GLOBAL Strategies for GLOBAL Challenges

ANNUAL REPORT 2011

MASECA

MISSION

gruma

ABOUT
GRUMA

Founded in 1949 by Don Roberto González Barrera and his father, GRUMA, S.A.B. de C.V. (GRUMA) is a global food company that is leader in the production, marketing, distribution, and sale of corn flour and tortillas all over the world. It is also an important producer of wheat flour and related products such as flatbreads—wraps, pita bread, naan, and chapatti—as well as pizza bases. GRUMA also produces snacks, rice, pasta, condiments, hearts of palm, among others.

Through innovation and the use of new technologies, GRUMA has expanded its portfolio of products to include grits, a corn product with great potential worldwide, used in the beer, cereal, and snack industries. This represents a significant step forward in its long-term growth and expansion strategy.

GRUMA currently has 99 plants worldwide and its products are present in 113 different countries, through its global brands Maseca® and Mission® and a large number of leading local brands, including Guerrero® in the United States, TortiRicas® and Tosty® in Costa Rica, Robin Hood® in Venezuela, and Rositas® in Australia.

At the end of 2011, sales were up by 25% to Ps. 57,645 million, of which about 66% came from operations outside of Mexico.

Plants in the Americas
- United States (28)
- Mexico (34)
- Guatemala (2)
- Honduras (2)
- El Salvador (1)
- Nicaragua (1)
- Costa Rica (5)
- Venezuela (15)
- Ecuador (1)

Plants in Europe
- United Kingdom (2)
- Holland (1)
- Italy (1)
- Ukraine (1)
- Russia (1)
- Turkey (1)

Plants in Asia
- China (1)
- Malaysia (1)

Plants in Oceania
- Australia (1)

ABOUT THIS REPORT

This report presents the 2011 financial and sustainability actions and results of GRUMA companies around the world. It is the first integrated report and the second to be prepared in accordance with the methodology of the Global Reporting Initiative (version 3.1) for sustainability reports. The information contained herein was gathered through interviews and from material provided by the company. The sustainability figures and results apply to particular programs and regions, unless otherwise stated.

McBride SustainAbility collaborated on the determination of materiality, analysis, and writing of the report.

We believe our report corresponds to a grade of application of B.

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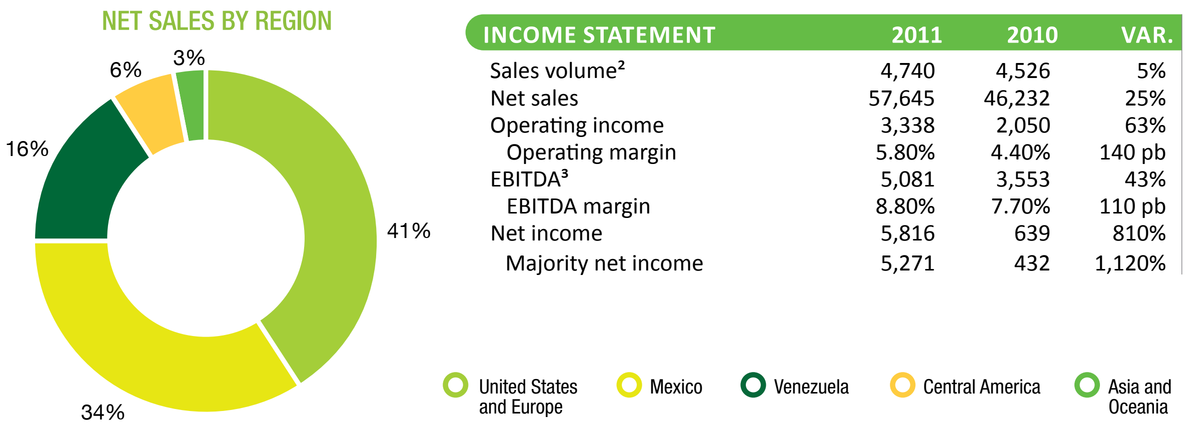
FINANCIAL HIGHLIGHTS

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

(millions of pesos, except where indicated[1])



INCOME STATEMENT	2011	2010	VAR.
Sales volume[2]	4,740	4,526	5%
Net sales	57,645	46,232	25%
Operating income	3,338	2,050	63%
Operating margin	5.80%	4.40%	140 pb
EBITDA[3]	5,081	3,553	43%
EBITDA margin	8.80%	7.70%	110 pb
Net income	5,816	639	810%
Majority net income	5,271	432	1,120%

BALANCE SHEET	2011	2010	VAR.
Cash and cash equivalents	1,180	21	-
Total assets	44,543	38,927	14%
Debt[4]	13,105	18,045	(27)%
Total liabilities	26,830	28,205	(5)%
Total equity	17,713	10,722	65%
Majority shareholders' equity	13,431	6,945	93%

OTHER DATA	2011	2010	VAR.
Millions of ordinary shares	564	564	-
Earnings per share[5]	9.35	0.77	1,120%
Book value per share[6]	23.83	12.32	93%
Capital expenditures	1,678	1,008	66%

1 All references herein to "pesos" refer to the Mexican peso.
2 Thousands of tons.
3 EBITDA = operating income + depreciation and amortization + impairment of assets.
4 In dollar terms, GRUMA reduced its debt by 36% to US$958 million.
5 Figures in pesos, based on the weighted average of outstanding shares.
6 Figures in pesos, based on the number of outstanding shares at year's end.

ABOUT
OUR OPERATIONS

Mexico

GIMSA is the leading producer of corn flour in Mexico, whose main activity is the production, distribution, and sale of corn flour under the Maseca® brand, with 19 plants all over the country through which it serves its industrial, wholesale, and retail clients. GIMSA also has a wheat flour plant and one of other products.

Molinera de México is the largest producer of wheat flour in Mexico. With nine plants across the country, Molinera de México supplies white and specialty wheat flours to industrial, wholesale, and retail clients, mainly through its Selecta® brand.

PRODISA is an important producer of corn flour tortillas, wheat flour tortillas, and tortilla chips, serving retail clients through its three plants and distribution centers located principally in northern Mexico. Its main brand is Mission®.

United States and Europe

Gruma Corporation is one of the main corn flour and tortilla producers in the United States and Europe. Its tortilla business operates 22 plants in the United States and four in Europe (two in the United Kingdom, one in Netherlands, and one in Russia), producing tortillas and tortilla chips. One of the plants in the United Kingdom also produces different kinds of flatbreads such as pita, naan, chapatti, and piadinas, among others. Its main brands are Mission® worldwide, and Guerrero® and Calidad® in the United States.

Through its corn flour business, which operates six plants in the United States and three in Europe (in Italy, Ukraine, and Turkey), Gruma Corporation serves industrial, retail, and institutional clients. Its main brand is Maseca®. The European plants also produce corn grits, which are mainly used by the brewing, cereal, and snack industries.

Venezuela

Gruma Venezuela has 10 plants which produce corn and wheat flour. Other products, such as oats, rice, spices, and pasta, are produced by five other plants. The main brands are Juana® for corn flour and Robin Hood® for wheat flour.

Central America

With 12 plants, Gruma Centroamérica serves industrial, wholesale, and retail clients in Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica. Gruma Centroamérica produces mainly corn flour, but also tortillas, snacks, and rice. It also cultivates hearts of palm and processes rice. Its main brands include Maseca® for corn flour, TortiRicas® and Mission® for tortillas, and Tosty® for snacks.

Asia and Oceania

The Asia and Oceania division produces and distributes wheat flour tortilla and corn flour tortillas, corn chips, and other kinds of flatbreads such as pita, chapatti, and naan, as well as pizza bases, through plants in China, Malaysia, and Australia. The division's main brands are Mission® and Rositas®. We also have presence in the retail market in Australia and, more recently, in Malaysia and Singapore.

Research and Development

GRUMA's technology division is engaged in research and development in the area of corn flour processing and tortilla and flatbread, as well as in the engineering, design, and construction of plants. This division supervises the design and construction of our plants and provides training and consulting services to employees of our corn flour and tortilla production facilities. The technology division manufactures corn flour and tortilla production equipment for our own plants, in addition to selling equipment for small volume production of tortillas to third parties.

A MESSAGE FROM
THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Roberto González Barrera
Chairman of the Board of Directors

Joel Suárez Aldana
Chief Executive Officer

Dear Shareholders:

Thanks to various strategies implemented in both the operating and financial areas, to constant product development and innovation, and to the success of our marketing and commercial strategies, the year 2011 was one of excellent results for GRUMA.

At a global level, the adverse economic conditions were characterized by a decline in consumer confidence, high levels of unemployment, and low growth. Moreover, the prices of corn, wheat, and energy continued showing high volatility worldwide. This uncertainty, along with rapid changes in the operation and finance variables, changes in consumer habits and a higher level of competitiveness, tested our capabilities and adaptation skills.

In spite of all this, GRUMA increased and strengthened its worldwide presence through a focused expansion strategy that consisted of the acquisition of four plants: Albuquerque Tortilla Company in New Mexico, Casa de Oro in Nebraska, Solntse México in Russia, and Semolina, an innovative high-tech mill, in Turkey. A total of US$57 million was invested in these acquisitions. As a result, GRUMA now has 99 plants worldwide, which allow our products to have presence in 113 of the 193 countries officially recognized by the United Nations. We hope to be present in the remainder within a term of three to five years. It is important to note that our new mill in Turkey has the most advanced technology in the production of grits, a derivative of corn milling with high potential worldwide, which is used in the production of beer, cereals, and snacks. This represents a significant step in GRUMA's growth strategy, which will make it possible to expand our presence in 80 countries. In order to take on this market, GRUMA already has corn mills in Italy and Ukraine that produce grits.

Our expansion strategy also included the successful launch of our Mission® brand in retail channels in Singapore and Malaysia. In this way, a port of entry was secured for our mass consumption brand in South Asia.

Moreover, the foodservice channel has been fundamental for GRUMA's strategy since it has allowed GRUMA a quicker geographic expansion, leveraging our global commercial relations with the main channel operators, especially in developing regions, where it has played an important active role in consumer education for the use of our products and has generated critical mass. In Asia and Oceania, for example, with only 3 plants we supply for more than 20 countries while in Europe we accounted for around 45% of the tortillas and flatbread sales. In developed markets, such as the United States, the foodservice channel continues to be an important complementary element of the business, responsible for around 20% of the tortilla sales.

Increased Growth and Profitability

Our efforts to increase sales, reduce costs, and improve our financial position have been successful. Results by region are a clear reflection of our growth, especially increases in sales volume of 14% for Gruma Centroamérica, 6% for Gruma Corporation, and 4% for GIMSA, resulting in a 5% consolidated increase in sales volume.

Net sales increased by 25% to Ps.57,645 million, while operating income grew by 63% to Ps.3,338 million. Majority net income increased strongly, from Ps.432 million in 2010 to Ps.5,271 million in 2011.

Creating Value through a Solid Financial Position

One of the most significant events of 2011 was the sale of shares of Grupo Financiero Banorte, which helped us to improve our financial structure and laid a solid foundation to restructure our debt, allowing for better terms and interest rates. This improved our credit rating and made possible the acquisition of several companies as we continue to strengthen our business strategy.

Our debt with cost went down by 36%, from US$1,491 million at the end of 2010 to US$958 million at the end of 2011.

Today we enjoy greater flexibility and increased resources to propel our growth strategy and to capitalize on the opportunities offered by the worldwide economic crisis.

Consolidating Our Innovation Strategy

In these challenging circumstances, our plan in 2011 consisted of innovating products and brands with greater added value, implementing an aggressive strategy of increasing the volume of our basic products. This was done with a view to enhancing value creation and ensuring a greater cost-benefit ratio for all our stakeholders.

This is why we continued to promote our global brands alongside our leading local brands which, through constant innovation, have consolidated our position as a global leader among food companies. To cite some examples: the development, in the United States, of the new line of Mission® Artisan tortillas which, in addition to being in line with consumer trends toward artisanal products, offer the core nutritional benefits of the tortilla. In the United Kingdom, the line of Mission® Mini Wraps was launched, contributing to greater demand for this product and introducing a line suited to children's school lunches. In Australia, backed up by a strong nationwide advertising campaign, the healthy Mission® Wraps line was launched, offering additional nutritional benefits. In Central America, GRUMA reinforced its product portfolio with healthy options such as Mission® oven-baked corn tostadas, while in Mexico Maseca® continued to consolidate its leadership and strengthen its brand positioning through the natural nutritional benefits of the tortilla. This strategy was replicated in the United States with great success, where the leading Guerrero® brand of tortillas was successfully promoted in the Hispanic market through advertising related to soccer.

Consolidating Our Sustainability

In order to consolidate our sustainability and the generation of shared value, in line with our Social Responsibility Model, we focus on making our production and distribution processes more efficient, even as we reduce their environmental impact and improve the nutritional content of our products, to the benefit of consumer health. In this way, we promote a healthy lifestyle and consolidate our position as a better corporate citizen.

In the area of technology, we work constantly to optimize processes and lower our consumption of water and energy, while reducing discharges of wastewater. Our new maceration technology is a prime example of this.

Finally, in collaboration with various academic and health care institutions, we are engaged in nutritional projects on behalf of our consumers. An example is our program to distribute portions of our instant nutritional supplement Nutre-Fácil Maseca®, which is supplied to almost 10,000 children in eight different states in Mexico with high child malnutrition rates. Working with civil society organizations and governmental agencies, we contribute to the physical and mental development of children under the age of five and of pregnant women, fighting one of Mexico's most urgent problems.

Distinctions

For the second year in a row, GRUMA received the World Finance 100 award, which recognizes the top 100 companies worldwide that have achieved high levels of performance in their respective fields of action.

In 2011 our Gruma Mexico division was named the best Mexican company of more than 5,000 employees to work for by the Great Place to Work Institute, a distinction which reflects the values we put into practice enthusiastically day after day. GIMSA was named a Socially Responsible Company by the Centro Mexicano para la Filantropía (CEMEFI) for the fifth year in a row, while both Molinera de México and PRODISA received this distinction for the fourth time. Gruma Mexico's "Basic Promise Employees' Committee" was also recognized as the RSE 2011 Best Practice by the CEMEFI.

Our improved results in 2011 were the fruit of constant innovation, accurate pricing strategies, better distribution processes, successful commercial programs, and cost-cutting initiatives.

We would like to thank all of GRUMA's more than 20,000 employees, who are part of this great company, for their efforts, dedication, and professionalism, which we see reflected in the many achievements of 2011. We would also like to acknowledge the preference of our consumers and clients, the support given to us by our suppliers, the backing of the financial sector, and the trust of our investors.

We continue to focus on generating value for our shareholders, consumers, clients, employees, and the communities in which we operate, from a perspective of social responsibility and sustainability, through constant innovation, improved operations, and the solid positioning of our brands all over the world.

Roberto González Barrera
Chairman of the Board of Directors

Joel Suárez Aldana
Chief Executive Officer

PHILOSOPHY

Mission

To contribute to the quality of life of our clients and consumers in all the operations in which we participate, offering top-quality products and services suited to their lifestyles, cultures, and needs, generating dynamic and profitable long-term growth, and creating maximum value for our shareholders, with a prime focus on our key businesses: corn flour, tortillas, wheat flour, flatbreads, and corn grits.

Vision

To be the absolute leader in the production, marketing, and distribution of nixtamalized corn flour and tortillas worldwide, as well as one of the principal processors of wheat flour, flatbreads, and other basic foodstuffs in Mexico, the United States, Central America, Venezuela, Europe, Asia, and Oceania.

Values

Effort

Through effort and dedication, GRUMA is now the indisputable leader in the production of corn flour and tortillas worldwide and an important producer of wheat flour and its derivative products, such as flatbreads, as well as of corn grits. GRUMA has consolidated its position as a global food company, up-to-date, trustworthy, and socially responsible, through high-quality products and solid brands.

Commitment

Permanently committed to those who have made us who we are: our consumers, clients, suppliers, employees, shareholders, and the community in general.

Our commitment is to our country and to the world.

Perseverance

With perseverance, GRUMA has always had a wide business vision which reaches successfully to every corner of the world. In the course of time, we have managed to overcome financial crises, always learning, looking forward positively, and growing through challenges.

Transcendence

With great success, GRUMA has made a name for itself in Mexico and the world for more than 60 years. A proudly Mexican company, it is present in 113 countries, with 99 plants in America, Europe, Asia, and Oceania, and more than 20,000 employees worldwide.

SUSTAINABILITY
AND SOCIAL RESPONSIBILITY MODEL

Since its beginnings, more than 60 years ago, GRUMA has been a Socially Responsible Company, committed to its social and economic surroundings and interested in contributing positively to the development of these areas, supported worldwide by four key pillars.

Ecological:
Technology developed to care for the environment

To minimize environmental impact

Nutritional:
Basic foodstuffs with high nutritional value

To generate health and wellbeing for our consumers

Social:
Support for the neediest communities

To ensure the motivation and involvement of human capital in the continual improvement of the company

Shared commitment with the community and social networks

Economic:
Continual investment in, and development of, productive and commercial chains

To maintain close relations with clients and guarantee their satisfaction

To extend our commitment to social responsibility to suppliers and subcontracted companies

SUSTAINABILITY
DECLARATION

We conceptualize our sustainability as the satisfaction of the needs of our clients, employees, shareholders, and the community, within the framework of strict ethical standards and compliance with regulations, through a long-term vision that combines economic and social development with care of the environment as a fundamental aspect of our competiveness.

STAKEHOLDERS


CONSUMERS


CLIENTS


COMMUNITY


UNIVERSITIES


SUPPLIERS


OPINION LEADERS


EMPLOYEES


INVESTORS


ASSOCIATIONS


COMMUNICATIONS MEDIA


AUTHORITIES


COMPETITION

STAKEHOLDERS	CHANNELS OF COMMUNICATION	FREQUENCY OF CONTACT	EXPECTATIONS
Investors	Conference calls, reports, conferences organized by financial institutions, meetings, webpage, email, among others	Daily	Profitability, liquidity, sustainability, and the potential for long-term growth
Employees	Meetings, congresses, suggestion box, and internal communication campaigns	Daily	Integral development
Consumers	Free 1-800 number and contact by email	Daily	Quality, nutrition, and availability
Clients	Meetings	Daily	Quality, availability, and commercial terms
Community	Meetings	Monthly	Care of the environment and community development
Associations	Meetings and congresses	Monthly	Sector development
Communications media	Interviews, press conferences, and email	Monthly	Financial aspects and product information
Authorities	Meetings	Weekly	Quality, sustainability, and nutrition
Competitors	Meetings	Monthly	Sector development
Universities	Meetings, congresses, and email	Monthly	Sustainability and products
Suppliers	Meetings and congresses	Daily	Development, quality, and technology
Opinion leaders	Interviews and meetings	Monthly	Financial aspects and product information

ECONOMIC
PILLAR

GRUMA centers its efforts on the generation of economic value through continual investment that translates into innovation and competitiveness.

- Approximately Ps.1.7 billion invested in 2011
- Acquisition of four plants: Albuquerque Tortilla Company in New Mexico, Casa de Oro in Nebraska, Solntse México in Russian, and Semolina in Turkey
- 21,318 employees
- 391,781 hours of training

Constant investment is the organization's pillar of competitiveness: it makes possible more efficient production and distribution processes, the creation of new products and of innovative and effective advertising and marketing campaigns, the development of administrative and communications systems that empower productivity, and the support of various social and environmental initiatives, to the benefit of our planet.

Our economic trickle-down benefits a long supply chain that stretches from the countryside to the machinery and equipment manufacturing industry, from information systems to the service sector.

COMPARATIVE TABLE (IN MILLIONS OF PESOS)	2011	2010
Created direct economic value	$62,560	$47,239
Distributed economic value	$57,129	$46,783
Retained economic value	$ 5,431	$ 456

Operating Performance

- GRUMA increased and strengthened its presence around the world through a focused expansion strategy consisting of the acquisition of four plants:

  - Albuquerque Tortilla Company, in New Mexico
  - Casa de Oro, in Nebraska
  - Solntse México, in Russia
  - Semolina, in Samsun, Turkey

  A total of US$57.4 million was invested, thanks to which GRUMA now has 99 plants around the world, making possible the presence of its products in 113 of the 193 countries officially recognized by the United Nations. The new mill in Turkey has state-of-the-art technology for the preparation of corn grits, a basic material in the production of beer, cereal, and many snacks. This reinforces GRUMA's growth and expansion strategy, as it participates in a high-potential market that will allow it to expand its presence into 80 more countries (to reach 193) in a period of three to five years. In effect, GRUMA already has corn mills in Italy and the Ukraine to impact this market.

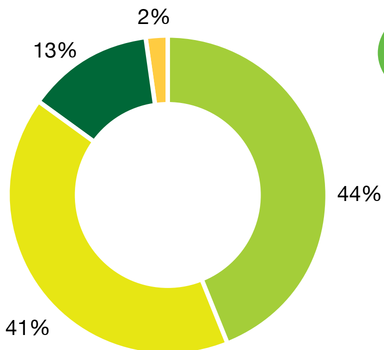
- GRUMA's expansion strategy also included the launch of the Mission® brand in self-service channels in Singapore and Malaysia, opening the door of the entire South East Asian market, with resounding success, to this mass consumption brand.

- The foodservice channel has been fundamental to GRUMA's expansion strategy, allowing it to grow rapidly by leveraging its global commercial relations, especially in developing regions where consumer education has played an important role in the use of its products and the generation of a critical mass for its business. In Asia and Oceania, with only three plants, more than 20 countries of the region are supplied, while in Europe, this channel accounts for around 45% of GRUMA sales of tortillas and flatbreads. In more developed markets, such as the United States, the food service channel remains an important complement to the business, contributing 20% to tortilla sales.

- In Mexico, through Molinera de México, GRUMA remains the wheat flour producer with the largest share of the market (24%), according to the Cámara Nacional de la Industria Molinera de Trigo, CANIMOLT (National Wheat Flour Industry Chamber), and the only one with nationwide coverage, through nine plants and 34 distribution centers.

- Thanks to investment in its mill in Celaya, in the Mexican state of Guanajuato, tonnage will be doubled in Mexico, to 4,600 tons for producing mainly bulk and packaged flours. A new mill in Hermosillo, Sonora, will make for wheat flour of improved consistency and quality.

- Selecta achieved greater penetration in the self-service baked goods and tortilla outlets, with sales of bulk refined flour growing by 52%.



SALES VOLUME BY TYPE OF FLATBREAD	2011		2010		VAR
Wheat flour tortilla	414,042	44%	387,646	43%	6.8%
Corn flour tortilla	379,867	41%	374,330	42%	1.5%
Tortilla chips	120,981	13%	119,783	13%	1.0%
Other flatbreads	16,000	2%	14,734	2%	8.6%
Total	**930,890**	**100%**	**896,493**	**100%**	**3.8%**

Wheat flour tortilla
Corn flour tortilla
Tortilla chips
Other flatbreads

PRODUCT
Marketing and Innovation

GRUMA uses five acknowledged axes in the industry to measure consumer trends and the demand for food products. These axes help it to refine the sense of its innovations:

As a fundamental aspect of the long-term positioning of its different brands, GRUMA has gradually built up emotional ties between consumers and its brands, thereby creating a strong corporate identity and increasing its share of the market in the countries where it is present. Working from this deep understanding of the consumer, aggressive commercial strategies and effective advertising and marketing campaigns have been designed and implemented in Mexico and around the world.

Gruma Mexico

In Mexico, Maseca is the undisputed leader in the nationwide corn flour market. Strengthening the position of the brand through emphasis on its attributes of nutritional value and natural quality, advertising campaigns were carried out on television, in newspapers and magazines, and on buses and subways, in an effort to maintain the performance indicators of the brand at an optimum.

Maseca innovated in 2011 with the launch of an extension of its Maseca Tamales line: Tamal del Sur and Tamal del Centro. This important launch was carried out at a national level, supported by a mass media advertising campaign and vigorous point of sale activity.

Maseca also kept its promotional activities in full swing during the year. The promotion entitled “Seal Your Fate with Maseca,” in which both industrial clients and individual consumers were able to participate, increased traffic in tortilla outlets and boosted consumption nationwide. Also Gruma Mexico introduced a promotional packaging which offered 15% more flour for free in each package.

These promotional activities and new products consolidated Maseca’s position as a leader in its category.

Maseca also continued to promote sports in Mexico, sponsoring several important baseball teams: the Yaquis of Ciudad Obregón and the Tomateros of Culiacán in the Mexican Pacific League and the Vaqueros Laguna in the Mexican Baseball League. It also sponsored Fuerza Regia, the Monterrey team of the National Basketball League.

In the Mexican wheat flour market, in the aim of strengthening the leadership of the Selecta , as a national brand, Gruma Mexico implemented a successful strategy to migrate high-volume regional brands to the Selecta brand, resulting in an increase in total sales volume.

The strategy of strengthening Selecta included a redesign of its image, which was made more modern and attractive, as well as the inclusion of new products in the brand portfolio, targeted at specific client and consumer needs, in accordance with its use in the preparation of bread and tortillas.

Without losing sight of regional needs, special wheat flours were introduced in the Western region of the Bajío, for use in the preparation of traditional *tortas ahogadas*, and in the Northern Gulf zone, for the preparation of home-baked bread.

In April of 2011, 4-Pack Selecta (a 4-kilo package) was successfully launched, with a distinctive new packaging, in the aim of expanding the portfolio of products in price clubs, in order to satisfy the need of consumers who buy on a smaller scale, for their families or small businesses, as opposed to customers who prefer the 44-kilo bulk presentation, for use in larger businesses such as bakeries and tortilla outlets.

Finally, GRUMA’s institutional campaign continued in 2011. In accordance with our communications strategy, for the fourth year in a row, our philosophy was reflected in the values of effort, commitment, and perseverance: values that have left their mark on consumers, clients, and employees and that continue to guide our operations day by day all over the world.

Gruma Central America

- 2011 was a year of growth for the flour market in Central America, propelled by the strong dynamism of GRUMA in the region. An important communications campaign entitled "The Children of This Earth" was implemented in the Honduran market, creating an emotional bond between Maseca and consumers and consolidating the brand's leadership position there.

- In Costa Rica, a campaign entitled "Your Children Are Your Reflection" was launched with great success, commending the nutritional value and practicality of Maseca flour. The Maseca Tamal line was also launched, giving new dynamism to the corn flour market through the offer of this convenient product, designed to meet consumer needs.

- Gruma Centroamérica carried out important programs in support of sports, through its sponsorship of the popular soccer teams Olimpia and Maratón in Honduras and Alianza in El Salvador. GRUMA made the most of these sponsorship efforts through activities to generate increased sales volume through the promotional campaign entitled "The Team of the *Masas*" (with its pun on *masas* 'masses' and *masa* 'flour dough.').

- In 2011, for the first time in Central America, the mobile tortilla outlet called the *Tortimóvil* (the "Tortilla-mobile") began to circulate, offering tortilla-tastings and promoted the use of Maseca corn flour. The *Tortimóvil* visited national fairs, markets, and town squares in Honduras, Guatemala, and El Salvador. It proved a positive experience for families, as some 2.5 million people enjoyed around 4 millions tortillas.

- GRUMA's Central American division has also strengthened its social programs, such as "Better Life" in Honduras and "My Tortilla Chapina" in Guatemala.

- The year 2011 was also good for results in the tortilla category in Costa Rica. The campaign entitled "Tortillitas" was launched to publicize the characteristics, advantages, and uses of TortiRicas, GRUMA's principal brand of tortillas in Costa Rica.

- The Mission brand was also one of the main sponsors of the National Day of the Gallo Pinto. Held in the center of the city, the event was visited by more than 150,000 Costa Ricans, who were able to taste and purchase Mission products.

- During the Christmas season, as part of the "TortiRicas Navideñas" campaign, tortillas accompanied with Christmas symbols were marketed.

- The Rumba brand of tortilla chips was also refurbished and launched again in 2011, as the positioning of the brand was reinforced through the "Celebration" campaign. Its presence on Facebook was revitalized, with increased interaction with consumers through promotions, invitations to special events, and searches about other activities connected with the brand.

- In November, in collaboration with the state-owned telephone company ICE, GRUMA launched an innovative promotional campaign aimed at young people, entitled "Ultra-Connected," to publicize its Tosty brand.

Gruma Venezuela

Support for the brands of the Gruma Venezuela division was articulated along three lines of action in 2011:

Points of Sale
All year long, the company's flagship brands maintained a strong presence at points of sale, attracting customers by their appealing presentation.

Additional spaces and displays were given to La Comadre brand condiments and spices, with the construction of additional linear space for increased presence of specialty lines such as Juana ready-made mixes and Robin Hood desserts. These initiatives contributed significantly to results.

Purchase Incentives
Promotion activities were carried out at key points of sale to reward loyal customers and incentivize further purchases. Christmas and other holiday promotions were also implemented, with a focus on our portfolio of value-added products.

Reinforcing Brand Recognition
Toward the end of the year, investment in mass media advertising was increased, with commercials for La Comadre, Robin Hood, and Juana broadcast on Venezuela's two main television channels.

Gruma United States

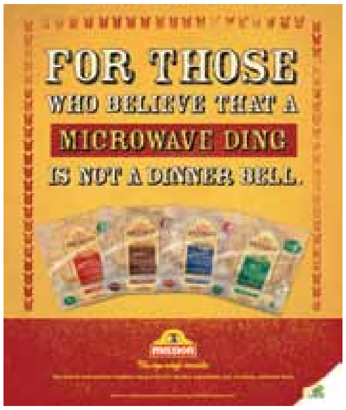
GRUMA's US division continued reinforcing its brands through strong and effective marketing:

Maseca launched an advertising campaign focused on promoting the naturalness and nutritional benefits of tortillas. The campaign was carried out in magazines, billboards, television mentions, and at points of sale.

Also, as part of the development of the Maseca brand in the United States, the webpage MiMaseca.com was relaunched, with a focus on the circumstances of the new Hispanic consumer in the United States, making it more interactive, with features such as video recipes, a blog, and tips for using Maseca, etc. The brand also carried out several promotions in the course of the year, offering consumers added value and increasing frequency of consumption. In this way, Maseca consolidated its leadership position in the US market.

At the same time, Maseca remained at the forefront of the corn flour sector, launching Maseca Vital, a whole-grain corn flour with higher fiber content, and Maseca Nixtamasa, which produces tortillas similar to those made in the most traditional manner.

Mission implemented a campaign in support of the brand in the western United States, putting the emphasis on the authenticity of its products and including sponsorship of baseball teams, communications campaign, and "In & Out" products. In this way it consolidated its position as the leading brand in the region.



At the same time, Mission Artisan line was launched with great success. Its products: corn and whole wheat blends, multigrain, flaxseed and blue corn blends, and ancient grains appeal to US consumers due to their artisanal style and nutritional benefits. This launch was backed up solidly by an advertising campaign, tastings, and points of sale support, putting Mission at the forefront of innovation in the tortilla sector.

Well aware that US consumers are looking for new options in Mexican food, Mission launched its new Taco Kits, which provide a more authentic Mexican food experience. The launch was supported by an internet campaign and point of sale material.

Guerrero, the leading brand among consumers of the Hispanic population in the United States, is well aware of the importance of its roots. In 2011 it launched its "Mexicanness" campaign, consolidating its position as a brand that offers genuinely Mexican products.

At the same time, it implemented a vigorous soccer program entitled "Guerrero Passion," in which three former World Cup participants of Mexico's national soccer team—Pavel Pardo, Osvaldo Sánchez, and Francisco Palencia—appeared in a campaign that included advertising through billboards, magazines, internet, and points of sale, as well as promotional activities aimed to strenght the brand loyalty among the Hispanic population.

Guerrero also launched its line of Guerrero Tradicionales, fresh tortillas which come in the traditional paper wrapping. This launch was supported by a campaign on the radio and on billboards, accompanied by tastings and innovative displays in which the tortillas were kept "hot," just as consumers prefer them.

Gruma Europe

GRUMA products consumption was increased, as new products suited to consumer needs were promoted by aggressive advertising and public relations campaigns, with the support of social networks.

Mission launched a campaign on television and in magazines in the United Kingdom, promoting the taste and convenience of its wraps. It also carried out a vigorous online campaign, using Facebook, YouTube, and its own webpage to offer news, recipes, and promotions, thereby consolidating the popularity of Mission brand products among British consumers. The public relations campaign, which underlined the versatility of wraps, which can be enjoyed all year round and at any moment of the day, was aimed at both consumers and opinion leaders, and received more than 48 million hits.

Mission also launched its line of Mini Wraps in the United Kingdom, expanding the versatility of the brand and moving vigorously into the school children's lunch consumptiom occasion. This product has become very popular with housekeepers, who are able to offer their children something fun and different to take to school for lunch.

Mission also launched its line of Mexican products in the "ethnic food" aisle in the United Kingdom, allowing it to expand its presence in other categories and offering the "Fresh and Authentic Flavor of Mexico" as something new and different. This launch was supported by an advertising campaign in which the well-known chef Thomasina Miers appeared as spokesperson of the brand.

In the Polish market, the Mission brand was given strong support through the launch of an advertising campaign on television, internet, and at point of sale, consolidating Mission's leadership position in this market.

Mission's expansion into self-service channels continued with the introduction of the brand into southeastern Germany. Its offer of wraps, panini, and Swedish-style bread was supported by a vigorous television campaign, accompanied by tastings and displays at points of sale, etc. These activities constituted an innovation in the baked goods sector in Germany.

All across Europe, an advertising campaign was launched out to support GRUMA's presence in the foodservice channel, which offers innovative and profitable solutions to the sector, with the best quality and service in the entire industry. This campaign was carried out in magazines, on the internet, and through public relations and participation in the important food fairs held in the sector.

Gruma Asia and Oceania

Through constant innovation and brand support, we expanded into new markets in the region.

In Australia, Mission launched a year-long campaign to promote the convenience and nutritional benefits of its products. The campaign was carried out on television, on billboards, in magazines, and on the internet. Also, in order to continue strengthening the emotional link of Australian consumers with Mission products, while at the same time promoting a healthy lifestyle, the brand maintained its sponsorship of the Western Bulldogs soccer team and the Queensland Fire Birds netball team.

In accordance with its strategy to develop innovated products, suited to consumers' needs, Mission launched its line of healthy wraps in Australia, in lite, rye, sourdough, five grains, and corn varieties, all of which offer additional nutritional benefits. This launch was supported by a campaign on television, in magazines, and at points of sale, putting Mission at the forefront of healthy products in wraps.

In Asia, Mission continued its expansion into the self-service channel, with the introduction of the brand into Singapore and Malaysia, where it offered wraps, tortilla chips, and tortillas, backed up by a vigorous advertising campaign on television and billboards and through promotional activities at points of sale. It was also the official sponsor of the 2011 World Netball Championships, which were held in Singapore.

EMPLOYMENT

In spite of difficult economic and business circumstances, GRUMA has made an effort to maintain a high level of employment, in which constant development, competitive remuneration packages, and an inclusive workplace climate are key factors to keep the finest human capital in the industry.

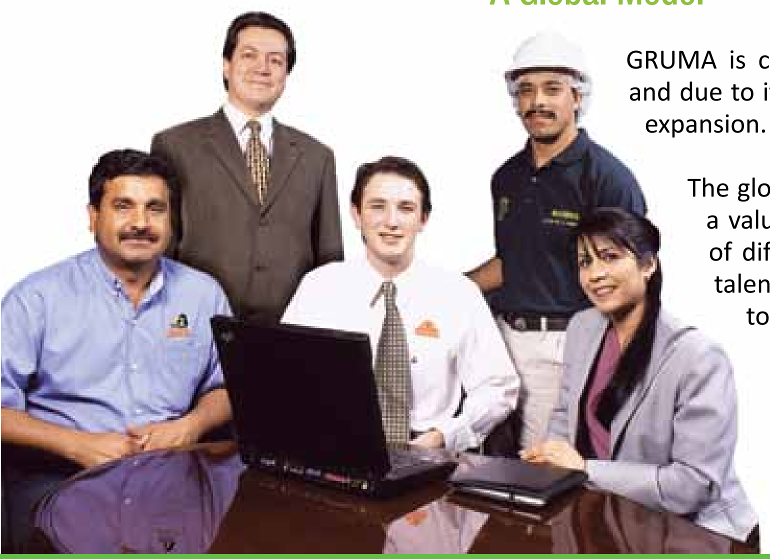
EMPLOYEES BY ORGANIZATIONAL LEVEL 2011

REGION	EXECUTIVES	EMPLOYEES	WORKERS	TOTAL
Gruma Mexico	290	3,746	3,788	7,824
Gruma Central America	63	621	1,361	2,045
Gruma Venezuela	75	1,058	1,329	2,462
Gruma USA	147	1,162	5,559	6,868
Gruma Asia & Oceania	59	95	642	796
Gruma Europe	20	444	859	1,323
Total	**654**	**7,126**	**13,538**	**21,318**

EMPLOYEES BY TYPE OF CONTRACT

REGION	PAYROLL	TEMPORARY	TOTAL
Gruma Mexico	7,076	748	7,824
Gruma Central America	2,024	21	2,045
Gruma Venezuela	2,319	143	2,462
Gruma USA	6,868	-	6,868
Gruma Asia & Oceania	620	176	796
Gruma Europe	1,051	272	1,323
Total	**19,958**	**1,360**	**21,318**

HUMAN RESOURCES
A Global Model



GRUMA is convinced that its human resources are its principal asset, and due to its people the company has achieved worldwide growth and expansion.

The global positioning of GRUMA's business has allowed it to enjoy a valuable diversity in its workforce, which is made up of people of different nationalities but with the common denominators of talent, ability, commitment, discipline, honesty, and orientation toward results. These are some of the characteristics that distinguish "GRUMA" people all over the world.

In order to attract, develop, and motivate its personnel, and to enhance professional skills, GRUMA fosters their integral development through mechanisms such as:

Teams in Action

In 2009, in the aim of making it possible for employees from all levels and all areas of GRUMA to participate directly in the new model of putting into practice and experiencing the GRUMA culture, the Teams in Action were created.

Teams in Action were created with a group of employees seeking to improve operations through the solution of problems from a multidisciplinary perspective, guided by an analytical methodology designed to find solutions in response to concrete situations. As part of this dynamic, a forum was held in which the ideas and opinions of all were taken into account, offering an opportunity for projects from different plants and divisions of the organization to be shared.

Compensation

GRUMA seeks to attract and retain the finest employees and executives it can, and to recognize their contribution, responsibility, skills, and performance. For this purpose, the organization has implemented:

- A base salary structure and benefits consistent with the company's economic situation and based on with market trends.
- A variable compensation program aligned with market standards, in which efforts to meet and surpass budgetary objectives can be rewarded.
- Proper management of internal equity and external competition.

Training and Development

GRUMA is committed to improving the quality of life of its employees. To this end, it has created institutional training and development plans for each level of the organization, by which it promotes and encourages personal growth and enhances performance.

These plans have been designed on the basis of an analysis of specific skills and requirements. They involve both group and individual training, through face-to-face instruction and/or e-learning.

TRAINING	2011	2010
Investment (millions of Mexican pesos)	Ps. 46.22	Ps. 44.41
Number of people trained	17,797	20,352
Number of courses	2,285	2,509
Number of hours of training	391,781	279,968

GRUMA has established strategies for the development of its personnel, with a view to offering them a range of career alternatives, whereby they can continue their professional growth and find opportunities for promotion within the organization world wide.

The Career Plan Model fosters the internal growth of the personnel and ensures organizational continuity. This model has been essential to filling key posts and generating human resources that signify a competitive advantage for the organization. It consists of three main elements: Career Pipelines, Integral Evaluation of Personnel, and Individual Development Plans.

There are also institutional programs in the area of:

- Quality of life in the workplace
- Socially responsible company
- Social events
- Cultural events
- Sporting events
- Health programs

INVESTMENT IN TRAINING (MILLIONS OF PESOS)		
DIVISION	2011	2010
Gruma Mexico	28.89	24.38
Gruma Central America	3.12	2.62
Gruma Venezuela	11.35	14.49
Gruma USA	*	*
Gruma Europe	2.27	2.65
Gruma Asia & Oceania	0.59	0.26
Total	**46.22**	**44.41**

* In the United States, training is provided through internal instructors, so it does not generate additional investment.

NUMBER OF PARTICIPANTS		
DIVISION	2011	2010
Gruma Mexico	6,011	6,218
Gruma Central America	2,045	1,972
Gruma Venezuela	1,352	989
Gruma USA	6,868	6,396
Gruma Europe	819	735
Gruma Asia & Oceania	702	4,042
Total	**17,797**	**20,352**

NUMBER OF COURSES		
DIVISION	2011	2010
Gruma Mexico	980	1,582
Gruma Central America	672	452
Gruma Venezuela	110	122
Gruma USA	4	57
Gruma Europe	51	44
Gruma Asia & Oceania	468	252
Total	**2,285**	**2,509**

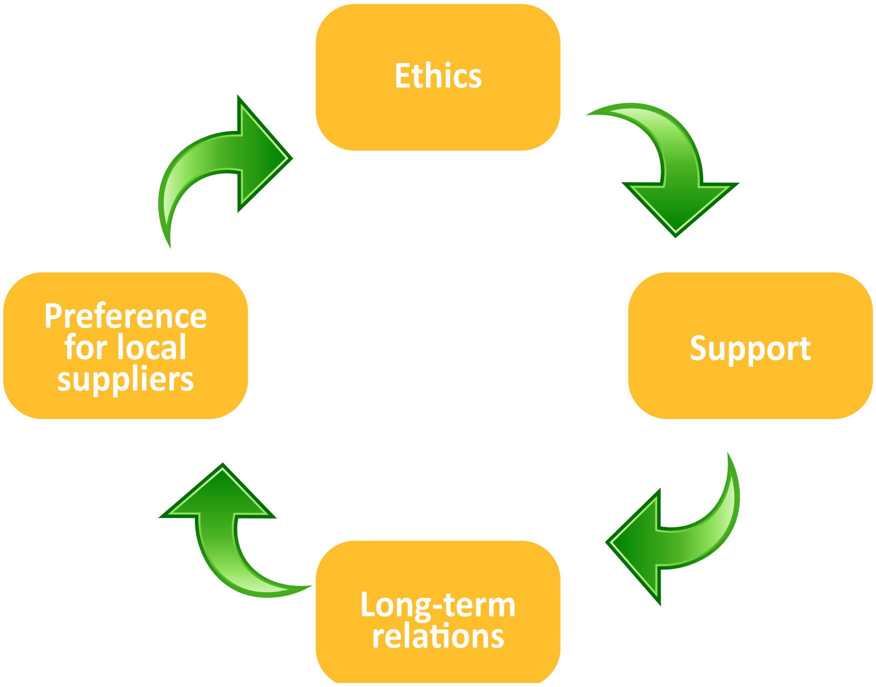
HOURS OF TRAINING		
DIVISION	2011	2010
Gruma Mexico	118,066	85,286
Gruma Central America	19,795	42,458
Gruma Venezuela	21,205	26,768
Gruma USA	80,444	31,980
Gruma Europe	24,175	16,516
Gruma Asia & Oceania	128,096	76,960
Total	**391,781**	**279,968**

Innovation Program

One of the programs that Gruma Mexico implemented successfully in 2011 was the “Innovation Program,” which fosters the creativity and involvement of employees. In 2011, alone employees participated with more than 5,200 new ideas, the best of which were recognized on the first “Innovation Day,” an event which generated motivation to continue with the program. The company’s first five interactive modules were installed in 2011, a technological advance that will allow employees to register their ideas directly into the system.

Suppliers

Constant communications and relations are maintained with all our suppliers, in order to achieve greater competitiveness and mutual benefits. Our relations are governed by strict principles:



Agricultural Support

As a fundamental part of our sustainability and social responsibility, GRUMA gives priority support to producers of one of its essential raw materials: corn. Plentiful human, technological, and material resources are channeled into agricultural development, as part of an integral vision of the value chain and the following fundamental principles:

Basic principles

- Agricultural development
- Ensuring production

Guiding axes →

1. Communication and training
2. Creation of value chains
3. Fair commerce
4. Social responsibility actions

GRUMA has focused its efforts on developing the least favored agricultural regions in Mexico, providing technological alternatives to producers in Chiapas, Estado de México, Oaxaca, Puebla, Quintana Roo, and Tlaxcala through Demonstration Parcels on which they can sow varieties of corn and wheat with better yields and improvements in the quality of the grain. This effort has been reinforced through training programs for 1,182 producers in the above-mentioned states, introducing them to new varieties of better-quality corn and wheat, more resistant to disease and in greater demand on the market. As a result, producers are able to improve sales and increase their incomes.

Production Process

As part of its efforts on behalf of the environment, GRUMA has developed equipment and processes with ecological advantages, delivering substantial reductions in enviromental impact.

Sustainable Technology

One of GRUMA's constant concerns in the area of technology is how to make the best use of natural resources in the production process of nixtamalized corn flour, given the severe water shortages existing in many of the places where it has operations. For this reason, GRUMA uses a patented process that reduces consumption of drinking water by 81% in comparison with the traditional nixtamalization process. GRUMA is currently in a process of reconversion, seeking to reduce drinking water consumption even more and to make its use of this vital liquid more efficient in its operations all over the world. In 2011, several plants in Mexico, the United States, and Central America were engaged in this reconversion process, and our goal is to achieve total homogeneity in all of our plants.

Sustainable Development

Committed to sustainability, GRUMA has developed equipment and processes that, in addition to making production more efficient, are designed for greater ecological advantages.

In this way, GRUMA undertakes actions that contribute to diminishing environmental impact, focused especially on achieving reductions in the following areas: drinking water consumption, gas consumption, greenhouse gas emissions and other contaminants, discharges of solid waste, and discharges of wastewater.

1. Reduced Consumption of Drinking Water

Since 1968, GRUMA has developed a continuous cooking and steeping process for the production of nixtamalized corn flour. As a result, water savings have been significant in comparison with the traditional nixtamalization process used in low-capacity mills. In 2011, GRUMA enhanced its efficiency and production capacity still further, reducing losses of corn solids in the discharge of wastewater.

In recent years, GRUMA has evolved, developing new technologies that allow it to generate even greater saving of water through its continuous process. In this way, it has reduced both losses of corn residues and consumption of energy, increasing the yield of flour per ton of processed corn. Through this, "GRUMA" technology for the production of corn flour, drinking water savings of 81% were achieved, compared to 67% in 2010. This is enough of the precious liquid to supply a community of 232,000 inhabitants for an entire year.

2. Reduced Gas Consumption

In its Technology Division, GRUMA has developed a heat recovery system which makes for 12% savings in the consumption of gas by tortilla and corn chip production ovens. The reduced combustion also diminishes the emission of greenhouse gases into the atmosphere.

In 2011, the "GRUMA" process allowed savings of 55% in the use of gas to cook the corn, as compared with the traditional process. Given the enormous production volume, these savings are equivalent to the energy needs of 579,000 households, or approximately one million people, for an entire year.

3. Reduced Greenhouse Gas Emissions

Thanks to "GRUMA" technology, fuel savings in the corn cooking process in 2011 reduced emissions of greenhouse gases into the atmosphere by the equivalent of 133 million kilograms of carbon dioxide, in comparison with what would have been produced by the traditional nixtamalization process. This reduction is equivalent to the carbon dioxide produced by 51,000 new vehicles circulating at a speed of 80 kilometers per hour, two hours a day, for a year.

Greenhouse gas emissions are currently being monitored in all of GRUMA's production units around the world to ensure that operations abide by the current regulatory standards in each region.

4. Reductions in Discharges of Solid Waste

GRUMA's current process greatly diminishes problems of drainage and domestic sewage. In 2011, a discharges of solid waste amounted to 88% less than those that would have been generated by the traditional nixtamalization process, compared to 83% in 2010. In Mexico, the total savings in the discharge of solid waste in 2011 was equivalent to 153,600 tons of corn, or to the sanitary waste generated by a community of 5.5 million inhabitants in a year.

5. Reductions in Discharges of Wastewater

Thanks to the "GRUMA" technology in use in 2011, discharges of wastewater were 88% less than what would have been generated by the traditional nixtamalization process. This difference is equivalent to the discharge of 6.18 million cubic meters of polluted water into the sewage system.

In order to reduce even more the discharges of wastewater, GRUMA continues to invest in Research and Development for highly efficient technologies.

Discharges of wastewater in all of our plants are currently within the limits in effect in the various countries in which we operate.

In Mexico, the Secretaría del Medio Ambiente y Recursos Naturales, SEMARNAT, through the Instituto Mexicano de Tecnología del Agua, IMTA (Mexican Institute of Water Technology), performed a study comparing water consumption by the traditional nixtamalization process and that of "GRUMA" technology. The study looked at both discharges of wastewater and its content of solid residues.

For the study, the IMTA chose a representative sampling of traditional nixtamal mills of average size and compared them to different production units using the "GRUMA" process.

The results of the study demonstrated that GRUMA's production units consume 81% less drinking water and that discharges of wastewater are 88% less than those generated by the traditional process. Also, the "GRUMA" process reduces losses of corn solids by 80%.

In 2011, GRUMA processed 1.92 million tons of corn in Mexico with its technology. Compared to the traditional process, GRUMA generated savings of more than 6 million cubic meters of drinking water, equivalent to the daily consumption of a community of 154,000 inhabitants.

Even more significant is the difference in the discharge of corn solids, which contaminate municipal sewage systems. This would be equivalent to the sanitary waste of a community of 5.5 million inhabitants, representing the most critical difference, with the greatest impact on the environment.

Consequently, we can affirm that GRUMA saved Mexico a total of 153,600 tons of corn in 2011 that would have been drained off into the sewage system by the traditional process. This represents savings of Ps.836.4 million (US$64.4 million) in the price of corn alone. Nevertheless, the cost of treating sewage water with these levels of solid contaminants would greatly surpass the cost of the corn itself.

Technology Division – INTASA

In 2011, INTASA collaborated on several projects with research institutions such as the Universidad Autónoma de Nuevo León, the Tecnológico de Monterrey, the Centro de Investigación en Química Aplicada, CIQA (Applied Chemistry Research Center), and the Instituto Nacional de Salud Pública, INSP (National Public Health Institute). Research was carried out in the development of nutraceuticals, including a prebiotic that helps the intestinal tract through the fiber of the corn pericarp. Other projects dealt with developing compounds that prevent the decomposition of the tortilla, through friendly microbial flora derived from corn, and so avoid health risks.

Another important project, which has been in progress for two years in collaboration with the INSP, is a study of the nutritional efficiency of whole-grain corn flour, which have a higher fiber content. According to preliminary studies, also carried by the INSP on behalf of GRUMA, tortillas made with whole-grain Maseca have a lower glycemic index than those made with nixtamalized dough. In the future, this study will focus on people suffering from obesity who include whole-grain corn flour

tortillas in their diet, in order to monitor the health benefits of this food, which include lower cholesterol and reduced risk of cardiovascular ailments.

In collaboration with the government of Guatemala, the Central American division of GRUMA is participating in a project to enrich and fortify nixtamalized corn flour, in the aim of providing better nutrition to 80% of the Guatemalan population through healthy corn flour dietary options.

Tortilla Production Equipment Machine Evaluation Laboratory

The Tortilla Production Equipment Machine Evaluation Laboratory of GRUMA's Technology Division continues to improve and certify the ovens and other equipment used to produce corn flour tortillas, achieving greater energy efficiency.

Mission Foods Sustainable Model

The "For a Better Tomorrow" program of Mission Foods in the United States represents a long-term sustainability strategy, whose objectives in the 2009-2013 period are:

- To reduce water consumption by 20% by 2013 and to improve the quality of reused water.
- To reduce food waste by 25% by 2013
- To eliminate trips to the sanitary landfill to zero at all plants and offices by 2013.
- To lessen environmental impact and the carbon footprint.
- To cut consumption of packaging by 10% by 2013.

In order to achieve these goals, initiatives have been developed in the following areas:

- Smart use of energy
- Sustainable (biodegradable/recyclable) packaging
- Water conservation
- Radical efficiency in use of resources
- Reduction of emissions
- Community support for a better tomorrow

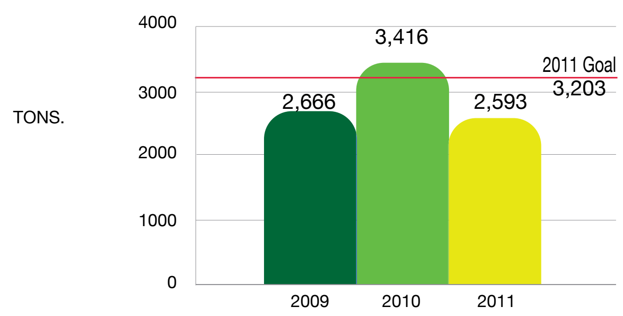
2011 RESULTS

Waste Reduction Program

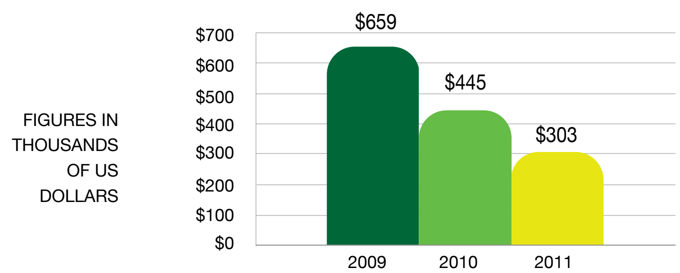
The goals of the Mission Foods waste reduction program include:

- Limiting transports of trash to once every two months, or six times a year, in the aim of lowering transport costs and reducing the volume of trash.
- Choosing a couple of plants to carry out pilot projects and significantly reduce the percentage of food waste, by 25%.

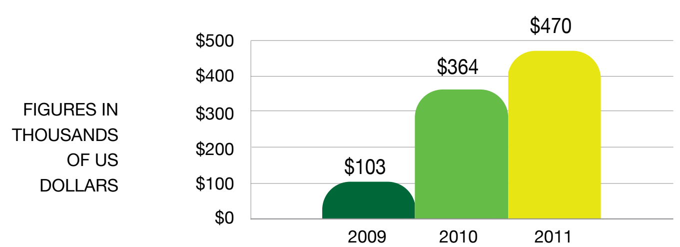
TONS OF TRASH



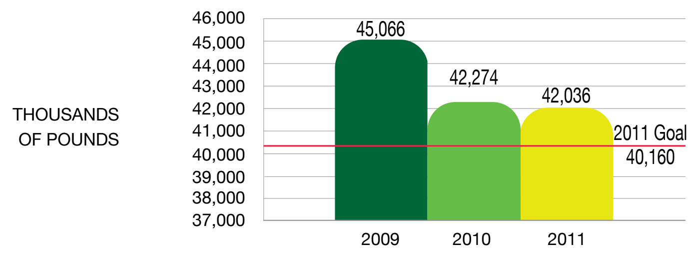
COST OF TRANSPORTING TRASH



RETURN OF RECYCLED MATERIAL



FOOD WASTED AT MISSION

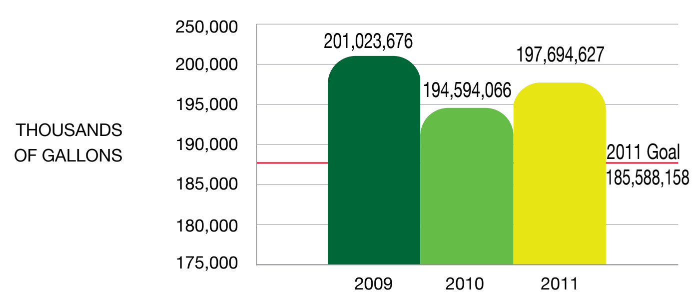


Water Conservation Program

Objective

- To have a clear water footprint.
- To minimize water consumption and the number of cleaning hours, through standardization methods and the use of new technologies.
- To understand the impact of water wastage in our installations and in the communities where we are present.
- To implement a wastewater treatment program in order to ensure compliance with the standards of Mission Foods.

WATER CONSUMPTION AT MISSION



Fundación Gruma

Fundación Gruma is a nonprofit organization engaged in supporting aid projects for vulnerable sectors of the population through donations to Mexican nonprofit organizations of the civil society.

The Foundation's main source of financing is the earnings generated by all GRUMA companies. Its mission is to assign these resources with fairness and commitment, channeling them into important projects that improve the lives of those benefitted and contribute to the promotion and understanding of Mexican culture.

The principal lines of action of the Foundation are:

Philanthropic Strategy

In 2011, Fundación Gruma made donations to 25 organizations working in the areas of art and culture, welfare, education, human rights, natural disaster relief, handicapped, and health.

AREA OF SUPPORT	ORGANIZATIONS BENEFITTED IN 2011
Welfare	Filios, A.B.P. • Fomento Cultural Médico Asistencial entre Indígenas, A.C. • Hogar de la Misericordia, A.B.P. • Sociedad Mutualista Ortodoxa, A.C. • Villas Asistenciales, A.B.P.
Art and Culture	Fundación UNAM, A.C.
Natural Disaster Aid	Cáritas Mexicana, I.A.P. • Government of the State of Coahuila • Government of the State of Nuevo León • Secretariat of Finance of the Government of the State of Tamaulipas
Development and Sustainability	Fundación Mexicana para el Desarrollo Rural, A.C.
Disabilities	Asociación Pro Personas con Parálisis Cerebral, I.A.P. • Talleres Productivos para Discapacitados, I.A.P.
Education	GRUMA "Sowing a Seed for the Future" Scholarship School Supplies • Formando Emprendedores, A.B.P. • Fundación Ayú, A.C. • Fundación Mexicana Fray Bartolomé de las Casas, A.C. • Fundación UNAM, A.C. • Patronato para el Fomento Educativo y Asistencial de Cerralvo, A.B.P. • Universidad de Monterrey • Universidad Pontificia de México • Útiles Escolares • Voluntariado en Equipo Trabajando por la Superación con Amor, A.C.
Environment	Centro de Información y Comunicación Ambiental de Norteamérica, A.C.
Health	Cruz Rosa, A.B.P. • Cruz Roja Mexicana I.A.P. • Destellos de Luz, A.B.P. • Hospital Infantil de México Federico Gómez

A total of 27.74 tons of corn and wheat flour was donated to the 15 institutions in different states in Mexico.

PLANT	ORGANIZATIONS BENEFITTED
Culiacán	Albergue Renacer
México	Ejército Méxicano • Gente Excepcional • Hogar Don de Dios • Paz y Alegría
Mexicali	Oasis del Desierto de Mexicali • Centro de Rehabilitación • Parroquia Nuestra Sra. de Talpa El Puebla
Chihuahua	Parroquia Cristo Sumo y Eterno • Comunidad Misionera • Universidad La Salle Chihuahua • Desarrollo Integral para tu Familia Gómez Palacio • Fundación del Empresariado Chihuahuense
Tampico	Paz y Alegría
Teotihuacán	Unidos por la Montaña
Obregón	Seminario Diocesano de Cd. Obregón

GRUMA Scholarships

In the aim of rewarding the efforts of children of employees with outstanding academic performances (a grade point average of 9.5 or more), scholarships were distributed in August 2011 to students at the elementary school, middle school and high school levels. This incentive was complemented by the donation of school supplies and knapsacks.

TYPE OF SUPPORT	BENEFICIARIES
Excellence scholarships	27
Partnership scholarships	93
School supplies (elementary school level)	390
Knapsacks (high school level)	139

Institutional Reinforcement

In 2011 GRUMA contributed time and talent at 25 congresses on philanthropic issues held in eight different states in Mexico, aimed at training, professionalizing, and reinforcing the institutional structures of public and private organizations dedicated to social causes.

Alliances were established with the following organizations:

- Ápice y Fundación Roberto Ruíz Obregón, A.C.
- Asociación de Profesionales en Procuración de Fondos (AFP) Capítulos Cd. de México, Monterrey y Puerto Vallarta
- Centro de Fortalecimiento Social, A.C. (CEFOS Chihuahua)
- Centro de Capacitación y Profesionalización e Información del Sector Social (CECAPISS)
- Centro Mexicano para la Filantropía, A.C. (CEMEFI)
- Corporativa de Fundaciones, A.C.
- EGADE – ITESM, Monterrey, N.L
- EFFIE Social
- Federación Mexicana de Diabetes, A.C.
- Fundación Healy, I.A.P.
- Fundación Majocca, A.C.
- Fundación Murrieta, A.C.
- Fundación Nosotros los Jóvenes, A.C.
- Instituto Nacional de Desarrollo Social (INDESOL)
- Junta de Asistencia Privada de Sinaloa (JAP)
- Mesón de la Misericordia Divina, A.C.
- Movimiento Interamericano de los Derechos del Niño, A.C.
- Procura, A.C.
- ITESM, Campus Santa Fe
- Universidad Anáhuac Mayab
- Universidad Iberoamericana
- Universidad La Salle de Cancún

The contributions of Fundación Gruma in this area were the development of abilities and talent, skills training, the optimization of services and government agencies, and more solidly based plans for raising funds.

Nutre-Fácil Maseca

Malnutrition continues to be one of the most serious health problems suffered by a high percentage of children in Mexico. Joining forces with the government and civil society organizations (CSOs) in their efforts to bring down malnutrition rates, Fundación Gruma and Fundación Banorte donated almost three million portions of Nutre-Fácil Maseca in 2011, to the benefit of some 10,000 children every day.

In order to nourish the largest number of children, to have a positive impact on their nutrition, and to get this important food supplement to youngsters in rural, indigenous, and more vulnerable communities, alliances have been struck with state and municipal Desarrollo Integral de la Familia, DIFs and local CSOs, which undertake to store and distribute the food supplement and to follow up by supervising the ideal application of the product and then measuring the impact of the donations.

In 2011, Nutre-Fácil Maseca was distributed in the following way:

ENTITY	PORTIONS DISTRIBUTED	CHILDREN BENEFITTED DAILY
DIF Estatal Chiapas	360,000	1,200
DIF Estatal Guerrero	360,000	1,200
Sedesol Nuevo León	360,000	1,000
DIF Estatal Oaxaca	360,000	1,200
DIF Estatal Puebla	360,000	1,200
Fundación de Beneficiencias Privada Banco de Alimentos Cáritas de Puebla	72,000	400
DIF Estatal de Tabasco	360,000	1,200
DIF Municipal Poza Rica	54,000	300
DIF Municipal Orizaba	54,000	300
DIF Municipal Boca del Río	36,000	200
DIF Municipal de Veracruz	18,000	100
DIF Municipal de Tuxpan	18,000	100
DIF Municipal de Fortín	18,000	100
DIF Municipal de Hueyapan	13,500	75
DIF Municipal de San Andres Tuxtla	13,500	75
DIF Municipal de Cosoleacaque	3,000	25
DIF Estatal de Yucatán	360,000	1200
Total	**2'820,000**	**9,875**

Nutre-Fácil Maseca helped children between the ages of one and three to receive their Recommended Daily Intake (RDI) of energy, fiber, protein, vitamins, and minerals.

Natural Disaster Relief

In 2011 GRUMA followed up on its commitment to reconstruct communities affected by the passage of Hurricane Alex in the states of Nuevo León, Coahuila, and Tamaulipas.

Folk Art Collection

In 2011, in the aim of fostering an appreciation of traditional Mexican art and culture, an exhibition space was opened in GRUMA's head offices in Mexico City, in which pieces from our collection of traditional Mexican folk art are periodically placed on display.

A strategy was also implemented to build links with public and private institutions, cultural spaces, centers, as well as with universities, in order to make the folk art collection safeguarded by Fundación Gruma known to a wider public.

Board of Trustees of the Hospital Infantil de México Federico Gómez

As part of its social commitment, GRUMA supports the Mexico Children's Hospital Federico Gómez through financial aid and active participation on the Board of Trustees, under the auspices of the Development Department, which is responsible for striking alliances with companies and institutions, attracting benefactors, and implementing new assistance programs designed to improve the quality of life of patients and their families.

In 2011, the principal actions undertaken were: promotion of reading, accident prevention workshops, support for musical concerts, sporting events, cultural tours, library loans to patients in hospitals and receiving home care, donation of wheelchairs, clothing, blankets toys, medicines, and wigs for chemotherapy patients, the acquisition of basic medical diagnosis and treatment equipment, and specialization scholarships for pediatricians.

Board of Trustees of Fomento Educativo y Asistencial de Cerralvo

In 2011, the Board of Trustees of this charitable organization celebrated twenty-five uninterrupted years of supporting the residents of the municipality of Cerralvo, Nuevo León, and of other needier municipalities in the state, in the areas of education, health care, community development, and sports.

The Trust's educational program is noteworthy for the growing number of students at different levels receiving scholarships, as well as for the successful admission of numerous students into high school and the Universidad Autónoma de Nuevo León.

Scholarships Granted in the Period 2011-2012

ACADEMIC LEVEL	SCHOLARSHIP FEATURES	BENEFICIARIES
Elementary school	School supplies / Uniforms	258
Middle School	School supplies / Uniforms	99
High school	Payment of Admission and/or Internal Fees	175
University	Payment of Admission Fees	59
	Total	**593**

The sports program has grown exponentially. In 2011, for example, the rural municipality of Cerralvo placed first in the Nuevo León Olympiad 2011, both in number of medals and points, surpassing metropolitan municipalities such as García and Juárez, among others.

In the area of health, first stage medical attention continued to be given to members of the community. Also, as every year, in the area of social development, we remain involved in programs of support for the municipality.

In other actions, the Board of Trustees recognized the outstanding labors of members of the Mexican army based in regions 4 and 9 in Nuevo León and Guerrero. A celebration was organized for them, hosted by Mrs. Bertha González Moreno, Honorary Lifetime Director of the Board of Trustees of Fomento Educativo y Asistencial de Cerralvo, and her family, at which 12,000 toys were donated to the children of the soldiers.

Support for Mexican Cuisine

As a company with an interest in our gastronomic heritage, for more than five years GRUMA has been actively supporting the Conservatory of Mexican Gastronomic Culture, especially in the preparation of the application on the basis of which, in 2010, the UNESCO recognized Mexican Cuisine as Intangible Cultural Heritage. Reaffirming its commitment in 2011, GRUMA participated as sponsor of the First National Convention on Information about the Safeguarding Model, an event at which the declaration by the UNESCO was formally enshrined.

First Global Sustainability Report

In 2011, we published our first global sustainability report, detailing the initiatives that have consolidated GRUMA’s position as one of the most outstanding Socially Responsible Companies in the world.

International Support:

Wraps with a Cause

For the second year in a row, Mission in Autralia supported the fight against cancer, launching its wraps with pink packaging and raising awareness through magazines, the internet, and public relations of the importance of prevention of this disease.

Support for Sports

GRUMA continued to demonstrate its global commitment to fostering healthy lifestyles among its consumers through sports:

- In the United States, Mission and Guerrero continued contributing to sports, sponsoring both baseball and soccer teams: the Kansas City Royals, Dallas Major League Soccer team and Mexican soccer players.

- In Australia, Mission maintained its association with the Western Bulldogs and the Queensland Fire Birds. Mission was also the official sponsor of the World Netball Championships in Singapore.

- In Central America, important programs in support of sports were carried out through the sponsorship of the popular Olympia and Maratón soccer clubs in Honduras and Alianza in El Salvador.

- Finally, in Mexico, through its Maseca brand, GRUMA continued promoting sports by sponsoring some important baseball teams: the Yaquis of Ciudad Obregón and the Tomateros of Culiacán in the Mexican Pacific League and the Vaqueros Laguna in the Mexican Baseball League. It also sponsored Fuerza Regia, the Monterrey team of the National Basketball League.

Support in Natural Disasters

Fundación Gruma came to the aid of Haiti, through Caritas Mexicana, donating funds to purchase food from Haitian campesinos, which was then distributed among children of the communities affected by the 2010 earthquake in the country.

In 2011 several low pressure systems caused flooding in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. The phenomenon had a strong impact on numerous communities, affecting at least 800,000 people. Through its various plants and affiliates, GRUMA provided important aid in the form of donations of tortillas and flour to various shelters, as well as kitchens, gas, water, and personnel to prepare the food.

AREAS AFFECTED	GUATEMALA	HONDURAS	EL SALVADOR	NICARAGUA	TOTAL
Total number of victims	79,942	59,663	64,300	27,858	231,763
People in shelters	18,746	11,968	16,034	5,496	52,244
Number of shelters	66	59	262	100	487
Tons of corn flour	6.6	3.0	4.9	1.7	16.2
Equivalent donation in tortilla units	483,219	339,631	191,917	60,738	1,075,505
Victims supported	9,734	6,350	5,675	3,373	25,132

The Centro Escolar de Taplahuaca in El Salvador received a partial payment for a professor, in addition to the organization of an event to celebrate the Day of the Child, at which gifts were distributed. Through the "Hands On" program, several visits were made by a *Tortimóvil* to shelters housing victims of flooding. In an attempt to raise the people's spirit affected by the disasters, an atmosphere of optimism was created through music, a clown, piñatas, and balloons.

In Honduras, DEMAHSA worked in communities close to the plant. Flour was donated for afternoon snacks at schools, teachers were provided support, and funds were donated for the acquisition of an energy transformer, among other actions. A team of GRUMA employees made a visit to an orphanage (the Orfanato de Occidente), donating tortillas and flour for the children.

The TORTIMASA program in Nicaragua benefitted 4,600 victims of flooding in the northern and western regions of the country (84% of the people affected), through the donation of 82,800 tortillas. All through 2011, monthly deliveries of 50-pound bags of flour were made to 15 institutions. In total, 240 bags of flour, equivalent to five tons, were donated.

In Guatemala, DEMAGUSA made contributions to the Fundación de Niños con Cáncer. Following the earthquakes in Santa Rosa, employees distributed products among the people affected.

Finally, in Costa Rica, DEMASA opened a daycare center for employees with children from the ages of one to ten. These installations were recognized for excellence by the Ministry of Social Welfare and have come to be part of a model used by the President. The company also worked intensively with suppliers of school lunchrooms, in collaboration with two nutritionists, to enhance the food value of corn flour tortillas, since these are a staple of the schoolchildren’s diets.

Promoting Human Values: Mario Moreno “Cantinflas”: the Actor, the Bullfighter, the Businessman, and the Human Being

In commemoration of the 100th anniversary of the actor’s birth, the Fundación Mario E. Moreno, A.C. presented the book *Mario Moreno “Cantinflas”, el actor, el torero, el empresario y el hombre* (Mario Moreno “Cantinflas”: The Actor, the Bullfighter, the Businessman, and the Human Being) at the Palacio de Bellas Artes in Mexico City. At the event, several notable figures accompanied Don Roberto González Barrera, the Chairman of the Board of Directors of GRUMA and Lifetime President of Grupo Financiero Banorte, who had been a dear friend of the man known as the “Mime of Mexico.” Through financial aid from GRUMA and Banorte, the book was published with a print run of 3,500 copies.

Awards and Distinctions

It is a source of great pride to Gruma Mexico, that thanks to its performance in 2011 it was recognized by the prestigious research and consulting firm, the Great Place to Work Institute, as the best company to work for in Mexico.

GIMSA was named a Socially Responsible Company for the fifth year in a row by the Centro Mexicano para la Filantropía (CEMEFI), while Molinera de México and PRODISA both achieved this distinction for the fourth year in a row. Gruma Mexico's "Basic Promise Employees' Committee" program was also recognized as a RSE 2011 Better Practice by the CEMEFI.

For the second year in a row, GRUMA and Don Roberto González Barrera, the Chairman of the Board of Directors, were included on the World Finance 100 list of excellent global companies. This distinction is granted to companies and personalities that have achieved the highest levels of performance in their respective fields of action. It is thanks to their leadership that the development of industry is propelled in the world.

CORPORATE
GOVERNANCE

GRUMA firmly believes that sound corporate governance principles and practices are essential to ensuring compliance with its responsibilities in an integral and ethical manner, to the benefit of all its stakeholders.

These principles and practices are also fundamental to the company's commitment to its employees, clients, suppliers, consumers, governmental authorities, and to the communities in which it operates.

Board of Directors of GRUMA

	AGE	PRINCIPAL OCCUPATION	CLASSIFICATION
Roberto González Barrera	81	Founder and Chairman of the Board of Directors of GRUMA and GIMSA and Chairman Emeritus of the Board of Grupo Financiero Banorte	Shareholder, Related
José de la Peña y Angelini	63	CEO of Corporativo Obama	Independent (2)
Juan Diez-Canedo Ruiz	61	CEO of Financiera Local	Shareholder, Independent (2)
Bertha Alicia González Moreno	58	Honorary Lifetime Director of Patronato para el Fomento Educativo y Asistencial de Cerralvo; Member of the Board of GIMSA, Grupo Financiero Banorte, and Banco Mercantil del Norte	Shareholder, Related
Juan Antonio González Moreno	54	CEO of Gruma Asia y Oceanía; Alternate Board Member of Grupo Financiero Banorte and Banco Mercantil del Norte	Related
Roberto Javier González Moreno	59	Chairman of the Board of Directors and CEO of Corporación Noble, Gael Desarrollos, and Rocalta; Member of the Board of GIMSA and Alternate Board Member of Grupo Financiero Banorte and Banco Mercantil del Norte	Related
Federico Gorbea Quintero	48	President and CEO of Archer-Daniels-Midland México	Independent
Carlos Hank Rhon	64	Chairman of the Board of Directors of Grupo Financiero Interacciones, Grupo Hermes, and Grupo Coin/La Nacional	Related
Mark Kolkhorst	48	Corporate Vice-President of Archer-Daniels-Midland and President of the Cocoa and Milling divisions	Independent
Mario Martín Laborín Gómez	60	Chairman of the Board of Directors of ABC Holding and ABC Capital	Independent (2)

	AGE	PRINCIPAL OCCUPATION	CLASSIFICATION
Juan Manuel Ley López	79	Chairman of the Board of Directors of Casa Ley and CEO of Grupo Ley	Independent
Bernardo Quintana Isaac	70	Chairman of the Board of Directors of Empresas ICA	Independent
Juan Antonio Quiroga García	62	Chief Corporate Officer of GRUMA	Shareholder, Related
Alfonso Romo Garza	61	Chairman of the Board of Directors and CEO of Plenus	Independent
Adrián Sada González	67	Chairman of the Board of Directors of Vitro	Independent

(1) The classification of directors has been established by the Code of Best Corporate Practices issued by a commission created by the Mexican Entrepreneurial Coordinating Board (Consejo Coordinador Empresarial de México).
(2) Member of the Audit and Corporate Governance Committees of GRUMA and GIMSA.

The Board of Directors is assisted in its functions by the Audit Committee and the Corporate Governance Committee.

In accordance with the applicable regulations and the company's bylaws, the supervision of the management, conduct, and execution of the company's business is the responsibility of the Board of Directors, through the Audit and Corporate Governance Committees, as well as the company's external auditor.

Audit Committee

In compliance with the foregoing, the Audit Committee is made up exclusively of independent board members.

Corporate Governance Committee

The members of the Committee are appointed by the Board of Directors on the recommendation of the Chairman of the Board. The Chairman of the Committee, however, is appointed by the Ordinary General Shareholders' Meeting. The duration of Committee members' terms is one year but they may remain in functions until their replacements assume their positions.

The members of the Committee may at the same time be members of any other Committee of the Board of Directors. They shall receive compensation as determined by the Shareholders' Meeting.

Management Team

Joel Suárez Aldana
Chief Executive Officer

Juan Antonio Quiroga García
Chief Corporate Officer

Alejandro Barrientos Serrano
Chief Financial Officer

Leonel Garza Ramírez
Chief Procurement Officer

Heinz Kollmann
Chief Technology Officer, Wheat Flour Production

Sylvia Elisa Hernández Benítez
Chief Marketing Officer

Felipe Rubio Lamas
Chief Technology Officer, Con Flour and Tortilla Production

Salvador Vargas Guajardo
General Counsel

Alejandro Vázquez Salido
Chief Communication and Image Officer

Homero Huerta Moreno
Chief Administrative Officer

Raúl Cavazos Morales
Chief Treasury Officer

Alejandro Cortina Gallardo
Chief Strategic Planning Officer

David Camilo Vargas Zepeda
Chief Human Resources Officer

Roberto Jorge González Alcalá
Chief Executive Officer of Gruma Mexico
and Latin America

Juan Antonio González Moreno
Chief Executive Officer of Gruma Asia & Oceania

Nicolás Constantino Coppola
Chief Executive Officer of Gruma Venezuela

José Antonio Jaikel Aguilar
Chief Executive Officer of Gruma Central America

Francisco Yong García
Chief Executive Officer of Gruma Europe

Corporate Citizenship

We promote and maintain close and constant relations with business chambers, associations, CSOs, and governments, in the aim of fostering the development of the sector. We therefore participate in the following institutions:

- **CAINTRA.** Cámara de la Industria de la Transformación de Nuevo León
- **CANACODEA**. Cámara Nacional de Comerciantes Detallistas y Afines (Costa Rica)
- **CANAMI.** Cámara Nacional de Maíz Industrializado
- **CANIMOLT.** Cámara Nacional de la Industria Molinera de Trigo
- **CCE.** Consejo Coordinador Empresarial
- **CIMEXVEN**. Cámara de Integración México-Venezuela
- **CNA**. Consejo Nacional Agropecuario
- **COMCE.** Consejo Empresarial Mexicano de Comercio Exterior, Inversión y Tecnología, A.C.
- **CONCAMIN**. Confederación de Cámaras Industriales de los Estados Unidos Mexicanos
- C**ONMÉXICO.** Organismo Empresarial que representa a la Industria de Bienes de Consumo en México
- **PROTORTILLA.** Consejo Promotor y Regulador de la Cadena Maíz-Tortilla, A.C.
- **TIA.** Tortilla Industry Association

REPORT
OF THE CORPORATE GOVERNANCE COMMITTEE
FOR FISCAL YEAR 2011

25 April 2012

To the Board of Directors of GRUMA, S.A.B. DE C.V.

In compliance with Article 43 of the Securities Market Law (*Ley del Mercado de Valores*) and Article Twenty-Six of the bylaws of the Company, I hereby inform you of the activities carried out by the Corporate Governance Committee during the period from January 1st to December 31st, 2011.

1. **Performance of Senior Officers.-** Evaluated the performance of senior officers on the basis of the financial results and in function of the fulfillment of personal objectives established as part of their responsibilities to the Company. On the basis of evaluations carried out by the Human Resources Area, the performance of the Senior Officers was, in general terms, satisfactory, by virtue of which they received a performance bonus (variable compensation) in accordance with Company policy.

2. **Material Transactions.-** The committee has been informed by management and the independent auditors of material related party transactions, which have been disclosed in the notes to the financial statements of the Company for the period in question.

3. **Compensation of Senior Officers.-** The integral compensation paid to the CEO and other Senior Officers of the Company in 2011 is in line with market standards, in view of other companies comparable to the Company, and in accordance with the Compensation Policies established by the Company.

4. **Exemptions.-** During the period in question, the Board of Directors granted no exemptions to any member of the board, Senior Officers, or person with executive authority to take advantage of business opportunities for themselves, or in favor of third parties, which correspond to the Company or its subsidiaries.

5. **Opinions.-** The Corporate Governance Committee issued the following opinions:

- With regard to the resignation of Ing. Raúl Alonso Peláez Cano as CEO of the Company, the committee granted its favorable opinion for the integration of a Management Committee coordinated by the Chairman of the Board of Directors to exercise the functions corresponding to said position until such time a new CEO was appointed.

- In the meeting of the Board of Directors held on February 22, 2012, pursuant to Article 28, section III, paragraph d) of the Securities Market Law (*Ley del Mercado de Valores*), the Committee submitted to the Board of Directors of GRUMA, S.A.B. DE C.V. its favorable opinion regarding the appointment of Lic. Joel Suárez Aldana as CEO of the Company, with the functions and responsibilities that said position merits under the terms of the Securities Market Law.

On behalf of the Corporate Governance Committee,

Dr. Juan Diez-Canedo Ruíz
Chairman

REPORT
OF THE AUDIT COMMITTEE
FOR FISCAL YEAR 2011

25 April 2012

To the Board of Directors of GRUMA, S.A.B. DE C.V.

In compliance with Article 43 of the Securities Market Law (*Ley del Mercado de Valores*) and Article Twenty-Six of the bylaws of the Company, I hereby inform you of the activities carried out during the fiscal year ending December 31st, 2011. In establishing its work program, the Committee considered the best relevant practices for the Company and the stipulations of the laws and regulations in effect. The Committee met on seven occasions for the performance of its duties.

1. Internal Audit.
The organizational structure, work plans, and quarterly reports of the internal audit area of the Company were reviewed. Follow-up reports were submitted to us on the observations we made, without any relevant findings to be mentioned.

2. Code of Ethics.
The Committee reviewed the compliance with the Code of Ethics that governs the actions of the members of the board, officers, and employees, without any relevant case to report as of this date.

The operation of the communications channel between officers and employees, on the one hand, and the Audit Committee, on the other, was surveilled. It was periodically verified that management attended in an efficient and timely manner to the observations, as deserved. Likewise, we continued with the expansion of the aforementioned channel.

3. Audit.
On a quarterly basis, we reviewed with the management of the Company and with the external auditors, the process for certifying the system of internal control that is currently in place, in order to comply with the requirements of the Sarbanes-Oxley Act.

Periodic meetings were held with the members of the Corporative Legal Department to review the status of the main legal matters in which the Company is involved and the compliance with the applicable regulations.

In view of the foregoing, and according with the interviews with the external auditors and with Company management, we believe that the system of internal control and internal auditing satisfactorily fulfills their fundamental objectives.

The work plan for the year 2011 of the Company's external auditors was analyzed and the progress of its implementation was monitored.

In our interviews and sessions of the Audit Committee with the auditors, we confirmed compliance with the requirements of rotation and independence of its personnel. We also reviewed with them and with management the comments on the internal controls that were issued, as well as the objectives, procedures, and scope of the external audit for fiscal year 2011. In our judgment, the external audit services comply adequately with the requirements.

Additional services provided by the external audit firm were approved. These included the certification of the internal control system, as required by the Sarbanes-Oxley Act, and studies of inter-company transfer prices. We believe that the services approved by the Committee do not affect the independence of the external audit firm.

4. Financial Information.
We reviewed the quarterly financial information of the Company corresponding to the year 2011. Having detected no irregularities, we determined to submit it to the Board of Directors.

The Board of Directors was assisted in the preparation of the opinions and reports referred to in Article 28, section IV, paragraphs "c," "d," and "e" concerning fiscal year 2010. We also prepared and submitted, to both the Board of Directors and the Shareholders' Meeting, the annual report on the activities carried out by this Committee during fiscal year 2010.

The 20-F Form corresponding to the year 2010 was reviewed and submitted to the Securities and Exchange Commission of the United States of America in a full and timely fashion.

We reviewed the audited financial statements of the Company as of December 31, 2011, the auditors' report, and the accounting standards used it their preparation. After having reviewed the letter of the independent auditors to management, we recommended their approval by the Board of Directors for their submission to the Shareholders' Meeting for its consideration.

We were informed that, as of January 1st, 2011, the Company implemented the International Financial Reporting Standards (IFRS), which include the International Accounting Standards (IAS) in effect, the interpretations relative thereto that have been issued by the International Financial Reporting Interpretations Committee (IFRIC), and those issued previously by the Standing Interpretations Committee (SIC). These modifications have been adopted, in order to comply with the Mexican Securities Regulations as of January 1st, 2012.

5. In support of the Board of Directors.
It was verified that the resolutions adopted by the Shareholders' Meeting held on April 29th, 2011 were duly complied with and formalized.

It should also be mentioned that the Committee submitted to the Board of Directors, at its October 27th, 2010 session, its favorable opinion regarding the sale by **GRUMA, S.A.B. DE C.V.** of up to 177,596,496 shares issued by Grupo Financiero Banorte, S.A.B. de C.V., which represented 8.8% of its capital stock, a transaction carried out in February of 2011.

Also, we confirmed the implementation by the Company management of the authorizations granted by the Board of Directors, as a result of the favorable opinion issued by the Audit Committee, for the engagement of financial liabilities in the amount of Ps.1,800 million and US$275 million, which was used to refinance debt and improve the financial structure of **GRUMA, S.A.B. DE. C.V.**

This was carried out pursuant to the terms of Article 28, section III, paragraph c) of the Securities Market Law (*Ley del Mercado de Valores*).

The Committee issued its favorable opinion for hiring foreing exchange derivative instruments to cover the purchase of the corn and wheat required by the operations of the Mexican subsidiaries of the Company, from the 4th quarter of 2011 until the end of the 3rd quarter of 2012.

6.- Internal Aspects.
We shall continue working with management on the development and implementation of the integral risk administration system, as well as follow up with the accounting processes and controls, in order to ensure the proper application of the International Financial Reporting Standards.

On behalf of the Audit Committee,

Dr. Juan Diez-Canedo Ruíz
Chairman

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

2011 versus 2010

Sales volume of GRUMA increased by 5.0% to 4.74 million metric tons, compared to 4.526 million metric tons in 2010. This increase was due mainly to Gruma Corporation and GIMSA.

Net sales increased by 25% to Ps.57,645 million compared with Ps.46,232 million in 2010. The increase was due primarily to higher net sales at Gruma Venezuela, GIMSA, and Gruma Corporation, associated with price increases, sales volume growth, and the inflation effect in Venezuela. Sales from non-Mexican operations constituted 66% of consolidated net sales in 2011 and 2010.

Cost of sales by 27% to Ps.40,118 million compared with Ps.31,563 million in 2010, due primarily to higher cost of sales at Gruma Venezuela, GIMSA, and Gruma Corporation associated with higher raw material costs, sales volume growth, and the inflation effect in Gruma Venezuela. Cost of sales as a percentage of net sales increased to 69.6% from 68.3% in 2010 due primarily to Gruma Corporation, as raw material cost increases were not fully reflected in our prices.

Selling, general, and administrative expenses (SG&A) increased by 16% to Ps.13,984 million compared with Ps.12,100 million in 2010, due primarily to higher SG&A at Other and Eliminations and Gruma Corporation and, to a lesser extent, Gruma Venezuela and GIMSA. SG&A as a percentage of net sales decreased to 24.3% from 26.2% in 2010, driven mainly by better expense absorption at Gruma Venezuela and, to a lesser extent, GIMSA and Gruma Corporation.

Other expenses, net, were Ps.204 million compared with Ps.519 million in 2010. The decrease is a result of a one-time charge during 2010 related to the expropriation procedure of our operations in Venezuela, which the company did not have during 2011.

GRUMA's **operating income** increased by 63% to Ps.3,338 million compared with Ps.2,050 in 2010, and operating margin improved to 5.8% from 4.4% in 2010, due primarily to Gruma Venezuela, Other and Eliminations and, to a lesser extent, GIMSA.

Net comprehensive financing cost was Ps.427 million compared with Ps.1,163 million in 2010. The decrease resulted mainly from lower financial expenses in connection with GRUMA's debt reduction and better interest rates achieved during 2011, and gains on foreign-exchange-rate hedging related to corn procurement.

GRUMA's equity in earnings of **associated companies,** net, primarily from GFNorte, represented income of Ps.4,711 million in 2011 compared with income of Ps.592 million in 2010 primarily derived from the gain on the sale of GRUMA's stake in GFNorte during February 2011.

Taxes increased 115% to Ps.1,807 million compared with Ps.840 million in 2010 primarily as a result of higher pre-tax income.

GRUMA's **net income** was Ps.5,816 million compared with Ps.639 million in 2010. Majority net income was Ps.5,271 million compared with Ps.432 million in 2010. Both improvements were caused mainly by the gain on the sale of GRUMA's stake in GFNorte.

Consolidated Financial Position

December 2011 versus December 2010

Balance-Sheet Highlights

Total assets as of December 31, 2011 were Ps.44,543 million, showing growth of 14%, due mainly to increases in (1) inventories, because of the higher prices of raw materials as result of the rise in international commodities prices and the devaluation of the Mexican peso; (2) property, plant and equipment, owing to several acquisitions and expansions made in 2011, mostly in Gruma Corporation; and (3) trade accounts receivable, because of the price increases of our products, derived from higher raw-material costs.

Total liabilities as of December 31, 2011 were Ps.26,830 million, down by 5% from the end of 2010. This was due to lower debt, offset by larger trade accounts payable and the peso devaluation.

Total equity as of December 31, 2011 was Ps.17,713 million, up by 65% from the end of 2010.

Capital Expenditure Program

GRUMA's capital expenditures in 2011 amounted to US$191 million, of which around 30% was applied to acquisitions in different parts of the world (the United States, Russia, and Turkey). Another significant part was allocated to capacity expansions, mostly in the United States, and to several technology upgrades, especially in the United States, Mexico, Australia, and Europe.

Debt Profile

GRUMA's debt as of December 31, 2011 was US$958, of which 83% was denominated in dollars. The following table shows the amortizations of GRUMA's debt at the end of 2011:

Schedule of Debt Amortizations
(millions of US dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020...	TOTAL
Perpetual Bond									300	300
Syndicated BBVA loan			25	25	175					225
Syndicated BBVA loan (pesos)				4.3	8.6	38.7	34.4			86
Gruma Corp. BofA loan		0.5			133.2					133.7
Bancomext loan (pesos)				2.2	4.3	19.4	17.2			43.1
Rabobank loan					50					50
Others	117.1	2.7	0.5	0.2						120.5
TOTAL	**117.1**	**3.2**	**25.5**	**31.7**	**371.1**	**58.1**	**51.6**		**300**	**958.3**

Results by Subsidiary

2011 versus 2010

GRUMA CORPORATION

Sales volume increased 6% to 1,478 thousand metric tons compared with 1,395 thousand metric tons in 2010. This increase was due mainly to several acquisitions made throughout the year, the one-time effect of one more week of operations during 2011, which occurs every five to six years according to Gruma Corporation's fiscal year-end accounting closings; and organic growth at the European operations.

Net sales increased by 12% to Ps.23,923 million, compared with Ps.21,451 million in 2010. The increase was driven mostly by the aforementioned sales volume growth coupled with price increases implemented during 2011 in connection with higher raw-material costs.

Cost of sales increased by 16% to Ps.15,452 million compared with Ps.13,302 million in 2010 due to higher raw-material cost (corn, wheat, and oil) and sales volume growth. As a percentage of net sales, cost of sales increased to 64.6% from 62.0% because the aforementioned higher raw-material costs were not fully reflected in our prices.

SG&A increased by 9% to Ps.7,435 million compared with Ps.6,829 million in 2010 due to sales volume growth, higher sales commissions related to price increases, and higher promotion and advertising expenses. SG&A as a percentage of net sales improved to 31.1% from 31.8% in 2010 in connection with better expense absorption.

Operating income decreased by 27% to Ps.947 million from Ps.1,303 million in 2010, and operating margin declined to 4% from 6.1%.

GIMSA

Sales volume increased by 4% to 1,959 thousand metric tons compared with 1,890 thousand metric tons in 2010. The increase was a result of the growth in the supermarket segment associated with their organic growth, market-share gains in the snack producers segment, and customers' build-up of corn flour inventories at the end of 2011 in anticipation of price increases.

Net sales increased by 30% to Ps.15,386 million compared with Ps.11,853 million in 2010. The increase was due mainly to price increases and, to a lesser extent, the aforementioned sales volume growth and a non-recurring sale of corn for Ps.574 million.

Cost of sales increased by 30% to Ps.11,284 million compared with Ps.8,648 million in 2010 due to higher corn costs and, to a lesser extent, the cost of the aforementioned non-recurring sale of corn during 2011 and the sales volume growth. As a percentage of net sales, cost of sales increased slightly to 73.3% from 73.0% due to the non-recurring sale of corn which had no margin contribution.

SG&A increased by 15% to Ps.2,286 million compared with Ps.1,981 million in 2010. The increase resulted mainly from the continued strengthening of several programs aimed at attracting traditional tortilla makers, higher promotion and advertising expenses and, to a lesser extent, higher freight expenses coming from capacity constraints at some plants and from increased sales to supermarkets and snack producers (as for transactions with these customers we usually pay freight expenses). SG&A as a percentage of net sales decreased to 14.9% from 16.7% in 2010 due to better expense absorption.

Operating income increased by 54% to Ps.1,771 million from Ps.1,147 million in 2010, and operating margin increased to 11.5% from 9.7%.

Gruma Venezuela

Sales volume increased 1% to 528 thousand metric tons compared with 523 thousand metric tons in 2010 due to production efficiencies at some plants, which allowed us to expand distribution in certain channels.

Net sales increased by 70% to Ps.9,157 million compared with Ps.5,382 million in 2010. The increase was due mainly to the inflation effect and price increases and, to a lesser extent, the devaluation of the Mexican Peso and the aforementioned sales volume growth.

Cost of sales increased by 67% to Ps.6,747 million from Ps.4,047 million in 2010. This increase was primarily due to the inflation effect and higher cost of raw materials (corn and wheat), salary increases and larger benefits for manufacturing employees and, to a lesser extent, the devaluation of the Mexican peso and the aforementioned sales volume growth. As a percentage of net sales, cost of sales decreased to 73.7% from 75.2% due mainly to a better cost absorption.

SG&A increased by 30% to Ps.1,736 million compared with Ps.1,335 million in 2010. The increase was due primarily to the inflation effect and, to a lesser extent, the devaluation of the Mexican peso. SG&A as a percentage of net sales decreased to 19% from 24.8% due to a better expenses absorption.

Operating income increased to Ps.674 million compared with an operating loss of Ps.26 million in 2010, and operating margin improved to 7.4% from negative 0.5%.

MOLINERA DE MÉXICO

Sales volume increased by 7% to 564 thousand metric tons compared with 530 thousand metric tons in 2010. This increase was driven by regional pricing strategies, increased market coverage and strengthening of commercial programs, higher demand for pre-mixed flours by the supermarkets, and introduction of new products to the foodservice segment.

Net sales increased by 23% to Ps.4,633 million compared with Ps.3,757 million in 2010. The increase resulted from higher prices to reflect higher cost of wheat and, to a lesser extent, from the sales volume growth.

Cost of sales increased by 26% to Ps.3,894 million compared with Ps.3,095 million in 2010 in connection with these higher wheat costs and volume growth. As a percentage of net sales, cost of sales increased to 84% from 82.4% due to higher wheat costs, which were not fully reflected in our prices.

SG&A increased by 9% to Ps.631 million compared with Ps.578 million in 2010. The increase was due to the ongoing programs oriented towards the aforementioned market coverage expansion and better customer service, higher freight expenses in connection with sales volume growth, and higher intercompany shipments due to capacity constraints at some plants. SG&A as a percentage of net sales decreased to 13.6% from 15.4% in 2010 due to a better expense absorption.

Operating income increased by 45% to Ps.104 million from Ps.72 million in 2010, and operating margin increased to 2.2% from 1.9%.

GRUMA CENTRAL AMERICA

Sales volume increased by 14% to 229 thousand metric tons compared with 201 thousand metric tons in 2010. The increase was due mainly to shortage of corn within the region due to bad weather conditions, which affected corn crops, the elimination of the subsidy for natural gas in El Salvador by mid-2011, which encouraged the conversion from the traditional method of making tortillas to the corn flour method, and aggressive promotions and advertising campaigns.

Net sales increased by 15% to Ps.3,180 million from Ps.2,765 million in 2010. The increase was due mainly to the aforementioned sales volume growth.

Cost of sales increased by 17% to Ps.2,368 million compared with Ps.2,022 million in 2010, due mainly to the sales volume growth, as well as higher corn and energy costs. Cost of sales as a percentage of net sales increased to 74.5% from 73.1% due to these cost increases, which was not fully reflected in our prices.

SG&A increased by 5% to Ps.858 million compared with Ps.816 million in 2010, due to sales volume growth, higher promotion and advertising, salary increases, and higher freight tariffs in connection with higher fuel costs. As a percentage of net sales, SG&A declined to 27% from 29.5% in 2010 due to a better expense absorption.

Operating loss was Ps.46 million compared with a loss of Ps.73 million in 2010, and operating margin improved to negative 1.5% from negative 2.6%.

OTHER AND ELIMINATIONS

Operating losses were Ps.111 million, Ps.261 million less than in 2010, since the company did not have the donations related to natural disasters in Mexico, and expenses related to the expropriation procedure of its operations in Venezuela recorded during 2010, among others.

REPORT
OF INDEPENDENT AUDITORS

(Amounts in thousands of Mexican pesos)

pwc

Monterrey, N. L., April 9, 2012
To the Stockholders of
Gruma, S. A. B de C. V.

Report on the financial statements

We have audited the accompanying consolidated balance sheets of Gruma, S. A. B. de C. V. and subsidiaries (the "Company"), which comprise the related consolidated statements of income as of December 31, 2011 and 2010, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management´s responsibility for the financial statements

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

Auditor´s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our 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 consists of examining, on a test basis, evidence supporting the figures 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 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 referred to above present fairly, in all material respects, the consolidated financial position of Gruma, S. A. B. de C. V. and subsidiaries as of December 31, 2011 and 2010, and the consolidated results of their operations, changes in their stockholders' equity and cash flows for the years then ended in conformity with IFRS.

Emphasis paragraph

The consolidated financial statements as of December 31, 2011 and 2010, include assets in the amount of Ps.5,839,051 and Ps.3,621,404, respectively, liabilities in the amount of Ps.2,721,870 and Ps.1,931,565, respectively and profit (loss) for the two years in the period ended December 31, 2011 in the amounts of Ps.681,586 and Ps.(169,225), respectively, related to a foreign subsidiary. As mentioned in Note 25, during 2010 an expropriation decree was issued for the above mentioned subsidiary. At the date of this report, and as explained in such Note, management of the Company is still in negotiations and therefore the outcome of this matter is uncertain.

PricewaterhouseCoopers, S. C.

C.P. Miguel Ángel Puente Buentello
Audit Partner

GRI
INDEX

PROFILE DISCLOSURE	DESCRIPTION APPLICATION LEVEL	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization.	Fully	6 to 9	
1.2	Description of key impacts, risks, and opportunities.	Fully	6 to 9	
2. Organizational Profile				
2.1	Name of the organization.	Fully	covers	
2.2	Primary brands, products, and/or services.	Fully	4 to 5	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	4 to 5	
2.4	Location of organization’s headquarters.	Fully	covers	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	4 to 5	
2.6	Nature of ownership and legal form.	Fully	covers	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	4 to 5	
2.8	Scale of the reporting organization.	Fully	3, 14	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	6 to 9	
2.10	Awards received in the reporting period.	Fully	45	
3. Report Parameters				
REPORT PROFILE				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	1	
3.2	Date of most recent previous report (if any).	Fully	1	
3.3	Reporting cycle (annual, biennial, etc.)	Fully	1	
3.4	Contact point for questions regarding the report or its contents.	Fully	1	
REPORT SCOPE AND BOUNDARY				
3.5	Process for defining report content.	Fully	1	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	1	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	1	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	1	

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Fully	1	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	1	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	1	
CONTENTS				
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	62 to 70	
ASSURANCE				
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	72	
4. Governance, Commitments, and Engagement				
GOVERNANCE				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	46	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	46	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	46 to 47	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	http://www.bmv.com.mx/infoanua/infoanua_ 333976_1.pdf	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	http://www.bmv.com.mx/infoanua/infoanua_ 333976_1.pdf	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	http://www.bmv.com.mx/infoanua/infoanua_ 333976_1.pdf	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	http://www.bmv.com.mx/infoanua/infoanua_ 333976_1.pdf	

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	10 to 11	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	http://www.bmv.com.mx/infoanua/infoanua_ 333976_1.pdf	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	http://www.bmv.com.mx/infoanua/infoanua_ 333976_1.pdf	
COMMITMENTS TO EXTERNAL INITIATIVES				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	6 to 9	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	24 a 26, 30 to 43	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	49	
STAKEHOLDER ENGAGEMENT				
4.14	List of stakeholder groups engaged by the organization.	Fully	12	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	13	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	13	
ECONOMIC PERFORMANCE				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	14	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	35	

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
EC4	Significant financial assistance received from government.	Not applicable		GRUMA does not receive government aid
MARKET PRESENCE				
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not		Not material
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	27	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not		Not material
INDIRECT ECONOMIC IMPACTS				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	38 a 39	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	32	
ENVIRONMENTAL INDICATORS				
MATERIALS				
EN1	Materials used by weight or volume.	Not		Not material
EN2	Percentage of materials used that are recycled input materials.	Partial	34	Results from all regions will be reported in 2014
ENERGY				
EN3	Direct energy consumption by primary energy source.	Not		Not material
EN4	Indirect energy consumption by primary source.	Not		Not material
EN5	Energy saved due to conservation and efficiency improvements.	Fully	30	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	30	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not		Not material
WATER				
EN8	Total water withdrawal by source.	Partial	30	Extraction in all regions will be reported in 2014
EN9	Water sources significantly affected by withdrawal of water.	Not		Not material
EN10	Percentage and total volume of water recycled and reused.	Partial	31	Percentage and volume will be reported in 2013

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
BIODIVERSITY				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not		Not material
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not		Not material
EN13	Habitats protected or restored.	Not		Not material
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not		Not material
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable		GRUMA operations are not carried out in protected flora and fauna conservations areas
EMISSIONS, EFFLUENTS AND WASTE				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	30 to 31	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not		Not material
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	30 to 31	
EN19	Emissions of ozone-depleting substances by weight.	Not		Not material
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not		Not material
EN21	Total water discharge by quality and destination.	Fully	31	
EN22	Total weight of waste by type and disposal method.	Partial	34	Information from all regions will be reported in 2014
EN23	Total number and volume of significant spills.	Not applicable		GRUMA's operations do not represent a risk of leaks
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable		GRUMA's operations do not produce hazardous residues
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not		Not material
PRODUCTS AND SERVICES				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not		Not material
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not		Not material

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
COMPLIANCE				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully		No fines or sanction were reported in 2011
TRANSPORT				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not		Not material
OVERALL				
EN30	Total environmental protection expenditures and investments by type.	Not		Not material
SOCIAL: LABOR PRACTICES AND DECENT WORK				
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS				
EMPLOYMENT				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	23	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Not		Not material
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	http://www. gruma. com/ Noticias/ Informe SustGRUMA 2010.pdf	
LABOR/MANAGEMENT RELATIONS				
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	23	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not		Not material
OCCUPATIONAL HEALTH AND SAFETY				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not		Not material
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Not		Not material
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	24 to 25	
LA9	Health and safety topics covered in formal agreements with trade unions.	Not		Not material
TRAINING AND EDUCATION				
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	25 to 26	

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	25	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	26	
DIVERSITY AND EQUAL OPPORTUNITY				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partial	46 to 48	A breakdown by other diversity indicators will be included in 2013
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Not		Not material
LA15	Return to work and retention rates after parental leave, by gender.	Not		Not material
HUMAN RIGHTS PERFORMANCE INDICATORS				
INVESTMENT AND PROCUREMENT PRACTICES				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not		Not material
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Not		Not material
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	25 to 26	
NON-DISCRIMINATION				
HR4	Total number of incidents of discrimination and corrective actions taken.	Not		Not material
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully		At GRUMA the right to free association is respected
CHILD LABOR				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Not applicable		GRUMA does not hire minors
PREVENTION OF FORCED AND COMPULSORY LABOR				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not applicable		GRUMA operates under collective bargaining contracts

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
SECURITY PRACTICES				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not		Not material
INDIGENOUS RIGHTS				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not		Not material
ASSESSMENT				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not		Not material
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Not		Not material
SOCIETY PERFORMANCE INDICATORS				
LOCAL COMMUNITIES				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	36 a 39, 42 a 43	
CORRUPTION				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Not		Not material
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Not		Not material
SO4	Actions taken in response to incidents of corruption.	Not		Not material
PUBLIC POLICY				
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	49	GRUMA participates actively with various sector organizations and associations
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not applicable		GRUMA does not make donations to political parties
ANTI-COMPETITIVE BEHAVIOR				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not		Not material
COMPLIANCE				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully		No fines or sanctions were reported in 2011

PROFILE DISCLOSURE	APPLICATION LEVEL DESCRIPTION	REPORTED	CROSS REFERENCE/ DIRECT ANSWER	EXPLANATION
SO9	Operations with significant potential or actual negative impacts on local communities.	Not		Not material
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not		Not material
SOCIAL: PRODUCT RESPONSIBILITY				
CUSTOMER HEALTH AND SAFETY				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	http://www.gruma.com/Noticias/InformeSustGRUMA2010.pdf	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully		No incidents were reported in 2011
PRODUCT AND SERVICE LABELLING				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully		All GRUMA products present the information required by applicable norms
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully		No breaches of compliance were reported in 2011
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not		Not material
MARKETING COMMUNICATIONS				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not		Not material
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully		No incidents were reported in 2011
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully		No complaints were reported in 2011
COMPLIANCE				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully		No fines were reported in 2011

NIVELES
DE APLICACIÓN

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures — **G3 Profile Disclosures.** OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B.	
G3 Management Approach Disclosures. OUTPUT	Not Required.	Report Externally Assured	Management Approach Disclosures for each Indicator Category.	Report Externally Assured	Management Approach Disclosures for each Indicator Category.	Report Externally Assured
G3 Performance Indicators & Sector Supplement Perfomance Indicators. OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version.

VERIFICATION
LETTER

REPORT ON THE INDEPENDENT REVIEW OF THE 2011 GRUMA SUSTAINABILITY REPORT

REDES SOCIALES

Global Reporting Initiative™ Organizational Stakeholder 2012

Report on the independent review of the 2011 GRUMA Sustainability Report

Scope of our work

The present independent verification consists of a review of the contents and performance indicators presented in the 2011 GRUMA Sustainability Report.

Our review is based on the standards (IASE 3000) and methodology of version 3.1 (GRI G3.1) of the Global Reporting Initiative for the preparation of sustainability reports.

Verification process

The responsibility of Redes Sociales LT, S.A. de C.V. consisted of reviewing the contents of the document. To this end, interviews were conducted with personnel from different areas of the institution, who had participated in the drafting of the report. Various analytical procedures and sample review tests were also carried out, as outlined below:

- Verification of the main indicators contained in the report
- Consistency of the 2011 Report in comparison with 2010, in terms of the indicators reported, the follow-up of programs, the depth of information, and the increase in indicators
- Verification of quantitative and qualitative information, based on a selection of GRI indicators from the 2010, and 2011 reports
- A follow-up on recommendations made in past verifications.

Conclusions

On the basis of our review, we can assert that

- The 2011 GRUMA Sustainability Report has been prepared in accord with the Guide for drawing up Sustainability Reports of the Global Reporting Initiative, version 3.1 (GRI G31).
- There is no indication that the information contained in this report, whether in the case of the indicators reviewed or the account of the institution's sustainability processes and actions, contains errors.

The review process demonstrates that the performance indicators selected for verification are presented and communicated in the present report in a timely manner.

The 2011 GRUMA Sustainability Report was prepared in accord with version 3.1 (G3.1) of the GRI Guide for drawing up Sustainability Reports, with a level of application graded B+.

Recommendations

As a result of our review, we make the following recommendations:

- To show the impact of actions undertaken in the areas corresponding to Human Rights indicators.
- To go into greater depth with regard to Labor Practices and Decent Work indicators.
- To give fuller explanations of Society Performance indicators
- To present more information referring to activities with environmental impact.

Martha Amaya Noguez
Redes Sociales

The external verification of the contents of the Sustainability Report constitutes a review that can in no way be understood as an audit report, since we assume no responsibility for the internal control and management systems and processes by which the information was obtained. The self-declaration of the level of application in accord with version 3.1 (G31) of the GRI Guide is the responsibility of GRUMA.

As part of the OS network of GRI, Redes en Línea LT, S.A. de C.V. can participate in the verification process of sustainability reports of any institution required of it.

CONSOLIDATED
BALANCE SHEETS

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
as of December 31, 2011 and 2010 and as of January 1, 2010

(Expressed in thousands of Mexican pesos) (Notes 1, 2 and 4)

	Note	As of December 31, 2011	As of December 31, 2010	As of January 1, 2010
ASSETS				
Current:				
Cash and cash equivalents	7	Ps. 1,179,651	Ps. 21,317	Ps. 1,880,663
Trading investments		140,255	79,577	127,293
Derivative financial instruments	20	103,413	13,137	55,749
Accounts receivable, net	8	7,127,208	5,017,797	5,670,752
Inventories	9	10,700,831	7,264,234	7,536,588
Recoverable income tax		505,069	642,474	427,805
Prepaid expenses		231,489	306,557	336,970
Total current assets		19,987,916	13,345,093	16,035,820
Non-current:				
Notes and accounts receivable	10	626,874	598,961	543,295
Investment in associates	11	143,700	4,436,401	4,020,339
Property, plant and equipment, net	12	20,515,633	17,930,173	20,043,444
Intangible assets, net	13	2,954,359	2,406,437	2,483,254
Deferred tax assets	14	314,136	210,329	152,292
Total non-current assets		24,554,702	25,582,301	27,242,624
TOTAL ASSETS		**Ps. 44,542,618**	**Ps. 38,927,394**	**Ps. 43,278,444**
LIABILITIES				
Current:				
Short-term debt	15	Ps. 1,633,207	Ps. 2,192,871	Ps. 2,203,392
Trade accounts payable		5,544,105	3,601,829	3,564,372
Derivative financial instruments	20	46,013	4,863	11,935
Provisions	16	401,116	308,801	247,590
Income tax payable		624,378	152,307	231,574
Other liabilities	17	2,732,215	2,894,694	2,368,388
Total current liabilities		10,981,034	9,155,365	8,627,251
Non-current:				
Long-term debt	15	11,472,110	15,852,538	19,572,002
Deferred tax liabilities	14	3,838,316	2,768,015	2,576,819
Employee benefits obligations	18	370,402	350,179	302,083
Provisions	16	114,714	21,353	82,776
Other liabilities		53,258	57,670	37,751
Total non-current liabilities		15,848,800	19,049,755	22,571,431
TOTAL LIABILITIES		**26,829,834**	**28,205,120**	**31,198,682**
EQUITY				
Shareholders' equity:				
Common stock	19	Ps. 6,972,425	Ps. 6,972,425	Ps. 6,972,425
Reserves		(144,236)	(1,350,082)	16,945
Retained earnings	19	6,603,014	1,322,218	908,460
Total shareholders' equity		13,431,203	6,944,561	7,897,830
Non-controlling interest		4,281,581	3,777,713	4,181,932
TOTAL EQUITY		**17,712,784**	**10,722,274**	**12,079,762**
TOTAL LIABILITIES AND EQUITY		**Ps. 44,542,618**	**Ps. 38,927,394**	**Ps.43,278,444**

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

CONSOLIDATED
INCOME STATEMENTS
GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2011 and 2010

(In thousands of Mexican pesos, except per-share data) (Notes 1, 2 and 4)

	Note	2011	2010
Net sales		Ps. 57,644,749	Ps. 46,232,454
Cost of sales		(40,117,952)	(31,563,342)
Gross profit		17,526,797	14,669,112
Selling and administrative expenses		(13,984,486)	(12,100,365)
Other expenses, net	21	(203,850)	(518,732)
Operating income		3,338,461	2,050,015
Interest expense		(1,017,122)	(1,424,152)
Interest income		126,389	33,753
Gain (loss) from derivative financial instruments		207,816	(82,525)
Monetary position gain, net		214,832	165,869
Gain from foreign exchange differences, net		40,885	143,852
Comprehensive financing cost, net		(427,200)	(1,163,203)
Share of profit of associates		3,329	592,235
Gain from the sale of shares of associate	11	4,707,804	-
Income before income tax		7,622,394	1,479,047
Income tax expense:			
Current		(1,004,246)	(578,730)
Deferred tax		(802,326)	(260,831)
	23	(1,806,572)	(839,561)
Consolidated net income		Ps. 5,815,822	Ps. 639,486
Attributable to:			
Shareholders		5,270,762	431,779
Non-controlling interest		545,060	207,707
		Ps. 5,815,822	Ps. 639,486
Basic and diluted earnings per share (pesos)		Ps. 9.35	Ps. 0.77
Weighted average shares outstanding (thousands)		563,651	563,651

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

CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME
GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2011 and 2010

(Expressed in thousands of Mexican pesos) (Notes 1, 2 and 4)

	Note	2011	2010
Consolidated net income		**Ps. 5,815,822**	**Ps. 639,486**
Other comprehensive income, net:			
Foreign currency translation adjustments		1,597,671	(1,818,311)
Actuarial gains and losses	18	14,061	(18,949)
Share of other comprehensive income of associates		(5,014)	(85,623)
Cash flow hedges		4,969	-
Other	14	678	781
		1,612,365	(1,922,102)
Comprehensive income (loss)		**7,428,187**	**(1,282,616)**
Attributable to:			
Shareholders		6,486,642	(953,269)
Non-controlling interest		941,545	(329,347)
		Ps. 7,428,187	**Ps. (1,282,616)**

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

CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2011 and 2010

(In thousands of Mexican pesos, except per-share data) (Notes 1, 2 and 4)

	Common stock (Note 19 A)		Reserves		
	Number of shares (thousands)	Amount	Foreign currency translation adjustment (Note 19-D)	Share of equity of associates	Other reserves
Balances at January 1, 2010	**563,651**	**Ps.6,972,425**	**Ps. -**	**Ps. 19,420**	**Ps. (2,475)**
Transactions with owners of the Company:					
Dividends paid					
	-	-	-	-	-
Comprehensive income:					
Net income of the year					
Foreign currency translation adjustment			(1,282,185)		
Other					781
Actuarial gains and losses					
Share of other comprehensive income of associates				(85,623)	
Comprehensive loss of the year	-	-	(1,282,185)	(85,623)	781
Balances at December 31, 2010	**563,651**	**Ps.6,972,425**	**Ps.(1,282,185)**	**Ps. (66,203)**	**Ps. (1,694)**
Transactions with owners of the Company:					
Dividends paid					
Contribution from non-controlling interest					
	-	-	-	-	-
Comprehensive income:					
Net income of the year					
Foreign currency translation adjustment			1,205,213		
Other					678
Actuarial gains and losses					
Share of other comprehensive income of associates				(5,014)	
Cash flow hedges					4,969
Comprehensive income of the year	-	-	1,205,213	(5,014)	5,647
Balances at December 31, 2011	**563,651**	**Ps.6,972,425**	**Ps. (76,972)**	**Ps. (71,217)**	**Ps. 3,953**

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

Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Ps. 908,460	Ps. 7,897,830	Ps. 4,181,932	Ps. 12,079,762
	-	(74,872)	(74,872)
-	-	(74,872)	(74,872)
431,779	431,779	207,707	639,486
	(1,282,185)	(536,126)	(1,818,311)
	781		781
(18,021)	(18,021)	(928)	(18,949)
	(85,623)		(85,623)
413,758	(953,269)	(329,347)	(1,282,616)
Ps. 1,322,218	Ps. 6,944,561	Ps. 3,777,713	Ps. 10,722,274
	-	(524,303)	(524,303)
	-	86,626	86,626
-	-	(437,677)	(437,677)
5,270,762	5,270,762	545,060	5,815,822
	1,205,213	392,458	1,597,671
	678		678
10,034	10,034	4,027	14,061
	(5,014)		(5,014)
	4,969		4,969
5,280,796	6,486,642	941,545	7,428,187
Ps. 6,603,014	Ps. 13,431,203	Ps. 4,281,581	Ps. 17,712,784

CONSOLIDATED
STATEMENTS OF CASH FLOWS
GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

For the years ended December 31, 2011 and 2010

(Expressed in thousands of Mexican pesos) (Notes 1, 2 and 4)

	2011	2010
Income before taxes	Ps. 7,622,394	Ps. 1,479,047
Restatement effect from companies in inflationary environment	27,771	64,899
Foreign exchange (gain) loss from working capital	(59,187)	434,326
Net cost of the year for employee benefit obligations	35,347	56,148
Items related with investing activities:		
Depreciation and amortization	1,596,643	1,502,534
Impairment of long-lived assets	93,808	-
Written-down fixed assets	52,271	-
Interest income	(86,846)	(7,531)
Foreign exchange loss (gain) from cash	36,797	(9,635)
Share of profit of associates	(3,329)	(592,235)
Gain from the sale of shares of associate	(4,707,804)	-
Loss in sale of fixed assets	20,812	64,659
Items related with financing activities:		
Derivative financial instruments	(207,816)	82,525
Foreign exchange gain from bank borrowings	(23,953)	(561,821)
Interest expense	965,128	1,391,631
	5,362,036	**3,904,547**
Accounts receivable, net	(1,422,010)	(275,595)
Inventories	(3,063,148)	(747,758)
Prepaid expenses	101,106	(126,655)
Trade accounts payable	1,623,802	759,773
Accrued liabilities and other accounts payable	(341,743)	561,910
Income taxes paid	(561,279)	(786,796)
Employee benefits obligations and others, net	52,550	1,712
	(3,610,722)	**(613,409)**
Net cash flows from operating activities	**1,751,314**	**3,291,138**
Investing activities:		
Acquisitions of property, plant and equipment	(1,631,571)	(999,546)
Sale of property, plant and equipment	100,726	139,066
Acquisition of subsidiaries, net of cash acquired	(708,664)	(106,970)
Acquisition of Intangible assets	(22,724)	(3,879)
Sale of shares of associate	9,003,700	-
Interests collected	86,403	7,086
Dividends received from associates	-	90,550
Acquisition of trading investments	(49,837)	(19,423)
Sale of investment securities held until maturity and others	1,096	90,908
Net cash flows from (used in) investing activities	**6,779,129**	**(802,208)**
Cash in excess to be used in financing activities	**8,530,443**	**2,488,930**
Financing activities:		
Proceeds from debt	15,219,575	458,710
Payment of debt	(21,373,729)	(3,257,291)
Interests paid	(991,784)	(1,341,991)
Derivative financial instruments collected (paid)	154,556	(18,987)
Acquisition of subsidiary shares by non-controlling interest	86,626	-
Dividends paid	(524,303)	(74,872)
Net cash flows from financing activities	**(7,429,059)**	**(4,234,431)**
Net increase (decrease) in cash and cash equivalents	**1,101,384**	**(1,745,501)**
Exchange differences and effects from inflation on cash and cash equivalents	**56,950**	**(113,845)**
Cash and cash equivalents at the beginning of the year	**21,317**	**1,880,663**
Cash and cash equivalents at the end of the year	**Ps. 1,179,651**	**Ps. 21,317**

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

1. Entity and Operations

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

Gruma, S.A.B. de C.V. is a publicly held corporation (Sociedad Anónima Bursátil de Capital Variable) organized under the laws of Mexico. The address of its registered office is Rio de la Plata 407 in San Pedro Garza García, Nuevo León, Mexico.

The consolidated financial statements were authorized by the Chief Corporate Officer and the Chief Administrative Officer on March 30, 2012.

2. Basis of Preparation

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries as of December 31, 2011 have been prepared for the first time in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

In accordance with the amendments to the Rules for Public Companies and Other Participants in the Mexican Stock Exchange, issued by the Mexican Banking Securities Exchange Commission (CNBV in Spanish) on January 27, 2009, the Company is required to prepare its financial statements under IFRS starting year 2012.

The Company decided to adopt IFRS in advance, starting January 1, 2011, therefore these are the Company’s first consolidated financial statements prepared in accordance with IFRS as issued by the IASB.

For comparative purposes, the consolidated financial statements as of and for the year ended December 31, 2010 have been prepared in accordance with IFRS, as required by the IFRS 1 – First-Time Adoption of International Financial Reporting Standards.

The Company modified its accounting policies from Mexican Financial Reporting Standards (Mexican FRS) in order to comply with IFRS starting January 1, 2011. The transition from Mexican FRS to IFRS was recognized in accordance with IFRS 1, setting January 1, 2010 as transition date. The reconciliation of the effects in the transition from Mexican FRS to IFRS in equity as of January 1, 2010 and December 31, 2010, in net income and cash flows for the year ended December 31, 2010 are disclosed in Note 28 in these financial statements.

A) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the fair value of certain financial instruments as described in the policies below.

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

B) Functional and presentation currency

The consolidated financial statements are presented in Mexican pesos, which is the functional currency of Gruma, S.A.B. de C.V.

C) Use of estimates and judgments

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

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

- The useful lives and residual values of property, plant and equipment (Note 12) and of intangible assets (Note 13).
- The assumptions used for the determination of fair values of financial instruments (Note 20).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 14 and 23).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 12 and 13).
- The actuarial assumptions used for the determination of employee benefits (Note 18).

3. Business Combinations

A) Albuquerque Tortilla Company

On April 15, 2011, the Company, through its subsidiary Gruma Corporation, acquired the business of manufacturing, distributing and selling of corn and wheat flour tortillas of Albuquerque Tortilla Company, which is located in New Mexico, United States for Ps.102,410 paid in cash (U.S.$8,882 thousand). This acquisition complied with all the rules of a business combination. The purpose for this acquisition is to contribute to the growth and strengthening of the Company's tortilla business in the south-central region of the United States under a strong and recognized brand.

The following table summarizes the consideration paid and the estimated fair value of the net assets acquired:

Inventories	Ps.	1,753
Property, plant and equipment		47,700
Non-compete agreement		8,993
Customer lists		5,189
Trademarks		17,641
Fair value of identifiable assets	Ps.	81,276
Goodwill		21,134
Total consideration paid in cash	**Ps.**	**102,410**

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the south-central region of the United States. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.2,497 and were recognized in the income statement as follows:

Cost of sales	Ps. 416
Selling and administrative expenses	2,081
	Ps. 2,497

No contingent liabilities and contingent consideration arrangements have arisen from this acquisition.

From January 1, 2011 to the acquisition date, this business recorded an estimated revenue of Ps.64,979 and a net loss of approximately Ps.29,475.

As of December 31, 2011, the Company is concluding the process of allocating the purchase price to the fair value of assets acquired, based on the assessments made by independent appraisers. The Company estimates that this process will be completed within a period of twelve months from the acquisition date.

B) Casa De Oro Foods

On August 25, 2011, the Company, through its subsidiary Gruma Corporation, acquired the business of manufacturing, distributing and selling of corn and wheat flour tortillas of Casa de Oro Foods, which is located in Nebraska, United States for Ps.280,615 paid in cash (U.S.$22,722 thousand). This acquisition complied with all the rules of a business combination. The strategic location of Casa de Oro will help improve and increase the Company's coverage in the midwest region of the United States, generating savings in transportation and increasing the production of corn flour tortillas and tortilla chips.

The following table summarizes the consideration paid and the estimated fair value of the net assets acquired:

Accounts receivable	Ps. 40,026
Inventories	16,808
Prepaid expenses	185
Current liabilities	(21,489)
Working capital	Ps. 35,530
Property, plant and equipment	122,351
Wheat futures	1,099
Non-compete agreement	7,163
Customer lists	41,372
Trademarks	4,817
Fair value of identifiable assets	Ps. 212,332
Goodwill	68,283
Total consideration paid in cash	**Ps. 280,615**

The accounts receivable fair value is not significantly different from its contractual value as the receivables are short term with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the midwest region of the United States. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.4,415 and were recognized in the income statement as follows:

Cost of sales	Ps. 1,565
Selling and administrative expenses	2,850
	Ps. 4,415

Previous to the acquisition date, this business recorded an estimated revenue of Ps.193,938 and a net income of approximately Ps.11,747.

As of December 31, 2011, the Company is concluding the process of allocating the purchase price to the fair value of assets acquired, based on the assessments made by independent appraisers. The Company estimates that this process will be completed within a period of twelve months from the acquisition date.

The Company has filed an idemnification claim with the seller for approximately Ps.15,869 (U.S.$1,186 thousand) for failure of the seller to disclose that one of the major customers had notified them that it would discontinue two products. Based upon initial responses from the seller, it is likely that this claim will not be resolved quickly and may result in litigation. Due to the uncertainty of the outcome of this claim, it was not considered in the purchase price allocation. If the claim results in a favorable resolution for the Company, it will be applied as a reduction of the goodwill recognized for this acquisition.

C) Solntse Mexico

On July 13, 2011, the Company, through its subsidiary Gruma International Foods, S.L., acquired all issued and outstanding shares of Solntse Mexico, which is located in Russia for Ps.104,923 (U.S.$8,781 thousand). Solntse Mexico is the leading producer of corn and wheat flour tortillas, corn chips and other products, under the brand Delicados. This company introduced the tortillas and corn chips to the Russian market and currently commands the leading market position in Russia's retail and foodservice segments. This acquisition represents the Company's entry into Russia and other Eastern Europe countries.

The following table summarizes the consideration paid and the estimated fair value of the net assets acquired:

Cash	Ps. 6,268
Accounts receivable	11,389
Prepaid expenses	240
Inventories	15,000
Current liabilities	(7,329)
Working capital	Ps. 25,568
Property, plant and equipment	34,173
Intangible assets	1,358
Long term debt	(22,242)
Deferred tax liabilities	(1,426)
Fair value of identifiable assets	Ps. 37,431
Goodwill	67,492
Purchase price	Ps.104,923
Outstanding payment due to contingent consideration	22,320
Total consideration paid in cash	**Ps. 82,603**

The accounts receivable fair value is not significantly different from its contractual value as the receivables are short term with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the Eastern Europe and Middle West regions. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.16,367 (U.S.$1,313 thousand) and were recognized in the income statement as selling and administrative expenses.

As of December 31, 2011, the Company was finalizing the process of allocating the purchase price to the fair value of assets acquired, based on the assessments made by independent appraisers. The Company estimates that this process will be completed within a period of twelve months from the acquisition date.

For the period from July 1, 2011 to December 31, 2011, this business contributed revenues of Ps.84,002 and a net income of Ps.5,556. If the acquisition had taken place on January 1, 2011, revenues and net income would have increased by approximately Ps.28,034 and Ps.2,711, respectively.

D) SEMOLINA A.S.

On November 16, 2011, the Company, through its subsidiary Gruma International Foods, S.L., acquired all issued and outstanding shares of Semolina A.S., which is located in Turkey for Ps.230,388 (U.S.$17,035 thousand). Semolina is the leading corn miller in Turkey, and specializes in supplying corn grits for the snack and breakfast cereals industries. The acquisition of Semolina represents a significant milestone for the Company's growth strategy in Eastern Europe and the Middle East. The Company's European milling division's priority is to consolidate itself as a market leader in corn milling and related products for the snack, brewing and breakfast cereals industries.

The following table summarizes the consideration paid and the estimated fair value of the net assets acquired:

Cash	Ps.	3,405
Accounts receivable		33,742
Prepaid expenses		1,237
Inventories		580
Current liabilities		(45,310)
Working capital	Ps.	(6,346)
Property, plant and equipment		48,959
Intangible assets		41
Fair value of identifiable assets	Ps.	42,654
Goodwill		187,734
Purchase price	Ps.	230,388
Outstanding payment due to contingent consideration		24,413
Total consideration paid in cash	**Ps.**	**205,975**

The accounts receivable fair value is not significantly different from its contractual value as the receivables are short term with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in the Eastern Europe and Middle East regions. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.11,259 (U.S.$903 thousand) and were recognized in the income statement as selling and administrative expenses.

As of December 31, 2011, the Company is finalizing the process of allocating the purchase price to the fair value of assets acquired, based on the assessments made by independent appraisers. The Company estimates that this process will be completed within a period of twelve months from the acquisition date.

For the period from November 17, 2011 to December 31, 2011, this business contributed revenues of Ps.42,624 and a net loss of Ps.12,798. If the acquisition had taken place on January 1, 2011, revenues would have increased by approximately Ps.296,988 and net loss would have decreased by approximately Ps.12,762.

E) Altera LLC and Altera-II LLC

On March 4, 2010, the Company, through its subsidiary Gruma International Foods, S.L., acquired all issued and outstanding shares of Altera LLC and Altera-II LLC (together known as “Altera”), which are considered as the leading producers of corn grits in Ukrain for a total of Ps.107,484 (U.S.$8,717 thousand). The acquisition of Altera represents a significant milestone for the Company’s growth strategy in Russia and Eastern Europe to consolidate itself as a market leader in corn flour and corn grits for the snack and brewing industries. Altera represents a stable business, with an important customer portfolio in the local market and in Russia. Altera has a strategic logistics position, due to the fact that it is located in a region with substantial corn production.

The following table summarizes the consideration paid and the estimated fair value of the net assets acquired:

Cash	Ps. 514
Accounts receivable	19,630
Prepaid expenses	2,722
Inventories	3,316
Deferred tax assets	7,968
Current liabilities	(11,307)
Working capital	Ps. 22,843
Property, plant and equipment	12,636
Long term debt	(18,475)
Fair value of identifiable assets	Ps. 17,004
Goodwill	90,480
Purchase price	Ps. 107,484
Outstanding payment due to contingent consideration	8,645
Total consideration paid in cash	**Ps. 98,839**

The accounts receivable fair value is not significantly different from its contractual value as the receivables are short term with the full value being collected 30 to 45 days after the acquisition.

The goodwill recorded for this acquisition represents the value of acquiring an on-going business with an assembled and trained workforce, and business growth prospects in Russia and Eastern Europe. None of the goodwill recognized is expected to be deductible for tax purposes.

Acquisition-related costs such as advisory fees, appraisal fees, valuation services and legal fees amounted to Ps.30,965 (U.S.$2,449 thousand) and were recognized in the income statement as selling and administrative expenses.

For the period from April 1, 2010 to December 31, 2010, this business contributed revenues of Ps.187,742 and a net income of Ps.2,244. If the acquisition had taken place on January 1, 2010, revenues would have increased by approximately Ps.80,134 and net income would have decreased by approximately Ps.2,781.

4. Summary of Significant Accounting Policies

A) Basis of consolidation

a. Subsidiaries

The subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements starting the date in which the control begins until the date when that control ceases.

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

At December 31, 2011 and 2010 and at January 1, 2010, the main subsidiaries included in consolidation are:

	% of ownership		
	At December 31, 2011	At December 31, 2010	At January 1, 2010
Gruma Corporation and subsidiaries	100.00	100.00	100.00
Grupo Industrial Maseca, S.A.B. de C.V. and subsidiaries	83.18	83.18	83.18
Molinos Nacionales, C.A.	72.86	72.86	72.86
Derivados de Maíz Seleccionado, C.A.	57.00	57.00	57.00
Molinera de México, S.A. de C.V. and subsidiaries	60.00	60.00	60.00
Gruma International Foods, S.L. and subsidiaries	100.00	100.00	100.00
Productos y Distribuidora Azteca, S.A. de C.V.	100.00	100.00	100.00
Investigación de Tecnología Avanzada, S.A. de C.V. and subsidiaries	100.00	100.00	100.00

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

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

c. Business combinations

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

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

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

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

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

B) Foreign currency

a. Transactions in foreign currency

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

b. Foreign currency translation

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

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

- Assets and liabilities are translated at the closing rate of the period.
- Income and expenses are translated at average exchange rates.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated "Foreign currency translation adjustments".

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of the Company. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in other comprehensive income as a separate component denominated "Foreign currency translation adjustments" while the hedge is effective. See Note 4-L for the accounting of the net investment hedge.

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

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

	As of December 31, 2011	As of December 31, 2010	As of January 1, 2010
Pesos per U.S. dollar	13.95	12.35	13.07
Pesos per Euro	18.0764	16.4959	18.7358
Pesos per Swiss franc	14.87	13.22	12.63
Pesos per Venezuelan bolivar	3.2442	2.8721	6.0791
Pesos per Australian dollar	14.2178	12.6341	11.7565
Pesos per Chinese yuan	2.2161	1.8692	1.9145
Pesos per Pound sterling	21.6797	19.3352	21.1041
Pesos per Malaysian ringgit	4.4035	4.0313	3.8143
Pesos per Costa Rica colon	0.0270	0.0239	0.0231
Pesos per Ukrainian hryvnia	1.7553	1.5550	-
Pesos per Russian ruble	0.4341	-	-
Pesos per Turkish lira	7.3935	-	-

C) Cash and cash equivalents

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

D) Accounts receivable

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

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

E) Inventories

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

F) Investments in associates

Associates are all entities over which the Company has significant influence over, but does not control the financial and operative decisions. It is assumed that significant influence exists when there is a shareholding of between 20% and 50% of the voting rights of the other entity or less than 20% when it is clearly demonstrated that such significant influence exists.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains and losses from transactions held with associates are eliminated from the investment in proportion to the Company's share in the entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

G) Property, plant and equipment

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

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

Costs of borrowings associated to financing of qualifying assets that require a substantial period of time for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

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

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

Property, plant, and equipment are subject to impairment tests when certain events and circumstances indicate that the carrying value of the assets may not be recovered. An impairment loss is recognized for the excess of book value over its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

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

H) Intangible assets

a. Goodwill

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

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

b. Intangible assets with finite lives

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

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

c. Indefinite-lived intangible assets

Indefinite-lived intangible assets are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

d. Research and development

Research costs are expensed when incurred.

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

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

l) Impairment of long-lived assets

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

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

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

J) Long-lived assets held for sale

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

For the sale to be considered highly probable:

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

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

K) Financial instruments

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

a. Financial assets

Classification

In its initial recognition and based on its nature and characteristics, the Company classifies its financial assets in the following categories: (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) financial assets held until maturity, and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired.

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months.

Initially, these assets are carried at fair value plus any transaction costs directly attributable to them; subsequently, these assets are recognized at amortized cost using the effective interest rate method.

iii. Financial assets held until maturity

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

iv. Available-for-sale financial assets

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

b. Debt and financial liabilities

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

c. Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. See Note 4-D for the accounting policy for the impairment of accounts receivable.

L) Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding 12 months.

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

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

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

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

a. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

b. Cash flow hedges

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

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

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

c. Net investment hedge

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

M) Leases

a. Operating leases

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

b. Finance leases

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

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

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

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

N) Employee benefits

a. Post-employment benefits

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

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

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

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past-service costs are amortized on a straight-line basis over the vesting period.

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(K) contributions with matching contributions of the Company in this country. The Company's contributions are recognized in the income statement when incurred.

In Venezuela, the Company determines severance amounts for employment termination in accordance with the local Labor Law and collective agreements, and transfers these amounts to a trust for each worker. Contributions to each trust are recognized in income when incurred.

b. Termination benefits

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

The Company recognizes termination benefits as a liability only when there has been a commitment to a detailed formal plan without possibility of withdrawal. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

c. Short term benefits

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

O) Provisions

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

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

P) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Q) Revenue recognition

Sales are recognized upon shipment to, and acceptance by, the Company's customers or when the risk of ownership has passed to the customers. Revenue comprises the fair value of the consideration received or receivable, net of returns, discounts, and rebates. Provisions for discounts and rebates to customers, returns and other adjustments are recognized in the same period that the related sales are recorded and are based upon either historical estimates or actual terms.

R) Income taxes

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been enacted at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity.

S) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

T) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. Risk and Capital Management

A) Risk management

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The Company uses derivative financial instruments to hedge some of these risks.

Currency risk

The Company operates internationally and thus, is exposed to currency risks, particularly with the U.S. dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

The following table details the exposure of the Company to currency risks at December 31, 2011 and 2010 and at January 1, 2010. The tables show the carrying amount of the Company's financial instruments denominated in foreign currency.

At December 31, 2011:

	Amounts in thousands of Mexican pesos					
	U.S. dollar	Pound sterling	Venezuelan bolivar	Euros	Costa Rica colons and others	Total
Monetary assets:						
Current	Ps. 2,867,933	Ps. 313,652	Ps. 1,085,573	Ps. 172,257	Ps. 935,694	Ps. 5,375,109
Non-current	20,809	1,428	522	33,608	42,170	98,537
Monetary liabilities:						
Current	(4,627,116)	(173,062)	(1,970,433)	(273,115)	(515,808)	(7,559,534)
Non-current	(11,615,016)	(1,074)	(22,356)	(33,253)	(69,899)	(11,741,598)
Net position	Ps.(13,353,390)	Ps. 140,944	Ps. (906,694)	Ps.(100,503)	Ps. 392,157	Ps. (13,827,486)

At December 31, 2010:

	Amounts in thousands of Mexican pesos					
	U.S. dollar	Pound sterling	Venezuelan bolivar	Euros	Costa Rica colons and others	Total
Monetary assets:						
Current	Ps. 1,777,322	Ps. 82,151	Ps. 1,057,283	Ps. 129,748	Ps. 454,600	Ps. 3,501,104
Non-current	24,021	1,270	8,089	2,793	3,642	39,815
Monetary liabilities:						
Current	(4,069,370)	(158,958)	(1,392,016)	(222,625)	(332,376)	(6,175,345)
Non-current	(13,550,278)	(20,049)	(26,713)	(34,963)	(53,075)	(13,685,078)
Net position	Ps.(15,818,305)	Ps. (95,586)	Ps. (353,357)	Ps.(125,047)	Ps. 72,791	Ps. (16,319,504)

At January 1, 2010:

	Amounts in thousands of Mexican pesos					
	U.S. dollar	Pound sterling	Venezuelan bolivar	Euros	Costa Rica colons and others	Total
Monetary assets:						
Current	Ps. 2,061,769	Ps. 38,249	Ps. 1,722,114	Ps. 234,904	Ps. 555,074	Ps. 4,612,110
Non-current	27,536	-	13,822	1,973	15,712	59,043
Monetary liabilities:						
Current	(3,908,767)	(146,826)	(2,261,136)	(145,376)	(364,208)	(6,826,313)
Non-current	(16,898,484)	(745)	(47,316)	(58,442)	(46,246)	(17,051,233)
Net position	Ps. (18,717,946)	Ps. (109,322)	Ps. (572,516)	Ps. 33,059	Ps. 160,332	Ps. (19,206,393)

For the years ended December 31, 2011 and 2010, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

	2011	2010
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments	Ps. (813,101)	Ps. 296,636
Exchange differences arising from foreign currency transactions recognized in the income statement	40,885	143,852
	Ps. (772,216)	**Ps. 440,488**

Net sales are denominated in Mexican pesos, U.S. dollar, and other currencies. During 2011, 34% of sales were generated in Mexican pesos and 38% in U.S. dollars. Additionally, at December 31, 2011, 67% of total assets were denominated in different currencies other than Mexican pesos, mainly in U.S. dollars. An important portion of operations are financed through debt denominated in U.S. dollars. For the years ended December 31, 2011 and 2010, net sales in foreign currency amounted to Ps.37,819,919 and Ps.30,732,369, respectively.

An important currency risk for the debt denominated in U.S. dollar is present in subsidiaries that are not located in the United States, which represented 83% of total debt denominated in U.S. dollars.

During 2011 and 2010, the Company carried out forward transactions with the intention of hedging the currency risk of the Mexican peso with respect to the U.S. dollar, related with the price of corn purchases for domestic and imported harvest. These foreign exchange derivative instruments that did not qualify for hedging accounting were recognized at their fair value (mark to market). At December 31, 2011 and 2010, the open positions of these instruments represented a favorable effect of approximately Ps.88,537 and unfavorable of approximately Ps.4,863, respectively, which was recognized in the income statement.

At December 31, 2011 the Company has foreign exchange derivative instruments for a nominal amount of U.S.$106 million with different maturities, ranging from January to March 2012. The purpose of these instruments is to hedge the risks related from foreign exchange differences in the price of corn, which is denominated in U.S. dollars.

The effect of foreign exchange differences recognized in the income statements for the years ended December 31, 2011 and 2010, related with the assets and liabilities denominated in foreign currency, totaled a gain of Ps.40,885 and Ps.143,852, respectively. Considering the exposure at December 31, 2011 and 2010, and assuming an increase or decrease of 10% in the exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be of Ps.128,673 and Ps.605,597, respectively.

Interest rate risk

The variations in interest rates could affect the interest income or expense of financial liabilities bearing variable interest rates, and could also modify the fair value of financial liabilities bearing fixed interest rates.

For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly, LIBOR, and to a lesser extent, TIIE and Venezuela's weighted average rate) that are used to determine the interest rates applicable to the borrowings. The Company has Ps.4,281 million in fixed rate debt and Ps.8,824 million in variable rate debt at December 31, 2011.

The following table shows, at December 31, 2011 and 2010, the Company's debt at fixed and variable rates:

	Amounts in thousands of Mexican pesos			
		2011		2010
Debt at fixed interest rate	Ps.	4,280,821	Ps.	3,994,945
Debt at variable interest rate		8,824,496		14,050,464
Total	**Ps.**	**13,105,317**	**Ps.**	**18,045,409**

From time to time, the Company uses derivative financial instruments such as interest rate swaps for purposes of hedging a portion of its debt, in order to reduce the Company's exposure to increases in interest rates.

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2011 will have an effect on the results of the Company of Ps.88,246, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

Commodity price risk and derivatives

The availability and price of corn, wheat and other agricultural commodities and fuels are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand/supply and global production of similar and competitive crops. The Company hedges a portion of its production requirements through commodity futures and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, diesel and soy oils which exist as part of ongoing business operations. The open positions for hedges of purchases do not exceed the maximum production requirements for a period no longer than 18 months.

During 2011, the Company entered into short-term hedge transactions through commodity futures and options to hedge a portion of its requirements. All derivative financial instruments are recorded at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income in equity, depending on whether the derivative qualifies for hedge accounting and is effective as part of a hedge transaction. Ineffectiveness results when the change in the fair value of the hedge instruments differs from the change in the fair value of the position.

For hedge transactions that qualify and are effective, gains and losses are deferred until the underlying asset or liability is settled, and then are recognized as part of that transaction.

Gains and losses which represent hedge ineffectiveness and derivative transactions that do not qualify for hedge accounting are recognized in the income statement.

At December 31, 2011, financial instruments that qualify as hedge accounting represented a favorable effect of Ps.14,876, which was recognized as comprehensive income in equity.

From time to time the Company hedges commodity price risks utilizing futures and options strategies that do not qualify for hedge accounting. As a result of non-qualification, these derivative financial instruments are recognized at their fair values and the associated effect is recorded in current period earnings. For the years ended December 31, 2011 and 2010, the Company recognized an unfavorable effect of Ps.40,207 and Ps.13,228, respectively, from non-settled financial instruments that did not qualify as hedge accounting. Additionally, as of December 31, 2011 and 2010, the Company realized Ps.52,626 and Ps.42,970, respectively, in net losses on commodity price risk hedges that did not qualify for hedge accounting.

During 2010, the Company entered into hedge contracts for corn purchases, which were designated as fair value hedges. Therefore, the derivative financial instruments, as well as the assets and liabilities being hedged, are recognized at fair value at the trade date. Changes in the fair value of the derivative financial instruments and the assets and liabilities being hedged are recognized in income of the year. All contracts were settled in November 2010. As a result of the valuation at fair value, as of December 31, 2010, the balance of Inventories included Ps.162,254 for these contracts.

Based on the Company's overall commodity exposure at December 31, 2011, a hypothetical 10 percent decline in market prices applied to the fair value of these instruments would result in an effect to the income statement of Ps.40,431 (for non-qualifying contracts).

In Mexico, to support the commercialization of corn for Mexican corn growers, Mexico's Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, or SAGARPA), through the Agricultural Incentives and Services Agency (Apoyos y Servicios a la Comercialización Agropecuaria, or ASERCA), a government agency founded in 1991, implemented a program designed to promote corn sales in Mexico. The program includes the following objectives:

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

To the extent that this or other similar programs are canceled by the Mexican government, we may be required to incur additional costs in purchasing corn for our operations, and therefore we may need to increase the prices of our products to reflect such additional costs.

Credit risk

The Company's regular operations expose it to potential defaults when customers, suppliers and counterparties are unable to comply with their financial or other commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its cash management activities and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Venezuela, Europe, Asia and Oceania. However, the

Company still maintains reserves for potential credit losses. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since a portion of the clients do not have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, taking into account its financial position, past experiences, and other factors. Credit limits are established according to policies set by the Company, which also includes controls that ensure its compliance.

During 2011 and 2010, credit limits were complied with and, consequently, management does not expect any important losses from trade accounts receivable.

At December 31, 2011, the Company has certain accounts receivable that are neither past due or impaired. The credit quality of such receivables does not present indications of impairment, since the sales are performed to a large variety of clients that include supermarkets, government institutions, commercial businesses and tortilla sellers. At December 31, 2011, none of these accounts receivable presented non-performance by these counterparties.

The Company has centralized its treasury operations in Mexico and in the United States for its operations in that country. Liquid assets are invested primarily in government bonds and short term debt instruments with a minimum grade of "A1/P1" in the case of operations in the United States and "A" for operations in Mexico. The Company faces credit risk from potential defaults of their counterparts with respect to financial instruments they use. Substantially all of these financial instruments are not guaranteed. The Company does not anticipate a default of its counterparts, which are mainly, authorized commercial banks scoring high long-term solvency. Additionally, it minimizes the risk of default by the counterparts contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the International Swaps and Derivatives Association, Inc. ("ISDA") and operations standard confirmation formats. For operations in Central America and Venezuela, only invests cash reserves with leading local banks and local branches of international banks. Additionally, they maintain small investments abroad.

Investment risk in Venezuela

The Company's operations in Venezuela represented approximately 16% of consolidated net sales and 14% of total consolidated assets as of December 31, 2011. The recent political and civil instability that has prevailed in Venezuela represents a risk to the business that cannot be controlled and that cannot be accurately measured or estimated.

Also, in recent years the Venezuelan authorities have imposed foreign exchange controls and price controls on certain products such as corn flour and wheat flour. The price controls may limit the Company's ability to increase prices in order to compensate for the higher cost of raw materials. The foreign exchange controls may limit the Company's capacity to convert bolivars to other currencies and also transfer funds outside Venezuela.

Various fixed exchange rates have been established by the Venezuelan Government since 2003. Effective January 1, 2010, the Venezuelan Government established an exchange rate of 4.30 bolivars per U.S. dollar.

The Company does not have insurance for the risk of expropriation of its investments. See Note 25 for additional information about the expropriation proceedings of MONACA assets and the measures taken by the People´s Defense Institute for the Access of Goods and Services of Venezuela (Instituto para la Defensa de las Personas en el Acceso a los Bienes y Servicios de Venezuel, or INDEPABIS) in Demaseca.

Given the Company's operations in Venezuela, the financial position and results of the Company may be negatively affected by a number of factors, including:

a. Decrease in consolidated income due to a possible devaluation of Venezuelan bolivar against the U.S. dollar;
b. Subsidiaries in Venezuela manufacture products subject to price controls;
c. The enactment of the Just Costs and Prices Law (Ley de Costos y Precios Justos) on July 18, 2011, that controls the prices of products affecting the Company's sales;
d. It may be difficult for subsidiaries in Venezuela to pay dividends, as well as to import some of their requirements of raw materials as a result of the foreign exchange control;
e. The costs of some raw materials used by the Venezuelan subsidiaries may increase due to import tariffs, and
f. Inability to obtain a just and reasonable compensation for MONACA's assets subject to expropriation and if obtained, whether such compensation could be collected.

Liquidity risk

The Company funds its liquidity and capital resource requirements, in the ordinary course of business, through a variety of sources, including:
- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- offerings of medium- and long-term debt; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, products, each of which could limit the amount of cash generated from operations, and a lowering of the corporate credit rating or any other credit downgrade, which could further impair the liquidity and increase costs with respect to new debt and cause stock price to suffer. The Company's liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates.

The following table shows the remaining contractual maturities of financial liabilities of the Company:

	Less than a year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Short and long-term debt	Ps. 1,621,446	Ps. 380,334	Ps. 5,618,137	Ps. 5,715,000	Ps. 13,334,917
Interest payable from short and long-term debt	652,883	1,142,966	1,061,734	791,437	3,649,020
Operating leases	624,026	810,297	480,002	801,660	2,715,985
Financing leases	11,762	21,521	-	-	33,283
Trade accounts and other payables	9,301,814	-	-	-	9,301,814
Derivative financial instruments	46,013	-	-	-	46,013
	Ps. 12,257,944	**Ps.2,355,118**	**Ps. 7,159,873**	**Ps. 7,308,097**	**Ps. 29,081,032**

The Company expects to meet its obligations with cash flows generated by operations. Additionally, the Company has access to credit lines with various banks to address potential cash needs.

B) Capital management

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to safeguard the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders and benefits to stakeholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 15.

6. Segment Information

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.

The Company's reportable segments are as follows:

- Corn flour and packaged tortilla division (United States and Europe):
  Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.

- Corn flour division (Mexico):
  Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.

- Corn flour, wheat flour and other products division (Venezuela):
  Engaged mainly in producing and distributing grains used principally for industrial and human consumption. The main brands are JUANA, TIA BERTA and DECASA for corn flour; ROBIN HOOD and POLAR for wheat flour; MONICA for rice and LASSIE for oats.

- Other segments:
  This section represents those segments whose amount on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:

  a) Corn flour and other products (Central America).
  b) Wheat flour (México).
  c) Packaged tortillas (México).
  d) Wheat flour tortillas and snacks (Asia and Oceania).
  e) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Notes 2 and 4.

Segment information as of and for the year ended December 31, 2011:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products (Venezuela)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers	Ps. 23,900,928	Ps.14,799,007	Ps. 9,156,603	Ps.9,643,075	Ps. 145,136	Ps.57,644,749
Intersegment net sales	196,857	586,733	-	1,128,926	(1,912,516)	-
Operating income (loss)	946,806	1,770,725	674,068	(183,752)	130,614	3,338,461
Depreciation and amortization	1,004,467	356,171	135,335	323,051	(76,302)	1,742,722
Total assets	16,860,083	11,618,882	6,430,234	10,460,321	(826,902)	44,542,618
Investment in associates	-	-	-	143,700	-	143,700
Total liabilities	7,074,787	3,451,518	3,021,882	3,919,903	9,361,744	26,829,834
Expenditures for fixed assets	858,475	238,958	43,058	404,051	133,762	1,678,304

Segment information as of and for the year ended December 31, 2010:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products (Venezuela)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers	Ps. 21,444,929	Ps. 11,434,119	Ps. 5,381,849	Ps.7,947,115	Ps. 24,442	Ps.46,232,454
Intersegment net sales	66,997	418,647	-	981,806	(1,467,450)	-
Operating income (loss)	1,303,038	1,146,697	(26,200)	(70,558)	(302,962)	2,050,015
Depreciation and amortization	880,457	365,179	112,399	245,252	(100,753)	1,502,534
Total assets	13,757,697	10,276,449	3,983,891	8,627,963	2,281,394	38,927,394
Investment in associates	-	-	-	140,505	4,295,896	4,436,401
Total liabilities	6,165,517	2,680,233	2,095,555	4,189,938	13,073,877	28,205,120
Expenditures for fixed assets	522,741	174,680	84,752	205,917	20,101	1,008,191

Segment information as of January 1, 2010:

	Corn flour and packaged tortilla division (United States and Europe)	Corn flour division (Mexico)	Corn flour, wheat flour and other products (Venezuela)	Other segments	Eliminations and corporate expenses	Total
Total assets	Ps. 15,168,451	Ps. 9,878,418	Ps. 6,777,968	Ps.8,606,853	Ps. 2,846,754	Ps.43,278,444
Investment in associates	-	-	-	139,139	3,881,200	4,020,339
Total liabilities	7,109,967	2,703,780	3,211,329	4,346,606	13,827,000	31,198,682

A summary of information by geographic segment for the years ended December 31, 2011 and 2010 is presented below:

	2011	%	2010	%
Net sales:				
United States and Europe	Ps. 23,900,928	41	Ps. 21,444,929	46
Mexico	19,870,195	34	15,539,076	34
Venezuela	9,156,603	16	5,381,849	12
Central America	3,180,155	6	2,765,134	6
Asia and Oceania	1,536,868	3	1,101,466	2
	Ps. 57,644,749	**100**	**Ps. 46,232,454**	**100**
Capital expenditures:				
United States and Europe	Ps. 858,475	51	Ps. 522,741	52
Mexico	470,977	28	329,863	33
Venezuela	43,058	3	84,752	8
Central America	88,508	5	43,477	4
Asia and Oceania	217,286	13	27,358	3
	Ps. 1,678,304	**100**	**Ps. 1,008,191**	**100**

A summary of information by geographic segment at December 31, 2011 and 2010 and at January 1, 2010 is presented below:

	2011	%	2010	%	January 1, 2010	%
Identifiable assets						
United States and Europe	Ps. 16,860,083	38	Ps. 13,757,697	35	Ps. 15,168,451	35
Mexico	15,052,360	34	16,480,632	43	16,664,251	38
Venezuela	6,430,234	14	3,983,891	10	6,777,968	16
Central America	2,408,555	5	1,928,120	5	2,168,294	5
Asia and Oceania	3,791,386	9	2,777,054	7	2,499,480	6
	Ps. 44,542,618	**100**	**Ps. 38,927,394**	**100**	**Ps. 43,278,444**	**100**

7. Cash and Cash Equivalents

Cash and cash equivalents include:

	At December 31, 2011		At December 31, 2010		At January 1, 2010	
Cash at bank	Ps.	1,161,899	Ps.	2,524	Ps.	791,745
Short-term investments (less than 3 months)		17,752		18,793		1,088,918
	Ps.	**1,179,651**	**Ps.**	**21,317**	**Ps.**	**1,880,663**

8. Accounts Receivable

Accounts receivable comprised the following:

	At December 31, 2011		At December 31, 2010		At January 1, 2010	
Trade accounts and notes receivable	Ps.	6,434,327	Ps.	4,350,763	Ps.	4,707,528
Related parties		-		238,289		500,669
Employees		31,628		17,567		26,752
Recoverable value-added tax		368,239		260,308		216,737
ASERCA receivables (Note 5)		321,958		61,097		30,518
Other debtors		287,168		380,152		440,484
Allowance for doubtful accounts		(316,112)		(290,379)		(251,936)
	Ps.	**7,127,208**	**Ps.**	**5,017,797**	**Ps.**	**5,670,752**

The age analysis of accounts receivable is as follows:

					Past due balances					
		Total		Not past due date balances		1 to 120 days		121 to 240 days		More than 240 days
Accounts receivable	Ps.	7,443,320	Ps.	4,635,346	Ps.	2,174,062	Ps.	255,623	Ps.	378,289
Allowance for doubtful accounts		(316,112)		-		(31,130)		(48,289)		(236,693)
Total at December 31, 2011	**Ps.**	**7,127,208**	**Ps.**	**4,635,346**	**Ps.**	**2,142,932**	**Ps.**	**207,334**	**Ps.**	**141,596**

					Past due balances					
		Total		Not past due date balances		1 to 120 days		121 to 240 days		More than 240 days
Accounts receivable	Ps.	5,308,176	Ps.	3,166,147	Ps.	1,571,514	Ps.	116,407	Ps.	454,108
Allowance for doubtful accounts		(290,379)		-		(30,583)		(36,765)		(223,031)
Total at December 31, 2010	**Ps.**	**5,017,797**	**Ps.**	**3,166,147**	**Ps.**	**1,540,931**	**Ps.**	**79,642**	**Ps.**	**231,077**

		Total		Not past due date balances	Past due balances					
						1 to 120 days		121 to 240 days		More than 240 days
Accounts receivable	Ps.	5,922,688	Ps.	3,351,286	Ps.	1,599,902	Ps.	339,089	Ps.	632,411
Allowance for doubtful accounts		(251,936)		-		(27,062)		(49,637)		(175,237)
Total at January 1, 2010	**Ps.**	**5,670,752**	**Ps.**	**3,351,286**	**Ps.**	**1,572,840**	**Ps.**	**289,452**	**Ps.**	**457,174**

For the years ended December 31, 2011 and 2010, the movements on the allowance for doubtful accounts are as follows:

		2011		2010
Beginning balance	Ps.	(290,379)	Ps.	(251,936)
Allowance for doubtful accounts		(130,885)		(73,976)
Receivables written off during the year		117,254		26,232
Exchange differences		(12,102)		9,301
Ending balance	**Ps.**	**(316,112)**	**Ps.**	**(290,379)**

9. Inventories

Inventories consisted of the following:

		At December 31, 2011		At December 31, 2010		At January 1, 2010
Raw materials, mainly corn and wheat	Ps.	8,633,094	Ps.	5,641,754	Ps.	5,815,253
Finished products		917,014		724,516		845,178
Materials and spare parts		639,307		389,352		433,148
Production in process		149,714		160,239		217,841
Advances to suppliers		194,297		256,829		153,383
Inventory in transit		167,405		91,544		71,785
	Ps.	**10,700,831**	**Ps.**	**7,264,234**	**Ps.**	**7,536,588**

For the years ended December 31, 2011 and 2010, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to Ps.34,374,608 and Ps.26,697,273, respectively.

For the years ended December 31, 2011 and 2010, the Company recognized Ps.76,086 and Ps.62,964, respectively, for inventory that was damaged, slow-moving and obsolete.

10. Long-term Notes and Accounts Receivables

Long-term notes and accounts receivable are as follows:

	At December 31, 2011		At December 31, 2010		At January 1, 2010	
Long-term recoverable asset tax	Ps.	209,940	Ps.	119,996	Ps.	119,996
Long-term notes receivable for sale of tortilla machines		189,044		175,653		8,768
Prepaid rent deposits		111,396		124,127		-
Guarantee deposits		38,827		118,842		119,217
Long-term recoverable value-added tax		35,019		-		-
Others		42,648		60,343		295,314
	Ps.	**626,874**	**Ps.**	**598,961**	**Ps.**	**543,295**

At December 31, 2011, long-term notes receivable are denominated in pesos, maturing from 2013 to 2016 and bearing and average interest rate of 16.5%.

11. Investment in Associates

At December 31, 2011 investment in common stock of associated companies consists of an investment in Harinera de Monterrey, S.A. de C.V., which produces wheat flour and related products in Mexico.

During January 2011, the Company decided to sell its 8.7966% interest in the capital stock of Grupo Financiero Banorte, S.A.B. de C.V. (GFNorte). On February 15, 2011, the sale of 177,546,496 shares of the capital stock of GFNorte was concluded, resulting in cash proceeds of Ps.9,232,418 before fees and expenses. The accounting result was a profit before taxes of approximately Ps.4,707,804 net of fees and expenses. The sale was authorized by the Mexican Banking Securities and Exchange Commission (CNBV) and was carried out through a secondary public offering in Mexico and a private offering in the United States and other foreign markets, for a simultaneous global offering.

Until the date of GFNorte's sale, the Company had significant influence over this associate due to its representation on the Board of Directors and the equity interest of the Company's principal shareholder in GFNorte.

Investment in associates is comprised of the following:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
GFNorte	Ps. -	Ps. 4,295,896	Ps. 3,881,200
Harinera de Monterrey, S.A. de C.V.	143,700	140,505	139,139
	Ps. 143,700	**Ps. 4,436,401**	**Ps. 4,020,339**

The percentage of interest held in associates is:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
GFNorte	-	8.7966%	8.7966%
Harinera de Monterrey, S.A. de C.V.	40%	40%	40%

During 2010, the Company received dividends from GFNorte for a total of Ps.90,549. As of December 31, 2010, the market value of the investment in common stock of GFNorte, which is publicly traded in the Mexican Stock Exchange, amounted to Ps.10,450,387.

In accordance with accounting rules set by the Comisión Nacional Bancaria y de Valores, at December 31, 2010 GFNorte presented total assets of Ps.590,558 million and total liabilities of Ps.540,331 million; and for the year ended December 31, 2010 GFNorte presented total revenue of Ps.41,479 million and net income of Ps.6,705 million.

As of December 31, 2010 and as of January 1, 2010, the market value of the investment in common stock of GFNorte amounted to Ps.10,450,387 and Ps.8,493,824, respectively, based in market quotations.

12. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2011 and 2010 were as follows:

	Land and buildings	Machinery and equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2010					
Deemed cost	Ps.8,443,983	Ps.26,446,725	Ps.999,649	Ps.400,610	Ps.36,290,967
Accumulated depreciation	(2,410,623)	(13,417,420)	(419,480)	-	(16,247,523)
Net book value	**6,033,360**	**13,029,305**	**580,169**	**400,610**	**20,043,444**
For the year ended December 31, 2010					
Opening net book value	**6,033,360**	**13,029,305**	**580,169**	**400,610**	**20,043,444**
Exchange differences	(413,909)	(812,890)	(29,413)	(209,409)	(1,465,621)
Additions	73,770	364,080	10,536	559,805	1,008,191
Disposals	(4,802)	(167,519)	(4,038)	(27,366)	(203,725)
Depreciation charge	(177,095)	(1,163,277)	(63,977)	(8,535)	(1,412,884)
Transfers and reclasifications[(1)]	(46,033)	212,196	17,029	(235,060)	(51,868)
Acquisition through business combinations	5,510	7,038	-	88	12,636
Closing net book value	**5,470,801**	**11,468,933**	**510,306**	**480,133**	**17,930,173**
At December 31, 2010					
Cost	7,876,090	24,962,403	943,548	480,133	34,262,174
Accumulated depreciation	(2,405,289)	(13,493,470)	(433,242)	-	(16,332,001)
Net book value	**Ps.5,470,801**	**Ps.11,468,933**	**Ps.510,306**	**Ps.480,133**	**Ps.17,930,173**
For the year ended December 31, 2011					
Opening net book value	**5,470,801**	**11,468,933**	**510,306**	**480,133**	**17,930,173**
Exchange differences	610,538	1,486,807	74,047	93,434	2,264,826
Additions	148,380	636,835	12,730	880,359	1,678,304
Disposals	(8,607)	(142,496)	(175)	(22,531)	(173,809)
Depreciation charge	(198,856)	(1,217,848)	(71,244)	-	(1,487,948)
Transfers and reclasifications[(1)]	63,064	662,119	48,011	(721,643)	51,551
Acquisition through business combinations	82,928	169,663	-	592	253,183
Impairment	(647)	-	-	-	(647)
Closing net book value	**6,167,601**	**13,064,013**	**573,675**	**710,344**	**20,515,633**
At December 31, 2011					
Cost	8,914,511	28,427,554	1,043,612	710,344	39,096,021
Accumulated depreciation	(2,746,910)	(15,363,541)	(469,937)	-	(18,580,388)
Net book value	**Ps.6,167,601**	**Ps.13,064,013**	**Ps.573,675**	**Ps. 710,344**	**Ps.20,515,633**

[(1)] Transfers and reclassifications mainly correspond to capitalizations of construction in progress.

For the years ended December 31, 2011 and 2010, depreciation expense was recognized as follows:

	2011	2010
Cost of sales	Ps. 1,195,318	Ps. 1,146,514
Selling and administrative expenses	292,630	266,370
	Ps. 1,487,948	**Ps. 1,412,884**

At December 31, 2011 and 2010 and at January 1, 2010, property, plant and equipment included idle assets with a carrying value of approximately Ps.1,072,382, Ps.1,051,698 and Ps.1,725,797, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico, the United states and Venezuela, mainly in the corn flour division in Mexico and packaged tortilla division in the United States.

The Company recognized equipment under finance lease arrangements that are described in Note 24-B.

13. Intangible Assets

Changes in intangible assets for the years ended December 31, 2011 and 2010 are as follows:

	Goodwill	Covenants not to compete	Patents and trade-marks	Customer lists	Software for internal use	Intangible assets internally generated	Total
At January 1, 2010							
Cost	Ps. 2,169,473	Ps. 461,126	Ps.107,951	Ps.100,422	Ps. 735,949	Ps. 105,755	Ps.3,680,676
Accumulated amortization	-	(306,524)	(61,908)	(48,414)	(687,847)	(92,729)	(1,197,422)
Net book value	**2,169,473**	**154,602**	**46,043**	**52,008**	**48,102**	**13,026**	**2,483,254**
For the year ended December 31, 2010							
Opening net book value	**2,169,473**	**154,602**	**46,043**	**52,008**	**48,102**	**13,026**	**2,483,254**
Currency translation	(111,254)	-	(80)	(3,081)	(11,357)	11,230	(114,542)
Additions	-	-	3,459	-	-	420	3,879
Disposals	-	-	(4)	-	(8)	(2,242)	(2,254)
Amortization expense	-	(22,631)	(8,158)	(4,345)	(7,429)	(11,817)	(54,380)
Additions through business combinations	90,480	-	-	-	-	-	90,480
Closing net book value	**2,148,699**	**131,971**	**41,260**	**44,582**	**29,308**	**10,617**	**2,406,437**
At December 31, 2010							
Cost	2,148,699	461,126	107,471	93,719	563,328	67,606	3,441,949
Accumulated amortization	-	(329,155)	(66,211)	(49,137)	(534,020)	(56,989)	(1,035,512)
Net book value	**Ps.2,148,699**	**Ps. 131,971**	**Ps. 41,260**	**Ps. 44,582**	**Ps. 29,308**	**Ps. 10,617**	**Ps.2,406,437**
For the year ended December 31, 2011							
Opening net book value	**2,148,699**	**131,971**	**41,260**	**44,582**	**29,308**	**10,617**	**2,406,437**
Exchange differences	214,138	2,587	8,710	12,652	6,829	13,457	258,373
Additions	-	-	18	-	3,841	18,865	22,724
Disposals	-	-	-	-	73	(14,607)	(14,534)
Amortization expense	-	(24,905)	(8,738)	(8,719)	(6,715)	(7,889)	(56,966)
Additions through business combinations	344,643	16,156	22,458	46,562	292	1,107	431,218
Impairment	(92,893)	-	-	-	-	-	(92,893)
Closing net book value	**2,614,587**	**125,809**	**63,708**	**95,077**	**33,628**	**21,550**	**2,954,359**
At December 31, 2011							
Cost	2,614,587	480,098	147,577	158,516	640,799	77,166	4,118,743
Accumulated amortization	-	(354,289)	(83,869)	(63,439)	(607,171)	(55,616)	(1,164,384)
Net book value	**Ps. 2,614,587**	**Ps. 125,809**	**Ps. 63,708**	**Ps. 95,077**	**Ps. 33,628**	**Ps. 21,550**	**Ps. 2,954,359**

At December 31, 2011 and 2010, the Company does not have indefinite-lived intangible assets.

For the years ended December 31, 2011 and 2010, amortization expense of intangible assets amounted to Ps.56,966 and Ps.54,380, respectively, which were recognized in the income statement as selling and administrative expenses.

Research and development costs of Ps.91,011 and Ps.76,604 were recognized in the income statement for the years ended December 31, 2011 and 2010, respectively.

Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

Cash-generating Unit	At December 31, 2011	At December 31, 2010	At January 1, 2010
Mission Foods Division	Ps. 856,474	Ps. 667,283	Ps. 725,869
Gruma Seaham Ltd.	339,222	360,257	409,171
Gruma Corporation	212,765	212,765	212,765
Rositas Investment PTY, LTD.	209,709	186,354	173,403
Gruma Holding Netherlands B.V.	120,877	141,099	149,325
Agroindustrias Integradas del Norte, S.A. de C.V.	115,099	115,099	115,099
Altera LLC	99,149	90,480	-
Grupo Industrial Maseca, S.A.B. de C.V.	98,622	98,622	98,622
NDF Azteca Milling Europe SRL	93,614	78,163	82,720
Azteca Milling, L.P	75,986	67,270	71,192
Gruma Centroamérica	51,207	51,207	51,207
Molinos Azteca de Chiapas, S.A. de C.V.	28,158	28,158	28,158
Harinera de Yucatán, S.A. de C.V.	18,886	18,886	18,886
Harinera de Maíz de Mexicali, S.A. de C.V.	17,424	17,424	17,424
Molinos Azteca, S.A. de C.V.	8,926	8,926	8,926
Harinera de Maíz de Jalisco, S.A. de C.V.	6,706	6,706	6,706
Goodwill not yet allocated	261,763	-	-
	Ps. 2,614,587	**Ps. 2,148,699**	**Ps. 2,169,473**

With respect to the determination of the CGU's value in use, the Company's management considered that a possible reasonable change in key assumptions used, will not cause that the CGU's carrying value to materially exceed their value in use.

At December 31, 2011, goodwill acquired in Semolina A.S. and Solntse Mexico for a total of Ps.261,763 had not been allocated to a CGU since the initial accounting for these businesses had not been completed.

For the year ended December 31, 2011, the Company recognized impairment losses on goodwill by Ps.92,893 within "Other expenses" for Gruma Holding Netherlands B.V. and Gruma Seaham Ltd, which are part of the segment "Corn flour and packaged tortilla division (United States and Europe)". This impairment loss reflected a decrease in the recoverable value of these CGU due to its continued operating losses.

14. Deferred Tax Assets and Liabilities

A) Components of deferred tax

The principal components of deferred tax assets and liabilities are summarized as follows:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Dererred tax assets:			
Dererred tax assets to be recovered after more than 12 months	Ps. (460,365)	Ps. (1,742,919)	Ps. (1,736,858)
Dererred tax assets to be recovered within 12 months	(698,798)	(572,660)	(514,890)
	(1,159,163)	(2,315,579)	(2,251,748)
Dererred tax liabilities:			
Dererred tax liabilitiy to be recovered after more than 12 months	4,615,240	4,744,465	4,505,879
Dererred tax liabilitiy to be recovered within 12 months	68,103	128,800	170,396
	4,683,343	4,873,265	4,676,275
Dererred tax liabilities, net	Ps. 3,524,180	Ps. 2,557,686	Ps. 2,424,527

	(Asset) Liability		
	At December 31, 2011	At December 31, 2010	At January 1, 2010
Net operating loss carryforwards and other tax credits	Ps. (326,954)	Ps. (1,644,733)	Ps. (1,650,267)
Customer advances	(163)	(154)	(189)
Allowance for doubtful accounts	(14,791)	(15,360)	(12,279)
Accrued liabilities	(672,821)	(541,729)	(482,869)
Recoverable asset tax	(11,023)	(15,417)	(19,553)
Other	(133,411)	(98,186)	(86,591)
Deferred tax asset	(1,159,163)	(2,315,579)	(2,251,748)
Property, plant and equipment, net	2,060,121	1,959,515	2,026,879
Prepaid expenses	4,999	39,895	53,748
Inventories	63,104	88,905	116,648
Intangible assets and others	277,414	194,118	174,620
Investment in associates	494,137	1,054,891	1,020,318
Tax consolidation effect	1,696,886	1,534,650	1,121,038
Other	86,682	1,291	163,024
Deferred tax liability	4,683,343	4,873,265	4,676,275
Net deferred tax liability	**Ps. 3,524,180**	**Ps. 2,557,686**	**Ps. 2,424,527**

At December 31, 2011, the Company did not recognized a deferred income tax asset of Ps.3,199,289 for tax loss carryforwards, since sufficient evidence was not available to determine that these tax loss carryforwards will be realizable during their amortization period. These tax losses expire in the year 2021.

The changes in the temporary differences during the year are as follows:

	Balance at January 1, 2011	Recognized in income	Recognized in other comprehensive income	Foreign currency translation and others	Balance at December 31, 2011
Net operating loss carryforwards and other tax credits	Ps.(1,644,733)	Ps. 1,342,088	Ps. 53	Ps. (24,362)	Ps. (326,954)
Customer advances	(154)	(125)	-	116	(163)
Allowance for doubtful accounts	(15,360)	1,260	(1)	(690)	(14,791)
Accrued liabilities	(541,729)	(59,614)	(11,724)	(59,754)	(672,821)
Recoverable asset tax	(15,417)	4,394	-	-	(11,023)
Other	(98,186)	(30,973)	-	(4,252)	(133,411)
Deferred tax asset	(2,315,579)	1,257,030	(11,672)	(88,942)	(1,159,163)
Property, plant and equipment, net	1,959,515	(8,368)	297	108,677	2,060,121
Prepaid expenses	39,895	(37,779)	-	2,883	4,999
Inventories	88,905	(28,839)	-	3,038	63,104
Intangible assets and others	194,118	44,885	-	38,411	277,414
Investment in associates	1,054,891	(620,090)	-	59,336	494,137
Tax consolidation effect	1,534,650	162,914	(678)	-	1,696,886
Other	1,291	32,574	(8,933)	61,750	86,682
Deferred tax liability	4,873,265	(454,703)	(9,314)	274,095	4,683,343
Net deferred tax liability	**Ps. 2,557,686**	**Ps. 802,327**	**Ps. (20,986)**	**Ps. 185,153**	**Ps. 3,524,180**

	Balance at January 1, 2010	Recognized in income	Recognized in other comprehensive income	Foreign currency translation and others	Balance at December 31, 2010
Net operating loss carryforwards and other tax credits	Ps.(1,650,267)	Ps. (25,135)	Ps. 63	Ps. 30,606	Ps.(1,644,733)
Customer advances	(189)	35	-	-	(154)
Allowance for doubtful accounts	(12,279)	(3,017)	183	(247)	(15,360)
Accrued liabilities	(482,869)	(142,562)	-	83,702	(541,729)
Recoverable asset tax	(19,553)	4,122	20	(6)	(15,417)
Other	(86,591)	(17,485)	4,583	1,307	(98,186)
Deferred tax asset	(2,251,748)	(184,042)	4,849	115,362	(2,315,579)
Property, plant and equipment, net	2,026,879	(31,382)	(1,291)	(34,691)	1,959,515
Prepaid expenses	53,748	(13,853)	-	-	39,895
Inventories	116,648	(23,676)	-	(4,067)	88,905
Intangible assets and others	174,620	56,041	-	(36,543)	194,118
Investment in associates	1,020,318	13,280	-	21,293	1,054,891
Tax consolidation effect	1,121,038	414,393	(781)	-	1,534,650
Other	163,024	30,069	(28,282)	(163,520)	1,291
Deferred tax liability	4,676,275	444,872	(30,354)	(217,528)	4,873,265
Net deferred tax liability	**Ps. 2,424,527**	**Ps. 260,830**	**Ps. (25,505)**	**Ps.(102,166)**	**Ps. 2,557,686**

B) Tax loss carryforwards

At December 31, 2011, the Company had tax loss carryforwards which amounted to approximately Ps.11,703,953. Based on projections prepared by the Company's management of expected future taxable income, it has been determined that only tax losses for an amount of Ps.311,351 will be used. Therefore, the Company did not recognize a deferred tax asset for the difference.

C) Uncertain tax positions

At December 31, 2011 and 2010, the Company recognized a liability for uncertain tax positions of Ps.41,264 and Ps.35,865, respectively, excluding interest and penalties. The following table presents a reconciliation of the Company's uncertain tax positions, excluding interest and penalties:

		2011		2010
Uncertain tax positions at beginning of year	Ps.	40,511	Ps.	85,452
Translation adjustment of the initial balance		(4,646)		(4,720)
Increase as result of uncertain tax position taken in the year		9,347		4,570
Settlements		(851)		(46,028)
Reductions due to a lapse of the statue of limitations		(3,097)		(3,409)
Uncertain tax positions at end of year	**Ps.**	**41,264**	**Ps.**	**35,865**

It is expected that the amount of uncertain tax positions will change in the next 12 months; however, the Company does not expect the change to have a significant impact on its consolidated financial position or results of operations. The Company had accrued interest and penalties, net of tax benefit of approximately Ps.3,572 and Ps.2,322 related to uncertain tax positions for fiscal 2011 and 2010, respectively.

D) Tax effects from other comprehensive income

Deferred taxes related to other comprehensive income are comprised of:

		At December 31, 2011		At December 31, 2010
Foreign currency translation adjustments	Ps.	(8,583)	Ps.	(24,724)
Actuarial gains and loses		(11,725)		-
Other movements		(678)		(781)
Total	Ps.	(20,986)	Ps.	(25,505)

E) Tax consolidation

Gruma, S.A.B. de C.V. is authorized to determine income tax under the tax consolidation regime, together with its subsidiaries in Mexico, according to the authorization of Ministry of Finance and Public Credit on July 14, 1986, under what is stated in the applicable Law.

In 2011, the Company determined a consolidated tax profit of $8,103,641; which was amortized against consolidated tax loss of 2008. As of December 31, 2011, the Company did not have consolidated tax loss carryforwards. The consolidated tax result differs from the accounting result, mainly in such items taxed and deducted during different timing for accounting and tax purposes, from the recognition of the inflation effects for tax purposes, as well as such items only affecting either the consolidated accounting or taxable income.

Certain Income Tax Law provisions are reformed, added or derogated for 2010 was published on December 7, 2009, among which the following stand out:

- The income tax rate applicable from 2010 to 2012 will be 30%, for 2013 will be 29% and as of 2014 and thereafter will be 28%. At December 31, 2009, the rate change previously described produced a reduction to the income tax deferred balance of Ps.58,228, with its corresponding effect in the income statement of the year, which was determined based on the expectative of temporary reversion to the effective rates.

- The possibility of using credits for the excess of deductions on taxable income for Flat tax purposes (credit of tax loss of flat tax) in order to reduce the income tax to be paid while could be credited against the flat tax base.

- The tax consolidation regime is modified in order to establish that the income tax payment related to the tax consolidation benefits obtained as of 1999 should be partially paid during the years sixth to tenth subsequent to such when those benefits were embraced.

The tax consolidation benefits previously mentioned come from:

i) Tax losses embraced in the tax consolidation and were not amortized individually by the entity which produced them.
ii) Special consolidation items derived from transactions held between the consolidating partnerships and producing benefits.
iii) Loss on disposal of shares individually outstanding of deduction by the holding which produced them.
iv) Dividends distributed by the holding and which do not come from the net tax profit account (CUFIN by its Spanish acronym) balance and reinvested CUFIN.

- It is stated that the existing differences between the consolidated CUFIN and reinvested CUFIN balances and the balances of these same accounts of the controlled entities by the Company can produce profits resulting in income tax.

At December 31, 2011, the liability arising from the aforementioned changes in the Income Tax Law amounts to Ps.1,696,886 and is estimated to be incurred as follows:

	Year of payment					
	2012	**2013**	**2014**	**2015**	**2016 and thereafter**	**Total**
Tax losses	Ps. 55,168	Ps. 56,335	Ps.142,852	Ps. 204,027	Ps.1,236,124	Ps.1,694,506
Special consolidation items	274	206	206	-	-	686
Dividends distributed by the subsidiaries not paid from CUFIN or reinvested CUFIN	678	508	508	-	-	1,694
Total	**Ps. 56,120**	**Ps. 57,049**	**Ps. 143,566**	**Ps. 204,027**	**Ps.1,236,124**	**Ps.1,696,886**

The Company, through time, has been recognizing a tax liability compensated with income tax from tax loss carryforwards. At December 31, 2011, income tax payable with defined payment dates is classified in the statement of financial position as short and long-term income tax payable for Ps.56,120 and Ps.107,218, respectively. In addition, the remaining liability for which a settlement date has not yet determined in accordance with the requirements of the Income Tax Law, was included as a component of the deferred income taxes.

15. Debt

Debt is summarized as follows:

Short-term:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Bank loans	Ps. 1,577,873	Ps. 616,722	Ps. 912,141
Current portion of long-term debt	43,572	1,555,126	1,273,193
Financing lease liabilities	11,762	21,023	18,058
	Ps. 1,633,207	**Ps. 2,192,871**	**Ps. 2,203,392**

Long-term:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Bank loans	Ps. 7,490,256	Ps. 12,303,810	Ps. 15,808,764
Perpetual notes	3,960,333	3,463,116	3,661,872
Financing lease liabilities	21,521	85,612	101,366
	Ps. 11,472,110	**Ps. 15,852,538**	**Ps. 19,572,002**

The terms, conditions and carrying values of loans are as follows:

	Currency	Interest rate	Maturity date	At December 31, 2011	At December 31, 2010	At January 1, 2010
Secured bank loan	USD	LIBOR + 2.875% [a]	2010-2017	Ps. -	Ps. 7,902,929	Ps. 8,634,389
Perpetual notes	USD	7.75%	[b]	3,960,333	3,463,116	3,661,872
Secured bank loans	Pesos	TIIE + 6.21%	2012-2019	-	3,310,403	3,302,558
Credit line	USD	LIBOR + 0.375%	2016	1,858,098	-	914,900
Credit line	USD	LIBOR + 2%	2016	1,046,250	-	-
Secured bank loans	USD	LIBOR + 2.875% [a]	2010-2014	-	1,150,094	1,517,151
Secured bank loans	Pesos	TIIE + 2.875% [a]	2010-2014	-	814,755	1,014,401
Credit	Pesos	TIIE + 1.5%	2015-2018	1,189,919	-	-
Credit	USD	LIBOR + 2%	2014-2016	2,071,783	-	-
Credit	USD	LIBOR + 2%	2016	693,296	-	-
Credit	USD	2.78% - 4.7%	2010-2012	773,142	336,132	466,502
Credit	Pesos	8.09% - 11.2%	2010-2016	70,301	64,902	212,121
Credit	Bolivars	8.0% and 13.0%	2010-2012	279,813	229,767	267,479
Credit	Euros	1.9% - 3.11%	2011-2012	50,617	50,821	-
Credit	USD	LIBOR + 2%	2013	7,394	5,558	49,208
Credit	Pesos	TIIE + 1.5%	2015-2018	596,786	-	-
Credit	USD	LIBOR + 2%	2012	474,302	-	-
Credit	USD	LIBOR + 2.875%	2010-2012	-	569,965	761,929
Credit	USD	LIBOR + 2%	2010-2011	-	40,332	145,126
Credit	Pesos	11.301% - 11.875%	2010-2014	-	-	394,654
Credit	USD	2.23%	2010	-	-	313,680
Financing lease liability	Pesos	13.02%	2010-2013	33,283	106,635	119,424
Total				**Ps. 13,105,317**	**Ps.18,045,409**	**Ps. 21,775,394**

[a] Interest rate in effect until July 20, 2012 and annual step-ups thereafter.
[b] Redeemable starting 2009 at the Company's option.

At December 31, 2011 and 2010 and January 1, 2010, short-term debt bears interest at an average rate of 4.34%, 8.16% and 8.43%, respectively.

At December 31, 2011, the annual maturities of long-term debt outstanding were as follows:

Year		Amount
2013	Ps.	35,295
2014		366,560
2015		441,071
2016		5,177,066
2017 and thereafter		5,452,118
Total	**Ps.**	**11,472,110**

On February 18, 2011, the Company paid in advance the outstanding balance of several credit facilities as of December 31, 2010. The total amount of payments made were U.S.$753.3 million and Ps.773.3 million, payments for which the Company used the entirety of the net proceeds from the sale of shares of GFNorte (Note 11), as well as its own resources and others obtained through short term facilities.

Due to the aforementioned payments, the following loan agreements have been terminated:

- Payment of U.S.$618.3 million corresponding to the loan agreement executed with Deutsche Bank Trust Company Americas, as administrative agent, several banks, and The Bank of New York Mellon as collateral agent, for the financing of U.S.$668.3 million, dated October 16, 2009;

- Payment of U.S.$88.7 million and Ps.773.3 million corresponding to the syndicated loan agreement executed with BBVA Bancomer, S.A. Institución de Banca Múltiple Grupo Financiero BBVA Bancomer, as administrative agent, several banks, and The Bank of New York Mellon as collateral agent, for the financing of U.S.$197.0 million, dated October 16, 2009;

- Payment of U.S.$10.4 million corresponding to the unsecured loan agreement executed with ABN Amro Bank, N.V. (which has been transferred to the Royal Bank of Scotland, N.V.) for the financing of U.S.$13.9 million, dated October 16, 2009;

- Payment of U.S.$16.1 million corresponding to the unsecured loan agreement executed with Barclays Bank, PLC for the financing of U.S.$21.5 million, dated October 16, 2009;

- Payment of U.S.$17.2 million corresponding to the unsecured loan agreement executed with Standard Chartered Bank (which has been transferred to Mercantil Commercebank, N.A.) for the financing of U.S.$22.9 million, dated October 16, 2009; and

- Payment of U.S.$2.6 million corresponding to the unsecured loan agreement executed with BNP Paribas for the financing of U.S.$11.8 million, dated October 16, 2009.

On February 21, 2011, the Company concluded all necessary actions required for canceling all pledges granted pursuant to some of the foregoing loan agreements and those related to perpetual notes.

As part of the anticipated payment of the debt, the Company canceled debt issuance costs related to these liabilities amounting to Ps.63,815.

The Company has credit line agreements for Ps.4,534 million (U.S.$325 million), from which Ps.935 million (U.S.$67 million) are available as of December 31, 2011. These credit line agreements require a quarterly payment of a commitment fee ranging from 0.2% to 0.9% over the unused amounts.

The outstanding credit agreements contain covenants mainly related to the compliance with certain financial ratios and delivery of financial information, which, if not complied during the period, as determined by creditors, may be considered as a cause for early maturity of the debt.

Financial ratios are calculated according to formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) to consolidated interest charges, should not be less than 2.50 to 1.00.
- Leverage ratio, defined as the ratio of total consolidated indebtedness (as described in the credit agreements) to consolidated EBITDA, should not exceed 3.5 to 1.00.

At December 31, 2011, the Company was in compliance with the financial covenants, as well as the delivery of the required financial information.

16. Provisions

The movements of provisions are as follows:

	Labor contingencies	Restoration provision	Tax contingencies	Unregulated labor security obligations	Provision for operating plant closure expenditures	Other	Total
Balance at January 1, 2010	Ps. 211,288	Ps. 65,912	Ps. 16,864	Ps. 35,872	Ps. -	Ps. 430	Ps. 330,366
Charge (credit) to income:							
Additional provisions	110,062	13,199	6,755	10,750	19,681	144,170	304,617
Unused amounts reversed	-	-	(1,014)	-	-	-	(1,014)
Used during the year	(107,133)	(3,502)	(12,481)	-	-	(144,287)	(267,403)
Exchange differences	(14,035)	(3,855)	627	(18,924)	-	(225)	(36,412)
Balance at December 31, 2010	200,182	71,754	10,751	27,698	19,681	88	330,154
Charge (credit) to income:							
Additional provisions	157,324	31,148	6,048	15,892	-	4,604	215,016
Unused amounts reversed	-	-	(488)	-	-	-	(488)
Used during the year	(72,696)	-	(1,523)	-	(7,256)	(99)	(81,574)
Exchange differences	31,751	12,995	1,830	3,588	2,550	8	52,722
Balance at December 31, 2011	Ps. 316,561	Ps.115,897	Ps. 16,618	Ps. 47,178	Ps. 14,975	Ps. 4,601	Ps. 515,830
Of which current	Ps. 316,561	Ps. 17,801	Ps. -	Ps. 47,178	Ps. 14,975	Ps. 4,601	Ps. 401,116
Of which non-current	-	98,096	16,618	-	-	-	114,714

Labor contingencies

a. Workers' compensation

In the United States, when permitted by law, the Company self insures against worker's compensation claims. As claims are filed for workers' compensation, the Company recognizes an obligation to settle these claims. Acturial information is used to estimate the expected outflows of economic resources and projected timing of the settlement of these claims.

b. Legal reserve

The Company's subsidiaries in the United States have established a provision for the probable settlement of a lawsuit presented by a former employee.

c. Contingent labor liabilities

Subsidiaries in Venezuela established a provision for labor claims filed against the Company related to work accidents and the payment of certain labor benefits (see Note 25), and to meet the terms of the collective labor contracts that, as of the date hereof, are still beign negotiated with workers' unions. The exact date and amount for the realization of these events are still uncertain.

Restoration provision

In the United States, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using the pre-tax rate and taking into account any specific risks associated with these obligations.

Tax contingencies

In Central America, for the periods from 2005 to 2011, tax authorities have presented requalifications by the order of Ps.33.7 million (1,250 million colons) for sales tax and income tax. Based on the criteria of the Company's management and the opinion of tax consultants hired for the Company's defense, there is a high probability that these items will be disqualified. For this reason, the Company has accrued the necessary amounts to cover the payment of this obligation.

Unregulated labor security obligations

In Venezuela, the Organic Law of Prevention, Conditions and Work Environment (Ley Orgánica de Prevención, Condiciones y Medio Ambiente de Trabajo, or LOPCYMAT), establishes the substitution of certain security obligations for other more onerous. This regulation has not been officially released by the Venezuelan government, making it difficult to determine the payment date for this obligation.

Provision for operating plant closure expenditures

This provision was created to cover all expenses related to the closure of a production plant in Venezuela which was surrendered to a government institution due to the expiration of the lease contract, and to cover any damage to the assets to be returned; however, the legal settlement has yet to be concluded.

Other provisons

Estimates due to commitments of the Company in Venezuela including, among others, point of sale promotions to its customers for the exchange of different products, for which is difficult to determine the specific date to deliver these commitments.

17. Other Current Liabilities

At December 31, 2011 and 2010 and at January 1, 2010, Other current liabilities include employee benefits payable of Ps.959,975, Ps.730,533 and Ps.777,481, respectively.

18. Employee Benefits Obligations

Employee benefits obligations recognized in the balance sheet, by country, are as follows:

Country	At December 31, 2011	At December 31, 2010	At January 1, 2010
Mexico	Ps. 275,799	Ps. 265,834	Ps. 212,976
United States	72,247	64,553	61,926
Venezuela	22,356	19,792	27,181
Total	**Ps. 370,402**	**Ps. 350,179**	**Ps. 302,083**

A) Mexico

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under the Mexican law, which does not require minimum funding.

The Company has decided to recognize actuarial gains and losses immediately in other comprehensive income.

The reconciliation between the initial and final balances of the present value of the defined benefit obligations (DBO) is as follows:

	2011	2010
DBO at beginning of the year	Ps. 306,098	Ps. 248,726
Add (deduct):		
Current service cost	17,496	23,435
Financial cost	20,964	20,441
Actuarial losses for the period	(14,061)	18,949
Benefits paid	(15,848)	(5,453)
DBO at end of the year	**Ps. 314,649**	**Ps. 306,098**

At December 31, 2011 and 2010 and at January 1, 2010, liabilities relating to vested employee benefits amounted to Ps.193,225, Ps.180,440, and Ps.156,153, respectively.

The reconciliation between the initial and final balances of the employee benefit plan assets at fair value for the years 2011 and 2010 is shown below:

		2011		2010
Plan assets at fair value at beginning of the year	Ps.	40,264	Ps.	35,750
Add (deduct):				
Actual return		(184)		5,160
Benefits paid		(1,230)		(646)
Plan assets at fair value at end of the year	**Ps.**	**38,850**	**Ps.**	**40,264**

The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

		At December 31, 2011		At December 31, 2010		At January 1, 2010
Employee benefit (assets) liabilities:						
DBO	Ps.	314,649	Ps.	306,098	Ps.	248,726
Plan assets		(38,850)		(40,264)		(35,750)
Projected net liability	**Ps.**	**275,799**	**Ps.**	**265,834**	**Ps.**	**212,976**

At December 31, 2011 and 2010, the components of net cost comprised the following:

		2011		2010
Current service cost	Ps.	17,496	Ps.	23,435
Financial cost		20,964		20,441
Estimated return on plan assets		(4,447)		(3,102)
Net cost for the year	Ps.	34,013	Ps.	40,774

The net cost for the year 2011 and 2010 of Ps.34,013 and Ps.40,774, respectively, was recognized in operating expenses as follow:

		2011		2010
Cost of sales	Ps.	2,138	Ps.	4,596
Selling and administrative expenses		31,875		36,178
Net cost for the year	**Ps.**	**34,013**	**Ps.**	**40,774**

The total amount recognized in other comprehensive income is described below:

		2011		2010
Balance at the beginning of the year	Ps.	18,949	Ps.	-
Actuarial losses that occurred during the year		(14,061)		18,949
Balance at the end of the year	**Ps.**	**4,888**	**Ps.**	**18,949**

At December 31, 2011 and 2010 and at January 1, 2010, plan assets stated at fair value and related percentages with respect to total plan assets are analyzed as follows:

	At December 31, 2011			At December 31, 2010			At January 1, 2010		
Equity securities	Ps.	23,692	61%	Ps.	23,755	63%	Ps.	21,093	59%
Fixed rate securities		15,158	39%		16,509	37%		14,657	41%
Fair value of plan assets	Ps.	38,850	100%	Ps.	40,264	100%	Ps.	35,750	100%

The Company has the policy of maintaining at least 30% of its trust assets in Mexican Federal Government instruments. Guidelines have been established for the remaining 70% and investment decisions are taken in accordance with these guidelines to the extent market conditions and available funds allow it.

As of December 31, 2011, the funds maintained in plan assets are considered sufficient to face the short-term needs; therefore, the Company's management has determined that for the time being there is no need of additional contributions to increase these assets.

The estimated long-term return on assets is based on the annual recommendations issued by the Actuarial Commission of the Mexican Association of Actuaries. These recommendations consider historical information and future market expectations. The actual return on plan assets during the year 2011 is 11%.

The main actuarial assumptions used were as follows:

	At December 31, 2011	At December 31, 2010	At January 1, 2010
Discount rate	7.75%	7.50%	9.00%
Future increase rate in compensation levels	4.50%	4.50%	4.50%
Estimated return rate on plan assets	11.00%	11.50%	9.00%
Long-term inflation rate	3.50%	3.50%	3.50%

The impact in DBO for a decrease of 25 basis points in the discount rate amounts to Ps.4,598.

The Company does not expect to contribute during the next fiscal year.

B) Other countries

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company in this country. For the years ended December 31, 2011 and 2010, total expenses related to this plan amounted to Ps.1,334 and Ps.6,219, respectively (U.S.$107 and U.S.$492 thousand respectively). At December 31, 2011 and 2010, and at January 1, 2010, the liability recognized for these items amounted to Ps.72,247, Ps.64,553 and Ps.61,926, respectively (U.S.$5,179, U.S.$5,227 and U.S.$4,738 thousand, respectively).

In Venezuela, the Company determines severance payments for employment termination in accordance with the local Labor Law and collective agreements, and transfers these amounts to a trust for each worker. Contributions to each trust are recognized in income when incurred. Collective agreements include additional benefits upon employment termination and the Company recognizes a liability when the right to receive these benefits is irrevocable. At December 31, 2011 and 2010 and at January 1, 2010, the liability recognized for these items amounted to Ps.22,356, Ps.19,792, and Ps.27,181, respectively.

19. Equity

A) Common stock

At December 31, 2011 and 2010, and at January 1, 2010, the Company's outstanding common stock consisted of 563,650,709 Series "B" shares, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval, and 1,523,900 shares held in Treasury.

B) Retained earnings

In accordance with Mexican Corporate Law, the legal reserve must be increased annually by 5% of annual net profits until it reaches a fifth of the fully paid common stock amount. The legal reserve is included within retained earnings.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN, for its Spanish acronym), and will be taxed at a rate that fluctuates between 32% and 35% if they are paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2011. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years or, if appropriate, against the flat rate tax of the year. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment.

C) Purchase of common stock

The Stockholders' Meeting approved a Ps.650,000 reserve to repurchase the Company's own shares. The total amount of repurchased shares cannot exceed 5% of total equity. The difference between the acquisition cost of the repurchased shares and their stated value, composed of common stock and share premium, is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. The gain or loss on the sale of the Company's own shares is recorded in retained earnings. As of December 31, 2011, the Company carried out net purchases of 1,523,900 of its own shares with a market value of Ps.40,231 at that date.

D) Foreign currency translation adjustments

Foreign currency translation adjustments consisted of the following as of December 31:

		2011		2010
Balance at beginning of year	Ps.	(1,282,185)	Ps.	-
Effect of the year from translating net investment in foreign subsidiaries		2,018,314		(1,578,821)
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries		(813,101)		296,636
	Ps.	**(76,972)**	**Ps.**	**(1,282,185)**

The investment that the Company maintains in its operations in the United States and Europe generated a hedge of up to U.S.$478 and U.S.$375 million at December 31, 2011 and 2010, respectively.

At December 31, 2011 and 2010, the accumulated effect of translating net investment in foreign subsidiaries impacted non-controlling interest in the amounts of Ps.(143,668) and Ps.(536,126), respectively.

20. Financial Instruments

A) Financial instruments by category

The carrying values of financial instruments by category are presented below:

	At December 31, 2011			
	Loans, receivables and liabilities at amortized cost	Financial assets at fair value through profit or loss	Hedge derivatives	Total categories
Cash and cash equivalents	Ps. 1,179,651	Ps. -	Ps. -	Ps. 1,179,651
Trading investments	-	140,255	-	140,255
Derivative financial instruments	-	88,537	14,876	103,413
Accounts receivable	7,127,208	-	-	7,127,208
Non-current notes and accounts receivable	515,478	-	-	515,478
Current debt	Ps. 1,633,207	Ps. -	Ps. -	Ps. 1,633,207
Trade accounts payable and other accounts payable	5,544,105	-	-	5,544,105
Derivative financial instruments	-	46,013	-	46,013
Long-term debt	11,472,110	-	-	11,472,110
Other liabilities - excludes non-financial liabilities	45,734	-	-	45,734

	At December 31, 2010			
	Loans, receivables and liabilities at amortized cost	Financial assets at fair value through profit or loss	Hedge derivatives	Total categories
Cash and cash equivalents	Ps. 21,317	Ps. -	Ps. -	Ps. 21,317
Trading investments	-	79,577	-	79,577
Derivative financial instruments	-	13,137	-	13,137
Accounts receivable	5,017,797	-	-	5,017,797
Non-current notes and accounts receivable	474,834	-	-	474,834
Current debt	Ps. 2,192,871	Ps. -	Ps. -	Ps. 2,192,871
Trade accounts payable and other accounts payable	3,601,829	-	-	3,601,829
Derivative financial instruments	-	4,863	-	4,863
Long-term debt	15,852,538	-	-	15,852,538
Other liabilities - excludes non-financial liabilities	96,834	-	-	96,834

	At January 1, 2010							
	Loans, receivables and liabilities at amortized cost		Financial assets at fair value through profit or loss		Hedge derivatives		Total categories	
Cash and cash equivalents	Ps.	1,880,663	Ps.	-	Ps.	-	Ps.	1,880,663
Trading investments		-		127,293		-		127,293
Derivative financial instruments		-		55,749		-		55,749
Accounts receivable		5,670,752		-		-		5,670,752
Non-current notes and accounts receivable		543,295		-		-		543,295
Current debt	Ps.	2,203,392	Ps.	-	Ps.	-	Ps.	2,203,392
Trade accounts payable and other accounts payable		3,564,372		-		-		3,564,372
Derivative financial instruments		-		11,935		-		11,935
Long-term debt		19,572,002		-		-		19,572,002
Other liabilities - excludes non-financial liabilities		107,668		-		-		107,668

B) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable, recoverable income tax, trade accounts payable, short-term debt and other current liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable and recoverable taxes represent the expected cash flow to be received.

The estimated fair value of the Company's financial instruments is as follows:

	At December 31, 2011			
	Carrying amount		Fair value	
Assets:				
Interest and capital bonds	Ps.	140,255	Ps.	140,255
Derivative financial instruments - exchange rate		88,537		88,537
Derivative financial instruments - corn		14,876		14,876
Long-term notes receivable		189,044		165,157
Liabilities:				
Perpetual bonds in U.S. dollars bearing fixed interest at an annual rate of 7.75%		3,960,333		4,192,115
Long-term debt		7,567,111		7,621,786
Derivative financial instruments - other raw materials		45,922		45,922

		At December 31, 2010		
		Carrying amount		Fair value
Assets:				
Interest and capital bonds	Ps.	79,577	Ps.	79,577
Derivative financial instruments - other raw materials [1]		(4,863)		(4,863)
Long-term notes receivable		175,653		153,285
Liabilities:				
Perpetual bonds in U.S. dollars bearing fixed interest at an annual rate of 7.75%		3,463,116		3,667,950
Long-term debt		13,965,569		15,007,339
Derivative financial instruments - exchange rate		4,863		4,863

[1] At December 31, 2010, the balance of receivables from derivative financial instruments for Ps.13,137 shown in Note 8, is comprised by: (a) margin calls required due to price variations of the underlying asset for Ps.17,258, to be applied against payments, and (b) an unfavorable effect in the valuation of open positions of derivatives at the end of the year for Ps.4,121.

		At January 1, 2010		
		Carrying amount		Fair value
Assets:				
Interest and capital bonds	Ps.	127,293	Ps.	127,293
Derivative financial instruments - corn		14,217		14,217
Derivative financial instruments - other raw materials		39,353		39,353
Long-term notes receivable		8,768		4,859
Liabilities:				
Perpetual bonds in U.S. dollars bearing fixed interest at an annual rate of 7.75%		3,661,900		3,666,135
Long-term debt		17,201,352		18,231,481
Derivative financial instruments - other raw materials		4,526		4,526
Derivative financial instruments - interest rate		7,133		7,133

The fair values were determined by the Company as follows:

- The fair values of perpetual bonds and derivative financial instruments were determined based on available market prices and/or estimates using market data information and appropriate valuation methodologies for similar instruments.

- The fair value for the rest of long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs.

C) Derivative financial instruments

Derivative financial instruments comprised the following:

	At December 31, 2011		
		Fair value	
Type of contract	Notional amount	Asset	Liability
Corn futures	2,090,000 Bushels	Ps. 6,915	-
Corn options	2,560,000 Bushels	7,961	-
Natural gas swaps 2012-2013	3,840,000 Mmbtu	-	Ps. 45,922
Exchange rate forwards	$ 106,000,000 USD	88,537	-

At December 31, 2011, open positions of corn and natural gas derivatives were recorded at fair value. Financial instruments that qualify as hedge accounting represented a favorable effect of Ps.14,876, which was recognized as comprehensive income in equity. Financial instruments that did not qualify as hedge accounting represented an unfavorable effect of Ps.40,207, which was recognized in the income statement.

Operations terminated at December 31, 2011 on corn and natural gas derivatives represented an unfavorable effect of Ps.52,626.

Exchange rate derivative financial instruments were recorded at estimated fair value. At December 31, 2011, open positions on these instruments represented a favorable effect of approximately Ps.93,400 thousand, which was recognized in income of the year.

Operations terminated at December 31, 2011 on exchange rate derivatives represented a favorable effect of Ps.207,250.

At December 31, 2011, the Company had no revolving funds denominated “margin calls”, which were required due to price variations of the underlying asset to be applied against payments.

	At December 31, 2010		
		Fair value	
Type of contract	Notional amount	Asset	Liability
Natural gas swaps and options 2011	2,090,000 Mmbtu	-	Ps. 5,714
Diesel swaps	252,000 Galones	Ps. 1,593	-
Exchange rate forwards	$ 42,739,822 USD	-	4,863

At December 31, 2010, the Company had no open positions of corn derivatives. Open positions of natural gas and diesel were recorded at fair value. These instruments did not qualify as hedge accounting and represented an unfavorable effect of Ps.13,228, which was recognized in income.

Operations terminated at December 31, 2010 on corn, natural gas and diesel derivatives represented an unfavorable effect of Ps.42,970.

Exchange rate derivative financial instruments were recorded at estimated fair value. At December 31, 2010, open positions on these instruments represented an unfavorable effect of approximately Ps.4,863, which was recognized in income of the year.

Operations terminated at December 31, 2010 on exchange rate derivatives represented a loss of Ps.21,464, which was recognized in income.

At December 31, 2010, the Company has margin calls of Ps.17,258, which are required due to price variations of the underlying asset to be applied against payments.

		At January 1, 2010	
		Fair value	
Type of contract	Notional amount	Asset	Liability
Corn futures	2,520,000 Bushels	Ps. 6,934	-
Corn options	4,410,000 Bushels	7,283	-
Natural gas swaps and options 2011	1,710,000 Mmbtu	1,201	-
Diesel swaps	9,324,000 Galones	38,152	-
Diesel swaps	441,000 Galones	-	Ps. 4,526
Interest rate swaps	$ 20,000,000 USD	-	7,133

At December 31, 2009, open positions of corn, natural gas and diesel derivatives were recorded at fair value. These instruments did not qualify as hedge accounting and represented a favorable effect of Ps.63,769, which was recognized in income.

Operations terminated at December 31, 2009 on corn, natural gas and diesel derivatives represented an unfavorable effect of Ps.121,631.

Exchange rate derivative financial instruments were recorded at estimated fair value. At December 31, 2009, there were no open positions on these instruments.

Operations terminated at December 31, 2009 on exchange rate derivatives represented a loss of Ps.485,261, which was recognized in income.

At December 31, 2009, the Company had margin calls of Ps.2,180, which are required due to price variations of the underlying asset to be applied against payments.

D) Fair value hierarchy

A three-level hierarchy is used to measure and disclose fair values. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

Following is a description of the three hierarchy levels:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

a. Determination of fair value

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

b. Measurement

Assets and liabilities measured at fair value are summarized below:

	At December 31, 2011							
		Level 1		Level 2		Level 3		Total
Assets:								
Interest and capital bonds	Ps.	-	Ps.	140,255	Ps.	-	Ps.	140,255
Plan assets – seniority premium fund		38,850		-		-		38,850
Derivative financial instruments – corn		14,876		-		-		14,876
Derivative financial instruments – exchange rate		-		88,537		-		88,537
	Ps.	53,726	Ps.	228,792	Ps.	-	Ps.	282,518
Liabilities								
Derivative financial instruments – other raw materials	Ps.	-	Ps.	-	Ps.	46,013	Ps.	46,013

	At December 31, 2010							
		Level 1		Level 2		Level 3		Total
Assets:								
Interest and capital bonds	Ps.	-	Ps.	79,577	Ps.	-	Ps.	79,577
Plan assets – seniority premium fund		40,264		-		-		40,264
Derivative financial instruments – corn and other raw materials		13,137		-		-		13,137
	Ps.	53,401	Ps.	79,577	Ps.	-	Ps.	132,978
Liabilities:								
Derivative financial instruments – exchange rate	Ps.	-	Ps.	-	Ps.	4,863	Ps.	4,863

	At January 1, 2010							
	Level 1		Level 2		Level 3		Total	
Assets:								
Interest and capital bonds	Ps.	-	Ps.	127,293	Ps.	-	Ps.	127,293
Plan assets – seniority premium fund		35,750		-		-		35,750
Derivative financial instruments – corn and other raw materials		55,768		-		-		55,768
	Ps.	91,518	Ps.	127,293	Ps.	-	Ps.	218,811
Liabilities:								
Derivative financial instruments – exchange rate	Ps.	4,810	Ps.	-	Ps.	-	Ps.	4,810
Derivative financial instruments – interest rate		-		-		7,133		7,133
	Ps.	4,810	Ps.	-	Ps.	7,133	Ps.	11,943

Level 1 - Quoted prices for identical instruments in active markets

Financial instruments that are negotiated active markets are classified as Level 1. The valuation techniques and the inputs used in the Company's financial statements to measure the fair value include the following:

- Quoted market prices of corn listed on the Chicago Board of Trade.
- Quoted market prices of natural gas listed on the NYMEX Exchange.

Level 2 – Quoted prices for similar instruments in active markets

Financial instruments that are classified as Level 2 refer mainly to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, as well as model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Valuation techniques

The Company has classified as Level 3 the financial instruments whose fair values are obtained using valuation models that include observable inputs but also include certain unobservable inputs. For the Company, the unobservable input included in the valuation of its liability positions refers solely to the Company's own credit risk.

The table below includes a roll-forward of the balance sheet amounts for the years ended December 31, 2011 and 2010 for financial instruments classified by the Company within Level 3 of the valuation hierarchy. When a determination is made to classify a financial instrument within Level 3, it is due to the use of significant unobservable inputs. However, Level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due, in part, to observable factors that are part of the valuation methodology:

	Derivative financial instruments – interest rate	Derivative financial instruments – exchange rate	Derivative financial instruments – other raw materials
Initial balance at January 1, 2010	Ps. 7,133	Ps. -	Ps. -
Losses recognized in the income statement	811	4,863	-
Net settlements paid	(7,944)	-	-
Ending balance as of December 31, 2010	Ps. -	Ps. 4,863	Ps. -
Losses recognized in the income statement	-	-	46,013
Net settlements paid	-	(4,863)	-
Ending balance as of December 31, 2011	Ps. -	Ps. -	Ps. 46,013

21. Other Expense, Net

Other expense, net comprised the following:

	2011	2010
Expenses related to Venezuela legal proceedings	Ps. -	Ps. (403,712)
Net loss from sale of fixed assets	(4,201)	(26,912)
Net (loss) gain from sale of scrap	1,084	(704)
Non-recoverable cost of damaged assets	(17,695)	(37,043)
Impairment loss on long-lived assets	(93,808)	-
Cost of written-down fixed assets	(52,271)	-
Current employees' statutory profit sharing	(36,959)	(50,361)
Total	Ps. (203,850)	Ps. (518,732)

22. Employee Benefit Expenses

Employee benefit expenses are comprised of the following:

	2011	2010
Salaries, wages and benefits (including termination benefits)	Ps. 4,814,297	Ps.3,836,491
Social security contributions	399,078	338,119
Employment benefits (Note 18)	35,347	56,148
Total	Ps. 5,248,722	Ps.4,230,758

23. Income Tax Expense

A) Income before income tax

The domestic and foreign components of income before income tax are the following:

	For the years ended December 31,			
	2011		2010	
Domestic	Ps.	5,995,927	Ps.	665,708
Foreign		1,626,467		813,339
	Ps.	7,622,394	Ps.	1,479,047

B) Components of income tax expense

The components of income tax expense are the following:

	2011	2010
Current tax:		
Current tax on profits for the year	Ps. (866,734)	Ps. (669,498)
Adjustments in respect of prior years	(137,512)	90,768
Total current tax	(1,004,246)	(578,730)
Deferred tax:		
Origin and reversal of temporary differences	(1,035,147)	(260,831)
Offsetting of income tax from foreign dividends	232,821	-
Total deferred tax	(802,326)	(260,831)
Total income tax expense	**Ps. (1,806,572)**	**Ps. (839,561)**

Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	For the years ended December 31,			
	2011		2010	
Current:				
Domestic federal	Ps.	(316,407)	Ps.	(179,565)
Foreign federal		(644,174)		(355,500)
Foreign state		(43,665)		(43,665)
		(1,004,246)		(578,730)
Deferred:				
Domestic federal		(896,374)		(271,451)
Foreign federal		88,634		17,765
Foreign state		5,414		(7,145)
		(802,326)		(260,831)
Total	**Ps.**	**(1,806,572)**	**Ps.**	**(839,561)**

C) Reconciliation of financial and taxable income

For the years ended December 31, 2011 and 2010, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	2011	2010
Statutory federal income tax (30% for 2011 and 2010, respectively)	Ps. (2,286,718)	Ps. (443,714)
Foreign dividends	-	(278,705)
Effects related to inflation	119,454	(197,016)
Foreign income tax rate differences	(67,105)	(88,238)
Offsetting of income tax from foreign dividends	232,821	-
Tax loss carryforwards used	186,772	248,031
Nondeductible expenses related with legal proceedings in Venezuela	-	(80,727)
Prior years adjustments and other	8,204	808
Effective income tax (23.7% and 56.8% for 2011 and 2010, respectively)	Ps. (1,806,572)	Ps. (839,561)

On December 7, 2009 several dispositions o the Income Tax Law were reformed, added or derogated. Among these modifications was the establishment of an income tax rate of 30% for the years 2010 through 2012, 29% for 2013 29% and 28% from 2014 onwards.

24. Commitments

A) Operating leases

The Company is leasing certain facilities and equipment under long-term lease agreements in effect through 2026, which include an option for renewal. These agreements are recognized as operating leases, since the contracts do not transfer substantially all risks and advantages inherent to ownership.

Future minimum rents under operating lease agreements are as follows:

	2011	2010
No later than 1 year	Ps. 624,025	Ps. 514,493
Later than 1 year and no later than 5 years	1,290,301	1,050,232
Later than 5 years	801,660	523,946
Total	**Ps. 2,715,986**	**Ps. 2,088,671**

Rental expense was approximately Ps.701,370 and Ps.745,613 for the years ended December 31, 2011 and 2010, respectively.

The Company has a lease agreement of an aircraft for a 10-year term of, which includes an early purchase option on the following dates: (a) on the fifth anniversary for U.S.$34.7 million and (b) on the seventh anniversary for U.S.$31.6 million.

B) Finance leases

At December 31, 2011 and 2010, and January 1, 2010, the net carrying values of assets recorded under finance leases totaled Ps.20,922, Ps.138,407 and Ps.162,446, respectively, and correspond to transportation and production equipment.

Future minimum lease payments under finance lease agreements are as follows:

		2011		2010
No later than 1 year	Ps.	13,515	Ps.	37,516
Later than 1 year and no later than 5 years		23,805		91,406
		37,320		128,922
Future finance charges on finance leases		(4,037)		(22,287)
Present value of finance lease liabilities	Ps.	33,283	Ps.	106,635

The present value of finance lease liabilities is as follows:

		2011		2010
No later than 1 year	Ps.	12,432	Ps.	33,545
Later than 1 year and no later than 5 years		20,851		73,090
Total	Ps.	33,283	Ps.	106,635

Finance lease agreements include purchase options at fair value at the end of the lease. Additionally, the contracts include the option to renew or extend the lease term for the same amount for each respective contract.

C) Other commitments

At December 31, 2011, the Company had various outstanding commitments to purchase commodities and raw materials in the United States for approximately Ps.3,742,213 (U.S.$268,259 thousand) and in Mexico for approximately Ps.4,491,900 (U.S.$322,000 thousand), which will be delivered during 2012. The Company has concluded that there are not embedded derivatives resulting from these contracts.

At December 31, 2011, the Company had outstanding commitments to purchase machinery and equipment in Mexico and the United States amounting to approximately Ps.255,724.

25. Contingencies

MEXICO

Asset Tax Claim.- *The Secretaría de Hacienda y Crédito Público*, or Ministry of Finance and Public Credit, has lodged tax assessments against the Company for an amount of Ps.34.3 million plus penalties updates and charges, in connection with asset tax returns for the year 1997. The Company has filed several appeals to obtain an annulment of these assessments.

Income Tax Claim.- *The Secretaría de Hacienda y Crédito Público* has lodged tax assessments against the Company for an amount of Ps.93.5 million in connection with withholding on interest payments to its foreign creditors for years 2000, 2001 and 2002. Mexican authorities claim that the Company should have withheld a higher rate than the 4.9% withheld. The Company intends to defend against these claims vigorously.

The Company believes that the outcome of these claims will not have an adverse effect on its financial position, results of operations, or cash flows.

CNBV Investigation.- On December 8, 2009, the Surveillance Office of the *Comisión Nacional Bancaria y de Valores* (the Mexican National Banking and Securities Commission, or CNBV) began an investigation into the Company in respect of the timely disclosure of material events reported through the Mexican Stock Exchange during the end of 2008 and throughout 2009 in connection with the Company's foreign exchange derivative losses and the subsequent conversion of the realized losses into debt. In 2011 the CNBV commenced an administrative proceeding against the Company for alleged infringements to applicable legislation. The Company has participated in this proceeding in order to demonstrate its compliance with current legislation and to adopt applicable defenses as deemed appropriate in order to protect Gruma's interests. As of this date, the aforementioned proceeding is ongoing, and the CNBV has not issued a final resolution in connection therewith.

We intend to vigorously defend against these actions and proceedings. It is the opinion of the Company that the outcome of this proceeding will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

UNITED STATES

Labor and Employment Related Claim.- On March 24, 2009, Guadalupe Arevalo, a former employee, filed a class action complaint for damages and equitable relief, currently being heard by the Superior Court of the State of California, County of Los Angeles, for an alleged: (1) failure to pay minimum or contractual wages, pay overtime, and provide accurate wage statements, in violation of the California Labor Code; (2) failure to pay wages due to former employees at the time of resignation and/or discharge; and (3) violation to certain provisions of the California Business and Professions Code. On June 10, 2010, the plaintiff filed a second amended complaint incorporating an additional cause of action for failure to provide meal periods as required by law. The parties reached a court approved settlement on March 26, 2012, and the case has been dismissed.

Product Labeling Claim.- Mary Henderson brought a class action lawsuit against Gruma Corporation for (1) false advertising under the Lanham Act, (2) violations of California's Unfair Competition Law, (3) violations of California's False Advertising Law, and (4) violations of the California Consumer Legal Remedies Act. The complaint alleged that Gruma Corporation's labeling of its guacamole flavored dip and spicy bean dip products is false and misleading. The complaint was subsequently amended to dismiss the Company under the Lanham Act claim. The case was settled for Ps.42 (U.S.$3 thousand) and has been dismissed.

VENEZUELA

Expropriation Proceedings by the Venezuelan Government.- On May 12, 2010, the Bolivarian Republic of Venezuela (the "Republic") published in the Official Gazette of Venezuela decree number 7,394 (the "Expropriation Decree"), which announced the forced acquisition of all goods, movables and real estate of the Company's subsidiary in Venezuela, Molinos Nacionales, C.A. ("MONACA"). The Republic has expressed to GRUMA's representatives that the Expropriation Decree extends to the Company's subsidiary Derivados de Maíz Seleccionado, C.A. ("DEMASECA").

As stated in the Expropriation Decree and in accordance with the Venezuelan Expropriation Law (the "Expropriation Law"), the taking of legal ownership can occur either through an "Amicable Administrative Arrangement" or a "Judicial Order".

Each process requires certain steps as indicated in the Expropriation Law, neither of which has occurred. Therefore, as of this date, no formal transfer of title of the assets covered by the Expropriation Decree has taken place. The negotiations are ongoing.

GRUMA's interests in MONACA and DEMASECA are held through two Spanish companies Valores Mundiales, S.L. ("Valores Mundiales") and Consorcio Andino, S.L. ("Consorcio Andino"). In 2010, Valores Mundiales and Consorcio Andino (collectively, the "Investors") commenced negotiations with the Republic with the intention of reaching an amicable settlement. GRUMA has participated in these negotiations with a view to continuing its presence in Venezuela by potentially entering into a joint venture with the Venezuelan government, that could also include compensation, or, absent a joint venture arrangement, GRUMA may receive compensation for the assets subject to expropriation, which the law requires be fair and reasonable. Those negotiations are ongoing.

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

The negotiations with the government are ongoing, and the Company cannot assure that those negotiations will be successful or will result in the Investors receiving adequate compensation, if any, for their investments subject to the Expropriation Decree. Additionally, the Company cannot predict the results of any arbitral proceeding, or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting a successful arbitration award. As a result, the net impact of this matter on the Company's consolidated financial results cannot be reasonably estimated. The Company and its subsidiaries reserve and intend to continue to reserve the right to seek full compensation for any and all expropriated assets and investments under applicable law, including investment treaties and customary international law.

The Venezuelan government has not taken physical control of the assets of MONACA or DEMASECA and has not taken control of their operations. In consequence, GRUMA can validly and legally assert that, as of this date, Valores Mundiales and Consorcio Andino have full legal ownership of MONACA's and DEMASECA's rights, interest, shares and assets, respectively, and full control of all operational or managerial decisions of MONACA and DEMASECA, which will not cease until GRUMA, through Valores Mundiales and Consorcio Andino, finally agree with the Venezuelan government on the terms and conditions to transfer such assets in accordance with the legal and business schemes that are currently in negotiations with the government of Venezuela.

Pending resolution of this matter, based on preliminary valuation reports, no impairment charge on GRUMA's net investment in MONACA has been identified. The Company is also unable to estimate the value of any future impairment charge, if one will be taken, or to determine whether MONACA will need to be accounted for as a discontinued operation. The historical value as of December 31, 2011 of the net investment in MONACA and DEMASECA was Ps.2,271,178 and Ps.165,969, respectively. The Company does not maintain insurance for the risk of expropriation of its investments.

Below is financial information regarding MONACA as of December 31, 2011 and 2010 (there are no material transactions between MONACA and the Group that need to be eliminated):

	At December 31, 2011	At December 31, 2010
Current assets	Ps. 3,656,758	Ps. 2,139,422
Non-current assets	2,182,293	1,481,982
Total assets	5,839,051	3,621,404
Percentage from consolidated total assets	13.1%	9.3%
Current liabilities	2,699,514	1,904,852
Non-current liabilities	22,356	26,713
Total liabilities	2,721,870	1,931,565
Percentage from consolidated total liabilities	10.1%	6.8%
Total net assets	3,117,181	1,689,839
Percentage from consolidated total net assets	17.6%	15.8%
Non-controlling interest	846,003	458,622
Interest of Gruma in total net assets	Ps. 2,271,178	Ps. 1,231,217

The condensed statements of income for MONACA for the years ended December 31, 2011 and 2010, are as follows:

	2011	2010
Net sales	Ps. 9,080,552	Ps. 5,331,063
Percentage from consolidated net sales	15.8%	11.4%
Operating income	673,588	37,647
Percentage from consolidated operating income	20.2%	1.5%
Net income (loss)	681,586	(169,225)
Percentage from consolidated net income	11.7%	-26.5%

Intervention Proceedings by the Venezuelan Government.- On December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of assets of all corporations in which Ricardo Fernández Barrueco had any direct or indirect interest. As a result of Ricardo Fernández Barrueco's former indirect ownership of MONACA and DEMASECA, these subsidiaries were subject to the precautionary seizure. The Ministry of Finance of Venezuela, in light of the precautionary measure ordered by the Eleventh Investigations Court for Criminal Affairs of Caracas, has made several designations of individuals as special managers and representatives on behalf of the Republic of Venezuela of the shares that were previously owned indirectly by Ricardo Fernández Barrueco in MONACA and DEMASECA, the last designation was on January 14, 2011.

As a result of the foregoing, MONACA and DEMASECA, as well as Consorcio Andino, S.L. and Valores Mundiales, S.L., as holders of the Venezuelan subsidiaries, have filed a petition as aggrieved third-parties to the proceedings against Ricardo Fernández Barrueco, as a challenge to the precautionary measures, the seizure and all related actions. MONACA has also filed for corresponding legal remedies. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas issued a ruling regarding the petitions, in which, the court recognized that MONACA and DEMASECA are companies wholly controlled by Valores Mundiales, S.L. and Consorcio Andino, S.L, respectively. However, the precautionary measures of seizure issued on December 4, 2009 were upheld by the court, despite the court's recognition of MONACA and DEMASECA's ownership. In virtue of the aforementioned, an appeal has been filed, which is pending resolution as of this date.

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

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

The Company intends to exhaust all legal remedies available in order to safeguard and protect the Company's legitimate interests.

Tax Claims.- The Venezuelan tax authorities have lodged certain assessments against MONACA, one of the Company's Venezuelan subsidiaries, related to income tax returns for the years 1998 and 1999, which amounted to Ps.9,709 (U.S.$696 thousand), plus related Value Added Tax deficiencies in the amount of Ps.460 (U.S.$33.2 thousand). The case has been appealed and is pending a final decision. Any tax liability arising from the resolution of these claims will be assumed by the previous shareholder, International Multifoods Corporation, in accordance with the purchase agreement by which the Company acquired MONACA. Likewise, MONACA has filed claims with the fiscal authorities in the corresponding tax courts for the amount of Ps.9,068 (U.S.$650 thousand). This matter is pending resolution.

Labor Lawsuits.- In the past, MONACA was named in three labor lawsuits (two brought by Caleteros, as defined below, and one stemming from a workplace accident) seeking damages in the amount of Ps.17,438 (U.S.$1,250 thousand). The lawsuits and claims are related to issues and rights such as profit sharing, social security, vacation, seniority and indemnity payment issues. The "Caleteros" who brought the claims are third parties who help freighters unload goods.

Finally, the Company and its subsidiaries are involved in various pending litigations filed in the normal course of business. It is the opinion of the Company that the outcome of these proceedings will not have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

26. Related Parties

Related party transactions were carried out at market value.

A) Sales of goods and services

	For the years ended December 31,	
	2011	2010
Entities that have significant influence over the entity	Ps. 41,519	Ps. 21,599

B) Purchases of goods and services

	For the years ended December 31,	
	2011	2010
Purchases of goods:		
Entities that have significant influence over the entity	Ps. 1,836,942	Ps. 1,239,716
Purchases of services:		
Entities that have significant influence over the entity	110,239	113,004
Total	**Ps. 1,947,181**	**Ps. 1,352,720**

C) Key management personnel compensation

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	2011	2010
Salaries and other short-term employee benefits	Ps. 186,707	Ps. 149,588
Termination benefits	20,227	-
Total	**Ps. 206,934**	**Ps. 149,588**

At December 31, 2011 and 2010, the reserve for deferred compensation amounted to Ps.49.8 and Ps.53.7 million, respectively.

D) Balances with related parties

At December 31, 2011 and 2010 and at January 1, 2010, the balances with related parties are as follows:

	Nature of transaction	At December 31, 2011	At December 31, 2010	At January 1, 2010
Receivables from related parties:				
Entities that have significant influence over the entity	Commercial and services	Ps. -	Ps. 238,289	Ps. 500,669
Payables from related parties:				
Entities that have significant influence over the entity	Commercial and services	Ps. 131,772	Ps. 75,999	Ps. 207,559

The balances payable to related parties as of December 31, 2011, expired during 2012 and do not bear interest.

Additionally, during 2011 the Company obtained financing for Ps.600 million from a subsidiary of GFNorte, bearing an interest rate of 7.335%..

27. Financial Standards Issued But Not Yet Effective

The new IFRS, which will become effective after the issuance of the Company's financial statements, are explained below. This list includes those IFRS standards which the Company reasonably expects to apply in the future. The Company has the intention of adopting these new IFRS on the date they become effective.

A) New standards

a. IFRS 9, "Financial Instruments"

IFRS 9, "Financial Instruments" was published in November 2009 and contained requirements for the classification and measurement of financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. In December 2011, the IASB amended IFRS 9 in order to require its application for annual periods beginning on or after January 1, 2015.

b. IFRS 10, "Consolidated Financial Statements"

In May 2011 the IASB issued IFRS 10, "Consolidated Financial Statements". This standard establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the financial statements. The standard also sets out the accounting requirements for the preparation of consolidated financial statements, as well as the requirements on how to apply the control principle. IFRS 10 supersedes IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation – Special Purpose Entities", and is effective for annual periods beginning on or after January 1, 2013.

c. IFRS 11, "Joint Arrangements"

In May 2011 the IASB issued IFRS 11, "Joint Arrangements". IFRS 11 classifies joint arrangements into two types: joint operations and joint ventures. An entity determines the type of joint arrangement in which it is involved by considering its rights and obligations. For a joint operation, the assets, liabilities, revenues and expenses are measured in relation to its interest in the arrangement. For a joint venture, an investment is recognized and accounted using the equity method. Proportional consolidation of joint ventures is no longer allowed. IFRS 11 is effective for those annual periods beginning on or after January 1, 2013.

d. IFRS 12, "Disclosure of Interests in Other Entities"

IASB issued IFRS 12, "Disclosure of Interests in Other Entities" in May 2011. IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature and the risks associated with its interest in other entities, such as joint arrangements, associates and special purpose entities. The standard is effective for annual periods beginning on or after January 1, 2013.

e. IFRS 13, “Fair Value Measurement”

In May 2011 the IASB issued IFRS 13, “Fair Value Measurement”. The objective of IFRS 13 is to provide a precise definition of fair value and a single source of fair value measurement and disclosure requirements, when it is required or allowed by other IFRS. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

B) Amendments

a. IFRS 7, “Financial Instruments: Disclosures”

In October 2010 the IASB issued the revised IFRS 7, “Financial Instruments: Disclosures”. The standard amended the required disclosures to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position. The revised IFRS is effective for annual periods beginning on or after July 1, 2011.

b. IAS 1, “Presentation of Financial Statements”

In June 2011 the IASB issued the revised IAS 1, “Presentation of Financial Statements”. The main change resulting from this amendment was a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially classifiable to profit or loss subsequently. The amendment did not address which items are presented in OCI. The standard is effective for annual periods beginning on or after July 1, 2012.

c. IAS 12, “Income Taxes”

In 2010 the IASB issued the revised IAS 12, “Income Taxes”. The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, “Income taxes - recovery of revalued non-depreciable assets”, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The standard is effective for annual periods beginning on or after January 1, 2012.

d. IAS 19, “Employee Benefits”

In June 2011 the IASB issued the revised IAS 19, “Employee Benefits”. The amendments eliminate the corridor approach and establish the calculation of interest expense on a net basis. The standard is effective for annual periods beginning on or after January 1, 2013.

e. IAS 27, “Separate Financial Statements”

In May 2011 the IASB issued a revised IAS 27 with a new title: “Separate Financial Statements”. This standard includes the provisions on separate financial statements that remained after the control provisions of IAS 27 were included in the new IFRS 10. The standard is effective for annual periods beginning on or after January 1, 2013.

f. IAS 28, “Investments in Associates and Joint Ventures”

In May 2011 the IASB issued a revised IAS 28 with a new title: “Investments in Associates and Joint Ventures”. This standard includes the requirements for joint ventures, as well as associates, to be accounted using the equity method. The standard is effective for annual periods beginning on or after January 1, 2013.

The Company's management expects that the adoption of the new standards and amendments explained above will not have significant effects in its financial statements.

28. First Time Adoption Of International Financial Reporting Standards

Until 2010, the Company prepared its consolidated financial statements in accordance with Mexican Financial Reporting Standards. Starting 2011, the Company prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In accordance with IFRS 1, "First-time adoption of International Financial Reporting Standards", the Company considered January 1, 2010 as transition date and January 1, 2011 as adoption date. The amounts included in the consolidated financial statements for the year 2010, have been reconciled to be presented with the same standards and criteria applied in 2011.

In order to determine the balances for adoption of IFRS, the Company considered January 1, 2010 as date of transition. In preparing these consolidated financial statements in accordance with IFRS 1, the Company applied the mandatory and certain of the optional exceptions from full retrospective application of IFRS.

The Company applied the following optional exemptions allowed by IFRS:

a. The accounting of business combinations occurred prior to January 1, 2010 was not modified (exception for IFRS 3).

b. The depreciated cost for property, plant and equipment at January 1, 2010 was considered the deemed cost on transition to IFRS, including asset revaluations held in the different countries in which the Company operates (exception for IAS 16).

c. Foreign currency translation adjustments recognized prior to January 1, 2010 were classified in retained earnings (exception to IAS 21).

d. The Company recognized accumulated actuarial gains and losses within retained earnings at the date of transition (exception for IAS 19).

Set out below are the exceptions that do not apply to the Company:

a. Share-based payment, since the Company does not have these benefits to employees;

b. Investments in subsidiaries, associates and joint ventures, since these financial statements were prepared on a consolidated basis, therefore, the Company applied the corresponding IFRS to these investments;

c. Assets and liabilities of subsidiaries, associates, and joint ventures, since the date of IFRS adoption for subsidiaries and associates was the same as the date for the parent company;

d. Compound financial instruments, because the Company does not have these types of financial instruments at the date of transition to IFRS;

e. Decommissioning liabilities included in the cost of land, buildings, and equipment, as the Company does not have liabilities of this type;

f. Financial assets or intangible assets accounted for under IFRIC 12, "Service Concession Agreements", as the Company has not entered into agreements within the scope of IFRIC 12; and

g. Designation of financial instruments previously recognized; measurement of fair value for financial assets and liabilities at initial recognition; transfers of assets from customers; borrowing costs and derecognition of financial liabilities with equity instruments, since the Company does not have these transactions.

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1.

Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in IAS 39, "Financial instruments: Recognition and measurement", at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. All of the Company's hedge contracts satisfy the hedge accounting criteria as of January 1, 2010 and, consequently, these transactions are reflected as hedges in the Company's balance sheets.

Estimates

IFRS estimates as at January 1, 2010 are consistent with the estimates as at the same date made in conformity with Mexican FRS.

Additionally, the Company applied prospectively the following mandatory exceptions starting January 1, 2010: derecognition of financial assets and liabilities and non-controlling interest, with no significant effect, since the requirements under Mexican FRS are the same.

The Company has determined that its functional currency is the Mexican peso and the functional currency of its subsidiaries is the currency of the country where each company is located.

The following reconciliations to IFRS are presented below:

A) Reconciliation of consolidated equity as of January 1, 2010
B) Reconciliation of consolidated equity as of December 31, 2010
C) Reconciliation of consolidated net income for the year ended December 31, 2010
D) Reconciliation of consolidated comprehensive income for the year ended December 31, 2010
E) Description of the effects from the transition to IFRS
F) Description of significant effects from the transition to IFRS in the consolidated cash flow statement for the year ended December 31, 2010

A) Reconciliation of consolidated equity as of January 1, 2010

ASSETS	Notes of effects from transition to IFRS	Mexican FRS	IFRS Adjustments	IFRS Reclassifications	IFRS
Current:					
Cash and cash equivalents		Ps. 1,880,663	Ps. -	Ps. -	Ps. 1,880,663
Trading investments		127,293	-	-	127,293
Derivative financial instruments	q.	-	-	55,749	55,749
Accounts receivable, net	q.	5,754,256	-	(83,504)	5,670,752
Recoverable income tax	f.	632,688	-	(204,883)	427,805
Inventories	a. c.	7,589,080	3,246	(55,738)	7,536,588
Prepaid expenses	b. c.	496,012	(27,932)	(131,110)	336,970
Total current assets		16,479,992	(24,686)	(419,486)	16,035,820
Non- current					
Notes and accounts receivables		543,295	-	-	543,295
Investment in associates	n.	3,975,652	44,687	-	4,020,339
Property, plant and equipment, net	c. m.	19,958,405	(6,496)	91,535	20,043,444
Intangible assets, net	a. d. e.	3,009,171	(194,142)	(331,775)	2,483,254
Deferred income tax assets	f.	-	3,552	148,740	152,292
Total non-current assets		27,486,523	(152,399)	(91,500)	27,242,624
TOTAL ASSETS		**Ps.43,966,515**	**Ps.(177,085)**	**Ps.(510,986)**	**Ps.43,278,444**

LIABILITIES					
Current:					
Short-term debt		Ps. 2,203,392	Ps. -	Ps. -	Ps. 2,203,392
Trade accounts payable	q.	3,630,974	-	(66,602)	3,564,372
Derivative financial instruments		11,935	-	-	11,935
Provisions	q.	-	-	247,590	247,590
Income tax payable	f.	219,722	-	11,852	231,574
Other liabilities	i. q.	2,883,570	(22,955)	(492,227)	2,368,388
Total current liabilities		8,949,593	(22,955)	(299,387)	8,627,251
Non-current:					
Long-term debt	e. g.	20,039,868	(90,031)	(377,835)	19,572,002
Deferred income tax liabilities	f.	2,476,245	(48,138)	148,712	2,576,819
Deferred employees' statutory profit sharing	h.	272,910	(272,910)	-	-
Employee benefits obligations	i.	245,761	56,322	-	302,083
Provisions	k. l. q.		-	82,776	82,776
Other liabilities	k. l. q.	170,575	(67,572)	(65,252)	37,751
Total non-current liabilities		23,205,359	(422,329)	(211,599)	22,571,431
TOTAL LIABILITIES		**32,154,952**	**(445,284)**	**(510,986)**	**31,198,682**

EQUITY					
Shareholders' equity:					
Common stock		Ps. 6,972,425	Ps. -	Ps. -	Ps. 6,972,425
Reserves	n.q.	-	44,687	(27,742)	16,945
Retained earnings	a.b.f.g.h.i.j.k.l.m.n.	(159,902)	151,678	916,684	908,460
Foreign currency translation adjustment	j.	888,942	-	(888,942)	-
Total shareholders' equity		7,701,465	196,365	-	7,897,830
Non-controlling interest		4,110,098	71,834	-	4,181,932
TOTAL EQUITY		11,811,563	268,199	-	12,079,762
TOTALLIABILITIES AND EQUITY		**Ps. 43,966,515**	**Ps.(177,085)**	**Ps.(510,986)**	**Ps.43,278,444**

B) Reconciliation of consolidated equity as of December 31, 2010

ASSETS	Notes of effects from transition to IFRS	Mexican FRS	IFRS Adjustments	IFRS Reclassifications	IFRS
Current:					
Cash and cash equivalents		Ps. 21,317	Ps. -	Ps. -	Ps. 21,317
Trading investments		79,577	-	-	79,577
Derivative financial instruments	q.	-	-	13,137	13,137
Accounts receivable, net	q.	4,843,157	-	174,640	5,017,797
Recoverable income tax	f.	811,784	-	(169,310)	642,474
Inventories	a. c.	7,283,743	10,711	(30,220)	7,264,234
Prepaid expenses	b. c.	437,112	(7,696)	(122,859)	306,557
Total current assets		13,476,690	3,015	(134,612)	13,345,093
Non- current					
Notes and accounts receivables		598,961	-	-	598,961
Investment in associates	n.	4,441,415	(5,014)	-	4,436,401
Property, plant and equipment, net	c. m.	17,886,784	(56,776)	100,165	17,930,173
Intangible assets, net	a. d. e.	2,889,945	(168,726)	(314,782)	2,406,437
Deferred income tax assets	f.	-	9,102	201,227	210,329
Total non-current assets		25,817,105	(221,414)	(13,390)	25,582,301
TOTAL ASSETS		**Ps.39,293,795**	**Ps.(218,399)**	**Ps.(148,002)**	**Ps.38,927,394**
LIABILITIES					
Current:					
Short-term debt		Ps.2,192,871	Ps. -	Ps. -	Ps. 2,192,871
Trade accounts payable	q.	3,674,076	-	(72,247)	3,601,829
Derivative financial instruments		4,863	-	-	4,863
Provisions	q.	-	-	308,801	308,801
Income tax payable	f.	79,501	4,808	67,998	152,307
Other liabilities	i. q.	3,223,529	(19,185)	(309,650)	2,894,694
Total current liabilities		9,174,840	(14,377)	(5,098)	9,155,365
Non-current:					
Long-term debt	e. g.	16,220,413	(23,742)	(344,133)	15,852,538
Deferred income tax liabilities	f.	2,612,330	(45,544)	201,229	2,768,015
Deferred employees' statutory profit sharing	h.	247,550	(247,550)	-	-
Employee benefits obligations	i.	276,904	73,275	-	350,179
Provisions	k. l. q.	-	-	21,353	21,353
Other liabilities	k. l. q.	141,230	(62,207)	(21,353)	57,670
Total non-current liabilities		19,498,427	(305,768)	(142,904)	19,049,755
TOTAL LIABILITIES		**28,673,267**	**(320,145)**	**(148,002)**	**28,205,120**
EQUITY					
Shareholders' equity:					
Common stock		Ps. 6,972,425	Ps. -	Ps. -	Ps. 6,972,425
Reserves	j.n.q.	-	(10,315)	(1,339,767)	(1,350,082)
Retained earnings	a.b.f.g.h.i.k.l.m.n.	311,764	58,629	951,825	1,322,218
Foreign currency translation adjustment	j.	(387,942)	-	387,942	-
Total shareholders' equity		6,896,247	48,314	-	6,944,561
Non-controlling interest		3,724,281	53,432	-	3,777,713
TOTAL EQUITY		10,620,528	101,746	-	10,722,274
TOTALLIABILITIES AND EQUITY		**Ps.39,293,795**	**Ps.(218,399)**	**Ps.(148,002)**	**Ps.38,927,394**

C) Reconciliation of consolidated net income for the year ended December 31, 2010

ASSETS	Notes of effects from transition to IFRS	Mexican FRS	IFRS Adjustments	IFRS Reclassifications	IFRS
Net sales	o. p.	Ps. 46,600,537	Ps. -	Ps.(368,083)	Ps. 46,232,454
Cost of sales	a.i.k.m.p.	(31,130,798)	(40,217)	(392,327)	(31,563,342)
Gross profit		15,469,739	(40,217)	(760,410)	14,669,112
Selling and administrative expenses	a.j.m.o.p.	(12,669,644)	36,230	533,049	(12,100,365)
Other expenses, net	p.	-	(23,847)	(494,885)	(518,732)
Operating income		2,800,095	(27,834)	(722,246)	2,050,015
Other expenses,net	p.	(718,171)	-	718,171	-
Interest expense	g.	(1,360,427)	(63,696)	(29)	(1,424,152)
Interest income	p.	29,778	-	3,975	33,753
Loss from derivative financial instruments		(82,525)	-	-	(82,525)
Monetary position gain, net		165,869	-	-	165,869
Gain from foreign exchange differences, net		143,852	-	-	143,852
		(1,103,453)	(63,696)	3,946	(1,163,203)
Share of profit of associates		627,333	(35,098)	-	592,235
Income before income tax		1,605,804	(126,628)	(129)	1,479,047
Income tax:					
Current income tax	f.	(569,981)	(8,878)	129	(578,730)
Deferred income tax	f.	(268,737)	7,906	-	(260,831)
		(838,718)	(972)	129	(839,561)
Net consolidated income		Ps. 767,086	Ps.(127,600)	Ps. -	Ps. 639,486
Attributable to:					
Shareholders		541,905	(110,126)	-	431,779
Non-controlling interest		225,181	(17,474)	-	207,707
		Ps. 767,086	Ps.(127,600)	Ps. -	Ps. 639,486
Basic earnings per share (pesos)		Ps. 0.96	Ps. (0.20)	Ps. -	Ps. 0.77
Weighted average of outstanding shares (thousands)		563,651			563,651

D) Reconciliation of consolidated comprehensive income for the year ended December 31, 2010

	Notes of effects from transition to IFRS	Mexican FRS	IFRS Adjustments	IFRS Reclassifications	IFRS
Net consolidated income		Ps. 767,086	Ps.(127,600)	Ps. -	Ps. 639,486
Other comprehensive income:					
Foreing currency translation adjustments	j.	(1,813,010)	(5,301)	-	(1,818,311)
Employee benefits obligations	i.		(18,949)	-	(18,949)
Share of equity of associates	n.	(71,020)	(14,603)	-	(85,623)
Others		781	-	-	781
		(1,883,249)	(38,853)	-	(1,922,102)
Comprehensive income		Ps.(1,116,163)	Ps.(166,453)	Ps. -	Ps. (1,282,616)
Attribuitable to:					
Shareholders		Ps. (805,218)	Ps.(148,051)	Ps. -	Ps. (953,269)
Non-controlling interest		(310,945)	(18,402)	-	(329,347)
		Ps.(1,116,163)	Ps.(166,453)	Ps. -	Ps. (1,282,616)

E) Description of the effects from the transition to IFRS

a. Recognition of effects of inflation

In accordance with IAS 29, "Financial reporting in hyper-inflationary economies", the effects of inflation in the financial information must be recognized for hyper-inflationary economies, when the accumulated inflation rate for the last three years exceeds 100%. Since the Company and its main subsidiaries are located in non-hyper-inflation economies, the effects of inflation recognized under Mexican FRS until 2007 were cancelled for the non-hyper-inflationary periods, except for "Property, plant and equipment (due to the deemed cost exception of IFRS 1) and for "Goodwill" (due to the business combinations exception).

b. Prepaid expenses

In accordance with IAS 38, "Intangible Assets", the expenses incurred in the production of advertising or catalogs are recognized in the income statement when incurred. Expenses related with the communication of advertising are recognized in the income statement until the commercials are issued or the insertions are made. At the date of transition, the Company identified the payments of production of advertising or catalogs that were included as prepaid expenses and recognized them in the income statement.

c. Property, plant and equipment

The Company adopted the revalued book values as deemed cost at the date of transition. In accordance with IAS 16, "Property, plant and equipment", the Company identified and reclassified from inventories to property, plant and equipment, the spare parts that are expected to be used in a period greater than one year and are attributable to specific machinery.

d. Software for internal use

In accordance with IFRS, the Company reclassified the balance of software for internal use in Intangible Assets. Under Mexican FRS, this balance was presented as Property, plant and equipment.

e. Debt issuance costs

In accordance with IAS 39, "Financial instruments: recognition and measurement", debt issuance costs (transaction costs) are decreased from the book value of the financial liability and are not presented as a separate asset. The net balance of the debt is the basis for the method of the effective interest rate. At the date of transition, the Company reclassified the debt issuance costs from Intangible Assets to Long-Term Debt.

f. Deferred taxes

IAS 12, "Income taxes" requires that assets and liabilities from deferred taxes are presented net, only when referred to taxes from the same authority for the same subject, and when a legally recognized right is present to net assets and liabilities for current taxes. The Company reclassified at the date of transition the amounts of deferred taxes not subject to netting. Additionally, the Company adjusted deferred taxes according to IAS 12, using the book values of assets and liabilities recognized under IFRS.

g. Long-term debt

In accordance with IAS 39, the financial liabilities are initially recognized at fair value and subsequently at amortized cost, using the effective interest method, which refers to the discount rate that equals the estimated cash flows to be paid during the term of the debt. At the date of transition, the Company recognized the bank debt at amortized cost.

h. Deferred employees' statutory profit sharing (ESPS)

In accordance with IAS 19, "Employee benefits", ESPS is considered as an employee benefit, since its payment is based on the service rendered by the employee; the expense for ESPS is recognized only for the current portion. No deferred ESPS is determined based on the comprehensive asset and liability method, since this method only applies to income taxes. Therefore, the Company cancelled the balance for deferred ESPS starting on the date of transition.

i. Employee benefits

Mexican FRS D-3, "Employee Benefits" establishes that termination benefits, including those that are paid in case of involuntary termination, are considered in actuarial calculations in order to estimate the corresponding liability. For IAS 19, an entity recognizes termination benefits as a liability only when the entity is required to (a) conclude the contract before the retirement date; or (b) establish termination benefits as a result of offers made to promote voluntary dismissal. Therefore, the Company cancelled the provision recognized at the date of transition.

In accordance with IFRS 1, "First-time adoption of International Financial Reporting Standards", the Company recognized accumulated actuarial gains and losses within retained earnings at the date of transition. Therefore, the balance sheet at the date of transition presents the full liability for the Company's plans. In accordance with IAS 19, the Company will recognize future actuarial gains and losses in other comprehensive income.

j. Foreign exchange translation

According to IFRS 1, an entity that first adopts IFRS does not need to comply with IAS 21, "The effects of changes in foreign exchange rates", with respect to accumulated translation differences that exist at the date of transition. An entity that adopts IFRS for the first time may use the following exception: (a) the cumulative translation differences of all foreign operations are considered null at the date of transition, and (b) the gain or loss on disposal of the foreign entity will exclude translation differences occurred prior to the date of transition and will only include translation differences after such date.

The Company adopted the exception in order to recognize the balance of cumulative translation differences in retained earnings at the date of transition and to begin a new calculation.

k. Restoration provisions

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" requires recognition of a liability for the obligations arising from the restoration of assets at fair value where this can be estimated. The asset restoration obligation refers to the legal obligation to enforce the removal of an asset that can be conditioned on a future event that may or may not be under the control of the Company. The Company adopted, at the transition date, the procedure to determine the provision discounting the amount of the liability at the date on which the liability arises and using the discount rate that would have been applied during the period. The asset restoration obligation is adjusted in subsequent periods by applying the discount market rate.

l. Uncertain tax positions

Under IFRS, an entity should reflect at the balance sheet date, the tax consequences arising from the manner in which the entity expects to pay or recover from the tax authorities. According to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IAS 12 "Income Taxes", provisions for uncertain tax positions are measured using the weighted average of probability or the best estimate of the likely result. The cumulative probability model is not allowed under IFRS. Pursuant to the above, the Company adjusted the provision for uncertain tax positions under the originally estimated cumulative probability model at the transition date.

m. Idle assets

In accordance with IAS 16 “Property, Plant and Equipment” the depreciation of an asset begins when it is available for use and will not cease when the asset becomes idle or is retired from active use. Pursuant to the above, at the transition date, the Company continued depreciating assets held temporarily out of operation and under Mexican FRS C-6 “Property, Plant and Equipment” did not apply depreciation because the idleness of those assets will not affect their remaining useful life.

n. Investment in common stock of associated companies

In accordance with IAS 28 “Investment in Associates”, if an associate uses accounting policies other than those adopted by the investor, appropriate adjustments are made in the financial statements of the associate in order to ensure that the accounting policies of the associate match those used by the investor.

o. Net sales

In accordance with IFRS, the Company reclassified from selling expenses to net sales, freight expenses paid to third parties that are invoiced to customers separately.

In accordance with IFRS accounting policies and presentation rules adopted by the Company, promotion and sales incentive expenses such as coupons, introduction of new products, and in-store display incentives, were reclassified from selling expenses to net sales.

p. Other income (expense), net

Under Mexican FRS, certain items from Other income (expense) were presented after operating income, due to its unusual or infrequent nature. Under IFRS, these items are included in operating income.

q. IFRS reclassifications

In accordance with the adoption of IFRS, the Company made certain reclassifications in order to present its figures in a manner which complies with the new presentation rules.

F) description of significant effects from the transition to IFRS in the consolidated cash flow statement for the year ended December 31, 2010

The Company uses the indirect method for presenting the cash flow statement, which does not differ significantly in its presentation under IFRS from its presentation under Mexican FRS.

GENERAL
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Ticker Symbols

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NYSE: GMK*

*Each American depositary receipt represents four ordinary shares

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