two different statements: (i) a statement of income and (ii) a statement of comprehensive income. The expenses in the statement of income are presented according to their function, as this is the common practice in the sector to which the Entity belongs. The nature of these expenses are presented in the notes. Additionally, the Entity presents the subtotal operating income, which, although not required by IFRS, is included as it contributes to a better understanding of the economic and financial performance of the Entity.

d. ***Cash flow statement***

The Entity presents its cash flow statement using the indirect method. Proceeds from interest and dividends are presented in investing activities, whereas payment of interest and dividends are presented as financing activities.

3. Summary of significant accounting policies

a. ***Statement of compliance***

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

b. ***Basis of preparation***

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities (derivative financial instruments) that are measured at fair value at the end of each period, as explained in the accounting policies below.

w) Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

x) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. ***Basis of consolidation***

As of December 31, 2015 and 2014, the consolidated financial statements incorporate the financial statements of the Entity and those entities over which it exercise control, including structured entities ("SE"). Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

An SE is consolidated when the Entity concludes that it controls the SE based on the evaluation of the substance of the relationship with the Entity and the risks and benefits of the SE. The most significant subsidiaries are shown below:

Subsidiary	% of	Country	Main activity

	ownership		Segment	
Bimbo, S. A. de C. V.	97	Mexico	Mexico	Baking
Barcel, S. A. de C. V.	98	Mexico	Mexico	Sweets and snacks
Bimbo Bakeries USA, Inc.	100	United States	North America	Baking
Canada Bread Corporation, LLC	100	Canada	North America	Baking [1]
Bimbo do Brasil, Ltda.	100	Brazil	OLA	Baking
Bimbo, S.A.U.	100	Spain and Portugal	Europe	Baking

[1] Canada Bread was acquired on May 23, 2014, date in which the Entity took control over it.

Subsidiaries are consolidated from the date on which control is transferred to the Entity and are no longer consolidated from the date that control is lost. Gains and losses of subsidiaries acquired during the year are included in the consolidated statements of income and other comprehensive income results from the acquisition date, as applicable.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All relevant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated on consolidation.

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions.

d. ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquiree and the equity interests issued by the Entity in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share based payments* at the acquisition date (as of December 31, 2015 and 2014 the Entity does not have share-based payments); and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

e. ***Assets available for sale***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The long-lived asset (and asset disposal groups) classified as held for sale are valued at the lower of their carrying amount and fair value of assets less costs to sell.

f. ***Recognition of the effects of inflation***

Inflationary effects are recognized in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary, defined generally as economies in which inflation in the preceding three fiscal years equals or exceeds 100%. The Mexican economy ceased to be hyperinflationary in 1999. Therefore, inflation effects for the Entity's Mexican operations were recognized through that date, except for certain office equipment, machinery and equipment, for which inflation was recognized through 2007, as permitted by Mexican Financial Reporting Standards ("MFRS"), and retained as deemed cost as permitted by the transition rules of IFRS. Inflation continues to be recognized for operations in those countries operating in hyperinflationary economic environment. In 2015 and 2014, the operation in Venezuela qualified as hyperinflationary in relation to the inflation of the three preceding years and for which the effects of inflation were recognized. These effects are not material to the financial position, performance or cash flows of the entity.

g. ***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- The Entity as lessee

  Assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Foreign currency transactions

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 14).
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Mexican pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Entity are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

h. ***Cash and cash equivalents***

Consist mainly of bank deposits in checking accounts and investments in short-term securities, highly liquid, readily convertible into cash, maturing within three months from the date of purchase and are subject to insignificant risk of changes in value. Cash is stated at nominal value and cash equivalents are measured at fair value, fluctuations in value are recognized in income (see financial assets below). Cash equivalents consist primarily of investments in government debt instruments with daily maturities.

Financial assets

Financial assets are recognized when the Entity becomes part of the contractual arrangements of the instruments.

1. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Regarding trade receivables, the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

i. ***Inventories and cost of sales***

Inventories are stated at the lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling, loading, and storage cost at the customs and distribution centers; returns on purchases are deducted from cost. Net realizable value represents the estimated selling price for inventories in the normal course of operations less all estimated costs of completion and costs necessary to make the sale. Cost is determined by using the average cost method.

j. ***Property, plant and equipment***

Property, plant and equipment are carried at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Balances from certain acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the National Consumer Price Index ("NCPI") through that date, which became the deemed cost of such assets as of January 1, 2011 upon adoption of IFRS.

Cost include those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost for expansion, remodeling or improvements that enhance the capacity and extend the useful life of the asset are also capitalized. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss. Repairs and maintenance costs are recognized in profit and loss of the period they are incurred.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is determined using the straight-line method to distribute the cost of the asset down to its residual value during the estimated useful lives are as follows:

	Years
Infrastructure	15
Building foundations	45
Roofs	20
Fixed facilities and accessories	10
Manufacturing equipment	10
Vehicles	13
Office furniture and fixtures	10
Computer equipment	3
Leasehold improvements	Term of the related lease

The Entity allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of such components separately.

The carrying value of an asset is reduced to its recoverable value, when the carrying amount exceeds its recoverable value.

An item of property, plant and equipment is derecognized when sold or when no future economic benefits arising from the continued use of the asset are expected. The gain or loss arising from the sale of assets results from the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in 'other expenses, net', in general expenses.

Leasehold improvement and adaptations to buildings and premises in which the Entity is the lessee are recognized at historic cost less the respective depreciation.

k. ***Investments in associates***

An associate is an entity over which the Entity has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non- current assets held for sale and discontinued*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The entity discontinues the use of the equity method from the date the investment ceases to be an associate or when the investment is classified as held for sale.

When the Entity reduces its ownership interest in an associate but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Entity, profits and losses resulting from the transactions with the associate are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate that are not related to the Entity.

l. ***Intangible assets***

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses in the USA, Canada, Iberia, Compañía de Alimentos Fargo, S.A. ("Fargo") and certain trademarks in South America. Intangible assets are recognized at cost. Intangible assets acquired through an acquisition are recognized at fair value as of the acquisition date, separately from goodwill. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, except for development costs, are not capitalized and are recognized as expenses in profit and loss in the period in which they are incurred.

Intangible assets are classified as having either finite or indefinite useful lives. Amortization of intangible assets with finite useful lives is recognized on a straight-line method over their estimated useful lives. Such assets are reviewed for impairment when there is an indicator of impairment. The amortization methods and useful lives of the assets are reviewed and adjusted, if necessary, annually, at the end of each reporting period. Amortization is recognized in profit and loss, within selling, distribution and administrative expenses. Intangible assets with indefinite useful lives are not amortized, but are at least tested annually for impairment.

m. ***Impairment of tangible and intangible assets, other than goodwill***

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives or not yet available for use, are subjected to tests for effects of impairment at least every year, or more often if there is evidence that such assets could have been impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. ***Goodwill***

Goodwill arising on acquisition of a business is carried at cost, which is determined as explained in the business acquisitions policy note above, less accumulated impairment losses, if any (see Note 12).

For purposes of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash generating units) that is expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Entity's policy for goodwill arising on the acquisition of an associate is described at note 3m.

o. ***Financial liabilities***

Financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the issuance of financial liabilities (except for those financial liabilities classified as at fair value with changes through profit and loss) are deducted from the fair value of the financial liability. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Note 14 describes the category of each financial liability of the Entity.

p. ***Derivative financial instruments and hedging activities***

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Entity only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

The Entity documents all hedging relationships at the beginning of the transaction, including their objectives and risk management strategies for undertaking derivative transactions. Periodically, the Entity documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under "Valuation effects of cash flow hedges". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of "Translation effects of foreign subsidiaries". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Exchange loss (gain), net" line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated other comprehensive income are reclassified to profit or loss on the disposal of the foreign operation.

q. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the needed disbursement to settle the present obligation, keeping in mind risks and uncertainties that surround the obligation. When a provision is valued using estimated cash flows to settle the present obligation, its carrying value represents the present value of such cash flows (when the effect of money´s value in time is material).

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

r. ***Income taxes***

Income tax expense comprises current tax and deferred tax.

4. Current income taxes

Current income taxes are calculated in accordance with rates that have been enacted or substantively enacted as of the end of the reporting period for the countries in which the Entity operates and taxable profit is determined, and the related income tax expense is recorded in the results of the year in which it is incurred. In Mexico, the income tax determined related to the Impuesto sobre la renta ("ISR").

5. Deferred income taxes

Deferred tax liabilities and assets are measured according to the tax rates and tax laws that have been enacted or substantively enacted as of the date of the report and that are expected to be applicable when the temporary differences reverse.

The deferred income tax is recognized on temporary differences between the financial statement carrying amounts and the corresponding tax bases of assets and liabilities used for determining taxable income by applying the rate corresponding to these differences, including benefits from tax loss carryforwards and certain tax credits, if applicable. The liability for deferred income taxes are generally recognized for all temporary tax differences. An asset is recognized deferred tax for all deductible temporary differences to the extent that it is probable that the Entity will have future taxable income against which to apply those deductible temporary differences.

Deferred income tax is not recognized on the following temporary differences: i) amounts that arise from the initial recognition of assets or liabilities resulting from transactions other than in a business combination, that affects neither the accounting profit nor the taxable profit; ii) those related to investments in subsidiaries and associates, to the extent that it is not likely they will reverse in the foreseeable future and the reversal in within the control of the Entity, and, iii) those that result from the initial recognition of goodwill. The deferred income tax asset is recognized only to the extent that it is likely there will be future taxable profits against which it can be used.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Assets and deferred tax liabilities are offset when a legal right to offset assets with liabilities exists and when they relate to income taxes relating to the same tax authorities and the Entity intends to liquidate its assets and liabilities on a net basis.

6. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

s. ***Employee benefits from termination, retirement and statutory employee profit sharing ("PTU")***

v. ***Pensions and seniority premiums***

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The amount recognized in the consolidated statement of financial position as a liability or asset for defined benefit plan represents the present value of the net defined benefit obligation (defined benefit obligation minus the fair value of plan assets). The present value of the net defined benefit obligation is determined based on the discounted value of estimated net cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

The Entity provides a bonus in cash to certain executives, which is calculated using performance metrics. The bonus is paid 30 months after being granted.

vi. ***Statutory employee profit sharing***

In Mexico, Venezuela and Brazil, there is an obligation to recognize a provision for the statutory employee profit sharing when the Entity has a legal or constructive obligation, as a result of past events and the amount can be reliably estimated. PTU is recorded in profit or loss of the year in which it is incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

vii. ***Termination benefits***

The Entity recognizes a liability for termination benefits only when the Entity is without realistic possibility of withdrawal from an offer to provide termination benefit to employees, or before, if it complies with the criteria for recognition of a liability related to a restructuring.

viii. ***Multi-employer pension plans ("MEPP")***

The Entity classifies the multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Entity accounts for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Entity accounts for such plan as a defined contribution plan.

Liabilities related to the wind-up or the Entity's withdrawal from a multi-employer plan is recognized and measured in conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

t. ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable, taking into account the estimated customer returns, rebates and other allowances.

- Sale of products

Revenue from the sale of products is recognized when the goods are delivered, at which time all the following conditions are satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

- Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

u. ***Reclassifications***

Certain amounts within the consolidated financial statements at and for the year ended December 31, 2014 have been reclassified for certain accounts to agree with the presentation used in 2015.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgment in applying accounting policies

Consolidation of structured entities

As described in more detail in Note 8, BBU and Sara Lee have entered into agreements with third party contractors ("Independent Operators"), in which they hold no direct or indirect interest but that qualify as structured entities ("SE"). The Entity has concluded that they have control with respect to certain independent operators, primarily with respect to rights or obligations to secure or grant financing, as well as the maintenance obligation related to distribution routes. In other cases, the Entity has concluded it does not exercise control over such independent operators.

b. Key sources of estimation uncertainty

1. Useful lives, residual values and depreciation and amortization methods of long-lived assets

As described in Note 3, the Entity periodically reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangibles, the Entity determines whether their useful lives are finite or infinite. During the periods presented in the accompanying consolidated financial statements, there were no modifications to such estimates.

2. ***Allowance for doubtful accounts***

The Entity considers the credit risk of the customer, unguaranteed accounts and significant delays in collection according to the established credit limits in determining the allowance for doubtful accounts.

3. ***Goodwill impairment***

Determining whether goodwill is impaired involves calculating the greater of its value in use and fair value of the cash generating unit to which goodwill has been allocated. The calculation of value in use requires the Entity to determine the expected future cash flows from the cash generating units, using an appropriate discount rate to calculate the present value. Fair value is determined based on multiples of earnings before interest, depreciation and amortization and other non-cash items ("EBITDA"). For the determination of an appropriate multiple, the Entity identifies comparable entities.

4. ***Fair value measurements***

Derivative financial instruments are recognized at fair value as of the date of the consolidated statement of financial position. Additionally, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, although there is no risk of adjustment to the related carrying amount. A detailed description of the methodologies to determine fair values of derivative instruments as well as to determine fair value disclosures for long-term debt is included in Note 14. Finally, the Entity has acquired business that require fair value to be determined, at the date of acquisition, for consideration paid, identifiable assets acquired and liabilities assumed and non-controlling interest, as noted in Note 1.

The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions, used by management are described in the respective notes. Management considers the valuation techniques and selected assumptions appropriate.

5. ***Employee benefits***

Cost of defined benefit plans and MEPP provided to employees is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are sensitive to changes in assumptions.

6. ***Determination of income taxes***

To determine whether a deferred income tax asset related to tax losses carryforwards is impaired, the Entity prepares tax projections to determine its recoverability.

7. ***Employee benefits, insurance and other liabilities***

Insurance risks exists in the USA which respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by the Entity with coverage subjected to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data of the Entity. The net liabilities at December 31, 2015 and 2014 amounted to $3,288 and $3,204, respectively.

5. *Transactions that did not result in cash flows*

In 2014, the Entity acquired $315 of equipment under financial leases, which represents a non-cash financing activity and investment that is not reflected in the consolidated statements of cash flows. In 2015, there were no transactions that did not result in cash flows.

6. Accounts and notes receivable

	2015	2014
Trade receivables	$ 13,882	$ 13,596
Allowance for doubtful accounts	(515)	(498)
	13,367	13,098
Notes receivable	170	151
Notes receivable from independent operators	468	468
Income, value –added and other recoverable taxes	4,206	4,782
Other receivables	836	529
	$ 19,047	$ 19,028

The average credit terms on sales of goods in Mexico are 30 days, in the USA is 60 days, Canada is 21 days and OLA, which includes the countries of Central and South America, is 30 days. Amounts past due but not impaired are not significant as of the dates of the consolidated statement of financial position. Amounts due over 90 days are 50% reserved and amount due over 180 days are 100% reserved.

7. Inventories

	2015	2014
Finished products	$ 2,159	$ 1,891
Orders in-process	79	100
Raw materials, containers and wrapping	3,019	2,644
Other	317	282
Allowance for slow-moving inventories	(235)	(84)
	5,339	4,833
Raw materials in-transit	170	145
	$ 5,509	$ 4,978

Structured entities

The Entity, through BBU mainly Sara Lee, enters into distribution agreements with independent operators that own distribution rights to sell and distribute the Entity's products via direct-store-delivery to retail outlets in defined sales territories. The Entity does not hold equity interest in any of the independent operator entities. Independent operators generally finance the purchase of distribution rights through note agreements with the Entity or a financial institution. Note agreements with a financial institution are, in the aggregate, partially guaranteed by the Entity. To maintain working routes and ensure the delivery of products to customers, the Entity, through BBU, assumes explicit and implicit commitments. The Entity has concluded that all the independent operators established as legal entities qualify as structured entities ("SE"), which in substance are controlled by such subsidiaries, principally through their guarantee of or providing actual financing, as well as the obligation that such subsidiaries have assumed to keep the routes operating. Based on this conclusion, SE's are consolidated by the Entity.

As of December 31, 2015 and 2014, the assets and liabilities of independent operators included in the accompanying consolidated financial statements are as follows:

	2015	2014
Property – vehicles	$ 2,415	$ 1,687
Intangible distribution rights	5,097	3,767
Total assets	$ 7,512	$ 5,454
Current maturities of long-term debt:		
Obligations under finance leases	$ 481	$ 367
Independent operator loans	38	32
Long-term debt:		
Obligations under finance leases	1,462	965
Independent operator loans	43	65
Due to affiliates (net of receivables)	3,905	2,781
Total liabilities	$ 5,929	$ 4,210
Noncontrolling interest	$ 1,583	$ 1,244

Financing provided by BBU to independent operators that have been classified as SE's and consolidated, are eliminated in the accompanying consolidated financial statements.

Lease obligations presented within long-term debt on the consolidated statements of financial position are secured by the vehicles subject to leases and do not represent additional claims on the Entity's general assets. The Entity's maximum exposure for loss associated with independent operators entities is limited to $81 of long-term debt of the independent operators as of December 31, 2015.

In addition, the Entity has sold certain equipment and distribution rights in the US to the Entity's former employees and individuals, also considered as independent operators, but have not been classified as consolidated SE's. Such amount equals in 2015 and 2014 $1,418 and $1,577, respectively, which are presented in the statement of financial position as receivables from independent operators.

BBU funds 90% of the distribution rights sold to certain independent operators at rates between 5% and 11%, with 120 months installments. Independent operators make an initial payment to the Entity for the remaining 10% of the purchase price. In most cases, an independent third party lender finances the down payment. Both the Entity and the financing of independent third parties are insured by the distribution rights, equipment, customer lists, and other assets. The independent third party lender has priority over the collateral.

8. Property, plant and equipment

Reconciliation of beginning and ending carrying values in 2015 and 2014 is as follows:

	Balances as of January 1, 2015	Additions	Additions from business acquisitions (1)	Transfers	Translation effect	Retirements	Impairment	Revaluation for inflation	Balance as of December 31, 2015
Investment:									
Building	$ 16,971	$ -	$ 214	$ 1,350	$ 821	$ (326)	$ -	$ 127	$ 19,157
Industrial machinery and equipment	47,703	-	754	6,062	2,509	(1,784)	-	218	55,462
Vehicles	12,582	577	13	783	489	(628)	-	52	13,868
Office furniture	662	-	16	35	29	(29)	-	-	713
Computer equipment	3,267	-	7	409	256	(220)	-	-	3,719
Total investments	81,185	577	1,004	8,639	4,104	(2,987)	-	397	92,919
Depreciation:									
Building	(7,080)	(901)	-	(1)	(445)	224	(43)	(18)	(8,264)
Industrial machinery and equipment	(24,155)	(3,992)	-	(343)	(1,247)	1,361	(335)	(89)	(28,800)
Vehicles	(5,691)	(1,011)	-	65	(168)	542	(1)	(31)	(6,295)
Office furniture	(376)	(76)	-	87	(18)	25	(27)	-	(385)
Computer equipment	(2,441)	(458)	-	-	(221)	213	(2)	-	(2,909)
Total accumulated depreciation	(39,743)	(6,438)	-	(192)	(2,099)	2,365	(408)	(138)	(46,653)
	41,442	(5,861)	1,004	8,447	2,005	(622)	(408)	259	46,266
Land	6,093	-	272	251	263	(236)	(10)	40	6,673
Projects-in-progress and machinery in transit	5,128	9,027	143	(8,698)	47	-	-	-	5,647
Reclassified as assets available for sale	(188)	(294)	-	-	(31)	-	-	-	(513)
Net investment	$ 52,475	$ 2,872	$ 1,419	$ -	$ 2,284	$ (858)	$ (418)	$ 299	$ 58,073

	Balances as of January 1, 2014	Additions	Additions from business acquisitions	Transfers	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2014
Investment:								
Building	$ 14,273	$ -	$ 1,673	$ 704	$ 406	$ (418)	$ 333	$ 16,971
Industrial machinery and equipment	39,772	-	3,589	3,543	1,286	(1,225)	738	47,703
Vehicles	11,291	-	60	1,423	136	(416)	88	12,582
Office furniture	544	-	92	269	17	(260)	-	662
Computer equipment	3,159	-	25	388	156	(472)	11	3,267
Total investments	69,039	-	5,439	6,327	2,001	(2,791)	1,170	81,185
Depreciation:								
Building	(6,519)	(522)	(16)	-	(202)	240	(61)	(7,080)
Industrial machinery and equipment	(21,073)	(3,495)	(46)	-	(621)	1,158	(78)	(24,155)
Vehicles	(5,198)	(864)	(14)	-	(18)	416	(13)	(5,691)
Office furniture	(456)	(41)	(5)	-	(13)	139	-	(376)
Computer equipment	(2,344)	(486)	(9)	-	(74)	472	-	(2,441)

Total accumulated depreciation	(35,590)	(5,408)	(90)	-	(928)	2,425	(152)	(39,743)
	33,449	(5,408)	5,349	6,327	1,073	(366)	1,018	41,442
Land	5,280	111	586	-	141	(45)	20	6,093
Projects-in-progress and machinery in transit	4,008	7,033	505	(6,327)	(87)	(4)	-	5,128
Reclassified as assets available for sale	(54)	(127)	-	-	(7)	-	-	(188)
Net investment	$ 42,683	$ 1,609	$ 6,440	$ -	$ 1,120	$ (415)	$ 1,038	$ 52,475

(1) This column includes: i) acquisition of Vachon in 2015, ii) adjustment to purchase price of Canada Bread and Supan recorded in 2015 and, iii) acquisition of assets through Canada Bread.

Impairment losses recognized in the year

In 2015, the Entity performed a review of unused buildings and industrial machinery and equipment, resulting in an impairment of $418, recorded in profit and loss of the year, within other expenses. Impairment per segment was Mexico $166, North America $33, OLA $175 and Europe $44.

9. Investment in shares of associated companies

The investments in associated companies are as follows:

Associated companies	% of ownership	2015	2014
Beta San Miguel, S. A. de C. V.	8	$ 570	$ 528
Mundo Dulce, S. A. de C. V.	50	349	271
Fábrica de Galletas La Moderna, S. A. de C. V.	50	232	247
Blue Label de México, S. A. de C. V.	46	274	376
Grupo La Moderna, S. A. de C. V.	3	207	156
Congelación y Almacenaje del Centro, S. A. de C. V.	15	137	126
Productos Rich, S. A. de C. V.	18	133	118
Fin Común, S. A. de C. V.	36	90	96
Ovoplus, S. A. de C. V.	25	-	47
Solex Alimentos S. A. de C. V.	49	25	-
B37 Venture	24	22	-
Others	Various	67	66
		$ 2,106	$ 2,031

All associated companies are incorporated and operate mainly in Mexico and are recognized using the equity method in the consolidated financial statements. Equity investments in Beta San Miguel, S.A. de C.V., Grupo La Moderna, S.A. de C.V., Congelación y Almacenaje del Centro, S.A. de C.V. and Rich Products, S.A. de C.V., are considered to be associated entities over which the Entity exercises significant influence, based on its representation in the Board of Directors. In December 2015 the Entity sold its participation in Ovoplus, S.A. de C.V., at which time the Entity ceased to recognize the equity method.

In 2015, the Entity recorded an impairment of $50, related to goodwill recorded in the investment of associate Blue Label, S.A. de C.V.

10. Intangible assets

Following is an analysis of the balance of intangible assets by segment as of December 31 are:

	2015	2014
Mexico	$ 1,613	$ 1,654

North America	36,766	32,488
Europe	1,871	1,743
OLA	2,285	2,075
	$ 42,535	$ 37,960

As of December 31, 2015 and 2014, the detail of intangible assets is as follows:

	Average useful life	2015	2014
Trademarks	Indefinite	$ 29,799	$ 27,116
Use and distribution rights	Indefinite	5,508	4,061
		35,307	31,177
Trademarks	4 and 9 years	263	35
Customer relationships	18, 21 and 22 years	9,828	8,650
Licenses and software	8 and 2 years	1,108	471
Non-compete agreements	5 years	111	104
Others		38	38
		11,348	9,298
Accumulated amortization		(4,120)	(2,515)
		$ 42,535	$ 37,960

The carrying amount of trademarks with indefinite life as of December 31, 2015 and 2014 was $29,072 and $26,910, respectively. The Entity owns intangible assets related to customer relationships, resulting from the acquisition of Weston Foods, Inc. in 2009, Sara Lee Bakery Group, Inc. in 2011 and Canada Bread in 2014. The carrying value of the assets related to these acquisitions at December 31, 2015 and remaining useful lives are $3,243, $1,242 and $2,228 and 11, 14 and 20 years, respectively, and at December 31, 2014, $3,029, $1,141 and $2,350, and 12, 15 and 21 years, respectively.

The intangible assets by geographical segment correspond to the following:

	2015	2014
Mexico:		
Barcel	$ 930	$ 930
El Globo	357	357
Bimbo	299	299
Others	27	68
North America:		
USA	28,682	25,082
Canada	8,084	7,406
Iberia:		
Spain	1,038	991
United Kingdom	833	752
OLA:		
Argentina	975	1,058
Brazil	432	540
Ecuador	459	-
Others	419	477
	$ 42,535	$ 37,960

(2) Cost

	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Total
Balances at beginning of 2014	$ 20,139	$ 2,514	$ 5,664	$ 336	$ 92	$ 34	$ 28,779
Additions	-	6	-	-	-	-	6
Structured entities	-	1,226	-	-	-	-	1,226
Acquisitions through business combinations	5,473	-	2,186	87	-	-	7,746
Effect of exchange rate differences on foreign currency	1,539	315	800	48	12	4	2,718
Balances as of December 31, 2014	27,151	4,061	8,650	471	104	38	40,475
Additions	-	-	-	360	-	-	360
Structured entities	-	700	-	-	-	-	700
Acquisitions through business combinations	559	-	219	206	-	-	984
Effect of exchange rate differences on foreign currency	2,352	747	959	71	7	-	4,136
Balances as of December 31, 2015	$ 30,062	$ 5,508	$ 9,828	$ 1,108	$ 111	$ 38	$ 46,655

(3)

(4) ***Accumulated amortization and impairment***

(5)

	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Total
Balances at beginning of 2014	$ (118)	$ (194)	$ (1,267)	$ (177)	$ (20)	$ (26)	$ (1,802)
Structured entities	-	183	-	-	-	-	183
Amortization expenses	(4)	-	(362)	(42)	(15)	-	(423)
Impairment	(69)	(97)	-	-	-	-	(166)
Effect of exchange rate differences on foreign currency	(19)	(38)	(222)	(28)	-	-	(307)
Balances as of December 31, 2014	(210)	(146)	(1,851)	(247)	(35)	(26)	(2,515)
Structured entities	-	8	-	-	-	-	8
Amortization expenses	(17)	-	(503)	(76)	(16)	-	(612)
Impairment	(356)	(74)	-	-	-	-	(430)
Effect of exchange rate differences on foreign currency	(165)	(35)	(315)	(51)	(5)	-	(571)
Balances as of December 31, 2015	$ (748)	$ (247)	$ (2,669)	$ (374)	$ (56)	$ (26)	$ (4,120)
Net balances as of December 31, 2014	$ 26,941	$ 3,915	$ 6,799	$ 224	$ 69	$ 12	$ 37,960
Net balances as of December 31, 2015	$ 29,314	$ 5,261	$ 7,159	$ 734	$ 55	$ 12	$ 42,535

(6)

In 2015, the Entity recognized an impairment loss in the value of the trademarks Iron LKids and Beef Steak, in the North America segment for $168, and the trademarks Jinhongwei and Million Land in the Mexico segment for $120 and Fargo, Pasa Bimbo Bere in the OLA segment for $68. In the aforementioned cases, the loss resulted from a decrease in sales of these brands.

In 2014, the Entity recognized an impairment loss in the value of the trademarks Earth Grains, Iron Kids and Various Interstate brands, assigned to the USA segment, for $37. In the Mexico segment recognized an impairment related to the trademarks of el Molino, Beijing Jinhongwei, Rutti-Mania and Veggi-Mania for a total of $32.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief from royalty valuation technique, using a range of royalty rates between 2% and 5%, being 3% the rate used for most trademarks.

11. Goodwill

Following is an analysis of the balance of goodwill by geographical segment:

	2015	2014
Goodwill:		
Mexico	$ 1,268	$ 1,264
North America	52,093	46,292
Europe	254	220
OLA	2,434	2,638
	56,049	50,414
Accumulated impairment:		
Mexico	(500)	(383)
North America	(5,321)	(4,532)
OLA	(1,032)	(242)
	(6,853)	(5,157)
	$ 49,196	$ 45,257

Movements in goodwill during the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Balance as of January 1	$ 45,257	$ 29,822
Acquisitions	336	11,409
Impairment	(941)	-
Adjustments due to variations in exchange rates	4,544	4,026
Balance as of December 31	$ 49,196	$ 45,257

Movement in accumulated impairment losses as of December 31, 2015 and 2014 is as follows:

	2015	2014
Balance as of January 1	$ 5,157	$ 4,671
Impairment	941	-
Adjustment due to variations in exchange rates	755	486
Balance as of December 31	$ 6,853	$ 5,157

Allocation of goodwill to cash generating unit

When analyzing impairment, goodwill is allocated to cash-generating units ("CGU"), which are represented mainly by Mexico (Bimbo, Barcel and El Globo), USA, Canada, Brazil, and others (Iberia and Argentina).

Balances of goodwill assigned to each cash-generating unit, after impairment losses, are as follows:

	2015	2014
USA	$ 35,164	$ 30,059
Brazil	-	668
Argentina	266	541
China	-	103
Other CGUs	13,766	13,886
	$ 49,196	$ 45,257

USA

The recoverable amount of the UGE in the USA is estimated based on the greater of the value in use ("VU") and fair value less cost to sell ("FVLCTS"). The Public Company Guideline Method ("GPC") was used to estimate the FVLCTS.

To calculate the multiple, the Business Value ("BV") of each comparable business is divided by the EBITDA of the last 12 months and estimate for 2015. The BV is determined by multiplying the number of outstanding shares by the price of each share, plus net debt, preferred stock and non-controlling interest. The median of the resulting multiples of comparable companies was selected, including that of Grupo Bimbo, and was applied to the EBITDA of the last 12 months and the estimate for 2015. Subsequently, net debt is subtracted and a similar weighting is applied to both values to reach a market value of stockholders' equity.

Given that such value represents the value of the non-controlling interest because it derives from using the price per share, a control premium of 20% was applied. Finally, net debt is added, together with a deficit adjustment in the working capital (excluding cash in hand), the present value of the accumulated losses and transaction costs, to reach the FVLCTS.

By applying the aforementioned methodology, the Entity concluded that there is no impairment in the goodwill of this UGE.

Brazil and China

In the case of Brazil and China, the recoverable amount was also estimated by FVLCTS. The discounted cash flows methodology was applied to estimate the FVLCTS, using the authorized budget for 2016 and the projections estimated by both companies.

To apply this methodology, a 12.5% discount rate is determined for Brazil and 10.5% for China, which reflect the business risk, as well as the time value of money. The calculation method of the discount rate results in a weighted average cost of capital, which weights the cost of stockholders' equity with the cost of debt, based on the weighting of such resources on the balance sheet. The method to determine the cost of stockholders' equity is the cost of capital. The estimate of the variables both for the cost of capital and for debt is based on market information available at the valuation date.

With regard to the estimate of projections, those provided by both companies were used and were adjusted based on historical results, together with other adjustments to reflect figures from a market participant perspective. Finally, in the terminal value, the Entity considered a normalized flow perpetuity with growth in line with the long-term inflation for Brazil and China.

By applying the aforementioned methodology, the Entity concluded impairment in the value of goodwill of $107 for China and $534 for Brazil, as both operations did not reach budget either in previous years or in the current year.

Argentina

In the case of Argentina, the recoverable amount was estimated by VU. The discounted cash flows methodology was applied to estimate the VU, using the authorized budget for 2016 and the projections estimated by the Entity.

To apply this methodology a discount rate of 33.7% is determined, which reflects the business risk, as well as the time value of money. The calculation method of the discount rate results in a weighted average cost of capital, which weights the cost of stockholders equity with the cost of debt, based on the weighting of such resources on the balance sheet. The method to determine the cost of stockholder's equity is the cost of capital. The estimate of the variables for both the cost of capital and for debt is based on market information available at the valuation date.

With regard to the estimate of projections, those prepared by the Argentina operation were used, and were adjusted based on historical results. Such projections include those projects which are authorized at the valuation date. Finally, in the termination value, the Entity considered a normalized flow perpetuity based on growth in line with long-term inflation for Argentina.

By applying the aforementioned methodology, the Entity concluded that there was impairment in the assets of this UGE of $276, because the operation has not reached budget in previous years or in the current year.

Rest of operations

For the rest of the UGE's the recoverable amount was determined by VU. The methodology used was the discounted cash flows approach, considering a discount rate and projections provided by the same operations. The planning horizon considered was five years, with a terminal value based on a normalized flow perpetuity with growth in line with inflation for each of the countries where they operate.

By applying this methodology, the Entity concluded that there are no indications of impairment in the rest of the UGE's.

12. Long-term debt

	Fair Value	2015	2014
International bonds – On June 30, 2010, the Entity issued a bond under U.S. Securities and Exchange Commission ("SEC") Rule 144 A Regulation S for US$800 million maturing on January 30, 2020. Such bond pays a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt, extending the maturity date.	$ 14,620	$ 13,765	$ 11,774
On January 25, 2012, the Entity issued a bond under U.S. SEC Rule 144 A Regulation S for US$800 million maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50%, with semiannual payments.	14,220	13,765	11,774

	Fair Value	2015	2014
The proceeds from this issuance were used to refinance the Entity's debt.			
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 800 million maturing on June 27, 2024. Such bonds pay a fixed interest rate of 3.875% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the average maturity. See note 14.2.3 (B).	13,396	13,765	11,774
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 500 million maturing on June 27, 2044. Such bonds pay a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the average maturity. See note 14.2.3 (C).	7,625	8,603	7,359
Local bonds – As of December 31, 2015, the Entity holds the following local bonds due as follows:			
Bimbo 12- Issued on February 10, 2013, maturing in August 2018, with a fixed interest rate of 6.83%. See note 14.2.3 (F)	5,226	5,000	5,000
Bimbo 09-2- Issued June 15, 2009, maturing in June 2016, with a fixed interest rate of 10.60%. See note 14.2.3 (D)	2,057	2,000	2,000
Bimbo 09U- Issued June 15, 2009 in the amount of 706,302,200 UDIs, maturing in June 2016, with a fixed interest rate of 6.05%. The UDI value at December 31, 2015 and 2014 was $5.3812 and $5.2704, Mexican pesos per UDI, respectively. See note 14.2.3 (A and E)	3,823	3,801	3,722
Commited Revolving Credit Line (Multicurrency)- In December 2013, the Entity renewed and amended the terms and conditions of the committed multicurrency credit line, originally issued on April 26, 2010. According to the new terms and			

	Fair Value	2015	2014
conditions there are 9 financial institutions engaged in this credit line. The total amount is up to 2,000 million US dollars, maturing on March 13, 2019 and with an applicable interest rate of London Interbank Offered Rate ("LIBOR") plus 1% for the provisions in US dollars, Canadian Dealer Offered Rate ("CDOR") plus 1% for provisions in Canadian dollars, and Interbank Equilibrium rate ("TIIE") plus 0.75% for provisions in Mexican pesos. The credit line has been withdrawn during 2014 primarily for the acquisition of Canada Bread and Supan. Withdrawals were made in US dollars, Canadian dollars and Mexican pesos.	1,854	1,854	6,656
Secured working capital loans – The Entity occasionally enters into unsecured short-term loans to cover working capital needs.	-	-	280
Others - Certain subsidiaries have entered into other direct loans to meet their working capital needs, maturing from 2015 to 2020. Loans have a weighted interest rate of 7.8%.	5,584	5,585	2,295
Debt issuance cost	(377)	(377)	(430)
		67,761	62,204
Less – Current portion of long–term debt		(8,282)	(1,789)
Long–term debt		$ 59,479	$ 60,415

At December 31, 2015, long–term debt matures as follows:

Year	Amount
2017	$ 443
2018	5,236
2019	2,031
2020	15,818
2021 and thereafter	35,951
	$ 59,479

The committed dual–currency revolving credit facility, local bonds, international bond and syndicate bank loan 2009 are guaranteed by the principal subsidiaries of Grupo Bimbo. At December 31, 2015 and 2014, the Entity has complied with all the obligations, including financial ratios established in the loan agreements for the Entity and its subsidiaries.

13. Financial instruments

1. *Categories of financial instruments as of December 31, 2015 and 2014:*

	2015	2014
ASSETS		
Financial assets:		
Cash and cash equivalents	$ 3,825	$ 2,572
Accounts and note receivables, net	14,841	14,246
Derivative financial instruments	885	386
Guarantee deposits for derivative financial instruments	1,501	18
Total current assets	21,052	17,222
Non-current assets:		
Notes receivable from independent operators	950	1,109
Derivative financial instruments	3,346	1,653
Total financial assets	$ 25,348	$ 19,984

	2015	2014
LIABILITIES		
Financial liabilities:		
Bank loans	$ 8,282	$ 1,789
Trade accounts payable	13,146	11,867
Other accounts payable	1,401	1,414
Due to related parties	401	789
Derivative financial instruments	3,208	673
Total current liabilities	26,438	16,532
Bank loans	4,958	7,442
Bonds	54,521	52,973
Derivative financial instruments	1,707	1,540
Total financial liabilities	$ 87,624	$ 78,487

2. *Risk management*

During the normal course of its operations, the Entity is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Entity has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks.

Main financial risks the Entity is exposed to are:

- Market risk
- Interest rate risk
- Foreign currency risk
- Price risk
- Liquidity risk
- Credit risk
- Capital risk

The Entity's Corporate Treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and credit risk that result from the ordinary course of business. Meanwhile, the purchases department is responsible for risk management of purchase prices of commodities and reviews the consistency of Entity´s open positions in the futures markets with the Entity's corporate risk strategy. Both departments report their activities to the Risk Management Department. The main objectives of the Risk Management Department are as follows:

- Identify, evaluate and monitor external and internal risks that could significantly impact the Entity;
- Prioritize risks;
- Secure the assignment and monitoring of risk;
- Validate the functions and/or those responsible for risk management;
- Validate the progress in each of the prioritized risks; and
- Recommend future action to take.

Given that the variables the Entity is exposed are dynamic in behavior, hedging strategies are evaluated and monitored formally on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the Entity. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

2.1 Market risks

The Entity is exposed to the financial risks associated with fluctuations in foreign currency and interest rates, which are managed by Purchases department. The Entity is also exposed to price risk related to certain commodities purchased in its operation, which is managed by commodities subcommittees. The Entity occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its results. The Entity considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability, better earnings visibility and certainty regarding costs and expenses to be paid in the future.

The Entity determines the amounts and objective parameters of the primary positions for which the derivative financial instruments are entered into, with the objective of minimizing one or more of the risk exposures in a transaction or group of transactions associated with the primary position.

The Entity only enters into derivative financial instrument contracts with recognized financial institutions of wel l-known solvency and within the limits set for each institution.

The principal types of derivative financial instruments used by the Entity are:

a) Contracts that establish a mutual obligation to exchange cash flows on specific future dates, at the nominal or reference value (swaps):

    1. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities.
    2. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed.

b) Foreign currency exchange forwards;
c) Foreign currency exchange calls;
d) Commodity futures;
e) Options on commodities futures; and
f) Inputs swaps

Market risk exposure is monitored and reported on an ongoing basis to the responsible governing area within the Entity.

The Entity has established a policy that derivative financial instruments are entered into exclusively to hedge a risk. Accordingly, in order to enter into a derivative financial instrument contract, it must necessarily be associated with a primary position that exposes the Entity to a specific risk. Consequently, the notional amounts of the Entity's derivative financial instruments will be consistent with the amounts of the primary positions that are being hedged. The Entity does not enter into derivative financial instruments for speculative purposes. If the Entity decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow, meaning the Entity should not enter into derivative financial instrument transactions for speculative purposes.

Derivative financial instruments are comprised as follows:

	2015	2014
Assets:		
Current -		
Forwards	$ 22	$ 16
Premiums paid on options, net	69	146
Swaps	794	-
Futures contracts:		
Fair value of natural gas, diesel and soy oil	-	224
Total asset derivatives – current	$ 885	$ 386
Long-term swaps	$ 3,346	$ 1,653
Liabilities:		
Current -		
Swaps	$ (1,989)	$ -
Forwards	-	(8)
Forwards on raw material	-	(1)
Guarantee deposit	-	(76)
Futures contracts:		
Fair value of natural gas, diesel and soy oil	(1,219)	(588)
Total derivatives liabilities current	$ (3,208)	$ (673)
Long term swaps	$ (1,707)	$ (1,540)

	2015	2014
Stockholders' equity:		
Fair value of financial instruments designated as cash flow hedges, net of accrued interest	$ (1,411)	$ (362)
Closed contracts for unused futures	(73)	(17)
	(1,484)	(379)
Deferred income tax, net	504	159
Accumulated other comprehensive income related to	$ (980)	$ (220)

derivative financial instruments

2.2 Interest rate risk management

The Entity is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by entering into derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they comply with the all criteria to be classified as such.

Management considers that its interest rate risk related to its financial assets is limited as their maturities are generally current.

As of December 31, 2015 and 2014, the Entity held long-term debt that accrues interest at variable rates referenced to the TIIE, UDI, CDOR, LIBOR and EURIBOR respectively, and entered into interest rate swaps to fix such interest rates. The swaps have been designated as cash flow hedges.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on balances exposed to interest rate risk, considering both derivative and non-derivative instruments at the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the interest rate risk during the period due to variances in the balances exposed to such risk. For floating rate instruments, for which the Entity has not contracted a hedge to fix the rate, the sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change of 20 basis points in the one-month LIBOR and 20 basis points in the one-month CDOR and a change of 100 basis points in the 28 days TIIE represents management´s best estimate of a reasonable potential change with respect to those rates. The Entity has fully mitigated interest rate risks related to fluctuations in the value of UDI through interest rate swaps.

An increase/decrease of 20 basis points in LIBOR, would result in a decrease/increase in profit or loss of approximately $2.7 and $2.5 for the years ended December 31, 2015 and 2014, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 20 basis points in CDOR would result in a decrease/increase in profit or loss of approximately $6.2 and $7.4 for the years ended December 31, 2015 and 2014, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 100 basis points in TIIE, would result in an decrease/increase in the Entity’s profit or loss of approximately $0.8 and $9.7, for the years ended December 31, 2015 and 2014, respectively.

2.3 Foreign currency risk management

The Entity undertakes transactions denominated in a variety of foreign currencies and presents its consolidated financial statements in Mexican pesos; it also has investments in foreign operations whose currencies differ from the Mexican peso. Accordingly, it is exposed to foreign currency risk (i.e., the forecasted purchase of inputs, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. net investments is foreign subsidiaries). The main risk is with respect to the parity of Mexican pesos to US dollars, Mexican pesos to Canada dollars, and Canada dollars to US dollars.

Management of translation of foreign currency risk

The Entity has investments in foreign subsidiaries whose functional currency is other than the Mexican peso, which exposes it to the risk of foreign currency translation. Also, the Entity has contracted intercompany financial assets and liabilities with those foreign subsidiaries, in various currencies, therefore representing a foreign currency risk.

The risk is mitigated through the issuance of one or more loans denominated in currencies other than the functional currency to naturally hedge exposure to foreign currency, and presented as a net investment in foreign subsidiaries within other comprehensive income.

As of December 31, 2015 and 2014, loans that have been designated as hedges on the net investment in foreign subsidiaries amounted to USD 2,876 and USD 2,867 million, respectively.

As of December 31, 2015 and 2014, the amounts that have been designated as hedges for long-term intercompany loans are $2,017 and $2,811 million, respectively.

As of December 31, 2015 and 2014, amounts that have been designated as hedges of intercompany long-term debt are EUR 30 for both years.

As of December 31, 2015 and 2014, the amounts of loans that have been designated as hedges for net investment in foreign subsidiaries totaled CAD 998 and 1,393 million, respectively.

As of December 31, 2015 and 2014 the amounts that have been designated as a hedge for intercompany asset positions are CAD 650 million for both years.

As of December 31, 2015 and 2014, the amount that has been designated as a hedge for intercompany liability positions are USD 8 and USD 24 million, respectively.

Management of foreign currency transactional risk

Risk management policy regarding foreign currency also contemplates hedging expected foreign currency cash flows, mainly related to future purchases of inputs. Such purchases qualify as hedged items, represented by “highly probable” forecasted transactions for purposes of hedge accounting. At the time the purchase occurs, the Entity adjusts the non-financial asset that is considered the hedged item for the gain or loss previously recognized in other comprehensive income.

Foreign currency sensitivity analysis

The sensitivity analyses below have been determined based on the balances exposed to foreign currency exchange rate risk for both derivative and non-derivative instruments as of the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the foreign currency exchange rate risk that existed during the year due to variances in the balances exposed to such risk.

A depreciation/appreciation of 1 peso per US dollar, represents management´s estimate of a reasonable potential change on the parity of both currencies, and would result in an increase/decrease of approximately $54 and $19 in profit or loss for the years ended December 31, 2015 and 2014, respectively.

Detail of derivative financial instruments that hedge interest rate and foreign currency risk

Detail of the derivatives utilized to hedge the aforementioned risks and the fair value of such derivatives as of December 31 are as follows:

		2015	**2014**
Swaps that modify the Bimbo 09U local bond currency and interest rate, current portion.	(A)	$ 794	$ -
Swaps that modify the Bimbo 09U local bond currency and interest rate.	(A)	-	738
Swaps that convert the 2044 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in	(B)	2,932	794

		2015	2014
Canadian dollars.			
Swaps that convert the 2044 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars.	(C)	414	121
Total long term assets		$ 3,346	$ 1,653
Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed, current portion.	(D)	$ (677)	$ -
Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed.	(E)	(1,312)	-
Total current liabilities		$ (1,989)	$ -

		2015	2014
Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed.	(D)	$ -	$ (257)
Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed.	(E)	-	(663)
Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed	(F)	(1,707)	(620)
Total long-term liabilities		$ (1,707)	$ (1,540)

A) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

B) In order to convert the total amount of the 2024 International 144A Bond, in the amount of USD 800 million, from US to Canadian dollars, issued between June 30 and July 21, 2014, cross currency swaps were contracted for a notional amount of $240, $290, $110, $10.73, $108.34 and $99.3 Canadian dollars. These instruments receive 3.875% interest in USD and pay 4.1175%, 4.1125%, 4.1558%, 4.1498%, 4.1246% and 4.0415% interest in Canadian dollars, respectively.

C) In order to convert a portion of the 2044 International 144A Bond, that amounts USD 500 million, from US to Canadian dollars, on July 21, 2014, a cross currency swaps was contracted in a notional amount of $107.4 million Canadian dollars. This instrument receives 4.875% interest in US dollars and pays 5.0455%.

D) In connection with the issuance of the Bimbo 09–2 local bonds, for a notional amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. Maturity is June 6, 2016. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

E) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, with a notional amount, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. Maturity date is June 6, 2016. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

F) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2012 the Entity entered into 6 cross currency swaps for a notional amount of $50, $50, $50, $72.1, $70 and $100 USD respectively. All the instruments have a maturity date of August 3, 2018 and earn interest at a rate of 6.83% in Mexican pesos and pay interest at a rate of 3.24%, 3.30%, 3.27%, 3.33%, 3.27% and 3.25% respectively.

Foreign Currency Hedge

Based on its projections of expense, Corporate treasury has diverse obligations in USD, for which reason, at December 31, 2015 and 2014, it maintains a portfolio of options and forwards that result in a long-term position in forwards with monthly maturities of $35 and $8 million USD, respectively, at an average exchange rate of $16.71 and $13.9039 Mexican pesos per USD.

In addition to hedge a portion of the debt in US dollars and convert it into Canadian dollars, the Entity keeps as of December 31, 2015 a portfolio in forwards that result in a short position for a total of $85 million Canadian dollars at an average exchange rate of $1.1662 Canadian dollars per USD.

In order to meet the needs of corporate treasury in euros tied to various forecasted transactions, the Entity held as of December 31, 2015, a portfolio of options and forwards that result in a long position for a total of EUR$9 million, at an exchange rate of $17.85 pesos per euro.

As of December 31, 2015 and 2014, these aforementioned instruments have a net market value (asset) of $22 and $(8), respectively.

As of December 31, 2015 and 2014, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Mexico. These instruments hedged a notional amount of $131.25 and $137.7 million US dollars, respectively, fixing the exchange rate for the purchase of currency at a price of $16.84 and $13.73 Mexican pesos per US Dollar.

In 2015 and 2014, the Entity entered into a forward to hedge the exchange risks related to the purchase of commodities in Uruguay. This instrument hedges a notional amount of $1.9 and $3.9 million USD and fixed the exchange rate at $30.63 and $25.26 Uruguayan pesos per USD, respectively.

As of December 31, 2015, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Chile. These instruments cover a notional amount of US$6 million, fixing the exchange rate for the currency purchase at a price of $609.8 Chilean pesos per USD.

As of December 31, 2015, the Entity entered into two forward contracts to hedge the risks related to the purchase of commodities in Argentina. Such instruments hedge a notional amount of 2.8 million USD, and fixed the exchange rate at 11.98 Argentinan pesos per USD.
As of December 31, 2015, the Entity had forward contracts to hedge the risks related to the purchase of commodities in Canada. Such instruments hedge a notional amount of 5.8 million USD, and fixed the exchange rate at 1.34 CAD per USD.

As of December 31, 2015 and 2014, these operations have a net fair value of $69 and $146, respectively.

2.4 Commodities price risk management

In accordance with the Entity´s risk management policies, it enters into wheat, natural gas, and other commodities futures contracts to minimize the risk of variation in international prices of such inputs.

Wheat, the main input used by the Entity, together with natural gas, are some of the commodities hedged. The transactions are carried out in recognized commodity markets, and through their formal documentation are designated as cash flow hedges of forecasted transactions. The Entity performs prospective and retrospective effectiveness tests of the instruments to ensure they mitigate the variability of cash flows from fluctuations in the price of such inputs.

As of December 31, 2015 and 2014, the Entity has recognized, in other comprehensive income, closed contracts that have not yet been transferred to cost of sales due to the fact that the wheat under these contracts has not been used for flour consumption.

Detail of derivative transactions that hedge commodities price risk

As of December 31, 2015 and 2014, the contracted futures and their main characteristics were as follows:

	2015			2014		
	Number	Contracts Maturity	Fair Value	Number	Contracts Maturity	Fair Value
Wheat	-	-	$ -	8,427	Mar-Dec 2015	$ 218
Corn	-	-	-	219	Mar-May 2015	10
Soybean oil	-	-	-	779	Mar-Dec 2015	(4)
Total current assets			$ -			$ 224
Wheat	15,766	Mar-Dec 2016	$ (594)	-	-	$ -
Corn	308	Mar-Dec 2016	(5)	-	-	-
Soybean oil	1,320	Mar-Dec 2016	7	-	-	-
Diesel	1,539	Various	(186)	2,486	Various	(112)
Gasoline	3,347	Various	(391)	5,687	Various	(421)
Natural gas	1,143	Various	(39)	1,495	Various	(55)
Poliethylene	23,700	Jan-Sep 2016	(10)	-	-	-
Aluminium	360	Jan-Sep 2016	(1)	-	-	-
			$ (1,219)			$ (588)

Embedded derivative instruments - As of December 31, 2015 and 2014, the Entity has not identified any embedded derivative financial instruments that require bifurcation.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial assets and liabilities is determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined with reference to their quoted market prices. Derivative financial instruments fall in this category Therefore, these instruments are considered as hierarchy level 1 according to the classification of fair value hierarchy described below.

The fair value of other financial assets and liabilities carried at fair value are determined in accordance with accepted pricing models, generally based on discounted cash flow analysis.

As of December 31, 2015 and 2014, the carrying value of financial assets and liabilities, does not vary significantly from their fair value.

The fair value of market long-term debt, such as bonds, was determined based on the prices provided by Valuación Operativa y Referencias de Mercado S. A. de C. V. (“VALMER”) which is an entity supervised by the Mexican National Securities and Banking Commission (Comisión Nacional Bancaria y de Valores), that provides prices for financial instruments. Such valuation is considered as Level 1, according to the hierarchy described as follows:

Fair value hierarchy

The amount of assets and liabilities in the consolidated statements of financial position, measured at fair value, are grouped into one of the following three hierarchy levels. Categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Liquidity risk management

Corporate treasury is responsible for managing liquidity risk. Risk management allows the Entity to determine its short-, medium- and long-term cash flow needs, while seeking financial flexibility. The Entity maintains sufficient liquidity through an orderly management of its resources and permanently monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with bank institutions and proper management of working capital. These actions ensure the payment of future obligations. The Entity believes that due to the nature of its business, liquidity risk is low.

Obligations resulting from accounts payables, financial instruments and debt amortization are a s follows:

	X<1 year	1 year <X<3 years	3 years<X<5 years	X>5years
Debt	$ 11,230	$ 11,549	$ 20,270	$ 48,360
Trade accounts payable	13,146	-	-	-
Derivative instruments	1,987	1,293	-	-
Total	$ 26,363	$ 12,842	$ 20,270	$ 48,360

2.6 Credit risk management

Credit risk arises from the possible loss if a customer is unable to pay its obligations, loss on investments and principally the risk related to derivative financial instruments.

When accounts receivable to customers is impaired, the Entity recognizes an allowance for doubtful accounts. The allowance is increased for those accounts beyond 90 days past due, for fifty percent of the account and for the total when it reaches 100 days past due. The methodology used to determine the allowance has been applied consistently and the allowance has been historically sufficient to cover impaired unrecoverable accounts.

With respect to operations with derivative financial instruments related to interest rate and exchange rate hedges, and some commodities like natural gas, these instruments are entered into bilaterally (“OTC”), with counterparties of high repute that meet certain criteria mentioned below, and who maintain a significant and continuous commercial relationship with the Entity.

These counterparties are deemed of high repute, as they are sufficiently solvent -based on their “counterparty risk” rating from Standard & Poor´s- for short- and long-term obligations in local and foreign currency. The principal counterparties with whom the Entity has contracts with respect to derivative financial instruments are:

Banco Nacional de México, S. A., BBVA Bancomer, S. A., Barclays Bank, PLC W. London, Bank of America México, S. A., Citibank N.A., Merrill Lynch Capital Services, Inc., HSBC Bank, ING. Capital Markets, JP Morgan Chase Bank, N. A., Banco Santander, S. A., Mizuho Corporate Bank, Ltd, Mizuho Capital Markets Corporation and The Bank of Tokyo Mitsubishi ufj, Ltd.

Principal commodities derivatives financial instruments are contracted in the following recognized markets:

a. Minneapolis Grain Exchange (MGE)
b. Kansas City Board of Trade (KCBOT)
c. Chicago Board of Trade (CBOT)
d. New York Mercantile Exchange (NYMEX)

Exposure to each counterparty is monitored on a monthly basis.

All derivative financial instrument transactions are performed under a standardized contract and duly executed by the legal representatives of the Entity and those of the counterparties.

Appendix and annexes to the contract, establish the settlement and other relevant terms in accordance with the manners and practices of the Mexican market.

Some derivative financial instrument contracts include the establishment of a security deposit or other securities to guarantee payment of obligations arising from such contracts. Credit limits that the Entity has with its counterparties are large enough to support its current operations; however, the Entity maintains cash deposits as collateral for payment of derivative financial instruments.

For those commodities future contracts executed in recognized, international markets, the Entity is subject to the regulation of those markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required of the Entity.

2.7 Equity structure management

The Entity maintains a healthy relation between debt and equity, to maximize the shareholders' return.

The leverage ratio at the end of each period is as follows:

	2015	2014
Debt (i)	$ 67,761	$ 62,204
Cash and cash equivalents	3,825	2,572
Net debt	63,936	59,632
Stockholders' equity	61,859	53,602
Net debt to stockholders' equity	1.03 times	1.11 times

(i) Debt is comprised of bank loans and short- and long-term bonds, net of issuance costs pending amortization.

The Entity is not subject to any externally imposed capital requirements.

14. Employee benefits and workers' compensation

The net liabilities generated by employee benefits and long-term social security benefits by geographical segment, is integrated at December 31, 2015 and 2014 as follows:

	2015	2014
Retirement and post- retirement benefits		

Mexico	$ 3,466	$ 2,922
EUA	3,707	4,899
Canada	758	542
OLA	63	136
Total retirement and post-retirement benefits	7,994	8,499
Workers´compensation - USA	2,598	2,104
Multi- Employer Pension Plan – USA	14,851	12,345
Bonuses to employees, long term	489	344
Total net liability	$ 25,932	$ 23,292

a. ***Mexico***

The Entity has a defined benefit pension and seniority premium plan. The Entity is also required to pay termination benefit obligations, which do not qualify as post-retirement benefit plans under IFRS, for which reason a liability for the benefits is not recognized until the obligation occurs, generally upon payment. The Entity´s funding policy is to make discretionary contributions. During 2015 and 2014, the Entity has not contributed to the plans.

Seniority premiums payment consist of a one–time payment of 12 days for each year worked based on the final salary, not exceeding twice the minimum wage, applicable at the payment date, established by law for all its personnel, as stipulated in the respective employment contracts. Such benefits vest for employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2015 and 2014 by Bufete Matemático Actuarial, S.C., member of Colegio Nacional de Actuarios, A. C. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

b. ***USA***

The Entity has established a defined benefit pension plan that covers eligible employees. Some of the benefits of the plan were frozen. The Entity´s funding policy is to make discretionary contributions. As of December 31, 2015 and 2014, the Entity contributed to such plan $826 and $641, respectively.

The Entity also has established post-retirement employee welfare plans, which covers the medical insurance of certain eligible employees. The Entity has insurance and pays these expenses as they occur.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2015 and 2014 by Mercer (US), Inc., member of the Institute of actuaries in the U.S. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

c. ***Canada***

The Entity has established a defined benefit plan for covering pension payments to eligible employees. Some of the benefits of unionized personnel plans were frozen. The funding policy of the Entity is to make discretionary contributions. The contributions made during 2015 and 2014 amounted to $121 and $43, respectively.

The most recent of the plan assets and the present value of the defined benefit obligation actuarial valuations were performed as of December 31, 2015 and 2014 by Mercer (Canada), Inc. The present value of the defined benefit obligation, the labor cost of current service and past service cost were calculated using the method of projected unit credit.

The company also has established a defined contribution plan in which contributions are paid as incurred.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015	2014
Mexico		
Discount rate	7.50%	7.50%
Expected rate of salary increase	4.50%	4.50%
Inflation rate	3.50%	3.50%
Expected weighted return	7.50%	7.50%
Real weighted return	1.19%	6.40%
EUA		
Discount rate	4.25%	3.80%
Expected rate of salary increase	3.75%	3.75%
Inflation rate	2.75%	2.75%
Expected weighted return	4.25%	3.80%
Real weighted return	(2.50%)	15.19%
Canada		
Discount rate	3.90%	3.90%
Expected rate of salary increase	3.00%	3.00%
Inflation rate	2.00%	2.00%
Expected weighted return	3.90%	3.90%
Real weighted return	3.70%	0.20%

The amounts recognized in profit or loss with respect to defined benefit pension plans and post-retirement benefits:

	2015	2014
Current service cost	$ 757	$ 523
Interest cost	1,565	1,378
Interest income on plan assets	(1,134)	(1,048)
	$ 1,188	$ 853

The net cost of the period was allocated $212 and $216 in 2015 and 2014, respectively, in the consolidated statements of income as cost of sales and the remainder as general expenses. The interest on the obligation and the expected return on the plan assets are recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	2015	2014
Present value of defined benefit obligation	$ 32,253	$ 30,086
Less - Fair value of plan assets	24,149	21,723
	8,104	8,363
Add: Retirement benefit OLA	63	136
Less: Current portion of retirement benefit	(173)	-
Present value of unfunded defined benefits	$ 7,994	$ 8,499

Movements in the present value of the defined benefit obligation:

	2015	2014
Present value of the defined obligation as of January 1	$ 30,086	$ 22,425
Service cost	757	523
Interest cost	1,565	1,378

Actuarial loss on estimate of obligation	60	735
Effect of experience adjustments	(453)	(236)
Effect of changes in demographic assumptions	(675)	563
Effect of changes in financial assumptions	(1,359)	1,846
ABA Plan (1)	809	-
Assumed liabilities in business acquisition	2,083	2,194
Adjustment for fluctuation in currency exchange	3,330	1,893
Benefits paid	(3,950)	(1,235)
Present value of the defined benefit obligation as of December 31	$ 32,253	$ 30,086

Movements in fair value of plan assets:

	2015	2014
Plan assets at fair value as of January 1	$ 21,723	$ 16,675
Interest income, and others	1,134	1,047
Actuarial (loss) gain	(1,402)	1,316
Employer and employee contributions	947	749
ABA Plan (1)	660	-
Assets on business acquisition	1,783	1,570
Adjustment for fluctuation in currency exchange	2,520	1,473
Benefits paid	(3,216)	(1,107)
Plan assets at fair value as of December 31	$ 24,149	$ 21,723

(1) In 2015, the Entity determined that the American Bakers´Association (“ABA Plan”) pension plan, that had been determined to be a multi-employer pension plan, qualified as an other defined benefit plan for retirement. Therefore, in 2015, this plan is presented as such.

Categories of plan assets:

	Fair Value of plan assets	
	2015	2014
Equity instruments	$ 9,123	$ 12,362
Debt instruments	11,384	6,871
Others	3,642	2,490
Total	$ 24,149	$ 21,723

Fair value of the assets of the plan are measured using valuation techniques that include inputs that are not based on observable market data.

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected wage increase. The sensitivity analysis presented below were determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

In Mexico, if the discount rate increases/decreases 100 basis points, the expected benefit obligation would decrease/increase by $1,183 and $1,711, respectively.

If the expected wage increases/decreases 1%, the defined benefit obligation would increase/decrease by $1,116 and $849, respectively.

In USA, if the discount rate increases/decreases 50 basis points, the expected benefit obligation would decrease/increase by $(1,296) and $987, respectively.

If the expected wage increases/decreases 100 basis points, the defined benefit obligation would increase/decrease by $197.

In Canada, if the discount rate increases/decreases 0.25%, the expected benefit obligation would decrease/increase by $(68) and $71, respectively.

If the expected wage increases/decreases 0.5%, the defined benefit obligation would increase/decrease by $8.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The Entity's technical committee has the responsibility to define and monitor on a quarterly basis, the strategy and investment policies in order to optimize the risk / performance at long term.

Investment strategies in the actuarial and technical policy document of the Fund are:

- Asset mix on December 31, 2015 is 33% equity instruments, 54% debt instruments and 13% other instruments or alternative. The mix of assets as of December 31, 2014, is 31% equity instruments, 56% debt instruments and 13% other instruments or alternative.

The technical committee of the Entity has the responsibility to define and monitor quarterly, strategy and investment policies in order to optimize the risk / return over the long term.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. Also, there has been no change to the process followed by the Entity to manage the plan assets compared to previous years

In Mexico the average duration of the benefit obligation as of December 31, 2015 is 19 years. This number can be analyzed as follows:

- Active members: 20 years (2014: 21 years) and
- Retired members: 11 years (2014: 12 years).

In USA the average duration of the benefit obligation as of December 31, 2015 is 13 years. This number can be analyzed as follows:

- Active members: 15 years (2014: 16 years);
- Deferred members: 16 years (2014: 18 years), and
- Retired members: 9 years (2014: 9 years).

In Canada the average duration of the benefit obligation as of December 31, 2015 is 12.6 years. This number can be analyzed as follows:

- Active members: 16.2 years (2014: 16.2 years);
- Deferred members: 18 years (2014: 18.2 years), and
- Retired members: 8.7 years (2014: 8.6 years).

The amounts of experience adjustments are as follows:

	2015	2014

Present value of defined benefits obligation	$ 32,253	$ 30,086
Less – Fair value of plan assets	24,149	21,723
Underfunded status	$ 8,104	$ 8,363
Experience adjustments on plan obligation	$ (393)	$ 499
Experience adjustments on plan assets	$ (1,402)	$ 1,316

Multi-employer pension plans ("MEPP")

The Entity participates in benefit plans known as MEPPs. A MEPP is a fund in which several unrelated employers, in the same or similar industry, make payments to fund retirement benefits for unionized employees enrolled in the plan. Originally, it was set to facilitate the mobility of employees between companies in the same industry preserving pension benefits. Usually they are managed by a trust that is overseen by representatives of all employers and employees. Currently BBU participates in 32 MEPPs.

Unless the Entity determines that exit of the MEPP is highly probable, they are measured as a defined contribution plan, as the Entity does not have sufficient information to calculate the liability, due to the collective nature of the plan, and that the participation of the Entity is limited. The responsibility of the Entity is to provide contributions as set forth in the collective contracts.

Contributions to MEPPs for the years ended December 31, 2015 and 2014 amounted to $1,663 and $1,640, respectively. The estimated contributions for 2016 are approximately $1,777. Annual contributions are charged to profit or loss of the year.

In the event that another employer(s) exits the MEPP without satisfying its obligation related to its exit, the non-covered amount is distributed to the other active employers. Generally, the distribution of the liability for the exit of the plan is based on the Entity's contributions to the plan compared to the contributions of the other employers in the plan.

When the exit of a MEPP is highly probable, a provision is recognized for the present value of the estimated future cash outflows, discounted at the accrual rate. The Entity recognizes the withdrawal liability related to two MEPPs for which a contract exits. The total liability related to MEPPs is included in the employee labor obligations line.

The provision for the MEPP mainly corresponds to the Entity´s intention of exiting the plan.

During 2015 and 2014, the Entity recorded a charge to results with respect to the liability for MEPPs of $359 and $2,022, respectively.

Liabilities recognized with respect to MEPPs are updated each year derived from changes in wages, aging and the mix of employees in the plan, which are recorded in results of the income year, in addition to amounts that are contributed regularly to different MEPPs.

The Entity has provisioned $14,581, that represent the withdraw estimation of some plans. The Entity has not provisioned for the MEPPs for which it has no intention to exit.

Welfare benefit plans USA

The Entity maintains a welfare benefit plan that covers certain eligible employees' postretirement medical expenses. Amounts correspond to expenses that are recorded in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are included in the income statement. As of December 31, 2015 and 2014, these liabilities were:

	2015	2014

Welfare benefit plans		
Current (a)	$ 505	$ 471
Long-term	2,598	2,104
	$ 3,103	$ 2,575

(a) Included in other accounts payable and accrued expenses.

15. Stockholders' equity

At December 31, 2015 and 2014, stockholders' equity consists of the following:

	Number of shares	Amount
Fixed capital		
Series A	4,703,200,000	$ 4,227
Total	4,703,200,000	$ 4,227

Capital stock is fully subscribed and paid–in and represents fixed capital. Variable capital cannot exceed 10 times the amount of minimum fixed capital without right of withdrawal and must be represented by Series "B", ordinary, nominative, no–par shares and/or limited voting, nominative, no–par shares of the Series to be named when they are issued. Limited voting shares cannot represent more than 25% of non–voting capital stock.

i. There were no dividends declared during 2015 and 2014.

ii. An additional income tax, in Mexico, Income Tax on dividends was enacted in 2015 of 10% when such dividends are distributed to individuals and persons residing outside the country The income tax is paid via withholding and is considered a final payment by the shareholder. For foreigners, treaties to avoid double taxation may apply. This tax will apply to the distribution of profits generated beginning 2015.

iii. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical Mexican pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2015 and 2014, the legal reserve, in historical Mexican pesos, was $500.

iv. Stockholders' equity, except restated paid–in capital and tax-retained earnings, will be subject to income taxes payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

v. The balances in the stockholders' equity tax accounts at December 31 are:

	2015	2014
Paid-in capital	$ 29,338	$ 28,464
Net after-tax income	42,372	37,174
Total	$ 71,710	$ 65,638

16. Transactions and balances with related parties

Balances and transactions between the Grupo Bimbo and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note.

Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2015	2014
Expenditures for purchases of:		
Raw material		
Beta San Miguel, S.A. de C.V.	$ 1,030	$ 429
Frexport, S.A. de C.V.	661	592
Industrial Molinera Monserrat, S.A. de C.V.	300	385
Ovoplus del Centro, S.A. de C.V.	26	320
Paniplus, S.A. de C.V.	-	57
Finished inventory		
Fábrica de Galletas La Moderna, S.A. de C.V.	$ 537	$ 517
Mundo Dulce, S.A. de C.V.	716	624
Pan-Glo de México, S. de R.L. de C.V.	48	48
Stationary, uniforms and others		
Efform, S.A. de C.V.	163	156
Galerias Louis C Morton, S.A. de C.V.	8	4
Marhnos Inmobiliaria, S.A.	-	29
Proarce, S.A. de C.V.	123	123
Uniformes y Equipo Industrial, S.A. de C.V.	103	69
Financial services		
Fin Común Servicios Financieros, S.A. de C.V.	464	456

Transactions with related parties are carried out at market prices expected between independent parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful accounts in respect of the amounts owed by related parties.

a. ***Accounts payable to related parties***

As of December 31, 2015 and 2014 the net balances due to related parties are:

	2015	2014
Beta San Miguel, S. A. de C. V.	$ 190	$ 326
Efform, S. A. de C. V.	31	41
Fábrica de Galletas La Moderna, S. A. de C. V.	53	65
Frexport, S. A. de C. V.	13	116
Industrial Molinera Montserrat, S. A. de C. V.	6	34
Makymat, S. A. de C. V.	-	4
Mundo Dulce, S.A. de C.V.	48	48
Ovoplus del Centro, S. A. de C. V.	-	7
Pan-Glo de México, S. de R. L. de C. V.	10	14
Proarce, S. A. de C. V.	9	47
Fin Común Servicios Financieros, S.A. de C.V.	8	8
Uniformes y Equipo Industrial, S. A. de C. V.	22	21
Otros	11	58

	2015	2014
	$ 401	$ 789

Compensation of key management personnel

Compensation management and other key members of management during the year was as follows

	2015	2014
Short- and long –term direct benefits	$ 601	$ 409
Severance benefits	653	576
Bonus	107	103
	$ 1,361	$ 1,088

The compensation of management and key executives is determined by the Compensation Committee based on the performance of individuals and market trends.

17. Income taxes

Income taxes in México -

Mexican entities are subject to income tax ("ISR")

ISR -The rate was 30% in 2015 and 2014 and as a result of the 2014 ISR law, the rate will continue at 30% in 2016 and thereafter.

Income taxes in other countries -

Subsidiaries established abroad calculate the income tax on the individual results of each subsidiary and in accordance with the regulations of each country. USA has an authorization to file a consolidated income tax return. Spain has authorization to file a consolidated income tax beginning from the year 2013.

Each company calculates and pays under the assumption of individual legal entities. The annual tax return is submitted within six months following the end of the fiscal year; companies must make monthly payments during the fiscal year.

The tax rates applicable in other countries where the Entity mainly operates and the period in which tax losses may be applied, are as follows:

	Legal tax rate (%)				Due date tax loss
	2015		2014		carryforward
Argentina		35		35	5 (A)
Brazil		34		34	(B)
Canada	(C)	15		15	20
Spain	(D)	28	(D)	30	(E)
USA	(F)	35	(F)	35	20
Mexico		30		30	10

Tax losses caused by the Entity are mainly in the USA, Mexico, Brazil and Spain.

(A) Losses on sales of shares or other equity investments may only be offset against income of the same nature. The same applies to losses on derivatives. Foreign source tax losses may only be amortized with income from foreign sources.

(B) Tax losses may be applied indefinitely, but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for each year.

(C) The general corporate income tax rate is a combination of the federal corporate income tax rate, of 15%, and relevant state (provincial) corporate income tax rates, where the Entity has a permanent establishment. State tax rates vary from 10% to 16%. Therefore the combined tax rate may vary from 25% to 31%.

(D) The tax rate was reduced to 28% in 2015, and will be 25% for the following years.

(E) Tax losses have no expiration date, however they can only be offset to a portion of the net taxable profit for each year as follows: 50-25% in 2015, 60% in 2016 and 70% from 2017 and thereafter.

(F) A state tax in each state must be added to the federal rate. The weighted statutory tax rate for the Entity for the years 2015 and 2014 was 37.75% and 38.8%, respectively.

Operations in the USA, Canada Argentina, Colombia, Guatemala, Panamá, Honduras, Nicaragua and Ecuador are subject to minimum payments of income tax.

Details of provisions, effective tax rate and deferred effects

a. Income tax in profit and loss:

	2015	2014
Income tax:		
Current	$ 3,884	$ 3,921
Deferred	179	(966)
	$ 4,063	$ 2,955

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income for the years ended December 31, 2015 and 2014:

	2015	2014
Income before taxes	$ 9,978	$ 6,986
Statutory rate in Mexico	30%	30%
ISR at statutory tax rate	2,993	2,096
Add (less) tax effects of the following items:		
Inflationary effects on the monetary financial position	246	524
Nondeductible expenses, nontaxable revenues and other	575	390
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	(106)	(286)
Effects on the tax base values of property, plant and equipment	(137)	(131)
Participation in the results of associates	(14)	18
Change in unrecognized tax benefits	506	344
Income tax recognized in profit or loss	$ 4,063	$ 2,955
Effective tax rate	40.7%	42.3%

To determine deferred ISR at December 31, 2015 and 2014, entities applied the tax rates expected to be in effect to temporary differences, based on the estimated reversal date of the temporary difference.
Certain companies that have tax losses have not recognized the deferred benefit as they do

not believe they have projections of sufficient taxable income in order to recover the benefit of such losses. Unrecognized benefits were $3,007 in 2015 and $3,524 in 2014.

The main items originating a deferred income tax asset as of December 31, 2015 and 2014 are:

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Translation effects	Business combinations	December 31, 2014
Allowance for doubtful accounts	$ (317)	$ (4)	$ -	$ -	$ -	$ (321)
Inventories and payments in advance	230	(241)	-	-	(1)	(12)
Property, plant and equipment	3,627	328	-	-	505	4,460
Intangible and other assets	5,493	969	-	-	1,855	8,317
Other reserves	(9,999)	(1,992)	(430)	-	(193)	(12,614)
Employee profit sharing	(246)	(72)	-	-	-	(318)
Tax loss carry forwards	(3,152)	(2,009)	-	-	(283)	(5,444)
Derivative financial instruments	-	1,649	(1,649)	-	-	-
Other items	519	406	(33)	(289)	-	603
Total (assets) liability, net	$ (3,845)	$ (966)	$ (2,112)	$ (289)	$ 1,883	$ (5,329)

	December 31, 2014	Effects through profit or loss	Effects through comprehensive income	Translation effects	Business combinations	December 31, 2015
Allowance for doubtful accounts	$ (321)	$ (14)	$ -	$ -	$ -	$ (335)
Inventories and payments in advance	(12)	(21)	-	-	-	(33)
Property, plant and equipment	4,460	(349)	-	-	256	4,367
Intangible and other assets	8,317	1,436	-	-	175	9,928
Other reserves	(12,614)	(1,033)	315	-	(64)	(13,396)
Employee profit sharing	(318)	5	-	-	-	(313)
Tax loss carry forwards	(5,444)	(2,518)	-	-	-	(7,962)
Derivative financial instruments	-	2,121	(2,121)	-	-	-
Other items	603	552	(345)	(412)	-	398
Total (assets) liability, net	$ (5,329)	$ 179	$ (2,151)	$ (412)	$ 367	$ (7,346)

The deferred income tax asset and liability have not been offset in the accompanying consolidated statements of financial position as they result from different taxable entities and tax authorities. Gross amounts are as follows:

	2015	2014
Deferred income tax asset	$ (10,705)	$ (8,709)
Deferred income tax liability	3,359	3,380
Total asset, net	$ (7,346)	$ (5,329)

a. As of December 31, 2015, tax loss carry forwards, pending amortization against future income taxes, expire as follows:

Years	Amount
2016	$ 331
2017	314
2018	351
2019	238
2020	459
2021	1,851
2022	86
2023	1,232
2024	5,510

2025	9,301
2026 and thereafter	15,591
	35,264
Unrecognized tax losses	(9,782)
Total	$ 25,482

18. Costs and expenses by nature

Cost of sales and distribution, selling, administrative, and other general expenses presented on the consolidated statements of income, are comprised as follows:

	2015	2014
Cost of sales		
Raw materials and manufacturing expenses	$ 95,008	$ 82,391
Freight, fuel and maintenance	3,053	2,527
Depreciation	4,360	3,380
	$ 102,421	$ 88,298

	2015	2014
Distribution, selling, administrative and other expenses		
Wages and salaries	$ 41,229	$ 36,674
Depreciation	2,078	2,028
Freight, fuel and maintenance	5,660	4,415
Professional services and consulting	13,358	10,098
Advertising and promotional expenses	7,935	6,951
Other	32,384	28,277
	$ 102,644	$ 88,443

19. Other general expenses

a. Other general expenses are comprised as follows:

	2015	2014
Tax incentives	$ (78)	$ (3)
Loss on sale of property, plant and equipment	124	330
Impariment of goodwill	991	-
Impirement of brand and distribution rights	430	166
Impirement fixed assets	418	-
Recovery on claims	-	(8)
Provision for updating MEPPs	359	2,022
Others	(76)	370
	$ 2,168	$ 2,877

20. Commitments

Guarantees and/or guarantors

a. Grupo Bimbo, S.A.B. de C.V. along with certain subsidiary companies have issued letters of credit to guarantee certain commercial obligations and contingent risk related to workers' compensation of certain subsidiaries. The value of such letters of credit at December 31, 2015 and 2014 are US$344 and US$270 million, respectively.

b. The Entity entered into contracts, which requires it to acquire certain amounts of renewable energy for an 17-year period at a fixed price, that will be updated according to changes in the

INPC factors for the first 15 years. Even though the contracts have derivative financial instruments characteristics, they fall within the exception of "own-use"; therefore, they are recognized in the financial statements as the consumption of energy occurs. The estimated commitment to purchase energy in 2016 amounts to $254, and is to be updated annually based on inflation, for the remaining 13 years of the contract.

Lease commitments

a. The Entity has long–term commitments under operating leases, related to the facilities used to produce, distribute and sell its products. These commitments vary from 3 to 14 years, with a renewal option of between one and five years. Certain leases require the Entity to pay all related expenses, such as taxes, maintenance and insurance for the term of the contracts. Lease expense was $4,136 and $ 3,485 for the years ended December 31, 2015 and 2014, respectively. The total amount of future minimum lease commitments is as follows:

Years	Operating leases	Finance leases	Finance leases Non-controlling Interest
2016	$ 2,299	$ 25	$ 446
2017	1,699	5	362
2018	1,231	-	288
2019	915	-	206
2020	2,058	-	-
2021 and thereafter	202	-	-
Total minimum lease payments	8,404	30	1,302
Amounts representing interest	-	3	388
Present value of net minimum lease payments	$ 8,404	$ 27	$ 914

21. Contingencies

Certain contingencies exist, of varying nature, that have arisen in the normal course of business of the Entity, for which management has evaluated the likelihood of loss as remote, probable or possible. Based on such evaluation, for those contingencies for which the Entity believes it is probable it will be required to use future resources to settle its obligation, the Entity has accrued the following amounts:

Type	Amount
Labor-related	$ 201
Tax-related	56
Civil-related	24
Other	97
Total	$ 378

Those contingencies for which management does not believe it is probable that it will be required to use future resources to settle its obligations and that are not expected to have a material adverse effect are not accrued until other information becomes available to support the recognition of a liability.

The Entity has restricted cash of $177 and pledged certain assets in Brazil amounting to an additional $204 million as a guarantee of certain tax contingencies, which are presented in other long–term assets.

Derived from the purchase of items of property, plant and equipment and intangible assets in

Brazil concerning the Firenze brand, made in 2008, the Entity is subject to tax liens and presumed successor of companies involved in these actions. The court issued an injunction, ordering the restriction of the accounts receivable of the Entity from the sale of branded products "Firenze". The Entity continues to defend itself regarding this claim, which is expected to be resolved in the long-term. There is a provision recorded for $21.

22. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on four geographical zones: Mexico, North America, OLA and Europe. Segment revenue is comprised of bread (for all segments) and confectionery products (Mexico and USA only)

The following presents the condensed financial information by reportable segment based on the geographical areas in which the Entity operates for the years ended December 31, 2015 and 2014:

	2015					
	Mexico	North America	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 76,295	$ 116,399	$ 24,272	$ 7,560	$ (5,340)	$ 219,186
Operating income (loss) (*)	$ 10,920	$ 5,024	$ (1,310)	$ (601)	$ 88	$ 14,121
Depreciation, amortization, impairment and other non-cash	$ 2,511	$ 4,641	$ 1,829	$ 267	$ -	$ 9,248
EBITDA (*)(**)	$ 13,431	$ 9,665	$ 519	$ (334)	$ 88	$ 23,369
Net income of controlling stockholders	$ 5,497	$ 1,462	$ (1,662)	$ (892)	$ 766	$ 5,171
Interest income	$ (372)	$ (190)	$ (30)	$ (181)	$ 561	$ (212)
Interest expense	$ 3,541	$ 1,221	$ 361	$ 1	$ (548)	$ 4,576
Total assets	$ 43,020	$ 130,148	$ 19,332	$ 8,253	$ (1,120)	$ 199,633
Total liabilities	$ 82,868	$ 45,890	$ 6,690	$ 2,881	$ (555)	$ 137,774

	2014					
	Mexico	North America	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 72,098	$ 90,375	$ 21,931	$ 6,897	$ (4,248)	$ 187,053
Operating income (loss) (*)	$ 10,132	$ 392	$ 7	$ (209)	$ (10)	$ 10,312
Depreciation, amortization, impairment and other non-cash	$ 1,917	$ 5,196	$ 849	$ 146	$ -	$ 8,108
EBITDA (*)(**)	$ 12,049	$ 5,588	$ 856	$ (63)	$ (10)	$ 18,420
Net income of controlling stockholders	$ 4,977	$ (1,011)	$ (492)	$ (53)	$ 97	$ 3,518
Interest income	$ (303)	$ (309)	$ (34)	$ (324)	$ 699	$ (271)
Interest expense	$ 3,007	$ 942	$ 300	$ 29	$ (586)	$ 3,692
Total assets	$ 36,449	$ 115,427	$ 20,176	$ 6,844	$ (1,135)	$ 177,761
Total liabilities	$ 78,238	$ 37,935	$ 5,941	$ 2,516	$ (471)	$ 124,159

(*) Amount does not include intercompany royalties.

(**) The Entity determines EBITDA as operating income plus depreciation, amortization, impairment and other cash items.

For the years ended December 31, 2015 and 2014 the sales to its largest customer represented 11.8% and 12% respectively of consolidated net sales of the Entity, which corresponds mainly to the regions of Mexico and the US and Canada. There are no other customers whose sales exceed 10% of total consolidated sales.

23. Financial statements issuance authorization

On March 30, 2016 the issuance of the accompanying consolidated financial statements was authorized by Lic. Daniel Servitje Montull, Chief Executive Officer, and the Board of Directors of the Entity. Consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to the Entity stockholders' approval at the General Stockholders' meeting, where they may be modified, based on provisions set forth by Mexican General Corporate Law.

* * * * * *

Mexico City, April 11, 2016

To the Board of Directors of Grupo Bimbo, S.A.B. de C.V.

Dear Sirs,

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S.A.B. de C.V. (the "Group" or the "Company"), I hereby present to you the report of the activities carried out by the Audit and Corporate Practices Committee (the "Committee") during the year ended December 31, 2015. In carrying out our work, we abided by the recommendations established in the Code of Best Corporate Practices.

Based on the previously approved work plan, the Committee met six times during the year, in which it discussed the issues it is legally obligated to consider and carried out the activities described below:

Internal controls

With the assistance of both Internal and External Auditors, we verified that management had established general guidelines for internal control, as well as the necessary procedures for their application and enforcement. In addition, we followed up on the remarks and observations made by the external and internal auditors in performance of their duties.

The members of Management responsible for such matters presented us with the plans of action corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

Code of ethics

With the support of the Internal Audit Department and other areas of the Company, we verified compliance by the employees of the Company with the Group's current Code of Ethics.

We learned of the results and central issues identified in maintaining a hotline for Group associates, and management informed us of the actions taken in those cases.

External audit

The independent auditors that provide these services were the same as in the two preceding years, and a single firm is responsible for auditing the results of all the operations and countries where Grupo Bimbo operates.

We approved the fees for these auditing services, including additional fees to account for the growth of the group and other permitted services. We ensured that these payments did not compromise the independence of that firm.

The external auditors presented their approach and work program and areas of interaction with Grupo Bimbo's Internal Audit department, and the Committee approved this presentation.

We maintained direct and close communication with the external auditors, and they informed us on a quarterly basis of the progress of their work and any observations they had; we took note of their comments on the quarterly and annual financial statements. We were promptly informed of their conclusions and reports on the annual financial statements.

Finally, we conducted an evaluation of the services of the external auditing firm for the year 2015 and were promptly informed of the preliminary financial statements.

Internal Audit

We reviewed and approved the annual work plan for the year 2016 as well as the budget for carrying out the activities of the area.

In each of this Committee's meetings, we received and approved regular reports on the progress of the approved work plan.

We followed up on the comments and suggestions made by the Internal Audit area, and verified that Management resolved any deviations from the established internal controls, and we therefore consider the status of that system to be reasonably correct.

We authorized an annual training plan for personnel of the area and verified its effectiveness. A number of specialized professional firms participated actively in that plan, ensuring that personnel receive up-to-date information on the appropriate topics.

We reviewed and followed up on the program to transform the responsibilities of the Internal Audit area, which was implemented for the purpose of strengthening it.

Financial information and accounting policies

We reviewed the quarterly and annual financial statements of the Company together with the parties responsible for their preparation, recommended their approval by the Board of Directors, and authorized their publication. Throughout the process we took into account the opinions and remarks of the external auditors.

To arrive at an opinion on the financial statements, we verified, with the support of the internal and external auditors, that the criteria, accounting policies and the information used by management in the preparation of the financial statements was appropriate and sufficient and had been applied in a manner consistent with the prior year, taking into account the changes in International Financial Reporting Standard effective both in that year and the preceding year. As a result, the information presented by management reasonably reflects the financial position, results of operations, changes in shareholders' equity and cash flows of the Company.

Compliance with regulatory standards and laws; contingencies

With the support of the internal and external auditors, we confirmed the existence and reliability of the controls established by the Company to assure compliance with the various legal provisions to which it is subject, and assured that these were appropriately disclosed in the financial information.

At the close of each quarter, we regularly reviewed the Company's various tax, legal and labor contingencies and confirmed that appropriate procedures were in place so that Management could identify and address them in an appropriate manner.

The Risk Committee created by the Company's management informed us of the methodology it follows to determine and evaluate the risks the group faces, and we verified that the risks were being monitored and mitigated where possible, and that they were considered in the work plans of the Internal Auditors.

Management explained to us the central guidelines that govern the anti-corruption policy, as well as planes to publicize it and check that it is complied with, which we found appropriate.

Compliance with other obligations

We met with Management executives and officers as considered necessary to remain abreast of the progress of the Company and any material or unusual activities and events.

We obtained information about significant matters that could involve a possible breach of operating policies, the internal control system and policies on accounting records, and we were also informed of corrective measures taken in each case, and found them satisfactory.

We did not find it necessary to request the support or opinion of independent experts, because the issues raised in each meeting were duly supported by the information on hand, and the conclusions reached were satisfactory to Committee members.

Transactions with related parties

We reviewed and recommended for approval by the Board each and every related party transaction requiring approval by the Board of Directors for fiscal year 2015, as well as for recurring transactions that are expected to be conducted in fiscal year 2016 that require Board approval.

Evaluation of management

We reviewed and recommended for approval by the Board the policies for the designation, evaluation and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee in 2015.

In my capacity as Chairman of the Audit and Corporate Practices Committee, I reported regularly to the Board of Directors on the activities conducted within the Committee.

The work that we conducted was duly documented in minutes of each meeting, which were reviewed and approved at the time by the Committee members.

Sincerely,

Henry Davis Signoret
Chairman of the Audit and Corporate Practices Committee
Grupo Bimbo, S.A.B. de C.V.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report Dated March 30, 2015

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements 2014 and 2013

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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

We have audited the accompanying consolidated financial statements of Grupo Bimbo, S. A. B. de C .V. and its Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statements of 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, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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 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 consolidated financial statements present fairly, in all material respects, the financial position of Grupo Bimbo, S. A. B. de C .V. and its subsidiaries as of December 31, 2014 and 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Octavio Aguirre Hernández

Mexico City, México
March 30, 2015

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013
(In millions of Mexican pesos)

Assets	Notes	December 31, 2014	December 31, 2013
Current assets:			
Cash and cash equivalents		$ 2,572	$ 2,504
Accounts and notes receivable- net	6	19,028	15,848
Inventories- net	7	4,978	4,729
Prepaid expenses		695	1,421
Derivative financial instruments	14	386	38
Guarantee deposits for derivative financial instruments		18	659
Assets available for sale	9	188	54
Total current assets		27,865	25,253
Non-current assets:			
Notes receivable from independent operators		1,109	1,560
Property, plant and equipment- net	9	52,475	42,683
Investment in shares of associated companies	10	2,031	2,132
Derivative financial instruments	14	1,653	695
Deferred income taxes	18	8,709	5,399
Intangible assets- net	11	37,960	26,977
Goodwill	12	45,257	29,822
Other assets- net		702	206
Total assets		$ 177,761	$ 134,727

Liabilities and stockholders' equity	Notes	December 31, 2014	December 31, 2013
Current liabilities:			
Current portion of long-term debt	13	$ 1,789	$ 7,997
Trade accounts payable		11,867	9,698
Other accounts payable and accrued liabilities		12,776	10,779
Due to related parties	17	789	523
Income tax	18	3,232	2,372
Statutory employee profit sharing payable		1,114	876
Derivative financial instruments	14	673	1,033
Total current liabilities		32,240	33,278
Non-current liabilities:			
Long-term debt	13	60,415	32,332
Derivative financial instruments	14	1,540	236
Employee labor obligations and workers' compensation	15	24,595	18,771
Deferred income taxes	18	3,380	1,554
Other liabilities		1,989	773
Total liabilities		124,159	86,944
Stockholders' equity:			
Capital stock	16	4,227	4,227
Reserve for repurchase of shares	16	916	917
Retained earnings	16	46,975	43,617
Accumulated translation effects of foreign subsidiaries	16	(2,064)	(3,975)
Remeasurement effects of employee benefits	16	103	1,067
Revaluation surplus		1,038	-
Valuation effects of cash flow hedges	14	(220)	(234)
Equity attributable to owners of the Entity		50,975	45,619
Non-controlling interests in consolidated subsidiaries		2,627	2,164
Total stockholders' equity		53,602	47,783
Total liabilities and stockholders' equity		$ 177,761	$ 134,727

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos, except earnings per common share)

	Notes	December 31, 2014	December 31, 2013
Net sales		$ 187,053	$ 176,041
Cost of sales	19	87,916	83,942
Gross profit		99,137	92,099
General expenses:			
Distribution and selling		71,305	66,882
Administrative		12,330	11,750
Integration costs		2,489	1,834
Other general expenses	20	2,701	1,143
	19	88,825	81,609
Operating income		10,312	10,490
Interest expense		3,692	3,146
Interest income		(271)	(268)
Exchange gain, net		(90)	(1)
Monetary position gain		(66)	(81)
Net financing costs		3,265	2,796
Equity in loss of associated companies		(61)	(38)
Income before income taxes		6,986	7,656
Income tax expense	18	2,955	2,878
Consolidated net income		$ 4,031	$ 4,778
Net income attributable to owners of the Entity		$ 3,518	$ 4,404
Net income attributable to non-controlling interests		$ 513	$ 374
Basic and diluted earnings per common share		$ 0.75	$ 0.94
Weighted average number of shares outstanding (000's)		4,703,200	4,703,200

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	December 31, 2014	December 31, 2013
Consolidated net income	$ 4,031	$ 4,778
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in actuarial losses on defined benefit plans of labor obligations	(1,411)	2,330
Revaluation surplus	1,038	-
Income taxes relating to items that will not be reclassified	430	(796)
	57	1,534
Items that may be reclassified subsequently to profit or loss:		
Hedges of net investments in foreign operations, net	(5,463)	(385)
Exchange differences on translating foreign operations	5,936	(2,235)
Net fair value gain on hedging instruments entered into for cash flow hedges	(19)	(140)
Income taxes related to items that will be reclassified in the future	1,682	153
	2,136	(2,607)
Other comprehensive income (loss) for the year	2,193	(1,073)
Total comprehensive income for the year	$ 6,224	$ 3,705
Comprehensive income attributable to owners of the Entity	$ 5,517	$ 3,294
Comprehensive income attributable to non-controlling interests	$ 707	$ 411

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	Capital stock	Reserve for repurchase of shares	Retained Earnings	Accumulated other comprehensive income (loss)	Equity attributable to owners of the Entity	Non-controlling interests in consolidated subsidiaries	Total stockholders' equity
Balances as of January 1, 2013	$ 4,227	$ 906	$ 41,635	$ (2,032)	$ 44,736	$ 2,322	$ 47,058
Consolidation effect of structured entities	-	-	-	-	-	(284)	(284)
Dividends declared	-	-	(2,422)	-	(2,422)	(285)	(2,707)
Increase in reserve for repurchase of shares	-	11	-	-	11	-	11
Balances before comprehensive income (loss)	4,227	917	39,213	(2,032)	42,325	1,753	44,078
Consolidated net income for the year	-	-	4,404	-	4,404	374	4,778
Other comprehensive loss	-	-	-	(1,110)	(1,110)	37	(1,073)
Total comprehensive (loss) income	-	-	4,404	(1,110)	3,294	411	3,705
Balances as of December 31, 2013	4,227	917	43,617	(3,142)	45,619	2,164	47,783
Consolidation effect of structured entities	-	-	-	-	-	(244)	(244)
Loss on investment of associate due to dissolution	-	-	(160)	-	(160)	-	(160)
Increase in reserve for repurchase of shares	-	(1)	-	-	(1)	-	(1)
Balances before comprehensive income	4,227	916	43,457	(3,142)	45,458	1,920	47,378
Consolidated net income for the year	-	-	3,518	-	3,518	513	4,031
Other comprehensive income	-	-	-	1,999	1,999	194	2,193
Total comprehensive income	-	-	3,518	1,999	5,517	707	6,224
Balances as of December 31, 2014	$ 4,227	$ 916	$ 46,975	$ (1,143)	$ 50,975	$ 2,627	$ 53,602

See accompanying notes to consolidated financial statements.

Grupo Bimbo, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	December 31, 2014	December 31, 2013
Cash flows from operating activities:		
Income before income taxes	$ 6,986	$ 7,656
Adjustments for:		
Depreciation and amortization	5,831	5,247
Loss on sale of property, plant and equipment	330	194
Equity in loss of associated companies	61	38
Impairment of long-lived assets	166	393
Multi-employer pension plan provision	1,990	368
Interest expense	3,692	3,146
Interest income	(271)	(268)
Changes in assets and liabilities:		
Accounts and notes receivable	(881)	(340)
Inventories	630	(262)
Prepaid expenses	789	(986)
Trade accounts payable	84	197
Other accounts payable and accrued liabilities	2,280	(350)
Due to related parties	266	(154)
Income tax paid	(3,921)	(2,369)
Derivative financial instruments	260	(213)
Statutory employee profit sharing	238	126
Employee labor obligations and workers' compensation	(211)	(1,029)
Net cash flows generated by operating activities	18,319	11,394
Investing activities:		
Acquisition of property, plant and equipment	(6,829)	(6,766)
Acquisition of businesses, net of cash received	(22,351)	(139)
Divestiture of plants in the USA	-	455
Proceeds from sale of property, plant and equipment	85	277
Acquisition of trademarks and other assets	(1,415)	(497)
Other assets	(672)	811
Investments in shares of associated companies	(120)	(28)
Interest collected	720	266
Net cash flows used in investing activities	(31,032)	(5,621)
Financing activities:		
Proceeds from long-term debt	46,476	3,046
Payment of long-term debt	(30,231)	(4,522)
Interest paid	(3,128)	(3,465)
Payments of interest rate swaps	(1,277)	(1,470)
Interest rate swaps collected	1,478	1,805
Repurchase of shares	-	11
Dividends paid	-	(2,707)
Net cash flows used in financing activities	13,318	(7,302)
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects	(537)	(245)
Net increase(decrease) in cash and cash equivalents	68	(1,774)
Cash and cash equivalents at the beginning of the year	2,504	4,278
Cash and cash equivalents at the end of the year	$ 2,572	$ 2,504

See accompanying notes to consolidated financial statements.

(In millions of Mexican pesos)

24. Activities and significant events

Activities - Grupo Bimbo, S. A. B. de C. V. and Subsidiaries ("Grupo Bimbo" or the "the Entity") is engaged in the manufacture, distribution and sale of bread, as well as in the manufacture, distribution and sale of cookies, cakes, candies, chocolates, snacks, tortillas and processed foods.

The Entity operates in the following geographical areas: Mexico, the United States of America ("USA"), Central and South America, Europe and China. Due to its minimal significance, the financial information of China is aggregated with Mexico in the disclosures that follow.

Corporate offices are based in Santa Fe, Mexico City, Mexico, 1000 Prolongación Paseo de la Reforma, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Zip code 01210, Distrito Federal, Mexico.

During 2014 and 2013, net sales of Bimbo S. A. de C. V. and Barcel, S. A. de C. V, located in Mexico, represented approximately 36% and 40%, respectively, of consolidated net sales. During 2014 and 2013, net sales of Bimbo Bakeries USA, Inc. ("BBU"), and Canada Bread Inc. ("Canada Bread" or "CB") located in the USA and Canada region represented approximately 48% and 46%, respectively, of consolidated net sales.

Significant events – During 2013, the Entity divested of certain plants in California, as a result of the restructuring stemming from the acquisition of Sara Lee in 2011.

In 2014, the Entity purchased 100% of several businesses in Canada, the USA and United Kingdom ("UK"), referred to as Canada Bread and in Ecuador, referred to as Supan, SA ("Supan") as described below:

Entity	Country	Transaction amount	Date
Canada Bread	Canada, USA and UK	$ 21,731	May 23, 2014
Supan	Ecuador	858	July 15, 2014
		$ 22,589	

Canada Bread

Canada Bread is one of the leading companies in the production and sale of bakery products, including the categories of bread, buns, bagels, english muffins and tortillas in Canada, frozen bread in North America and specialized bakery in the UK.

This acquisition impulses the global growth strategy of Grupo Bimbo and enables its foray into the attractive Canadian market through recognized brands, such as DEMPSTER'S®, POM®, VILLAGGIO®, BEN'S®, BON MATIN® and MCGAVIN'S® . Canada Bread has a strong relationship with major supermarkets and institutional channels in Canada and is recognized for its strong market position in all baking categories.

Funding sources

To finance the transaction, Grupo Bimbo used its own resources as well as financing resources available under long-term committed credit lines and the issuance of international bonds.

Accounting effects of the acquisition of Canada Bread and Subsidiaries

The acquisition was accounted for in accordance with International Financial Reporting Standard ("IFRS") 3, *Business Combinations*. The following table presents the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on May 23, 2014 using the exchange rate as of the date of the transaction:

Consideration transferred		$ 21,731
Fair value of identifiable assets acquired and assumed liabilities		
Cash and cash equivalents	200	
Accounts receivable	1,359	
Inventories	719	
Property, plant and equipment	6,031	
Intangible assets	7,746	
Other assets	122	
Total identifiable assets		16,177
Goodwill		10,836
Total acquired assets		27,013
		-
Current liabilities	2,274	
Deferred taxes	1,883	
Long-term liabilities	1,125	
Total assumed liabilities		5,282
Acquired investment value		$ 21,731

Supan

On July 15, 2014, the Entity announced the acquisition of 100% of the fresh bakery business in Ecuador "Supan". With this purchase, the Entity enters the market in Ecuador and strengths its operation in Latin America with brands such as Supan, Guile, Braun, Dulzones and Rey Pan

Accounting effects of the acquisition of Supan

The acquisition was accounted for in accordance with IFRS 3. The allocation of final fair values will conclude during the twelve months subsequent to the acquisition. The following table shows the preliminary fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on July 15, 2014 using the exchange rate as of the date of the transaction. As such amounts are preliminary, they are subject to change:

Consideration transferred		$ 858
Fair value of identifiable assets acquired and assumed liabilities		
Cash and cash equivalents	$ 38	
Accounts receivable	27	
Inventories	33	
Property, plant and equipment	409	
Other assets	10	

Total identifiable assets		517
Goodwill		573
Total acquired assets		1,090
Current liabilities	174	
Long-term liabilities	58	
Total assumed liabilities		232
Acquired investment value		$ 858

Funding sources

To complete the acquisition of Supan, the Entity obtained funding for an amount equivalent to the amount of these transactions.

Consolidated amounts

The following table presents the amounts contributed by CB and Supan to the consolidated figures of Grupo Bimbo for the 222 and 169 days from the date of each acquisition, respectively, through December 31, 2014:

		December 31, 2014	
	Consolidated January 1st to December 31, 2014	**Canada Bread May 23 to December 31, 2014**	**Supan July 15 to December 31, 2014**
Net sales	$ 187,053	$ 10,735	$ 438
Operating income	$ 10,312	$ 684	$ 20
Net income attributable to controlling interest	$ 3,518	$ 406	$ 12

		As of December 31, 2014	
	Consolidated	**Canada Bread**	**Supan**
Total assets	$ 177,761	$ 34,873	$ 852
Total liabilities	$ 124,159	$ 5,925	$ 153

Consolidated net sales and consolidated net income, if Canada Bread and Supan had been consolidated from January 1, 2014, would have been $193,821and $4,293, respectively.

Goodwill recorded in 2014 as a result of these acquisitions totaled $11,409, which is representative of the expected synergies in both acquisitions.

The Entity incurred in 2014 in fees and expenses to carry out these acquisitions, which are included in general expenses and approximately added up to approximately $124.

25. Basis of preparation

d. ***Application of new and revised International Financial Reporting Standards(“IFRSs” or “IAS”) and interpretations that are mandatorily effective for the current year***

In the current year, the Entity has applied a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective on or after January 1, 2014.

Amendments to IAS 32 *Offseting Financial Assets and Financial Liabilities*

The Entity has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

As the Entity does not have any financial asset and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures of on the amounts recognized in the Entity´s consolidated financial statements.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Entity has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Entity’s consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Entity has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Entity does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognized in the Group’s consolidated financial statements.

IFRS Interpretation Committe (“IFRIC”) 21 *Levies*

The Entity has applied IFRIC 21 *Levies* for the first time in the current year. IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation has had no material impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

e. **New and revised IFRSs in issue but not yet effective**

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instruments*[3]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]

1 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an Entity’s risk management activities have also been introduced.

The Entity’s management anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Entity’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Entity’s management anticipates that the application of IFRS 15 in the future may not have a material impact on the amounts reported and disclosures made in the Entity’s consolidated financial statements.

Amendments to IAS 16 IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Entity uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The Entity's management believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Entity's consolidated financial statements.

e. ***Comprehensive income***

The Entity presents comprehensive income in two different statements: (i) a statement of income and (ii) a statement of comprehensive income. The expenses in the statement of income are presented according to their function, as this is the common practice in the sector to which the Entity belongs. The nature of these expenses is presented in the notes. Additionally, the Entity presents the subtotal operating income, which, although not required by IFRS, is included as it contributes to a better understanding of the economic and financial performance of the Entity.

f. ***Cash flow statement***

The Entity presents its cash flow statement using the indirect method. Proceeds from interest and dividends are presented in investing activities, whereas payment of interest and dividends are presented as financing activities.

26. Summary of significant accounting policies

v. ***Statement of compliance***

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

w. ***Basis of measurement***

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities (derivative financial instruments and net assets acquired in business combinations) that are measured at or their fair value at the end of each period, as explained in the accounting policies below.

y) Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

z) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the end of the reporting period. As of December 31, 2014 and 2013, only Venezuela qualifies as an hyperinflationary economy.

x. ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Entity and those entities over which it exercise control, including structured entities (“SE”). Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

An SE is consolidated when the Entity concludes that it controls the SE based on the evaluation of the substance of the relationship with the Entity and the risks and benefits of the SE. The most significant subsidiaries are shown below:

Subsidiary	% of ownership	Country	Main activity
Bimbo, S. A. de C. V.	97	Mexico	Baking
Bimbo Bakeries USA, Inc.	100	United States	Baking
Canada Bread, Inc.	100	Canada	Baking [1]
Barcel, S. A. de C. V.	98	Mexico	Sweets and snacks
Bimbo do Brasil, Ltda.	100	Brazil	Baking
Bimbo, S.A.U.	100	Spain and Portugal	Baking

[1] Canada Bread was acquired on May 23, 2014, date in which the Entity took control over it.

Subsidiaries are consolidated from the date on which control is transferred to the Entity and are no longer consolidated from the date that control is lost. Gains and losses of subsidiaries acquired during the year are included in the consolidated statements of income and other comprehensive income results from the acquisition date, as applicable.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All relevant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated on consolidation.

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions.

y. ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquire and the equity interests issued by the Entity in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share based payments at the acquisition date (as of December 31, 2014 and 2013 the Entity does not have share-based payments); and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

z. ***Assets available for sale***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The long-lived asset (and asset disposal groups) classified as held for sale are valued at the lower of their carrying amount and fair value of assets less costs to sell.

aa. ***Recognition of the effects of inflation***

Inflationary effects are recognized in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary, defined generally as economies in which inflation in the preceding three fiscal years equals or exceeds 100%. The Mexican economy ceased to be hyperinflationary in 1999. Therefore, inflation effects for the Entity's Mexican operations were recognized through that date, except for certain office equipment, machinery and equipment, for which inflation was recognized through 2007, as permitted by Mexican Financial Reporting Standards ("MFRS"), and retained as deemed cost as permitted by the transition rules of IFRS. Inflation continues to be recognized for operations in those countries operating in hyperinflationary economic environment. In 2014 and 2013, the operation in Venezuela qualified as hyperinflationary in relation to the inflation of the three preceding years and for which the effects of inflation were recognized. These effects are not material to the financial position, performance or cash flows of the entity.

bb. ***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- <u>The Entity as lessee</u>

  Assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

cc. ***Foreign currency transactions***

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 14).

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Mexican pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Entity are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

dd. ***Cash and cash equivalents***

Consist mainly of bank deposits in checking accounts and investments in short-term securities, highly liquid, readily convertible into cash, maturing within three months from the date of purchase and are subject to insignificant risk of changes in value. Cash is stated at nominal value and cash equivalents are measured at fair value, fluctuations in value are recognized in income (see financial assets below). Cash equivalents consist primarily of investments in government debt instruments with daily maturities.

ee. ***Financial assets***

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. <u>Effective interest method</u>

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

2. Financial assets at FVTPL

Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

3. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to maturity investments are measured at amortized cost using the effective interest method less any impairment.

4. Assets classified as held for sale

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Entity’s right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

5. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

6. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days in Mexico, 60 days in USA, 21 days in Canada and 30 days in Central and South America (“OLA”), as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

7. Derecognition of financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

ff. ***Inventories and cost of sales***

Inventories are stated at the lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling, loading, and storage cost at the customs and distribution centers; returns on purchases are deducted from cost. Net realizable value represents the estimated selling price for inventories in the normal course of operations less all estimated costs of completion and costs necessary to make the sale. Cost is determined by using the average cost method.

gg. ***Property, plant and equipment***

Property, plant and equipment are carried at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Balances from certain acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the National Consumer Price Index ("NCPI") through that date, which became the deemed cost of such assets as of January 1, 2011 upon adoption of IFRS.

Only for subsidiaries in hyperinflationary economies, property, plant and equipment is stated at fair value, starting in 2014. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Cost include those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost for expansion, remodeling or improvements that enhance the capacity and extend the useful life of the asset are also capitalized. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss. Repairs and maintenance costs are recognized in profit and loss of the period they are incurred.

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Useful lives are as follows:

	Years
Infrastructure	15
Building foundations	45
Roofs	20
Fixed facilities and accessories	10
Manufacturing equipment	10
Vehicles	13
Office furniture and fixtures	10
Computer equipment	3
Leasehold improvements	Term of the related lease

The Entity allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of such components separately.

The carrying value of an asset is reduced to its recoverable value, when the carrying amount exceeds its recoverable value.

An item of property, plant and equipment is derecognized when sold or when no future economic benefits arising from the continued use of the asset are expected. The gain or loss arising from the sale of assets results from the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in ‘other expenses, net’, in general expenses.

Leasehold improvement and adaptations to buildings and premises in which the Entity is the lessee are recognized at historic cost less the respective depreciation based on useful lives on the same basis as owned assets.

hh. ***Investments in associates***

An associate is an entity over which the Entity has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non- current assets held for sale and discontinued*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The entity discontinues the use of the equity method from the date the investment ceases to be an associate or when the investment is classified as held for sale.

The Entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Entity reduces its ownership interest in an associate but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Entity, profits and losses resulting from the transactions with the associate are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate that are not related to the Entity.

ii. ***Intangible assets***

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses in the USA, Canada, Iberia, Compañía de Alimentos Fargo, S.A. ("Fargo") and certain trademarks in South America, and are recorded at their fair value on acquisition date. The intangible assets costs acquired through an acquisition is their fair value as of the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, except for development costs, are not capitalized and are recognized as expenses in profit and loss in the period in which they are incurred.

Intangible assets are classified as having either finite or indefinite useful lives. Amortization of intangible assets with finite useful lives is recognized on a straight-line method over their estimated useful lives. Such assets are reviewed for impairment when there is an indicator of impairment. The amortization methods and useful lives of the assets are reviewed and adjusted, if necessary, annually, at the end of each reporting period. Amortization is recognized in profit and loss, within selling, distribution and administrative expenses. Intangible assets with indefinite useful lives are not amortized, but are at least tested annually for impairment.

jj. ***Impairment of tangible and intangible assets, other than goodwill***

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

kk. ***Goodwill***

Goodwill arising on acquisition of a business is carried at cost, which is determined as explained in the business acquisitions policy note above, less accumulated impairment losses, if any (see note 12).

For purposes of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash generating units) that is expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Entity’s policy for goodwill arising on the acquisition of an associate is described at note 3m.

ll. ***Financial liabilities***

Financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the issuance of financial liabilities (except for those financial liabilities classified as at fair value with changes through profit and loss) are deducted from the fair value of the financial liability; transaction costs directly attributable to the issuance of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either “Financial liabilities at fair value through profit or loss” or “Other financial liabilities”. Note 14 provides further detail regarding financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when they are designated as at FVTPL (and comply with certain conditions to be directly classified as such) or when they are held for trading. The Entity has not designated financial liabilities as at FVTPL. Derivative financial instruments are classified as trading, except those designated and effective as hedging instruments (the specific accounting policy for derivative financial instruments is explained in more detail within Note 14).

Other financial liabilities

Other financial liabilities, mainly including borrowings and trade and other payables, are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, (or when appropriate a shorter period), to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Entity derecognizes a financial liability when, and only when, the Entity’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

mm. ***Derivative financial instruments and hedging activities***

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Entity only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

The Entity documents all hedging relationships at the beginning of the transaction, including their objectives and risk management strategies for undertaking derivative transactions. Periodically, the Entity documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The fair value of derivative financial instruments used as hedging instruments is disclosed in Note 14.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under “Valuation effects of cash flow hedges”. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of "Translation effects of foreign subsidiaries". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Exchange loss (gain), net" line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated other comprehensive income are reclassified to profit or loss on the disposal of the foreign operation.

Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

nn. ***Income taxes***

Income tax expense comprises current tax and deferred tax.

7. Current income taxes

In Mexico, income taxes are comprised of regular income tax (Impuesto Sobre la Renta or ISR) and through December 31, 2013 a business flat tax (Impuesto Empresarial a Tasa Única or IETU), and are recorded when incurred. Through December 31, 2013, current income tax was calculated as the higher of the ISR and the Business Flat Tax ("IETU").

Current income taxes are calculated in accordance with rates that have been enacted or substantively enacted as of the end of the reporting period for the countries in which the Entity operates.

8. Deferred income taxes

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the end of the reporting period. In Mexico, through December 31, 2012, to recognize the deferred tax, the Entity determined, based on tax projections, whether it expected to incur ISR or IETU, and recognized the deferred taxes based on the respective tax expected to be payable.

Following the 2014 Fiscal Reform in Mexico, effective January 1, 2014, IETU has been eliminated. Accordingly, any existing deferred income tax effects was eliminated in profit or loss in 2013.

The deferred income tax is recognized on temporary differences between the statements and the corresponding tax bases used for determining taxable income by applying the rate corresponding to these differences, including benefits from tax loss carryforwards and certain tax credits, if applicable. The liability for deferred income taxes are generally recognized for all temporary tax differences. An asset is recognized deferred tax for all deductible temporary differences to the extent that it is probable that the Entity will have future taxable income against which to apply those deductible temporary differences.

Deferred income tax is not recognized on the following temporary differences: i) amounts that arise from the initial recognition of assets or liabilities resulting from transactions other than in a business combination, that affects neither the accounting profit nor the taxable profit; ii) those related to investments in subsidiaries and associates, to the extent that it is not likely they will reverse in the foreseeable future, and, iii) those that result from the initial recognition of goodwill. The deferred income tax asset is recognized only to the extent that it is likely there will be future taxable profits it can be used against.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Assets and deferred tax liabilities are offset when a legal right to offset assets with liabilities exists and when they relate to income taxes relating to the same tax authorities and the Entity intends to liquidate its assets and liabilities on a net basis.

9. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

oo. ***Employee benefits from termination, retirement and statutory employee profit sharing ("PTU")***

ix. ***Pensions and seniority premiums***

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The amount recognized in the consolidated statement of financial position as a liability or asset for defined benefit plan represents the present value of the net defined benefit obligation (defined benefit obligation minus the fair value of plan assets). The present value of the net defined benefit obligation is determined based on the discounted value of estimated net cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

The Entity provides a bonus in cash to certain executives, which is calculated using performance metrics. The payment, net of ISR withheld, is used to purchase shares of the Entity. The employee may dispose of such shares, even if he or she leaves the Entity.

x. ***Statutory employee profit sharing***

In Mexico, Venezuela and Brazil, there is an obligation to recognize a provision for the statutory employee profit sharing when the Entity has a legal or constructive obligation, as a result of past events and the amount can be reliably estimated. PTU is recorded in profit or loss of the year in which it is incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

xi. ***Termination benefits***

The Entity recognizes a liability for termination benefits only when the Entity is without realistic possibility of withdrawal from an offer to provide termination benefit to employees, or before, if it complies with the criteria for recognition of a liability related to a restructuring.

xii. ***Multi-employer pension plans ("MEPP")***

The Entity classifies the multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Entity accounts for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Entity accounts for such plan as a defined contribution plan.

Liabilities related to the wind-up or the Entity's withdrawal from a multi-employer plan is recognized and measured in conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

pp. ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable, taking into account the estimated customer returns, rebates and other allowances.

– Sale of products

Revenue from the sale of products is recognized when the goods are delivered, at which time all the following conditions are satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits associated with the transaction will flow to the Entity.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

– Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

27. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

c. Critical judgment in applying accounting policies

Consolidation of structured entities

As described in more detail in Note 8, BBU and Sara Lee have entered into agreements with third party contractors ("Independent Operators"), in which they hold no direct or indirect interest but that qualify as structured entities. The Entity has concluded that they have control with respect to certain independent operators, primarily with respect to rights or obligations to secure or grant financing, as well as the maintenance obligation related to distribution routes. In other cases, the Entity has concluded it does not exercise control over such independent operators.

d. Key sources of estimation uncertainty

8. Useful lives, residual values and depreciation and amortization methods of long-lived assets

As described in Note 3, the Entity periodically reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangibles, the Entity determines whether their useful lives are finite or infinite. During the periods presented in the accompanying consolidated financial statements, there were no modifications to such estimates.

9. Allowance for doubtful accounts

The Entity considers the credit risk of the customer, unguaranteed accounts and significant delays in collection according to the established credit limits in determining the allowance for doubtful accounts.

10. Goodwill impairment

Determining whether goodwill is impaired involves calculating the best use of the cash generating to which goodwill has been allocated, between its value in use and fair value. The calculation of value in use requires the Entity to determine the expected future cash flows from the cash generating units, using an appropriate discount rate to calculate the present value. Fair value is determined based on multiples of earnings before interest, depreciation and amortization ("EBITDA"). For the determination of an appropriate multiple, the Entity identifies comparable entities.

11. Fair value measurements

Derivative financial instruments are recognized at fair value as of the date of the consolidated statement of financial position. Additionally, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, although there is no risk of adjustment to the related carrying amount. A detailed description of the methodologies to determine fair values of derivative instruments as well as to determine fair value disclosures for long-term debt is included in Note 14. Finally, the Entity has acquired business that require fair value to be determined, at the date of acquisition, for consideration paid, identifiable assets acquired and liabilities assumed and non-controlling interest, as noted in Note 1..

The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions, used by management are described in the respective notes. Management considers the valuation techniques and selected assumptions appropriate.

12. Employee benefits

Cost of defined benefit plans and MEPP provided to employees is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are sensitive to changes in assumptions.

13. Determination of income taxes

To determine whether a deferred income tax asset related to tax losses carryforwards is impaired, the Entity prepares tax projections to determine its recoverability.

14. Employee benefits, insurance and other liabilities

Insurance risks exists in the USA which respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by the Entity with coverage subjected to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data of the Entity. The net liabilities at December 31, 2014 and 2013 amounted to $3,288 and $3,204, respectively.

28. ***Transactions that did not result in cash flows***

During the year, the Entity acquired $315 of equipment in financial lease in 2014, which represents a non-cash financing activity and investment that is not reflected in the consolidated statements of cash flows. In 2013 there was no significant effect.

29. Accounts and notes receivable

	December 31, 2014	December 31, 2013
Trade receivables	$ 13,596	$ 11,459
Allowance for doubtful accounts	(498)	(496)
	$ 13,098	10,963
Notes receivable	151	232
Notes receivable from independent operators	468	513
Income, value –added and other recoverable taxes	4,782	3,185
Other receivables	529	955
	$ 19,028	$ 15,848

The average credit terms on sales of goods within Mexico are 30 days, within the USA is 60 days, Canada is 21 days and within "OLA", which includes the countries of Central and South America, is 30 days. Amounts past due but not impaired (reserved) are not significant as of the dates of the consolidated statement of financial position. Amounts due over 90 days are 75% reserved and amount due over 180 days are 100% reserved.

30. Inventories

	December 31, 2014	December 31, 2013
Finished products	$ 1,891	$ 1,677
Orders in-process	100	138
Raw materials, containers and wrapping	2,644	2,482
Other	282	3
Allowance for slow-moving inventories	(84)	(44)
	4,833	4,256
Raw materials in-transit	145	473
	$ 4,978	$ 4,729

31. Structured entities

The Entity enters into distribution agreements with independent operators that own distribution rights to sell and distribute the Entity's products via direct-store-delivery to retail outlets in defined sales territories. The Entity does not hold equity interest in any of the independent operator entities. Independent operators generally finance the purchase of distribution rights through note agreements with the Entity or a financial institution. Note agreements with a financial institution are, in the aggregate, partially guaranteed by the Entity.

Assets and liabilities of independent operators included in the accompanying consolidated financial statements are as follows:

	December 31, 2014	December 31, 2013
Inventories – finished goods	$ -	$ 9
Property – vehicles	1,687	993
Intangible distribution rights and goodwill	3,767	2,183
Total assets	$ 5,454	$ 3,185
Current maturities of long-term debt:		
Obligations under finance leases	$ 367	$ 195
Independent operator loans	32	33
Other current liabilities	-	20
Long-term debt:		
Obligations under finance leases	965	560
Independent operator loans	65	103
Due to affiliates (net of receivables) – eliminated in consolidation	2,781	1,288
Total liabilities	$ 4,210	$ 2,199
Noncontrolling interest	$ 1,244	$ 986

Financing provided by BBU to independent operators is eliminated in the accompanying consolidated financial statements.

Lease obligations presented within long-term debt on the consolidated statements of financial position are secured by the vehicles subject to leases and do not represent additional claims on the Entity’s general assets. The Entity’s maximum exposure for loss associated with independent operators entities is limited to $97 of long-term debt of the independent operators as of December 31, 2014.

In addition, the Entity has sold certain equipment and distribution rights in the US to former Entity's employees and individuals, also considered as independent operators, but not as consolidated structured entities. Such amount equals in 2014 and 2013 $1,577 and $2,073, respectively, which are presented in the statement of financial position as receivables from independent operators.

BBU funds 90% of the distribution rights sold to certain independent operators at rates between 5% and 11%, with 120 months installments. Independent operators make an initial payment of the Entity for the remaining 10% of the purchase price. In most cases, an independent third party lender finances the down payment. Both the Entity and the financing of independent third parties are insured by the distribution rights, equipment, customer lists, and other assets. The independent third party lender has priority over the collateral.

32. Property, plant and equipment

Reconciliation of beginning and ending carrying values in 2014 and 2013 is as follows:

	Balances as of January 1, 2014	Additions	Additions from business acquisitions	Transfers	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2014
Investment:								
Building	$ 14,273	$ -	$ 1,673	$ 704	$ 406	$ (418)	$ 333	$ 16,971
Industrial machinery and equipment	39,772	-	3,589	3,543	1,286	(1,225)	738	47,703
Vehicles	11,291	-	60	1,423	136	(416)	88	12,582
Office furniture	544	-	92	269	17	(260)	-	662
Computer equipment	3,159	-	25	388	156	(472)	11	3,267
Total investments	69,039	-	5,439	6,327	2,001	(2,791)	1,170	81,185
Depreciation:								
Building	(6,519)	(522)	(16)	-	(202)	240	(61)	(7,080)
Industrial machinery and equipment	(21,073)	(3,495)	(46)	-	(621)	1,158	(78)	(24,155)
Vehicles	(5,198)	(864)	(14)	-	(18)	416	(13)	(5,691)
Office furniture	(456)	(41)	(5)	-	(13)	139	-	(376)
Computer equipment	(2,344)	(486)	(9)	-	(74)	472	-	(2,441)
Total accumulated depreciation	(35,590)	(5,408)	(90)	-	(928)	2,425	(152)	(39,743)
	33,449	(5,408)	5,349	6,327	1,073	(366)	1,018	41,442
Land	5,280	111	586	-	141	(45)	20	6,093
Projects-in-progress and machinery in transit	4,008	7,033	505	(6,327)	(87)	(4)	-	5,128
Reclassified as assets available for sale	(54)	(127)	-	-	(7)	-	-	(188)
Net investment	$ 42,683	$ 1,609	$ 6,440	$ -	$ 1,120	$ (415)	$ 1,038	$ 52,475

	Balances as of January 1, 2013	Additions	Additions from business acquisitions	Transfers	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2013
Investment:								
Building	$ 13,044	$ -	$ 62	1,759	$ (641)	$ (165)	$ 214	$ 14,273
Industrial machinery and equipment	38,910	-	91	3,078	(1,092)	(1,424)	209	39,772
Vehicles	11,324	-	-	581	(81)	(559)	26	11,291
Office furniture	534	-	-	53	(12)	(31)	-	544
Computer equipment	2,824	-	1	431	(51)	(46)	-	3,159
Total investments	66,636	-	154	5,902	(1,877)	(2,225)	449	69,039
Depreciation:								
Building	(6,009)	(793)	-	-	285	113	(115)	(6,519)
Industrial machinery and equipment	(19,672)	(3,115)	-	-	561	1,297	(144)	(21,073)
Vehicles	(5,119)	(489)	-	-	67	367	(24)	(5,198)
Office furniture	(339)	(155)	-	-	7	31	-	(456)
Computer equipment	(2,071)	(347)	-	-	28	46	-	(2,344)
Total accumulated depreciation	(33,210)	(4,899)	-	-	948	1,854	(283)	(35,590)
	33,426	(4,899)	154	5,902	(929)	(371)	166	33,449
Land	4,395	1,054	31		(129)	(100)	29	5,280
Projects-in-progress and machinery in transit	4,350	7,501	-	(5,902)	(152)	(1,789)	-	4,008
Reclassified as assets available for sale	(160)	-	-	-	-	106	-	(54)
Net investment	$ 42,011	$ 3,656	$ 185	$ -	$ (1,210)	$ (2,154)	$ 195	$ 42,683

33. Investment in shares of associated companies

The investments in associated companies are as follows:

Associated companies	% of ownership	December 31, 2014	December 31, 2013
Beta San Miguel, S. A. de C. V.	8	$ 528	$ 522
Mundo Dulce, S. A. de C. V.	50	271	272
Fábrica de Galletas La Moderna, S. A. de C. V.	50	247	247
Grupo La Moderna, S. A. de C. V.	3	156	156
Congelación y Almacenaje del Centro, S. A. de C. V.	15	126	111
Fin Común, S. A. de C. V.	36	96	94
Productos Rich, S. A. de C. V.	18	118	113
Frexport, S.A. de C.V.	-	-	110
Ovoplus, S. A. de C. V.	25	47	24
Blue Label de México, S. A. de C. V.	46	376	413
Others	Various	66	70
		$ 2,031	$ 2,132

All associated companies are incorporated and operating in Mexico and are recognized using the equity method in the consolidated financial statements. Equity investments in Beta San Miguel, S.A. de C.V., Grupo Moderna, S.A. de C.V., Rich Products, SA de CV, and Frexport, S.A. de C.V., are considered to be associated entities over which the Entity exercises significant influence, based on its representation in the Board of Directors. In January 2014 the Entity's participation in Frexport, S.A. de C.V., was sold at which time the Entity ceased to recognize the equity method.

34. Intangible assets

Following is an analysis of the balance of intangible assets by geographical area:

	December 31, 2014	December 31, 2013
Mexico	$ 8,890	$ 8,929
USA	25,830	15,515
Europe	1,598	871
OLA	1,642	1,662
	$ 37,960	$ 26,977

As of December 31, 2014 and 2013 detail of intangible assets is as follows:

	Average useful life	December 31, 2014	December 31, 2013
Trademarks	Indefinite and 9 years	$ 27,151	$ 20,139
Use and distribution rights	Indefinite	4,244	2,514
		31,395	22,653
Customer relationships	18, 21 and 22 years	8,650	5,664
Licenses and software	8 and 2 years	471	336
Non-compete agreements	5 years	104	92
Others		38	34
		9,263	6,126
Accumulated amortization		(2,698)	(1,802)
		6,565	4,324
		$ 37,960	$ 26,977

The Entity owns intangible assets related to customer relationships, resulting from the acquisition of Weston Foods, Inc. in 2009 and Sara Lee Bakery Group, Inc. in 2011. The carrying value of the assets related to these two acquisitions at December 31, 2014 and remaining useful lives are $3,029 and $1,141, 12 and 15, respectively, and at December 31, 2013, $2,913 and $1,081, and 13 and 16, respectively.

The intangible assets by geographical area correspond to the following:

	December 31, 2014	December 31, 2013
Mexico:		
Barcel	$ 1,113	$ 1,130
El Globo	358	360
Bimbo	310	310
BBU	7,048	7,048
Others	61	81
USA and Canada:		
USA	18,358	15,515
Canada	7,472	-
Iberia:		
Spain	792	802
United Kingdom	752	-
Argentina	54	69
OLA:		
Brazil	538	546
Fargo	604	615
Others	500	501
	$ 37,960	$ 26,977

Cost

	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2013	$ 20,047	$ 2,428	$ 5,629	$ 333	$ 23	$ 34	$ (505)	$ 27,989
Additions	510	11	-	1	69	-	-	591
Structured entities	-	58	-	-	-	-	-	58
Disposals	(460)	-	-	-	-	-	455	(5)
Effect of exchange rate differences on foreign currency	42	17	35	2	-	-	50	146
Balances as of December 31, 2013	20,139	2,514	5,664	336	92	34	-	28,779
Additions	-	6	-	-	-	-	-	6
Structured entities	-	1,409	-	-	-	-	-	1,409
Business acquisitions	5,473	-	2,186	87	-	-	-	7,746
Effect of exchange rate differences on foreign currency	1,539	315	800	48	12	4	-	2,718
Balances as of December 31, 2014	$ 27,151	$ 4,244	$ 8,650	$ 471	$ 104	$ 38	$ -	$ 40,658

Accumulated amortization and impairment

	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2013	$ (63)	$ (99)	$ (958)	$ (144)	$ (15)	$ (20)	$ -	$ (1,299)
Amortization expenses	-	-	(304)	(33)	(5)	(6)	-	(348)
Impairment	(55)	(95)	-	-	-	-	-	(150)
Effect of exchange rate differences on foreign currency	-	-	(5)	-	-	-	-	(5)
Balances as of December 31, 2013	(118)	(194)	(1,267)	(177)	(20)	(26)	-	(1,802)
Amortization expenses	(4)	-	(362)	(42)	(15)	-	-	(423)
Impairment	(69)	(97)	-	-	-	-	-	(166)
Effect of exchange rate differences on foreign currency	(19)	(38)	(222)	(28)	-	-	-	(307)
Balances as of December 31, 2014	$ (210)	$ (329)	$ (1,851)	$ (247)	$ (35)	$ (26)	$ -	$ (2,698)
Balances as of December 31, 2013	$ 20,021	$ 2,320	$ 4,397	$ 159	$ 72	$ 8	$ -	$ 26,977
Balances as of December 31, 2014	$ 26,941	$ 3,915	$ 6,799	$ 224	$ 69	$ 12	$ -	$ 37,960

During 2014, the Entity recognized an impairment loss in the value of the trademarks Earth Grains, Iron Kids and Various Interstate brands, assigned to the USA segment, for $37. In the Mexico segment recognized an impairment related to the trademarks of el Molino, Beijing Jinhongwei, Rutti-Mania and Veggi-Mania for a total of $32. During 2013, an impairment to brands of $55 was recognized in the USA segment related to the Earth Grains, Iron Kids and Various Interstate brands. In the aforementioned cases, the loss resulted from a decrease in sales of these brands. These impairments were recognized in general expenses in the consolidated statements of income.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief from royalty valuation technique, using a range of royalty rates between 2% and 5%, being 3% the rate used for most trademarks.

35. Goodwill

Following is an analysis of the balance of goodwill by geographical area:

	December 31, 2014	December 31, 2013
Mexico	$ 1,338	$ 1,339
USA	46,075	30,863
Europe	540	448
OLA	2,461	1,843
	50,414	34,493
Impairment	(5,157)	(4,671)
	$ 45,257	$ 29,822

Movements in goodwill during the years ended December 31, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
Balance as of January 1	$ 29,822	$ 29,754
Acquisitions	11,409	195
Impairment	-	(243)
Adjustments due to variations in exchange rates	4,026	116
Balance as of December 31	$ 45,257	$ 29,822

During 2014 there was no impairment loss of goodwill and due to recurring losses, the Entity recognized an impairment loss of goodwill in 2013 related to El Globo (which is part of the Mexico reportable segment) in the amount of $243.

Movement in accumulated impairment losses as of December 31, 2014 and 2013 is as follows:

	December 31, 2014	December 31, 2013
Balance as of January 1	$ 4,671	$ 4,441
Impairment	-	243
Adjustment due to variations in exchange rates	486	(13)
Balance as of December 31	$ 5,157	$ 4,671

Allocation of goodwill to cash generating unit

When analyzing impairment, goodwill is allocated to cash-generating units, which are represented mainly by Mexico (Bimbo, Barcel and El Globo), USA, Brazil and others (Canada, Iberia and Argentina).

Balances of goodwill assigned to each cash-generating unit, after impairment losses, are as follows:

	December 31, 2014	December 31, 2013
USA	$ 30,059	$ 26,800
Brazil	668	678
Other CGUs without impairment	14,530	2,344
	$ 45,257	$ 29,822

Until 2013 the Entity recognized an impairment related to El Globo, in the region of Mexico, which has a zero value at December 31, 2014 and 2013.

USA

The recoverable amount of the USA cash-generating unit is determined based on a value-in-use method, which uses cash flow projections based on financial budgets approved by management of the Entity covering a ten-year period. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period USA will reach average growth rates consistent with the industry. In 2014 and 2013, the pre-tax discount rate used in such projections was 6.88% per annum, considering the time value of money and the specific risks associated with the cash-generating unit. Management believes that a possible significant change in the key assumptions on which the recoverable amount of the cash-generating unit is based would not result in the carrying value of the cash-generating unit to exceed its recoverable amount.

Brazil

The recoverable amount of Brazil as a cash-generating unit is determined based on a value in use method, which uses cash flow projections based on financial budgets approved by management of the Entity. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period Brazil will reach such average growth rate of the industry. In 2014 and 2013, the pre-tax discount rate used in such projections was 9.1% per annum, considering the time value of money and the specific risks associated with the cash-generating unit.

At December 31, 2014, a change in the consideration of operating margin where the Entity reaches an stable 7.5% to 8% normalized margin in 2022 and delaying the annual increases by one year, would cause the carrying value in Brazil to exceed the recoverable amount for $225. At December 31, 2013, a change in operating income margin account where stable margins reached 7.5% to 8% in 2018, slowing the rate of increase in operating margin by 1% for 5 years, would cause the Brazil's carrying value exceeds the recoverable amount by $176.

Others

The recoverable amount of other cash-generating units is determined by the model of value in use or fair value for Argentina and China. The model of value in use consists of cash flow projections based on financial budgets approved by management of the Entity, covering a period of 1 to 5 years. Fair value is determined based on EBITDA of comparable companies in the market. Management believes that the possibility of significant changes in the key assumptions on which the recoverable amount is based would not result in the carrying amount value of the cash-generating unit exceed its recoverable amount.

During the sensitivity tests it was determined for Argentina that a change of (0.5) in multiples of EBITDA, would cause the carrying amount exceeds the recoverable amount for $302.

The key assumptions vary among each cash-generating unit; however, the key long-term assumptions with the most significant impact in cash flow projections are those included in the perpetuity. Amounts and ranges of such assumptions are as follows:

Increase in sales	3%
Operating margin	8 – 12%
Capital expenditures as percentage of depreciation	100%

36. Long-term debt

	Fair Value	December 31, 2014	December 31, 2013
International bonds – On June 30, 2010, the Entity issued a bond under U.S. SEC Rule 144 A Regulation S for US$800 million maturing on January 30, 2020. Such bond pays a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt, extending the maturity date.	$ 12,722	$ 11,774	$ 10,461
On January 25, 2012, the Entity issued a bond under U.S. Securities and Exchange Commission ("SEC") Rule 144 A Regulation S for US$800 million maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50%, with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt.	12,646	11,774	10,461
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 800 million maturing on June 27, 2024. Such bonds pay a fixed interest rate of 3.875% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the maturity.	11,826	11,774	-
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 500 million maturing on June 27, 2044. Such bonds pay a fixed interest rate of 4.88% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the maturity.	7,487	7,359	-
Local bonds – As of December 31, 2014, the Entity holds the following local bonds due as follows:			
Bimbo 12- Issued on February 10, 2013,	5,245	5,000	5,000

maturing in August 2018, with a fixed interest rate of 6.83%

	Fair Value	December 31, 2014	December 31, 2013
Bimbo 09- Issued June 15, 2009, maturing in June 2014, with interest at the 28–day Interbank Equilibrium rate ("TIIE") plus 1.55%	-	-	5,000
Bimbo 09-2- Issued June 15, 2009, maturing in June 2016, with a fixed interest rate of 10.60%	2,187	2,000	2,000
Bimbo 09U- Issued June 15, 2009 in the amount of 706,302,200 UDIs, maturing in June 2016, with a fixed interest rate of 6.05%. The UDI value at December 31, 2014 and 2013 was $5.2704 and $5.058, Mexican pesos per UDI, respectively.	3,961	3,722	3,573
Syndicated bank loan 2011 - On April 26, 2011, the Entity entered into a long–term bank loan in the amount of the equivalent of US$1,300 million, in which Bank of America, N. A., as lead administrative agent, and a bank syndicate, comprised of ten institutions as of the date of the accompanying consolidated financial statements, participate. This bank loan is amortized on a semiannual basis from October 2014 to April 20, 2016. The Entity pays interest at London Interbank Offered Rate ("LIBOR") plus 1.10%. The proceeds obtained from this financing were used to refinance existing obligations of the Entity contracted during the acquisition of Weston in 2009 and to partially pay for the acquisition of Sara Lee. As of December 2014 the Entity prepaid the loan in full.	-	-	693
Commited Revolving Credit Line (Multicurrency)- In December 2013, the Entity renewed and amended the terms and conditions of the committed multicurrency credit line, originally issued on April 26, 2010. According to the new terms and conditions there are 9 financial institutions engaged in this credit line. The total amount is up to 2,000 million US dollars, maturing on March 13, 2019 and with an applicable interest rate of LIBOR plus 1% for the provisions in US dollars, CDOR plus 1% for provisions in Canadian dollars, and TIIE plus 0.75% for provisions in Mexican			

pesos.

	Fair Value	December 31, 2014	December 31, 2013
The credit line has been withdrawn during 2014 primarily for the acquisition of Canada Bread and Supan. Withdrawals were made in US dollars, Canadian dollars and Mexican pesos.	6,656	6,656	-
Secured working capital loans – The Entity occasionally hires unsecured short-term loans to cover working capital needs.	280	280	1,900
Others - Certain subsidiaries have entered into other direct loans to meet their working capital needs, maturing from 2014 to 2017, at various interest rates.	2,295	2,295	1,501
Debt issuance cost	(430)	(430)	(260)
	64,875	62,204	40,329
Less – Current portion of long–term debt	(1,789)	(1,789)	(7,997)
Long–term debt	$ 63,086	$ 60,415	$ 32,332

At December 31, 2014, long–term debt matures as follows:

Year	Amount
2016	$ 6,095
2017	391
2018	5,000
2019	6,656
2020 and thereafter	42,273
	$ 60,415

The committed dual–currency revolving credit facility, local bonds, international bond and syndicate bank loan 2009 are guaranteed by the principal subsidiaries of Grupo Bimbo. At December 31, 2014 and 2013, the Entity has complied with all the obligations, including financial ratios established in the loan agreements for the Entity and its subsidiaries.

37. Financial instruments

14.1 Categories of financial instruments as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,572	$ 2,504
Accounts and note receivables, net	19,028	15,848
Derivative financial instruments	386	38
Guarantee deposits for derivative financial instruments	18	659
Total current assets	22,004	19,049
Non-current assets:		
Notes receivable from independent operators	1,109	1,560
Derivative financial instruments	1,653	695
Total financial assets	$ 24,766	$ 21,304

	December 31, 2014	December 31, 2013
LIABILITIES		
Current liabilities:		
Bank loans	$ 1,789	$ 7,997
Trade accounts payable	11,867	9,698
Other accounts payable and accrued liabilities	1,414	638
Due to related parties	789	523
Derivative financial instruments	673	1,033
Total current liabilities	$ 16,532	$ 19,889
Bank loans	7,442	1,097
Bonds	52,973	31,235
Derivative financial instruments	1,540	236
Total financial liabilities	$ 78,487	$ 52,457

14.2 Risk management

During the normal course of its operations, the Entity is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Entity has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks.

Main financial risks the Entity is exposed to are:

- Market risk
- Interest rate risk
- Foreign currency risk
- Price risk
- Liquidity risk
- Credit risk
- Capital risk

The Entity's Corporate Treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and credit risk that result from the ordinary course of business. Meanwhile, the purchases department is responsible for risk management of purchase prices of commodities and reviews the consistency of Entity´s open positions in the futures markets with the Entity's corporate risk strategy. Both departments report their activities to the Risk Management Department. The main objectives of the Risk Management Department are as follows:

- Identify, evaluate and monitor external and internal risks that could significantly impact the Entity;
- - Prioritize risks;
- Secure the assignment and monitoring of risk;
- Validate the functions and/or those responsible for risk management;
- Validate the progress in each of the prioritized risks; and
- Recommend future action to take.

Given that the variables the Entity is exposed are dynamic in behavior, hedging strategies are evaluated and monitored formally on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the Entity. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

14.2.1 Market risks

The Entity is exposed to the financial risks associated with fluctuations in foreign currency and interest rates, which are managed by Purchases department. The Entity is also exposed to price risk related to certain commodities purchased in its operation, which is managed by commodities subcommittees. The Entity occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its results. The Entity considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability, better earnings visibility and certainty regarding costs and expenses to be paid in the future.

The Entity determines the amounts and objective parameters of the primary positions for which the derivative financial instruments are entered into, with the objective of minimizing one or more of the risk exposures in a transaction or group of transactions associated with the primary position.

The Entity only enters into derivative financial instrument contracts with recognized financial institutions of well-known solvency and within the limits set for each institution.

The principal types of derivative financial instruments used by the Entity are:

g) Contracts that establish a mutual obligation to exchange cash flows on specific future dates, at the nominal or reference value (swaps):

    3. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities.
    4. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed.

h) Foreign currency exchange forwards;
i) Foreign currency exchange calls;
j) Commodity futures;
k) Options on commodities futures; and
l) Inputs swaps

Market risk exposure is monitored and reported on an ongoing basis to the responsible governing area within the Entity.

The Entity has established a policy that derivative financial instruments are entered into exclusively to hedge a risk. Accordingly, in order to enter into a derivative financial instrument contract, it must necessarily be associated with a primary position that exposes the Entity to a specific risk. Consequently, the notional amounts of the Entity's derivative financial instruments will be consistent with the amounts of the primary positions that are being hedged. The Entity does not enter into derivative financial instruments for speculative purposes. If the Entity decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow, meaning the Entity should not enter into derivative financial instrument transactions for speculative purposes.

Derivative financial instruments are comprised as follows:

	December 31, 2014	December 31, 2013
Assets:		
Current -		
Forwards	$ 16	$ 9
Premiums paid on options, net	146	-
Futures contracts:		
Fair value of corn, wheat and soybean oil	224	-
Fair value of natural gas and diesel	-	29
Total asset derivatives – current	$ 386	$ 38

Long-term swaps	$ 1,653	$ 695

	December 31, 2014	December 31, 2013
Liabilities:		
Current -		
Swaps	$ -	$ (615)
Forwards	(8)	-
Forwards on raw material	(1)	(3)
Guarantee deposit	(76)	-
Futures contracts:	-	-
Fair value of natural gas and diesel	(588)	-
Fair value of wheat, corn, and soybean oil	-	(415)
Total derivatives liabilities current	$ (673)	$ (1,033)
Long term swaps	$ (1,540)	$ (236)
Stockholders' equity:		
Fair value of financial instruments designated as cash flow hedges, net of accrued interest	$ (362)	$ (317)
Closed contracts for unused futures	(17)	(43)
	(379)	(360)
Deferred income tax, net	159	126
Accumulated other comprehensive income related to derivative financial instruments	$ (220)	$ (234)

14.2.2 Interest rate risk management

The Entity is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by entering into derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they comply with the all criteria to be classified as such.

Management considers that its interest rate risk related to its financial assets is limited as their maturities are generally current.

As of December 31, 2014 and 2013 and January 1, 2011, the Entity held long-term debt that accrues interest at variable rates referenced to the TIIE, UDI, CDOR, LIBOR and EURIBOR respectively, and entered into interest rate swaps to fix such interest rates. The swaps have been designated as cash flow hedges.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on balances exposed to interest rate risk, considering both derivative and non-derivative instruments at the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the interest rate risk during the period due to variances in the balances exposed to such risk. For floating rate instruments, for which the Entity has not contracted a hedge to fix the rate, the sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change of 20 basis points in the one-month LIBOR and 20 basis points in the one-month CDOR and a change of 100 basis points in the

28 days TIIE represents management´s best estimate of a reasonable potential change with respect to those rates. The Entity has fully mitigated interest rate risks related to fluctuations in TIIE and the value of UDI through interest rate swaps.

An increase/decrease of 20 basis points in LIBOR, would result in a decrease/increase in profit or loss of approximately $2.5 and $0.4 for the years ended December 31, 2014 and 2013, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 20 basis points in CDOR would result in a decrease/increase in profit or loss of approximately $7.4 and $0 for the years ended December 31, 2014 and 2013, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 100 basis points in TIIE, would result in an decrease/increase in the Entity's profit or loss of approximately $9.7 and $0 respectively.

14.2.3 Foreign currency risk management

The Entity undertakes transactions denominated in a variety of foreign currencies and presents its consolidated financial statements in Mexican pesos; it also has investments in foreign operations whose currencies differ from the Mexican peso. Accordingly, it is exposed to foreign currency risk (i.e., the forecasted purchase of inputs, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. net investments is foreign subsidiaries). The main risk is with respect to the parity of Mexican pesos to US dollars, Mexican pesos to Canada dollars, and Canada dollars to US dollars.

- *Management of translation of foreign currency risk*

The Entity has investments in foreign subsidiaries whose functional currency is other than the Mexican peso, which exposes it to the risk of foreign currency translation. Also, the Entity has contracted intercompany financial assets and liabilities with those foreign subsidiaries, in various currencies, therefore representing a foreign currency risk.

The risk is mitigated through the issuance of one or more loans denominated in currencies other than the functional currency to naturally hedge exposure to foreign currency, and presented as a net investment in foreign subsidiaries within other comprehensive income.

As of December 31, 2014 and 2013, loans that have been designated as hedges on the net investment in foreign subsidiaries amounted to US$2,867 and US$2,894 million, respectively.

As of December 31, 2014 and 2013, the amounts that have been designated as hedges for long-term intercompany loans are $2,811 and $3,769 million, respectively.

As of December 31, 2014 and 2013, amounts that have been designated as hedges of intercompany long-term debt are EUR$30 and EUR$29 million, respectively.

At December 31, 2014, the amounts of loans that have been designated as hedges for net investment in foreign subsidiaries totaled CAD$1,393 million.

At December 31, 2014, the amount that has been designated as a hedge for intercompany asset positions is CAD$650 million.

At December 31, 2014, the amount that has been designated as a hedge for intercompany liability positions is US$24 million.

Management of foreign currency transactional risk

Risk management policy regarding foreign currency also contemplates hedging expected foreign currency cash flows, mainly related to future purchases of inputs. Such purchases qualify as hedged items, represented by “highly probable” forecasted transactions for purposes of hedge accounting. At the time the purchase occurs, the Entity adjusts the non-financial asset that is considered the hedged item for the gain or loss previously recognized in other comprehensive income.

Foreign currency sensitivity analysis

The sensitivity analyses below have been determined based on the balances exposed to foreign currency exchange rate risk for both derivative and non-derivative instruments as of the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the foreign currency exchange rate risk that existed during the year due to variances in the balances exposed to such risk.

A depreciation/appreciation of 1 peso per US dollar, represents management´s estimate of a reasonable potential change on the parity of both currencies, and would result in an increase/decrease of approximately $19 and $108 in profit or loss for the years ended December 31, 2014 and 2013, respectively.

Detail of derivative transactions to hedge the interest and exchange rate risk

The characteristics of the derivatives used to hedge the risks mentioned above and their fair values are as follows:

Amounts as of December 31, 2014

Date		Notional	Interest rate		Fair
Beginning	**Maturity**	**Value**	**Paid**	**Received**	**Value**
A) Swaps that modify the Bimbo 09U local bond currency and interest rate:					
June 10, 2009	June 6, 2016	$1,000	10.54% (Pesos)	6.05% (UDI)	247
June 24, 2009	June 6, 2016	$2,000	10.60% (Pesos)	6.05% (UDI)	491
B) Swaps that convert 2024 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars:					
June 30, 2014	June 27, 2024	240 (***)	4.1175% (CAD)	3.875% (USD)	208
June 30, 2014	June 27, 2024	290 (***)	4.1125% (CAD)	3.875% (USD)	267
June 30, 2014	June 27, 2024	108(***)	4.1246% (CAD)	3.875% (USD)	104
June 30, 2014	June 27, 2024	99(***)	4.0415% CAD)	3.875% (USD)	104
June 30, 2014	June 27, 2024	110 (***)	4.1558% (CAD)	3.875% (USD)	101
June 30, 2014	June 27, 2024	10 (***)	4.1498% (CAD)	3.875% (USD)	10
C) Swaps that convert the 2044 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars:					
July 21, 2014	June 27, 2044	107(***)	5.0455% (CAD)	4.875% (USD)	121
Total long term assets					$ 1,653
D) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (Pesos)	$ (257)
E) Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 14, 2012	August 3, 2018	50.0 (*)	3.24% (USD)	6.83% (Pesos)	(76)
February 15, 2012	August 3, 2018	50.0 (*)	3.30% (USD)	6.83% (Pesos)	(76)
February 17 2012	August 3, 2018	50.0 (*)	3.27% (USD)	6.83% (Pesos)	(78)
February 17 2012	August 3, 2018	72.1 (*)	3.33% (USD)	6.83% (Pesos)	(115)
February 17 2012	August 3, 2018	70.0 (*)	3.27% (USD)	6.83% (Pesos)	(115)
February 17 2012	August 3, 2018	100.0 (*)	3.25% (USD)	6.83% (Pesos)	(160)
F) Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (USD)	10.54% (Pesos)	(220)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (USD)	10.60% (Pesos)	(443)

Total long term liabilities (swaps)	$ (1,540)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros
(***) Amounts in millions of Canada dollars

A) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

B) In order to convert part of the 2024 International 144A Bond from US to Canadian dollars, between June 30 and July 21, 2014,cross currency swaps were contracted for $240, $290, $110, $10.73, $108.34 and $99.3 Canadian dollars. These instruments receive 3.875% interest in USD and pay 4.1175%, 4.1125%, 4.1558%, 4.1498%, 4.1246% and 4.0415% interest in Canadian dollars, respectively.

C) In order to convert a portion of 2044 International 144A Bond to from US to Canadian dollars, on July 21, 2014, a cross currency swaps was contracted in an amount of $107.4 million Canadian dollars . This instrument receives 4.875% interest in US dollars and pays 5.0455%.

D) In connection with the issuance of the Bimbo 09–2 local bonds, for a national amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

E) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2013 the Entity entered into 6 cross currency swaps for an amount of $50, $50, $72.1, $70, $100 and $50 USD respectively. All the instruments earn interest at a rate of 6.83% in Mexican pesos and pay interest at a rate of 3.24%, 3.30%, 3.27%, 3.33%, 3.27% and 3.25% respectively.

F) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

Amounts as of December 31, 2013

Date		Notional	Interest rate		Fair
Beginning	**Maturity**	**Value**	**Paid**	**Received**	**Value**
A) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (Pesos)	$ 17
B) Swaps that modify the Bimbo 09U local bond currency and interest rate:					
June 10, 2009	June 6, 2016	$1,000	10.54% (Pesos)	6.05% (UDI)	212
June 24, 2009	June 6, 2016	$2,000	10.60% (Pesos)	6.05% (UDI)	420
C) Swaps that convert the stock certificate Bimbo 12 Mexican pesos into US dollars and change the fixed interest rate pesos to US dollars :					
February 14, 2012	August 3, 2018	50.0 (*)	3.24% (US Dollars)	6.83% (Mexican pesos)	5
February 15, 2012	August 3, 2018	50.0 (*)	3.30% (US Dollars)	6.83% (Mexican pesos)	7
February 17, 2012	August 3, 2018	50.0 (*)	3.27% (US Dollars)	6.83% (Mexican pesos)	5
February 17, 2012	August 3, 2018	72.1 (*)	3.33% (US Dollars)	6.83% (Mexican pesos)	9
February 17, 2012	August 3, 2018	70.0 (*)	3.27% (US Dollars)	6.83% (Mexican pesos)	7

February 17, 2012	August 3, 2018	100.0 (*)	3.25% (US Dollars)	6.83% (Mexican pesos)	13
Total long term assets				$ 695	$ 695

Amounts as of December 31, 2013

Date Beginning	Maturity	Notional Value	Interest rate Paid	Received	Fair Value
D) Swaps that fix the rate of the long–term bank loan in US dollars:					
May 27, 2009	January 15, 2014	37.5 (*)	2.33% (Fixed)	0.19% (LIBOR)	$ (1)
E) Swaps that fix interest rates of stock certificates Bimbo 09:					
February 24, 2011	June 9, 2014	1,000	8.00% (Fixed)	5.85% (TIIE+1.55%)	(12)
February 24, 2011	June 9, 2014	1,000	7.94% (Fixed)	5.85% (TIIE+1.55%)	(12)
February 28, 2011	June 9, 2014	1,000	8.03% (Fixed)	5.85% (TIIE+1.55%)	(12)
June 26, 2009	June 9, 2014	2,000	7.43% (Fixed)	4.30% (TIIE)	(34)
F) Swaps that convert the Bimbo 09 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 11, 2011	June 9, 2014	166.2 (*)	5.06% (US Dollars)	8.98% (Mexican Pesos)	(165)
April 27, 2011	June 9, 2014	86.6 (*)	3.73% (US Dollars)	7.94% (Mexican Pesos)	(128)
April 25, 2011	June 9, 2014	86.2 (*)	3.83% (US Dollars)	8.03% (Mexican Pesos)	(122)
April 28, 2011	June 9, 2014	86.7 (*)	3.78% (US Dollars)	8.00% (Mexican Pesos)	(129)
Total current liabilities					$ (615)
G) Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (US Dollars)	10.54% (Mexican Pesos)	(79)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (US Dollars)	10.60% ((Mexican Pesos)	(157)
Total long-term liabilities (swaps)					$ (236)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros

A) In connection with the issuance of the Bimbo 09–2 local bonds, for a national amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

B) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

C) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2013 the Entity entered into 6 cross currency swaps for an amount of $50, $50, $72.1, $70,

$100 and $50 USD respectively. All these instruments receive 6.83% in Mexican pesos and pay 3.24%, 3.30%, 3.27%, 3.33%, 3.27% and 3.25% respectively.

D) To hedge the interest rate risk on the US dollar portion of Tranche A of the Bank Loan, between May 27 and 29, 2009, the Entity entered into three swaps that originally totaled $300 million USD and fixed the LIBOR rate to a weighted average rate of 1.63% and 1.66%. As a result of the prepayment in 2011 and 2010 of a portion of the $300 million USD and by contracting a cross-currency swap that converts $68.4 million USD to euros, as of December 31, 2013, $37.5 million USD remain outstanding, which were allocated as hedge of the syndicated bank loan which uses Libor fixed rate of 2.33%.

E) To hedge the interest rate risk on the issuance of the Bimbo 09 local bonds, on June 26, 2009 the Entity entered into an interest rate swap for $2,000 that fix the variable rate to 7.43%, effective July 13, 2009. Additionally, on February 24, 2011, the Entity entered into two instruments for $1,000 that fixes the rate from TIIE + 1.55% to 8.00% and 7.94%, respectively. On February 28, 2011, the Entity entered into another instrument for $1,000 that fixes the rate from TIIE + 1.55% to 8.03%.

F) In order to convert the fixed portion of the Bimbo 09 local bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into foreign currency and interest rate swaps for $2,000 (equivalent to US$166 million). The exchange rate was set at $12.05 Mexican pesos per US dollar and the interest rate at 5.06%. Additionally, between April 25 and 28, 2011, the Entity entered into three additional instruments, each one for $1,000, with exchange rates set at $11.53, $11.55 and $11.60 Mexican pesos per US dollar and fixed interest rates of 3.78%, 3.73% and 3.83%, respectively.

G) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per USD and interest was fixed at 6.47% and 6.53%, respectively.

Foreign Currency Hedge

Based on its projections of expense, Corporate treasury has diverse obligations in USD, for which reason, at December 31, 2014 and 2013, it maintains a portfolio of options and forwards that result in a long-term position in forwards with monthly maturities of $18 and $170 million USD, respectively, at an average exchange rate of $13.9039 and $13.0719 Mexican pesos per USD.

In addition to hedge a portion of the debt in US dollars and convert it into Canadian dollars, the Entity keeps as of December 31, 2014 a portfolio in forwards that result in a short position for a total of $85 million Canadian dollars at an average exchange rate of $1.1662 Canadian dollars per USD.

In order to meet the needs of corporate treasury in euros tied to various forecasted transactions, the Entity held as of December 31, 2014, a portfolio of options and forwards that result in a long position for a total of EUR$9 million, at an exchange rate of $17.85 pesos per euro.

As of December 31, 2014 and 2013, these aforementioned instruments have a net market value (asset) of $8 and $9, respectively.

As of December 31, 2014 and 2013, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Mexico. These instruments hedged a notional amount of $137.7 and $91.3 million US dollars, respectively, fixing the exchange rate for the purchase of currency at a price of $13.73 and $13.18 Mexican pesos per US dollar and its fair value was $146 and $(1).

In 2014 and 2013, the Entity entered into a forward to hedge the exchange risks related to the purchase of commodities in Uruguay. This instrument hedges a notional amount of $3.9 and $4.8 million USD and fixed the exchange rate at $25.26 and $22.72 Uruguayan pesos per USD. The fair value of the instrument as of December 31, 2014 and 2013 was $(1) and $(2) respectively.

As of December 31, 2014, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Chile. These instruments cover a notional amount of US$6 million , fixing the exchange rate for the currency purchase at a price of $609.8 Chilean pesos per USD and its fair value was $(18) Chilean pesos.

14.2.5 Commodities price risk management

In accordance with the Entity´s risk management policies, it enters into wheat, natural gas, and other commodities futures contracts to minimize the risk of variation in international prices of such inputs.

Wheat, the main input used by the Entity, together with natural gas, are some of the commodities hedged. The transactions are carried out in recognized commodity markets, and through their formal documentation are designated as cash flow hedges of forecasted transactions. The Entity performs prospective and retrospective effectiveness tests of the instruments to ensure they mitigate the variability of cash flows from fluctuations in the price of such inputs.

As of December 31, 2014 and 2013, the Entity has recognized, in other comprehensive income, closed contracts that have not yet been transferred to cost of sales due to the fact that the wheat under these contracts has not been used for flour consumption.

Detail of derivative transactions that hedge commodities price risk

As of December 31, 2014 and 2013, the contracted futures and their main characteristics were as follows:

		Amounts as of December 31, 2014			
Commencement date	**Position**	**Contracts Number**	**Maturity**	**Region**	**Fair Value**
Futures contracts to fix the purchase price of wheat and soybean oil:					
Various (diesel)	Long	2,486	Various	US	$ (112)
Various (gasoline)	Long	5,687	Various	US	(421)
Varias (natural gas)	Long	999	Various	México	1
Varias (natural gas)	Long	496	Various	US	(56)
Total current liabilities					$ (588)
Futures contracts to fix the purchase price of wheat and soybean oil:					
Various (wheat)	Long	4,143	March-December 2015	US	$ 132
Various (wheat)	Long	3,162	March-September 2015	Mexico	60
Various (corn)	Long	219	March-May 2015	US	10
Various (soybean oil)	Long	665	March-December 2015	US	(3)
Various (wheat)	Long	1,063	March 2015	Canada	25
Various (wheat)	Long	59	March-December 2015	OLA	1
Various (soybean oil)	Long	114	May-October 2015	Canada	(1)
Total current assets					$ 224

		Amounts as of December 31, 2013			
		Contracts			
		Amounts as of December 31, 2013			
Commodity	**Position**	**Contracts Number**	**Maturity**	**Region**	**Fair Value**
Futures contracts to fix the purchase price of natural gas and diesel:					
Various (diesel)	Long	918	Various	USA	$ 17
Various (gasoline)	Long	136	Various	USA	5
Various (natural gas)	Long	135	Various	USA	10
Various (natural gas)	Long	2,620	Various	Mexico	(3)
Total current assets					$ 29

		Amounts as of December 31, 2013			
Commodity	**Position**	**Contracts Number**	**Maturity**	**Region**	**Fair Value**
Futures contracts to fix the purchase price of natural gas and diesel:					
August through December 2013 (wheat)	Long	5,974	May through December 2014	USA	$ (280)
April through December 2013 (wheat)	Long	3,950	May through December 2014	Mexico	(118)
Various (corn)	Long	90	July through December 2014	USA	-
Various (soybean oil)	Long	421	March through December 2014	USA	(7)
October through December 2013 (wheat)	Long	250	March through July 2014	OLA	(10)
Total current liabilities					$ (415)

As of December 31, 2014, the Entity held two forward contracts to hedge cash flows related to the purchase of inputs denominated in US dollars.

		Amounts as of December 31, 2014		
Commencement date	**Maturity**	**Contracts**		
		Notional Amount	**Average exchange rate**	**Fair Value**
Forwards to hedge cash flows related to the purchase of inputs in USD:				
July through December 2014	January through June 2015	$137.7 (US Dollars)	$13.73*	$ 146
July through December 2014	January through May 2015	$3.9 (US Dollars)	$25.26**	1
July through December 2014	January through May 2015	$6.0 (US Dollars)	$609.85***	(1)
Total current assets				$ 146

(*) Mexican pesos per US dollar
(**) Uruguayan pesos per US dollar
(***) Chilean pesos per US Dollar

Embedded derivative instruments - As of December 31, 2014 and 2013, the Entity has not identified any embedded derivative financial instruments that require bifurcation.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial assets and liabilities is determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined with reference to their quoted market prices. Derivative financial instruments fall in this category Therefore, these instruments are considered as hierarchy level 1 according to the classification of fair value hierarchy described below.

The fair value of other financial assets and liabilities carried at fair value are determined in accordance with accepted pricing models, generally based on discounted cash flow analysis.

As of December 31, 2014 and 2013, the carrying value of financial assets and liabilities that are carried at amortized cost, other than long-term debt as disclosed in Note 13, does not vary significantly from their fair value.

The fair value of market long-term debt, such as bonds, was determined based on the prices provided by Valuación Operativa y Referencias de Mercado S. A. de C. V. ("VALMER") which is an entity supervised by the Mexican National Securities and Banking Commission (Comisión Nacional Bancaria y de Valores), that provides prices for financial instruments. Such valuation is considered as Level 1, according to the hierarchy described as follows:

Fair value hierarchy

The amount of assets and liabilities in the consolidated statements of financial position, measured at fair value, are grouped into one of the following three hierarchy levels. Categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

14.2.5 Liquidity risk management

Corporate treasury is responsible for managing liquidity risk. Risk management allows the Entity to determine its short-, medium- and long-term cash flow needs, while seeking financial flexibility. The Entity maintains sufficient liquidity through an orderly management of its resources and permanently monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with bank institutions and proper management of working capital. These actions ensure the payment of future obligations. The Entity believes that due to the nature of its business, liquidity risk is low.

Obligations resulting from financial instruments and debt amortization are as follows:

	X<1 year	**1 year <X<3 years**	**3 years<X<5 years**	**X>5years**
Debt	$ (2,942)	$ (7,506)	$ (10,479)	$ (54,871)
Derivative instruments	-	-	(447)	-
Total	$ (2,942)	$ (7,506)	$ (10,926)	$ (54,871)

14.2.6 Credit risk management

Credit risk arises from the possible loss if a customer is unable to pay its obligations, loss on investments and principally the risk related to derivative financial instruments.

When accounts receivable to customers is impaired, the Entity recognizes an allowance for doubtful accounts. The allowance is increased for those accounts beyond 90 days past due, based on the results of the analysis of each account and the overall results of changes in the accounts receivable and the seasonality of the customers' business. The methodology used to determine the allowance has been applied consistently and the allowance has been historically sufficient to cover impaired unrecoverable accounts.

With respect to operations with derivative financial instruments related to interest rate and exchange rate hedges, and some commodities like natural gas, these instruments are entered into bilaterally ("OTC"), with counterparties of high repute that meet certain criteria mentioned below, and who maintain a significant and continuous commercial relationship with the Entity.

These counterparties are deemed of high repute, as they are sufficiently solvent -based on their "counterparty risk" rating from Standard & Poor´s- for short- and long-term obligations in local and foreign currency. The principal counterparties with whom the Entity has contracts with respect to derivative financial instruments are:

Banco Nacional de México, S. A., BBVA Bancomer, S. A., Barclays Bank, PLC W. London, Bank of America México, S. A., Citibank N.A., Merrill Lynch Capital Services, Inc., HSBC Bank, ING. Capital Markets, JP Morgan Chase Bank, N. A., Banco Santander, S. A., Mizuho Corporate Bank, Ltd, Mizuho Capital Markets Corporation and The Bank of Tokyo Mitsubishi ufj, Ltd.

Principal commodities derivatives financial instruments are contracted in the following recognized markets:

e. Minneapolis Grain Exchange (MGE)
f. Kansas City Board of Trade (KCBOT)
g. Chicago Board of Trade (CBOT)
h. Mercado a Término de Buenos Aires
i. New York Mercantile Exchange (NYMEX)

Exposure to each counterparty is monitored on a monthly basis.

All derivative financial instrument transactions are performed under a standardized contract and duly executed by the legal representatives of the Entity and those of the counterparties.

Appendix and annexes to the contract, establish the settlement and other relevant terms in accordance with the manners and practices of the Mexican market.

Some derivative financial instrument contracts include the establishment of a security deposit or other securities to guarantee payment of obligations arising from such contracts. Credit limits that the Entity has with its counterparties are large enough to support its current operations; however, the Entity maintains cash deposits as collateral for payment of derivative financial instruments.

For those commodities future contracts executed in recognized, international markets, the Entity is subject to the regulation of those markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required of the Entity.

14.2.7 Equity structure management

The Entity maintains a healthy relation between debt and equity, to maximize the shareholders' return.

The leverage ratio at the end of each period is as follows:

	December 31, 2014	December 31, 2013

Debt (i)	$ 62,204	$ 40,329
Cash and cash equivalents	2,572	2,504
Net debt	59,632	37,825
Stockholders' equity	53,602	47,783
Net debt to stockholders' equity	1.11 times	0.79 times

(ii) Debt is comprised of bank loans and short- and long-term bonds.
The Entity is not subject to any externally imposed capital requirements.

38. Employee benefits and workers' compensation

Net projected liabilities of employee and welfare benefits plans and workers' compensation, by geographical area, are as follows:

	December 31, 2014	December 31, 2013
Mexico:		
Retirement benefits in México	$ 2,922	$ 1,577
USA:		
Retirement and post-retirement benefits in USA	$ 4,899	$ 4,173
Workers' compensation in USA	2,104	2,399
MEPP in USA	13,992	10,453
	20,995	17,025
Canada:		
Retirement and post-retirement benefits	$ 542	$ -
OLA:		
Retirement	136	169
Total net liability	$ 24,595	$ 18,771

d. ***Mexico***

The Entity has a defined benefit pension and seniority premium plan. The Entity is also required to pay termination benefit obligations, which do not qualify as post-retirement benefit plans under IFRS, for which reason a liability for the benefits is not recognized until the obligation occurs, generally upon payment. The Entity´s funding policy is to make discretionary contributions. During 2014 and 2013, the Entity has not contributed to the plans.

Seniority premiums payment consist of a one–time payment of 12 days for each year worked based on the final salary, not exceeding twice the minimum wage, applicable at the payment date, established by law for all its personnel, as stipulated in the respective employment contracts. Such benefits vest for employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2014 and 2013 by Bufete Matemático Actuarial, S.C., member of Colegio Nacional de Actuarios, A. C. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014	December 31, 2013
Discount rate	7.50%	8.50%
Wage increases	4.50%	4.50%

The amounts recognized in profit or loss with respect to defined benefit pension plans:

	December 31, 2014	December 31, 2013
Current service cost	$ 361	$ 449
Interest cost	545	541
Interest income on plan assets	(409)	(358)
Net cost of the period	$ 497	$ 632

The net cost of the period was allocated $86 and $137 in 2014 and 2013, respectively, as cost of sales and the remainder as general expenses. The interest on the net obligation was recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	$ 7,814	$ 6,513
Less- Fair value of plan assets	4,892	4,936
Underfunded status of the defined benefit obligation	$ 2,922	$ 1,577

Movements in the present value of the defined benefit obligation:

	December 31, 2014	December 31, 2013
Present value of the defined obligation as of January 1,	$ 6,513	$ 7,716
Service cost	361	449
Interest cost	545	541
Actuarial loss (gain) on estimate of obligation	735	(1,911)
Other experience adjustments on the obligation	-	(16)
Benefits paid	(340)	(266)
Present value of the defined benefit obligation as of December 31	$ 7,814	$ 6,513

Movements in fair value of plan assets:

	December 31, 2014	December 31, 2013
Plan assets at fair value as of January 1	$ 4,936	$ 4,804
Return on plan assets	409	358
Actuarial (loss) gain on estimate of plan assets	(154)	40
Benefits paid	(299)	(266)
Plan assets at fair value as of December 31	$ 4,892	$ 4,936

Categories of plan assets:

	Fair value of plan assets	
	As of December 31, 2014	As of December 31, 2013
Equity instruments	$ 2,950	$ 1,397
Debt instruments	1,448	3,011
Others	494	528
Total	$ 4,892	$ 4,936
Expected weighted return	8.50	8.50
Real weighted return	6.40	4.65

The fair value of equity and debt instruments mentioned above are determined based on quoted market prices in active markets.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected wage. The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the projected defined obligation would decrease by $1,367, (increase by $1,764).

If the expected wage increases (decreases) by 1%, the defined benefit obligation would increase by $1,065 (decrease by $906).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix based on 30% equity instruments, 60% debt instruments and10 % of other instruments or alternative.

The technical committee of the Entity has the responsibility to define and monitor quarterly, strategy and investment policies in order to optimize the risk / return over the long term.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. Also, there has been no change to the process followed by the Entity to manage the plan assets compared to previous years

The average duration of the benefit obligation as of December 31, 2014 is 25 years. This number can be analyzed as follows:

- Grupo Bimbo: 28 years (2013: 30 years);
- Active members: 30 (2013: 32 years), and
- Retired members: 8 years (2013: 7 years).

The history of experience adjustments are as follows:

	As of December 31, 2014	As of December 31, 2013
Present value of defined benefits obligation	$ 7,814	$ 6,513
Less – Fair value of plan assets	4,892	4,936
Underfunded status	$ 2,922	$ 1,577
Experience adjustments on the defined benefit obligation	$ 735	$ 1,927
Experience adjustments on plan assets	$ (154)	$ 40

e. ***USA-*** The Entity has established a defined benefit pension plan that covers eligible employees. Some of the benefits of the plan were frozen. The Entity´s funding policy is to make discretionary contributions. As of December 31, 2014 and 2013, the Entity contributed to such plan $641 and $628, respectively.

The Entity also has established post-retirement employee welfare plans, which covers the medical insurance of certain eligible employees. The Entity has insurance and pays these expenses as they occur.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2014 and 2013 by Mercer (US), Inc., member of the Institute of actuaries in the U.S. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014	December 31, 2013
Average of discount rates	4.05% - 4.85%	4.75% - 3.55%
Wage increases	3.75%	3.75%
Inflation rates	2.75%	2.75%

The amounts recognized in profit or loss with respect to defined benefit pension plans and post-retirement benefits:

	December 31, 2014	December 31, 2013
Current service cost	$ 137	$ 242
Interest cost	785	603
Prior service costs and other	-	26
Interest income on plan assets	(601)	(426)
	$ 321	$ 445

The net cost of the period was allocated $122 and $140 in 2014 and 2013, respectively, in the consolidated statements of income as cost of sales and the remainder as general expenses. The interest on the obligation and the expected return on the plan assets are recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	$ 20,130	$ 15,912
Less - Fair value of plan assets	15,231	11,739
Present value of unfunded defined benefits	$ 4,899	$ 4,173

Movements in the present value of the defined benefit obligation:

	December 31, 2014	December 31, 2013
Present value of the defined obligation as of January 1	$ 15,912	$ 16,959
Service cost	137	242
Interest cost	785	603
Effect of experience adjustments	(232)	(70)
Effect of changes in demographic assumptions	556	556
Effect of changes in financial assumptions	1,790	(1,676)
Assumed liabilities in business acquisition	124	-
Adjustment for fluctuation in currency exchange	1,893	87
Benefits paid	(835)	(789)
Present value of the defined benefit obligation as of December 31	$ 20,130	$ 15,912

Movements in fair value of plan assets:

	December 31, 2014	December 31, 2013
Plan assets at fair value as of January 1	$ 11,739	$ 11,597
Interest income, and others	601	426
Actuarial gain (loss)	1,460	(302)
Employer and employee contributions	706	628
Adjustment for fluctuation in currency exchange	1,473	59
Benefits paid	(748)	(669)
Plan assets at fair value as of December 31	$ 15,231	$ 11,739

Categories of plan assets:

	Fair Value of plan assets	
	As of December 31, 2014	As of December 31, 2013
Equity instruments	$ 8,468	$ 4,178
Debt instruments	4,783	5,580
Others	1,980	1,981
Total	$ 15,231	$ 11,739
Expected weighted return	4.15	3.60
Real weighted return	15.90	1.40

Fair value of the assets of the plan are measured using valuation techniques that include inputs that are not based on observable market data.

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected wage increase. The sensitivity analysis presented below were determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases/decreases 50 basis points, the expected benefit obligation would decrease/increase by $1,005.

If the expected wage increases/decreases 100 basis points, the defined benefit obligation would increases/decreases by $97.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The Entity's technical committee has the responsibility to define and monitor on a quarterly basis, the strategy and investment policies in order to optimize the risk / performance at long term.

Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix on 56% equity instruments, 31% debt instruments and 13% other instruments or alternative.

The average duration of the benefit obligation as of December 31, 2014 is 13 years. This number can be analyzed as follows:

- Active members: 16 years (2013: 16 years);
- Deferred members: 18 years (2013: 18 years), and
- Retired members: 9 years (2013: 9 years).

The Entity made contributions of US$48 million in 2014 and 2013 to the defined benefit plans.

The amounts of experience adjustments are as follows:

	December 31, 2014	December 31, 2013
Present value of defined benefits obligation	$ 20,130	$ 15,912
Less – Fair value of plan assets	15,231	11,739
Underfunded status	$ 4,899	$ 4,173
Experience adjustments on plan obligation	$ (232)	$ (70)
Experience adjustments on plan assets	$ 1,460	$ (302)

Multi-employer pension plans ("MEPP")

The Entity participates in benefit plans known as MEPPs. A MEPP is a fund in which several unrelated employers, in the same or similar industry, make payments to fund retirement benefits for unionized employees enrolled in the plan. Originally, it was set to facilitate the mobility of employees between companies in the same industry preserving pension benefits. Usually they are managed by a trust that is overseen by representatives of all employers and employees. Currently BBU participates in 34 MEPPs.

When the exit of a MEPP is highly probable, a provision is recognized for the present value of estimated future cash outflows, discounted at the current rate. In addition to the recognition of its contributions under the MEPP, the Entity has recognized a withdrawal liability related to three MEPPs, for which an exit contracts exist.

Contributions to MEPPs for the years ended December 31, 2014 and 2013 amounted to $1,640 and $1,489, respectively, which are recognized in profit or loss as incurred. The estimated contributions for 2015 are approximately $1,653. Annual contributions are charged to results.

In case that another employer exits the MEPP without satisfying its obligation related to its exit, the non-covered amount is distributed to the other active employers. Generally, the distribution of the liability for the exit of the plan is based on the Entity's contributions to the plan compared to the contributions of the other employers in the plan.

When the exit of a MEPP is highly probable to happen, is recognized as a provision for the estimated future cash outflows present value, discounted at the accrual rate. The entity recognizes the withdrawal liability related to two MEPPs for which a contract exits. The total liability related to MEPPs is in the employee labor obligations line.

The MEPPs withdrawal liability results from two contracts entered into by the Entity in 2012 to execute a complete withdrawal from the MEPP and re-enter under more advantageous terms designed to maintain the financial stability of the plan. The terms of the agreement allow the Entity to cap its complete withdrawal liability and fund it interest free over 25 years. In 2012, the Entity notified another MEPP of the intent to exit from the MEPP, which caused the trustees of the plan to declare a mass withdrawal. In 2013, the Entity adjusted the liability previously recognized, based on a notification from the trustees of the plans. The MEPPs withdrawal liability was $81, recorded within accrued liabilities and $1,291 within other liabilities.

During 2014 and 2013, the Entity recorded a charge to results with respect to the liability for MEPPs of $2,022 and $368, respectively, presented in the other general expenses line.

Liabilities recognized with respect to MEPPs are updated each year derived from changes in wages, aging and the mix of employees in the plan, which are recorded in results of the income year, in addition to amounts that are contributed regularly to different MEPPs.

If the Entity were to withdraw from all plans, the estimated potential cost of withdrawal is $28,126, of which the Entity has provisioned $13,992. The differential not provisioned represents the Entity's best estimate of withdrawal cost of the other plans, for which as of the date of the accompanying consolidated financial statements, the Entity does not have the intent of withdrawing.

Welfare benefit plans USA

The Entity maintains a welfare benefit plan that covers certain eligible employees' postretirement medical expenses. Amounts correspond to expenses that are recorded in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are included in the income statement. As of December 31, 2014 and 2013, these liabilities were:

	December 31, 2014	December 31, 2013
Welfare benefit plans		
Current (a)	$ 471	$ 1,182
Long-term	2,104	2,399
	$ 2,575	$ 3,581

(b) Included in other accounts payable and accrued expenses

f. *Canada*

The Entity has established a defined benefit plan for pension payments covering eligible employees. Some of the benefits of unionized personnel plans were frozen. The funding policy of the Entity is to make discretionary contributions. The contributions made during 2014 amounted to $ 43.

The most recent plan assets and the present value of the defined benefit obligation actuarial valuations were performed as of December 31, 2014 by Mercer (Canada), Inc. The present value of the defined benefit obligation, the labor cost of the current service and past service cost were calculated using the projected unit credit method.

The Entity also has established a defined contribution plan in which contributions are paid as incurred.

The main assumptions used for the actuarial valuations purposes are:

	December 31, 2014
Discount rate	3.90%
Expected rates of wage increase	3.50%
Inflation rate	2.00%

The amounts recognized in the results of these defined benefit plans are:

	December 31, 2014
Current service	$ 25
Interest cost	48
Past service and other costs	7
Interest income	(37)
	$ 43

The net cost of the period was allocated $6 in 2014 as cost of sales and the remainder as general expenses. The interest on the net obligation was recognized as finance costs.

The amount included in the statement of financial position as of December 31, 2014 arising from the Entity's obligation regarding their defined benefit plans is as follows:

	December 31, 2014
Present value of unfunded defined benefit obligation	$ 2,142
Plan assets fair value	1,600
Present value of unfunded defined benefit	$ 542

Movements in present value of defined benefit obligation in the period:

	December 31, 2014
Present value of defined benefit obligation as of May 23, 2014	$ 2,070
Labor cost of current service	25
Interest cost	48
Effects of changes in demographic assumptions	7
Effect of changes in financial assumptions	56
Experience adjustments on plan liabilities	(4)
Benefits paid	(60)
Present value of defined benefit obligation as of December 31	$ 2,142

Movements in the fair value of plan assets in the period:

	December 31, 2014
Present value of plan assets as of May 23, 2014	$ 1,570
Interest income	37
Actuarial gain	17
Entity contributions	43
Cost of past service and other	(7)
Benefits paid	(60)
Fair value of plan assets as of December 31	$ 1,600

Plan assets categories:

	December 31, 2014
Equity instruments	$ 944
Debt instruments	640
Others	16
	$ 1,600

Expected weighted average return
Real weighted average return

The fair value of equity and debt instruments mentioned above are determined based on quoted market prices in active markets.

The actuarial assumptions significant for the determination of the defined obligation are the discount rate and expected wage growth. The sensitivity analyzes presented below were determined based on reasonably possible changes in the respective cases occurred at the end of the reporting period, while all other assumptions remain constant.

If the discount rate increases / decreases in 0.25% the projected benefit obligation would decrease / increase by $(66) and $69.

If the provided wages growth increases / decreases 0.5%, the defined benefit obligation would increase/decrease by $8.

Furthermore, when introducing the sensitivity analysis above , the present value of the defined benefit obligation is calculated by using the projected unitary credit at the end of the period for which it is reported, which is the same as that applied in the calculation of the liability for defined obligations recognized in the statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis of previous years.

Each year a study of Assets and Liabilities pairing in which the consequences are analyzed in terms of risk and return profiles of the strategy of investment policies and contributions is performed.

The history of experience adjustments made is as follows:

	December 31, 2014
Present value of defined benefits obligation	$ 2,142
Less – Fair value of plan assets	1,600
Underfunded status	$ 542
Experience adjustments on plan liabilities	$ (4)

g. ***OLA***

Venezuela - The Entity maintains a defined benefit plan in respect of the social benefits of their employees in accordance with the provisions of the Labor Law, the Workers and Employees Act ("LOTTT", for its acronym in Spanish).

On May 7, 2013, the President of the Bolivarian Republic of Venezuela amended the LOTTT Act, which entitles each employee with social security benefits equivalent to fifteen days' wages for each three months of work, calculated based on the last wage accrued. Additionally, after the second year of employment, the employee is entitled to two days' pay for each year of work, cumulative up to thirty days' salary. This benefit is retroactive as of June 19, 1997, and applicable for all employees that joined the Entity before that date. For employees that joined after such date, the benefit accrues from the date of hire.

Upon termination of employment, the employee is entitled to receive a payment equal to the higher of: thirty days per year of service or fractions of more than six months, or the full guaranteed benefits.

Also, upon the termination of employment for reasons beyond the control of the employee, or in cases of dismissal without justifiable reasons, the Entity pays additional compensation equivalent to the amount that equals to the worker's social benefits. This compensation is considered a termination benefit and the Entity recognizes a liability and related expense when, and only when, it is demonstrably committed to the termination of the employment relationship.

Honduras - According to the Labor Code of Honduras and decree No.150/2008 October 3, 2008, workers who completed fifteen years of continuous work are entitled to thirty-five percent of the amount of their benefits as retirement pay for their years of service.

Ecuador - According to measures of the local Labor Code, workers who for twenty years or more had served in continuous or interrupted periods, shall be entitled to be retired by their employers without prejudice to the retirement they deserve in their membership to the Instituto Ecuatoriano de Seguridad Social.

Termination allowance - In accordance with the provisions of the Labor Code, in cases of termination of employment requested by the employer or the employee, the Entity will pay 25% of the last monthly salary for each year of service.

Actuarial calculations were made as of December 31, 2014 and 2013 based on the projected unit credit method.

El Salvador – The Entity pays to permanent employees with two years of work, upon voluntary leave entity, the amount equivalent to fifteen days of salary for each year of service. The daily salary is capped to twice the minimum legal salary in the respective sector of the employee. The employer can write off this provision after fifteen days from the employee's termination if the benefits have not been taken.

39. Stockholders' equity

At December 31, 2014, stockholders' equity consists of the following:

	Number of shares	Historical value	Restatement / translation effect	Total
Fixed capital series "A"	4,703,200,000	$ 1,901	$ 2,326	$ 4,227
Reserve for repurchase of shares	-	757	159	916
Retained earnings	-	32,157	11,300	43,457
Consolidated net income	-	3,518	-	3,518
Accumulated translation effect of foreign subsidiaries	-	-	(2,064)	(2,064)
Revaluation surplus	-	1,038	-	1,038
Accumulated effect of employee benefits	-	103	-	103
Unrealized loss on cash flow hedges	-	(220)	-	(220)
Non-controlling interest in consolidated subsidiaries	-	2,283	344	2,627
Total	-	$ 41,537	$ 12,065	$ 53,602

Capital stock is fully subscribed and paid–in and represents fixed capital. Variable capital cannot exceed 10 times the amount of minimum fixed capital without right of withdrawal and must be represented by Series "B", ordinary, nominative, no–par shares and/or limited voting, nominative, no–par shares of the Series to be named when they are issued. Limited voting shares cannot represent more than 25% of non–voting capital stock.

vi. Dividends declared in 2013 were:

Approval date:	Mexican pesos per Share	Total value
April 09, 2013	$ 0.17	$ 776
November 22, 2013	$ 0.35	$ 1,646

Dividends paid to non-controlling interests as of December 31, 2013 were $ 285. There were no dividends declared or paid during 2014.

vii. An additional income tax, in Mexico, Income Tax on dividends was enacted in 2014 of 10% when such dividends are distributed to individuals and persons residing outside the country The income tax is paid via withholding and is considered a final payment by the shareholder. For foreigners, treaties to avoid double taxation may apply. This tax will apply to the distribution of profits generated beginning 2014.

viii. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical Mexican pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2014 and 2013 the legal reserve, in historical Mexican pesos, was $500.

ix. Stockholders' equity, except restated paid–in capital and tax-retained earnings, will be subject to income taxes payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

x. The balances in the stockholders' equity tax accounts at December 31 are:

	December 31, 2014	December 31, 2013
Paid-in capital	$ 28,464	$ 27,354
Net after-tax income	37,174	35,958
Total	$ 65,638	$ 63,312

40. Transactions and balances with related parties

Balances and transactions between the Entity and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note.

b. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2014	2013
Collected interest income	$ -	$ 2
Expenditures for purchases of:		
Raw material		
Beta San Miguel, S.A. de C.V.	$ 429	$ 1,190
Frexport, S.A. de C.V.	592	629
Grupo Latex, S.A. de C.V.	-	2,761
Industrial Molinera Monserrat, S.A. de C.V.	385	413
Makymat, S.A. de C.V.	-	41
Ovoplus del Centro, S.A. de C.V.	320	401
Paniplus, S.A. de C.V.	57	127

	2014	2013
Finished inventory		
Fábrica de Galletas La Moderna, S.A. de C.V.	$ 517	$ 496
Grupo La Moderna, S.A.B. de C.V.	-	140
Mundo Dulce, S.A. de C.V.	624	611
Pan-Glo de México, S. de R.L. de C.V.	48	45
Stationary, uniforms and others		
Asesoria Estratégica Total, S.A.	$ -	$ 9
Efform, S.A. de C.V.	156	161
Galerias Louis C Morton, S.A. de C.V.	4	6
Marhnos Inmobiliaria, S.A.	29	31
Proarce, S.A. de C.V.	123	396
Uniformes y Equipo Industrial, S.A. de C.V.	69	105
Financial services		
Efform, S.A. de C.V.	$ -	$ 338
Fin Común Servicios Financieros, S.A. de C.V.	456	-

Transactions with related parties are carried out at market prices expected between independent parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful accounts in respect of the amounts owed by related parties.

c. The net balances due to related parties are:

	December 31, 2014	December 31, 2013
Beta San Miguel, S. A. de C. V.	$ 326	$ 108
Efform, S. A. de C. V.	41	24
Fábrica de Galletas La Moderna, S. A. de C. V.	65	63
Frexport, S. A. de C. V.	116	83
Industrial Molinera Montserrat, S. A. de C. V.	34	15
Makymat, S. A. de C. V.	4	8
Mundo Dulce, S.A. de C.V.	48	8
Ovoplus del Centro, S. A. de C. V.	7	10
Pan-Glo de México, S. de R. L. de C. V.	14	7
Paniplus, S. A. de C. V.	-	25
Proarce, S. A. de C. V.	47	15
Fin Común Servicios Financieros, S.A. de C.V.	8	15
Uniformes y Equipo Industrial, S. A. de C. V.	21	15
Otros	58	127
	$ 789	$ 523

d. Employee benefits granted to the Entity's key management were as follows:

	2014	2013
Short- and long –term direct benefits	$ 409	$ 379
Severance benefits	576	533
Bonus in cash for purchase of shares	103	95
	$ 1,088	$ 1,007

The compensation of management and key executives is determined by the Compensation Committee based on the performance of individuals and market trends.

41. Income taxes

Income taxes in México -

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU.

ISR -The rate was 30% in 2014 and 2013 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30% in 2014 and thereafter.

IETU – IETU was eliminated as of 2014; therefore, through December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

Through 2013, based on financial projections, the Entity identified that essentially it would pay ISR in some subsidiaries and IETU in others, for which reason it recognized deferred ISR and IETU. However, due to the elimination of IETU in 2014, the effect of the deferred IETU was canceled by the Entity through 2013 results of the year, and the respective deferred ISR was recorded.

Income taxes in other countries -

Foreign subsidiaries calculate income taxes on their individual results, in accordance with the regulations of each country. The subsidiaries in the USA have authorization to file consolidated income tax returns.

The tax rates applicable in other countries where the Entity mainly operates and the period in which tax losses may be applied, are as follows:

		Legal tax rate (%)		Due date tax loss
		December 31, 2014	December 31, 2013	carryforward
Argentina		25.0	35.0	(A) 5
Brazil		34.0	34.0	(B)
Canada		15.0	15.0	(O) 20
Colombia		25.0	25.0	(C)
Costa Rica		30.0	30.0	(N) 4
Chile	(D)	21.0	20.0	(E)
China		25.0	25.0	5
Ecuador		22.0	22.0	(R) 5
El Salvador		30.0	30.0	(F)
España		30.0	30.0	(Q) 18

		Legal tax rate (%) December 31, 2014	December 31, 2013	Due date tax loss carryforward
EUA		35.0	35.0	(G) 20
Guatemala		31.0	31.0	(H)
Holanda	(K)	25.0	25.0	9
Honduras	(I)	25.0	25.0	3
Hungría		19.0	19.0	(E)
Luxemburgo		22.47	22.47	(E)
Nicaragua		30.0	30.0	(M) 3
Paraguay		10.0	10.0	(F)
Panamá		25.0	25.0	5
Perú		30.0	30.0	(J)
United Kingdom		21.0	23.0	(P)
Czech Republic		19.0	19.0	(K)
Uruguay		25.0	25.0	(K)
Venezuela		34.0	34.0	(L)

Each company calculates and pays under the assumption of individual legal entities. The annual tax return is filed within six months of the end of the fiscal year; additionally the Entity must register monthly payments during the fiscal year.

Companies with tax residence in the UK pay their taxes on a stand-alone global revenue source of wealth.

Tax losses caused by the Entity are mainly in the USA, Mexico and Brazil.

(A) Tax losses from sales of shares or other equity investments may only be offset against income of the same nature. The same applies for losses on derivatives. Foreign source tax losses may only be amortized with income from foreign sources. Operational tax losses expire after 5 years.

(B) Tax loses may be applied indefinitely, but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for each year.

(C) In 2014 the tax rate goes from 33% to 25%. Also the tax rate on non-current gains goes from 33% to 10%. Additionally, the “income tax for equity”(CREE) is enacted, with a tax rate of 9% for the 2014, 2014 and 2015 fiscal years.

Tax losses generated in generated between 2003 and 2006 may be amortized within the following eight years, but only up to 25% of the income tax of each year. Beginning 2007, tax losses may be amortized without limitation with respect to value or period.

(D) The rate for 2013 was 20%. In 2014 a reform was enacted, whereby a gradual increase beginning in 2014 was established, such that the rate will be 21% for 2014, 22.5% for 2015, 24% for 2016 and 25% for 2017.

(E) No maturity date.

(F) Operating losses are not redeemable.

(G) To the federal rate, must be added a state tax, which varies in each state American Union. The weighted statutory rate for the Entity in December 2014 and 2013 was 38.8% and 38.9%, respectively. Tax losses are amortized over 20 years, and different states have different amortization periods and are generally 20 years or less.

(H) A rate of 28% for 2014 and 25% for 2015 and thereafter is applied to taxable profits.

(I) In the case of a taxable income greater than 1 million Lempiras, an additional 5% must be paid as temporary solidarity tax.

(J) There are two alternatives allowed for tax losses: 1) in the following four years or 2) no expiration but with the application up to 50% of income each year. Once an entity has selected and option, it may not change its option until all accumulated losses through the year prior to the change have been amortized.

(K) Losses generated since 2007 can be amortized in the following 5 years

(L) Depending on the nature of the tax losses, the period of amortization may vary: 1) Operating, 3 years; 2) tax inflation adjustment, 1 year; 3) foreign, can only be applied to foreign profits, 3 years; and 4) those originated in tax havens can only be applied to those profits obtained in such jurisdictions, 3 years.

(M) The tax rate for 2014 and 2015 remains at 30% and from 2016 will be reduced by one percentage point per year for the next five years. This period of reduction depends on the performance of tax collection.

(N) Fiscal losses prior to 2013 have a maturity of 3 years, after 2013 of 4 years.

(O) Corporate rate in Canada is 26.5%. The rate is comprised of 15% which corresponds to the federal rate and 11.5% which corresponds to the state, which varies by state. Therefore the rate can vary from 25% to 31%.

(P) The principal tax rate on corporate profits is 21% as of April 1, 2014 (reduced to 20% from 1 April 2015). UK resident companies with revenues of up to £ 300,000 are taxed at a rate of 20%. Marginal relief applies to companies with profits between 300,000 and 1.5 million pounds, which are taxed on a sliding scale at a rate between the prime rate and the rate for small gains.

(Q) The tax rate will be reduced to 28% for 2015 and to 25% from 2016 and thereafter.

(R) Taxable income earned by companies incorporated in Ecuador, as well as branches of foreign companies domiciled in the country and permanent establishments of foreign companies not domiciled apply the rate of 22% on its taxable income. However, the tax rate will be 25% when the company has shareholders, partners, stakeholders, constituents, beneficiaries or similar resident or established in tax havens or lower taxation schemes directly or indirectly, individually or jointly, equal to or greater participation 50% of the capital or the one that corresponds to the nature of society

Operations in the USA, Argentina, Colombia, Guatemala, Panamá and Nicaragua are subject to minimum payments of income tax.

Details of provisions, effective tax rate and deferred effects

c. Income tax in profit and loss:

	December 31, 2014	December 31, 2013
Income tax:		
Current	$ 3,921	$ 2,712
Deferred	(966)	465
	2,955	3,177
IETU:	$ -	$ (299)
	$ 2,955	$ 2,878

d. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income for the years ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Income before taxes	$ 6,986	$ 7,656
Statutory rate in Mexico	30%	30%
ISR at statutory tax rate	2,096	2,297
Add (less) tax effects of the following items:		
Inflationary effects on the monetary financial position	524	407
Nondeductible expenses, nontaxable revenues and other	390	56
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	(286)	(99)
Effect of changes in Mexican tax law	-	(27)
Tax effect on the values of property, plant and equipment	(131)	(99)
Recognition of deferred ISR for entities that previously recognized deferred IETU	-	(233)
Cancellation of deferred IETU	-	(299)
Participation in the results of associates	18	11
Change in unrecognized tax benefits	344	864
Income tax recognized in profit or loss	$ 2,955	$ 2,878
Effective tax rate	42.3%	37.6%

To determine deferred ISR at December 31, 2014, entities applied the tax rates expected to be in effect to temporary differences, based on the estimated reversal date of the temporary difference.

Certain companies that have tax losses have not recognized the deferred benefit as they do not believe they have projections of sufficient taxable income in order to recover the benefit of such losses. Unrecognized benefits were $3,524 in 2014 and $7,097 in 2013.

The main items originating a deferred income tax asset as of December 31, 2014 and 2013 are:

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Translation effects and others	Businesscombinations	December 31, 2014
Allowance for doubtful accounts	$ (317)	$ (4)	$ -	$ -	$ -	$ (321)
Inventories and payments in advance	230	(241)	-	-	(1)	(12)
Property, plant and equipment	3,627	328	-	-	505	4,460
Intangible and other assets	5,493	969	-	-	1,855	8,317
Other reserves	(9,999)	(1,922)	(430)	-	(193)	(12,699)
Employee profit sharing	(246)	(72)	-	-	-	(318)
Tax loss carry forwards	(3,152)	(2,009)	-	-	(283)	(5,444)
Derivative financial instruments	-	1,649	(1,649)	-	-	-
Other items	519	406	(33)	(289)	-	688
	$ (3,845)	$ (966)	$ (2,112)	$ (289)	$ 1,883	$ (5,329)

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Translation effects and others	Business acquisition	December 31, 2013
Allowance for doubtful accounts	$ (300)	$ (17)	$ -	$ -	$ -	$ (317)
Inventories and payments in advance	(18)	248	-	-	-	230
Property, plant and equipment	3,207	317	-	-	103	3,627
Intangible and other assets	5,020	473	-	-	-	5,493
Other reserves	(10,480)	(315)	796	-	-	(9,999)
Employee profit sharing	(225)	(21)	-	-	-	(246)
Tax loss carry forwards	(2,767)	(385)	-	-	-	(3,152)
Derivative financial instruments	-	115	(115)	-	-	-
Deferred IETU	299	(299)	-	-	-	-
Other items	592	50	(38)	(85)	-	519
	$ (4,672)	$ 166	$ 643	$ (85)	$ 103	$ (3,845)

The deferred income tax asset and liability have not been offset in the accompanying consolidated statements of financial position as they result from different taxable entities and tax authorities. Gross amounts are as follows:

	December 31, 2014	December 31, 2013
Deferred income tax asset	$ (8,709)	$ (5,399)
Deferred income tax liability	3,380	1,554
Total asset, net	$ (5,329)	$ (3,845)

a. As of December 31, 2014, tax loss carry forwards, pending amortization against future income taxes, expire as follows:

Years	Amount
2015	$ 169
2016	300
2017	304
2018	254
2019	81
2020 and thereafter	22,931
	24,039
Unrecognized tax losses	(6,940)
	$ 17,099

42. Costs and expenses by nature

Cost of sales and distribution, selling, administrative, and other general expenses presented on the consolidated statements of income, are comprised as follows:

	December 31, 2014	December 31, 2013
Cost of sales		
Raw materials and manufacturing expenses	$ 80,747	$ 77,228
Freight, fuel and maintenance	3,789	3,600
Depreciation	3,380	3,114
	$ 87,916	$ 83,942

	December 31, 2014	December 31, 2013
Distribution, selling, administrative and other expenses		
Wages and salaries	$ 35,838	$ 34,716
Depreciation	2,028	1,785
Freight, fuel and maintenance	4,376	2,822
Professional services and consulting	9,826	8,122
Advertising and promotional expenses	6,951	4,977
Other	29,806	29,187
	$ 88,825	$ 81,609

43. Other general expenses

b. Other general expenses are comprised as follows:

	December 31, 2014	December 31, 2013
Tax incentives	$ (3)	$ (38)
Loss on sale of property, plant and equipment	330	194
Recovery on claims	(8)	(56)
Provision for updating MEPPs	2,022	368
Others	360	675
	$ 2,701	$ 1,143

44. Commitments

Guarantees and/or guarantors

c. The Entity, along with certain subsidiary companies have issued letters of credit to guarantee certain commercial obligations and contingent risk related to workers' compensation of certain subsidiaries. The value of such letters of credit at December 31, 2014 and 2013 are US$270 and US$220 million, respectively.

d. The Entity entered into contracts, which requires it to acquire certain amounts of renewable energy for an 17-year period at a fixed price, that will be updated according to changes in the INPC factors for the first 15 years. Even though the contracts have derivative financial instruments characteristics, they fall within the exception of "own-use"; therefore, they are recognized in the financial statements as the consumption of energy occurs. The estimated commitment to purchase energy in 2015 amounts to $288, and is to be updated annually based on inflation, for the remaining 14 years of the contract.

Lease commitments

b. The Entity has long–term commitments under operating leases, related to the facilities used to produce, distribute and sell its products. These commitments vary from 3 to 14 years, with a renewal option of between one and five years. Certain leases require the Entity to pay all related expenses, such as taxes, maintenance and insurance for the term of the contracts. Lease expense was $3,485 and ,$3,052 for the years ended December 31, 2014, 2013 respectively. The total amount of future minimum lease commitments is as follows:

Years	Operating leases	Finance leases	Finance leases Non-controlling Interest
2015	$ 2,257	$ 28	$ 465
2016	1,858	21	381
2017	1,413	4	310
2018	1,021	-	246
2019	775	-	176
2020 and thereafter	1,933	-	85
Total minimum lease payments	9,257	53	1,663
Amounts representing interest	-	(3)	(332)
Present value of net minimum lease payments	$ 9,257	$ 50	$ 1,331

45. Contingencies

Certain contingencies exist, of varying nature, that have arisen in the normal course of business of the Entity, for which management has evaluated the likelihood of loss as remote, probable or possible. Based on such evaluation, for those contingencies for which the Entity believes it is probable it will be required to use future resources to settle its obligation, the Entity has accrued the following amounts:

Type	Amount
Labor-related	$ 159
Tax-related	69
Civil-related	15
Other	11
Total	$ 254

Those contingencies for which management does not believe it is probable that it will be required to use future resources to settle its obligations and that are not expected to have a material adverse effect are not accrued until other information becomes available to support the recognition of a liability.

The Entity has restricted cash of $268 and pledged certain assets in Brazil amounting to an additional $13 million as a guarantee of certain tax contingencies, which are presented in other long–term assets.

Derived from the purchase of items of property, plant and equipment and intangible assets in Brazil concerning the Firenze brand, made in 2008, the Entity is subject to tax liens and presumed successor of companies involved in these actions. The court issued an injunction, ordering the restriction of the accounts receivable of the Entity from the sale of branded products "Firenze". The Entity continues to defend itself regarding this claim, which is expected to be resolved in the long-term. There is a provision recorded for $21.

46. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on four geographical zones: Mexico, USA, OLA and Europe. Segment revenue is comprised of bread (for all segments) and confectionery (Mexico and USA) products.

The following presents the condensed financial information by reportable segment based on the geographical areas in which the Entity operates for the years ended December 31, 2014 and 2013:

	2 0 1 4					
	México	USA and Canada	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 72,098	$ 90,375	$ 21,931	$ 6,897	$ (4,248)	$ 187,053
Operating income (loss) (*)	$ 10,132	$ 392	$ 7	$ (209)	$ (10)	$ 10,312
Depreciation and amortization	$ 1,824	$ 3,072	$ 794	$ 141	$ -	$ 5,831
Impairment and other non-cash	$ 93	$ 2,124	$ 55	$ 5	$ -	$ 2,277
EBITDA (*)	$ 12,049	$ 5,588	$ 856	$ (63)	$ (10)	$ 18,420
Net income of controlling stockholders	$ 4,977	$ (1,011)	$ (492)	$ (53)	$ 97	$ 3,518
Interest income	$ 303	$ 309	$ 34	$ 324	$ (699)	$ 271
Interest expense	$ 3,007	$ 942	$ 300	$ 29	$ (586)	$ 3,692
Total assets	$ 44,794	$ 107,808	$ 19,057	$ 7,541	$ (1,439)	$ 177,761
Total liabilities	$ 78,238	$ 37,935	$ 5,941	$ 2,516	$ (471)	$ 124,159

	2 0 1 3					
	México	USA	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 73,179	$ 79,767	$ 21,822	$ 5,323	$ (4,050)	$ 176,041
Operating income (loss) (*)	$ 9,556	$ 2,613	$ (1,168)	$ (545)	$ 34	$ 10,490
Depreciation and amortization	$ 1,758	$ 2,667	$ 726	$ 96	$ -	$ 5,247
Impairment and other non-cash	$ 243	$ 518	$ 583	$ 245	$ -	$ 1,589
EBITDA (*)	$ 11,557	$ 5,798	$ 141	$ (204)	$ 34	$ 17,326
Net income of controlling stockholders	$ 5,753	$ 907	$ (1,697)	$ (558)	$ (1)	$ 4,404
Interest income	$ 181	$ 388	$ 71	$ 4	$ (376)	$ 268
Interest expense	$ 2,280	$ 640	$ 383	$ 33	$ (190)	$ 3,146
Total assets	$ 42,436	$ 71,790	$ 19,278	$ 3,103	$ (1,880)	$ 134,727
Total liabilities	$ 50,193	$ 27,551	$ 7,996	$ 2,035	$ (831)	$ 86,944

(*) Amount does not include intercompany royalties.

(**) The Entity determines EBITDA as operating income plus depreciation, amortization, impairment and other cash items.

For the years ended December 31, 2014 and 2013 the sales to its largest customer represented 12% and 14% respectively of consolidated net sales of the Entity. There are no other customers whose sales exceed 10% of total consolidated sales, which corresponds mainly to the regions of Mexico and the US and Canada. There are no other customers whose sales exceed 10% of total consolidated sales.

47. Events after the reporting period

On February 3, 2015, the Entity concluded through its subsidiary Canada Bread Company, Limited ("Canada Bread") to acquire all the shares of Saputo Bakery, Inc. This company is leader of cupcakes in Canada. This acquisition strengthens the position of Canada Bread in the country. The acquisition includes leader brands like Vachon®, Jos Louis®, Caramel® Ah, Passion Flakie® and May West® , among others.

48. Financial statements issuance authorization

On March 30, 2015 the issuance of the accompanying consolidated financial statements was authorized by Lic. Daniel Servitje Montull, Chief Executive Officer, and the Board of Directors of the Entity. Consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to the Entity stockholders' approval at the General Stockholders' meeting, where they may be modified, based on provisions set forth by Mexican General Corporate Law.

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