GRUMA
A TASTE OF THE WORLD
ANNUAL REPORT 2006

gruma

Taste Nutrition Quality

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About GRUMA

GRUMA, S.A.B. de C.V., is one of the world's leading tortilla and corn flour producers. GRUMA was founded in 1949 and is engaged primarily in the production, marketing, distribution, and sale of tortillas, corn flour, and wheat flour. With leading brands in most of its markets, GRUMA has operations in the United States, Europe, Mexico, Central America, Venezuela, Asia, and Oceania and exports to approximately 50 countries worldwide. GRUMA is headquartered in Monterrey, Mexico, and has about 17,000 employees and 88 plants. In 2006, GRUMA had net sales of US$2.8 billion, of which 68% came from operations outside of Mexico.

Gruma Corporation is one of the leading corn flour and tortilla producers and marketers in the United States. Gruma Corporation also has corn flour and tortilla operations in Europe and,more recently, tortilla operations in Asia and Oceania. Through its tortilla subsidiary Mission® Foods (with 19 plants in the United States, two in the United Kingdom, one in the Netherlands, two in Australia, and one in China) and its corn flour subsidiary Azteca Milling Co. (with six plants in the United States and one in Italy), Gruma Corporation serves industrial, retail, and foodservice customers. Its signature brands include Mission and Guerrero® tortillas and MASECA® corn flour.

GIMSA is the largest corn flour manufacturer in Mexico. Through its 17 corn flour plants, it serves industrial and retail customers throughout Mexico under the MASECA brand. Molinera de México is the largest wheat flour producer in Mexico. With 10 plants located throughout the country, Molinera de México serves industrial and retail customers throughout Mexico.

Its signature brands include, among others, Selecta®. PRODISA is a tortilla producer that serves retail customers through two plants located in northern Mexico. Its signature tortilla brand is Misión®. GRUMA's technology division has two plants that provide research and development, equipment for tortilla and corn flour manufacturing, and construction services for internal needs. The technology division also manufactures small tortilla equipment for third parties.

In Venezuela, GRUMA subsidiaries MONACA and DEMASECA, with 14 plants, produce and distribute corn flour and wheat flour as well as rice, oats, and other products. These companies serve industrial and retail customers with signature brands Juana® corn flour and Robin Hood® wheat flour, among others.

Through 11 plants located throughout Central America, Gruma Centroamérica serves industrial and retail customers in Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. Gruma Centroamérica manufactures corn flour and, to a lesser extent, tortillas and snacks. Gruma Centroamérica also cultivates hearts of palm and processes rice. Its signature brands include MASECA corn flour and TortiRicas® and Misión tortillas.

The year at a glance

January

Mission Foods launches Mission Tortillas PLUS!™, a complete line of healthy products that delivers great taste plus nutrition.

In an effort to provide consumers with healthier alternatives, Molinera de México launches Selecta Saludable whole-wheat flour.

GRUMA successfully concludes an equity offering of 30 million shares, for a total of approximately US$110 million, and allocates the proceeds primarily to increasing production capacity in Gruma Corporation.

GRUMA acquires Rositas Investments, a tortilla company based in Australia. This company has annual sales of approximately US$15 million and will strengthen GRUMA's presence in the international markets.

February

Mission Foods launches baked tostadas, a healthier product that offers great flavor without the fat.

Gruma Centroamérica launches TortiRicas Mañaneras®, tortillas that have extra protein, iron, and calcium and provide the consumer with up to 67% more energy than a regular tortilla.

March

Mission Foods launches "Now there's an idea!" campaign, its first-ever national television advertising campaign.

Mission Foods was honored as Baker of the Year for 2006 by Sosland Publishing and *Baking and Snack* magazine.

The year at a glance

April

In its second acquisition in Australia, GRUMA purchases Oz-Mex Foods, a Melbourne-based company that manufactures products such as flour tortillas, taco shells, salsas, and seasonings.

GRUMA completes the sale of a 40 percent stake in MONACA for US$65.6 million.

May

In the largest single account acquisition in the history of the foodservice division of Mission Foods, the company secures a contract to supply tortillas to a major fast-food chain for a new wrap sandwich.

The European operations strengthen its presence by relaunching the Mission Deli Wrap brand into the UK retail market.

GRUMA pays a cash dividend of Ps 0.85 per share, representing a dividend yield of 2.5 percent.

June

Gruma Centroamérica receives the National Excellence Award during the Food Industry Congress in Costa Rica.

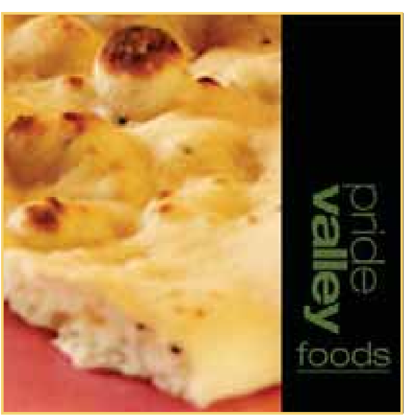
The year at a glance

August

PRODISA launches totopos light, baked tortilla chips that offer consumers a healthier alternative.

September

GRUMA opens its first tortilla plant in Asia, located in Shanghai, China. The new plant serves mainly the foodservice channel and will allow the company to strengthen its presence in the Asian markets.



October

GRUMA acquires Pride Valley Foods, a company based in Newcastle, England, that manufactures tortillas, pita bread, naan, and chapatti, and has annual sales of approximately US$40 million. This acquisition will strengthen GRUMA's presence in the European market and allow the company to expand its product lines.

GRUMA improves its debt profile by refinancing its US$70 million revolving credit facility due in 2007 for a larger credit facility of US$100 million due in 2011.

The year at a glance

November

PRODISA launches tostadas horneadas con calcio, baked tostadas with calcium.

GRUMA holds its GRUMA Day event for equity investors and analysts in New York.

December

PRODISA relaunches its tortilla de trigo integral, a whole-wheat tortilla with a new and healthier formula.

Financial highlights

GRUMA, S.A.B. DE C.V., AND SUBSIDIARIES
(millions of constant pesos as of December 31, 2006, except where indicated[1])

	2006	2005	Var.
INCOME STATEMENT			
Sales volume [2]	4,197	3,957	6.1%
Net sales	30,654	27,863	10.0%
Operating income	1,783	1,633	9.1%
Operating margin	5.8%	5.9%	(10) bp
EBITDA [3]	2,906	2,721	6.8%
EBITDA margin	9.5%	9.8%	(30) bp
Net income	1,604	1,393	15.2%
Majority net income	1,525	1,239	23.1%
BALANCE SHEET			
Cash and cash equivalents	571	342	67.1%
Total assets	30,238	27,967	8.1%
Debt [4]	6,488	7,217	(10.1%)
Total liabilities	13,189	13,242	(0.4%)
Stockholders' equity	17,048	14,725	15.8%
Majority stockholders' equity	14,126	11,736	20.4%
OTHER			
Millions of common shares outstanding	482.5	452.5	6.6%
Earnings per share [5]	3.18	2.74	15.8%
Book value per share [6]	29.3	25.9	12.9%
Investments	2,433	2,145	13.4%
Employees at year-end	16,855	15,893	6.1%

[1] All references here in to "peso" are to the Mexican peso.
[2] Thousands of metric tons.
[3] EBITDA = operating income + depreciation and amortization affecting operating income.
[4] Measured in dollar terms, debt decreased 8% to US$600 million.
[5] Figures in pesos and based on weighted average of outstanding shares.
[6] Figures in pesos and based on outstanding shares at year-end.

Letters to stockholders

Message from the chairman

My fellow stockholders:

In 2006 the growth trend continued in the world's population and in the per-capita income enjoyed in developed and emerging countries. These trends have helped to expand the world economy by almost 5% and present a greater opportunity for Mexican food and for our products.

Nonetheless, it was also a year of challenges derived from an increase in the prices of energy and other commodities, including the primary grains that we process.

Overall, we are pleased with the year's results; consolidated net sales rose 10% and, despite volatility in the commodities market, our operating income grew 9%.

These positive results confirm that, despite complex and variable global conditions, GRUMA's strategy to invest in additional production capacity; develop innovative processes, products, and services; and focus on better customer service has been the right one. Therefore, even in the midst of changing conditions, we are confident that we will continue to achieve strong long-term results and maintain a healthy capital structure.

I thank the board members for your valuable contributions, shareholders for your confidence in our future, consumers and customers for your loyalty to our products, suppliers for your support, the communities in which we operate for your hospitality, and our employees for your dedication.

Roberto González Barrera
Chairman of the Board

Letters to stockholders

Message from the chief executive officer

To the board of directors and stockholders of GRUMA, S.A.B. de C.V.:

As chief executive officer of GRUMA, S.A.B. de C.V. ("GRUMA"), and pursuant to article 44 section XI of the Mexican Securities Law (Ley del Mercado de Valores) and the Company's bylaws, I hereby render the report referred to in article 172 sections a, c, d, e, f, and g of the Mexican Corporation Law (Ley General de Sociedades Mercantiles), according to the following:

I. Performance of the Company in the 2006 fiscal year

In 2006 we continued to shape our business to take advantage of demographic and culinary trends around the world and to meet ever-growing demand for our products. We focused our efforts during the year on, among other activities, increasing our capacity and expanding our international presence.

We are pleased with our results for the year. Consolidated net sales rose 10% to Ps.30,654 million and came mainly from Gruma Corporation and Grupo Industrial Maseca, S.A.B. de C.V. ("GIMSA"). Despite volatility in the commodities market, our operating income grew 9% to Ps.1,783 million due principally to Gruma Venezuela and GIMSA.

With a 14% increase in net sales during 2006, Gruma Corporation continues to be the primary driver of our growth. In the United States, Hispanics are the fastest-growing population, and the growth of this market has helped us establish a strong presence in new markets throughout the country. In addition, the market for our products among non-Hispanics in the United States continues to grow, and the tortilla is used more and more in mainstream cuisine in the United States and in multicultural dishes around the world. The strong development of the foodservice and fast-food segments and the ongoing diversification of menus—which now include our products, wraps in particular—extend to new geographic frontiers and innovative ways to consume our products.

As the popularity of tortillas and related products continues to expand beyond their traditional roots in Mexican cuisine, we have enjoyed significant growth in other markets around the world and have penetrated new regions. We are working diligently to capture the many opportunities that such growth brings. For example, during 2006 we entered the Australian market through our acquisitions of Rositas Investments and Oz-Mex Foods, and we opened a new plant in Shanghai, China, all of which will enable us to better serve our customers in the Asia and Oceania regions. In addition, we broadened our presence in the

Letters to stockholders

United Kingdom through our purchase of Pride Valley Foods.

We continue to expand our product offerings to meet new demands. We now offer an array of healthy products under our Mission Tortillas Plus! line, and we have extended our expertise in the production, distribution, and marketing of tortillas and related products beyond our traditional focus. Thanks to the acquisition of Pride Valley Foods, we now offer products similar to tortillas that are very popular in other cultures, such as pita bread in the Middle East and naan and chapatti in India and Pakistan.

We have taken significant steps to effectively manage our growth in Gruma Corporation. We expanded capacity in our existing facilities, adding production lines in our plants and increasing efficiencies, especially in plants that we acquired and built in 2005. These efforts are enabling us to increase production capacity and reduce transportation costs because we now make and ship products to destinations closer to our plants and, as a result, are able to deliver fresher products and guarantee good quality.

GIMSA, our corn flour subsidiary in Mexico, experienced a second consecutive year of strong results: sales volume increased 9%, and operating income rose 14%. While the 2005 acquisition accounted for most of the growth in our sales volumes, we also enjoyed organic growth that was driven, in part, by our efforts to bring customers new ways to fuel their own growth. We will continue to seek innovative ways to grow our business organically in this market, which has huge potential: only 48% of tortillas consumed in Mexico are made with corn flour.

In Molinera de México, our Mexican wheat flour subsidiary, we strengthened results and introduced new value-added products that we expect to spur sales growth in 2007. For example, we introduced for retail sale whole-wheat flour to meet the demands of more health-conscious consumers.

Gruma Venezuela saw a substantial increase in operating income, resulting in lower costs and logistics efficiencies in the handling of raw materials, particularly in the wheat flour business. We are working to increase the efficiencies of our operations and reduce costs. In addition, during the year we completed the sale of a 40% stake in MONACA for US$65.6 million; this sale was made in installments, and we estimate that the transaction will be completed in December 2007.

Gruma Centroamérica enjoyed a significant increase in net sales of 12%, attributable in large part to our 2005 purchase of a corn flour plant in Guatemala. We also brought several new products to market and increased regional coverage. We will continue with our efforts to strengthen our presence in this region.

As we grow, we remain focused on maintaining a healthy capital structure. In January 2006, we concluded an equity offering of 30 million shares for a total of approximately US$110 million; we used the proceeds of this transaction mainly for investments in capacity expansions in Gruma Corporation. In addition, in October we refinanced Gruma Corporation’s revolving credit facility of US$70 million with a new line in the amount of US$100 million, which extended the due date to 2011. We also secured better terms and interest rates through this refinancing. During 2006, GRUMA sold 17,224,100 shares of Grupo Financiero Banorte (“Banorte”), which reduced GRUMA’s participation interest in Banorte from 10.85% to 10.00%. The proceeds of this transaction were used mainly for investments in Gruma Corporation and to reduce our debt, which decreased by approximately US$50 million during 2006.

II. Financial statements

The consolidated financial statements included in this report were prepared according to the Financial Reporting Standards (FRS) issued by the Mexican Financial Reporting Standards Board, as well as the statements issued by the Accounting Principles Board of the Mexican Institute of Public Accountants, which have not been modified, substituted, or otherwise superseded by new FRS and the International Financial Reporting Standards applicable on a supplementary basis. These financial statements have been audited by PricewaterhouseCoopers, S.C., independent auditors of the Company. Below is a summary of such financial statements:

- Net sales, in absolute terms, increased 10%, fueled by the growth in Gruma Corporation and GIMSA, due to higher sales volume growth and better average prices. Net sales reached Ps.30,654 million during 2006 versus Ps.27,863 million reported in the previous period, an increase of Ps.2,791 million.

- Gross profit for 2006 rose 11% to Ps.10,680 million compared with that of 2005, an improvement of Ps.1,015 million. The gross margin was 34.8%, compared with the margin of 34.7% reported for 2005.

- Selling, general, and administrative expenses (SG&A), as a percentage of net sales, rose 20 basis points, to 29.0% of our net sales, compared with the 28.8% reported for 2005. In absolute terms, SG&A rose 11% to Ps.8,897 million, compared with the Ps.8,032 million reported in 2005.

- Operating income increased by 9%, or Ps.149 million, to Ps.1,783 million, versus Ps.1,633 million reported for 2005. The increase was driven mainly by Gruma Venezuela and GIMSA and, to a lesser extent, by Gruma Centroamérica and Molinera de México. The operating margin was 5.8%.

- EBITDA increased 7%, driven mainly by Gruma Venezuela, GIMSA, Gruma Centroamérica, and Molinera de México and rose to Ps.2,906 million, Ps.185 million more than the Ps.2,721 million reported for 2005. EBITDA margin was 9.5%.

- Comprehensive financing cost, net reached Ps.333 million, Ps.53 million more than the Ps.280 million reported for 2005.

- Other expenses, net, were Ps.14 million, Ps.133 million less than the Ps.147 million reported for 2005.

- Income before taxes rose to Ps.1,435 million, Ps.229 million higher than the figure reported for 2005.

- Provision for taxes rose to Ps.444 million, compared with Ps.407 million reported for 2005.

Letters to stockholders

- Income before equity in earnings of associated companies rose to Ps.991 million, 24% higher than the Ps.799 million reported for 2005.

- Equity in earnings of associated companies (primarily Banorte) represented Ps.613 million, Ps.38 million less than that reported for 2005.

- Net income of GRUMA in 2006 increased 15% to Ps.1,604 million versus Ps.1,393 million reported for 2005, representing an increase of Ps.211 million. The net margin was 5.2% versus the 5.0% reported for 2005.

- Balance sheet shows total assets of Ps.30,238 million, Ps.2,271 million more than in 2005. Current assets increased by Ps.1,299 million to Ps.9,838 million, due to higher cash, accounts receivable, and inventories. Total fixed assets were Ps.20,400 million.

- Liabilities were Ps.13,189 million, Ps.53 million less than the Ps.13,242 million reported for 2005. Debt amounted Ps.6,488 million, representing a reduction of Ps.729 million. All other liabilities increased Ps.676 million to Ps.6,701 million from Ps.6,025 million at the end of 2005.

- Stockholders' equity totaled Ps.17,048 million, Ps.2,323 million more than the balance at the end of 2005.

III. Challenges and opportunities

We will continue to seek opportunities to grow our business organically through geographic expansion and also by acquisitions. As always, any investment we make must meet our strict criteria and enable us to build on or enhance our core business.

We continue with our program to evaluate the effectiveness of our internal control systems concerning financial reports under established criteria for that purpose by COSO (Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework), which integrates the frame of reference of our internal control system.

Letters to stockholders

We expect to continue our growth trajectory and will work to continually improve our ability to serve our new and existing customers around the world with fresher, higher-quality products that they can enjoy both at and away from home. Our expansion into new regions offers tremendous opportunities, and we are well positioned to take advantage of them.

Our priority actions include continuing our efforts to improve our products, giving careful attention to the needs of our customers, and searching for new opportunities to continually improve our business portfolio, operational performance, and financial results.

I want to thank our shareholders, board members, consumers, customers, suppliers, and employees for their constant support and trust in all our efforts. Your confidence reinforces our commitment to continue working to grow and strengthen GRUMA long into the future.

Jairo Senise
Chief Executive Officer

Satisfying the world's tastes

At GRUMA, we provide innovative tortilla, corn flour, wheat flour, and related products that serve customer needs and satisfy consumer preferences in the face of shifting demographic, culinary, and health-related trends. Our current market position enables us to capitalize on the growth potential offered by the combination of favorable demographic trends and our innovative products and marketing expertise.

Mexican food and its staple component, the tortilla, have gone mainstream, international, and multicultural. Major restaurant chains throughout the world now include in their menus tortillas and tortilla chips as featured items not only in Mexican dishes but also in a variety of multicultural and international dishes. Tortillas and related products are also used to make wraps, pizzas, and other foods in homes around the world.

The transformation of the tortilla into a worldwide culinary staple and our global presence place us in a strong position to capture tremendous opportunities. We are developing new and exciting products, broadening our global operations, and building a strong and reputable brand. As a result, we are solidifying GRUMA's position as one of the market leaders in an ever-changing global industry.

Generating excitement, building a global brand

Generating excitement with new products

Our tortillas, corn flour, wheat flour, and related products are instrumental to our success, and our ability to stay at the forefront of trends in our industry is a key growth driver. We are constantly developing and marketing new products to appeal not only to those who are already familiar with and loyal to our products but also to people in new regions and with different cultures and a variety of tastes.

Offering healthy alternatives

In 2006 we introduced many products to our health-conscious consumers. To differentiate and highlight these products in the United States, we created our Mission Tortillas Plus! line, which includes our new multigrain tortillas. The line also includes the Carb Balance™ Tortillas and 96% fat-free heart-healthy tortillas, which contain omega-3 fatty acids; both of these products were relaunched under the Mission Tortillas Plus! line in 2006.

Our diverse portfolio of products reflects our expanded presence in exciting new markets and our ability to satisfy a variety of cultures and tastes.

Also during the year we launched in the United States Mission and Guerrero baked tostadas, a healthier alternative to fried products.

The European operations relaunched the Mission Deli Wrap brand in the UK retail bakery sector. These wraps provide a tasty, healthy, contemporary alternative to bread and are offered in different flavors such as multigrain and wheat & white, which contains wheat germ and additional fiber.

The relaunch was supported by a strong marketing and public relations campaign, sampling, and consumer promotion and has helped to strengthen Mission's brand equity in this region.

In Central America, we introduced Tortiricas Mañaneras, tortillas that have more protein, iron, and calcium than our regular tortillas.

In Mexico, PRODISA launched a variety of healthier products under the Misión brand. We launched a new baked tostada with added calcium in northern Mexico. We also began distributing totopos horneados, baked corn chips, in the Baja California area. In the Northeast region, we relaunched a whole-wheat tortilla with a healthier formula that contains prebiotics and omega-3 fatty acids.

Also in Mexico, under Molinera de México's Selecta brand, we began retail distribution of Selecta Saludable, a healthier whole-wheat flour that contains omega-3 fatty acids, folic acid, dietary fiber, linseed, and prebiotics, as well as other nutrients that are essential to good health.

Generating excitement, building a global brand

We will continue to seek out new ways to excite the palate by offering our customers and the consumers of our products healthy, varied, and convenient choices.

To help diversify our product portfolio and enhance our flagship brands, we distribute foods manufactured by other companies that complement our products and offer exciting meal ideas. These include cheese dips, pork rinds, and salsas, among others, under the Mission brand.

Tailoring products to regional tastes

Our expertise in the production, marketing, and distribution of tortillas, corn flour, and wheat flour enables us to easily expand our offerings to include products that appeal to a variety of cultures and tastes.

In October 2006 we acquired Pride Valley Foods, based in Newcastle, England, which manufactures not only tortillas but also other kinds of flatbreads that are popular across many cultures worldwide, such as pita bread; naan, a thick, soft flatbread; and chapatti, a thin, soft flatbread.

At our new tortilla plant in Shanghai, China, which opened in September 2006, we worked with a multicultural group of chefs to design a state-of-the-art kitchen specifically for developing new products that appeal to Asian cultures and tastes.

In 2006 we introduced our new Mission Tortillas Plus! line that includes our new multi-grain tortilla, which contains 100 percent whole grains.

The plant will serve primarily foodservice customers in the region, which have been rapidly expanding their numbers in major cities, including Beijing, which will host the 2008 Summer Olympics.

For many years, we have been serving our customers in Asia with a variety of tortillas and corn flours. We currently ship products from our plants located in China and Australia to several countries such as New Zealand, South Africa, Japan, South Korea, Singapore, and Indonesia. We are also planning to develop a presence in the markets of Hong Kong, Macao, Malaysia, the Philippines, India, and the United Arab Emirates. In the Asian regions we currently serve, we have adapted our recipes specifically to appeal to local tastes. For example, we make our tortillas thinner and with less sodium for our customers in these markets. As our products become more popular and established in these regions, we will introduce new products, including ready-to-fry chips for our foodservice customers and flavored wraps and chips under our Mission brand for the retail channel, which we expect to launch in the second half of 2007.

Generating excitement, building a global brand

During 2006, the Mexican Embassy in Japan organized *A Taste of México—Japón 2006, El México de Maíz*, an event promoting Mexican culture and products to the Japanese population. During the event, which was well received by visitors, GRUMA provided information about the company and offered a tasting of popular corn flour recipes such as quesadillas, tamales, tostadas, and soups prepared by Japanese chefs.

Through our recent acquisition of Pride Valley Foods in the United Kingdom, we have expanded our product portfolio to include multicultural offerings such as pita bread, naan, and chapatti, soft flatbreads popular worldwide.

Continuing innovation in our more mature markets

We continue to develop new products in our traditional markets of Mexico, Central America, and Venezuela to maintain loyalty and bring new customers and consumers to our brands. In Venezuela, for example, we launched two new wheat flour products under the Robin Hood brand. One can be used to make empanadas and is important to our foodservice customers; the other can be used especially for hot dog and hamburger buns, important products for outdoor food vendors.

In 2006 Gruma Centroamérica received the National Excellence Award during the Food Industry Congress in Costa Rica. These operations also received the Food and Beverage Golden Trophy from the Editorial Office Trade Leader's Club for leadership and excellence in customer service.

Under the MASECA brand, we began retail distribution of MASECA Tamal Norteño—corn flour that can be used to prepare delicious tamales with little preparation time. For tortilla producers, we launched three different kinds of improved corn flours, increasing the amount of corn dough yielded from corn flour by 4%. These new products come in versions with varying degrees of softness and whiteness: MASECA 100% Natural, MASECA Premium, and MASECA Super Premium.

In Mexico, we launched retail distribution of Selecta Repostera, which is a special type of wheat flour that can be used for baking pastries such as cakes and cookies. We are also testing special high-quality wheat blends for bread that offer bakers a higher yield and a crispier crust and that will enable us to optimize our materials costs.

In Central America, we focused on our retail market and launched TortiRicas Gruesitas®, which are thicker than regular tortillas, and Fogón Minis® sabor mantequilla, butter-flavored tortillas. We also launched ten new snack products under our popular Tosty® brand and our Boca2® and Rumba® brands.

Generating excitement, building a global brand

Supporting Customers’ Growth

Our priority is to not only develop high-quality products but also offer unparalleled customer service. We have introduced a number of initiatives to help our customers grow their businesses and make them more profitable. One of the most important is customer financing; we provide attractive terms so customers can purchase better and more modern manufacturing equipment. We also provide them with comprehensive training on the new equipment so they can make a higher-quality product, and we provide marketing support so they can sell greater quantities of their product more profitably and continue to grow their businesses. In the case of GIMSA, customers who desire more support can join our Círculo de Industriales, a program through which they can gain access to even more attractive financing, lower input costs, and additional training and support from our production and marketing experts.

Our new website, missionmenus.com, is designed to attract non-Hispanic consumers by presenting our products together with other well-known brands and offering tempting menus and recipes.

Promotions That Resonate

It is not only our ability to develop innovative, high-quality products and our customer-service initiatives that drive our sales growth. Our considerable marketing expertise, supported by ethnographic and quantitative analysis and market research, has helped us better understand consumers’ needs and preferences and position our products as the brands of choice for consumers and customers alike. We use a common logo and packaging graphics throughout all our markets to enhance brand recognition and awareness, and our marketing efforts reflect both the opportunities and conditions unique to each of our markets. We focus on our key markets through television advertising, promotions and partnerships with well-known brands, and other initiatives.

Mission Foods enhances its presence in its home market of Dallas, Texas, as a primary sponsor of the Dallas Mavericks basketball team. The company displays its logo during games and sponsors entertainment involving tortillas, such as tricycle races, during half-time events.

During the Super Bowl football game in February 2006, Mission Foods partnered with Daisy® Sour Cream to promote the usage of these foods together. We also partnered with Pace® popular hot sauces and promoted our products together in point-of-sale displays in supermarkets across the United States. These partnerships allowed us to bring consumers new ideas about how to use our products and helped extend the reach of our brands.

Generating excitement, building a global brand

In 2006, our products were featured on popular Hispanic television programs, including *Don Cheto* and *Cada Día* in Los Angeles, California, one of our key markets.

We introduced several event marketing campaigns and partnerships, with great results. An excellent example of our innovation in marketing and promotions is the multimedia promotional campaign launched throughout the United States by Azteca Milling, Gruma Corporation's corn flour operation, during the 2006 FIFA World Cup Germany™ tournament to promote MASECA brand corn flour. As a grand prize, the promotion offered a trip to Germany to attend the World Cup.

In Mexico, we continued to support the strong brand equity of MASECA and our main products by running marketing campaigns on radio, television (commercials and spots in TV shows and in the most popular soap opera of the year), magazines, and billboards. In 2006 the launch of our new products was supported by focused programs at the point of sale. For our corn flour MASECA Tamal Norteño, for example, we offered tastings and handed out samples at supermarkets.

In Asia, Gruma Corporation currently focuses on its foodservice channels, where its products are promoted in trade magazines. We also participate in country, regional, and local food expositions. Going forward, we will launch our Mission retail brand to the local supermarket trade and advertise our products through appropriate media channels.

In 2006, Mission Foods launched its first national television advertising campaign, with excellent results.

Gruma Corporation launched *MASECA le Pone Sabor al Mundial* (MASECA flavors the World Cup), an exciting and highly visible promotion, during the 2006 FIFA World Cup Germany™ tournament. The promotion integrated several media channels and used a mix of traditional and nontraditional outlets that enabled the company to target a variety of market segments and create a highly satisfying experience for consumers and retailers alike.

The promotion incorporated several media activities, including an eighteen-week campaign on Univision, the largest Spanish-language television network in the United States; radio spots; and a public relations campaign. In addition, we established a website that included interactive games, radio and TV spots, MASECA World Cup recipes, and photos of public figures featured in the campaign.

Our site received more than 40,000 hits and supported the strategically placed point-of-sale materials in supermarkets that attracted shoppers and increased MASECA's sales.

Eighteen US registrants won the grand prize sweepstakes and traveled to Germany to attend the World Cup. In addition, we awarded trips to managers of the eight stores that sold the most MASECA brand corn flour during the promotional period and of the three stores that had developed the best product displays.

Gruma Venezuela also launched a promotion during the 2006 FIFA World Cup Germany™ tournament as a thank you to their customers for their loyalty and trust. During this promotion, bakery owners all across Venezuela participated for a chance to win a trip to Germany to attend the World Cup.

Meeting demand, exceeding expectations

Building capacity, increasing efficiency

As consumer tastes and preferences change and drive international demand for our products, we continue to expand our capacity and adapt our operations to meet those new demands.

In January, we acquired Rositas Investments, an Australian tortilla company that provides us with strong presence in the foodservice channel, and in April we acquired Oz-Mex Foods, an Australian-based tortilla company that serves the retail market.

In September 2006 we opened a tortilla plant in Shanghai, China, to serve primarily our foodservice customers in the region, which have been rapidly expanding their presence in Asia. We are planning to supply the retail channels in the near future. In October 2006 we acquired Pride Valley Foods, a company based in Newcastle, England, that manufactures tortillas, chapatti, pita bread, and naan.

These new operations will allow us to add greater variety to our product line and strengthen our expanding presence in the Europe, Asia, and Oceania markets.

Mission Foods employees are committed to six basic operating principles that define the goals of the company and contribute to its success:
- Make it right the first time
- Resolve issues quickly
- Be accountable
- Make sure everyone understands the goal
- Think and act as one system
- Act like owners, not operators

In addition to acquiring new capacity and building new plants, we also added capacity to several of our existing facilities. In the United States, we added several production lines to our tortilla operations, and we continued to expand capacity at our Mérida, Mexicali, and Honduras corn flour plants as well. Not only does the increased capacity help us meet our production needs, it also helps us to substantially reduce our freight expenditures as more products will be shipped from plants closer to their destinations.

We introduced several initiatives designed to improve manufacturing and distribution efficiencies. To realize as many synergies among our sales and distribution channels as possible, we have integrated all our companies located in Mexico. Reducing the redundancies inherent in the previous structure has improved the efficiency of our organization and encouraged us to work together as Gruma México, supporting common goals and maximizing resources rather than operating as three separate entities. In addition, we have integrated operations at MONACA and DEMASECA in Venezuela, achieving synergies and improving efficiency there as well.

In the United States, we began a workload rebalancing project that will help us provide fresher and higher-quality products to our customers by minimizing delivery distances, reducing transportation time, and

Meeting demand, exceeding expectations

lessening transportation damage. Through this project, we will shift production across all new and existing plants, balancing production to ensure that each works at optimal capacity. This will result in lower transportation expenses and improve the absorption of fixed costs and will free up capacity at plants that are currently working at or near capacity. We have also instituted a SKU-rationalization project, which helps us manage our inventory more efficiently. Through this project, we eliminated approximately 200 SKUs in 2006 and targeted 270 more in 2007. We are undertaking additional efforts to automate our packaging operations and will utilize new machines that will be able to work with a range of product sizes.

Mission Foods was honored as Baker of the Year for 2006 by Sosland Publishing and Baking and Snack magazine. The award cited the company's impressive growth, customer focus, commitment to quality, and respect for employees.

Expanding service to our foodservice and retail customers

We serve several of the largest foodservice and retail accounts in the world. In 2006 Gruma Corporation added several important accounts in the United States and Europe that have extended our reach in these markets. For example, a major fast food chain awarded the company a contract to supply its US restaurants with tortillas for a new wrap sandwich. Also, a casual restaurant chain awarded Gruma Corporation a contract to supply tortilla items throughout the United States. In addition, our sales continue to increase as major supermarkets grow and sell our products.

In Europe, we have gained the business of a major theatre complex in the United Kingdom and are now supplying them with tortilla chips for nachos. We obtained a new contract with one of the region's biggest pub and restaurant chains, which has given us a presence in more than a thousand outlets. In addition, we secured a contract with one of the largest caterers in the world; in the United Kingdom alone, this company manages the catering services for 8,500 sites and serves three million meals a day.

Gruma Corporation has relationships with some of the largest and best-known companies in the world.

In the retail segment, we secured the business of a major retailer in the United Kingdom, and we now supply both their private-label and Mission-branded wraps.

Our first tortilla plant in Shanghai, China, opened in September 2006, serves primarily our foodservice customers. The location was selected for its proximity to Shanghai's seaport, from which we are able to ship products to countries all over Asia. This facility, together

Meeting demand, exceeding expectations

with our recent acquisitions in Australia, strengthens our presence in the Asia and Oceania markets and allows us to better serve these markets.

We serve some of the major foodservice accounts in Asia, but we are diligently working to secure new customers in the region and enter the retail market in the years to come. In Oceania we serve foodservice customers and the region's largest grocery stores. In both regions we work with a highly developed network of foodservice distributors that strengthens our presence and enables us to better serve our customers.

The opportunities for growth in both the foodservice and retail markets in this region, China in particular, are even more significant as the economy grows and restaurant chains expand their presence dramatically throughout the country. We will continue to provide our customers with excellent products and superior customer service, strengthening the relationships we have with them and helping to drive future sales growth.

Current global demographic trends present tremendous growth opportunities for GRUMA in some of its key markets.

The United States

The growth of the US Hispanic population will provide an enormous opportunity for us to expand our reach and grow our business. According to census projections, the US Hispanic population will grow 188% to 102.6 million by 2050 and will account for 22.5% of the US population. Many Hispanics who are our loyal consumers are migrating from the West and Southwest, where we have achieved high brand awareness, to the East, where penetration of our products is still low. This growth and migration represents an extraordinary opportunity for our US operations.

In addition, the popularity of tortillas has spread far beyond the Hispanic population, as tortillas and related products are now used in meals such as wraps, salads, pizzas, and other foods enjoyed in restaurants and homes throughout the country. With the growth in the Hispanic population and the ever-increasing popularity of tortilla and related products among the general market, we see excellent opportunities for continuing growth in our US operations.

Asia and Oceania

In China, the world's most populous country and one of the fastest growing, 300 million potential consumers of our products live in the major metropolitan areas. 80% of these people are in the middle- and upper-income market segments—the very market we seek to attract—and we see the more than one billion people who live in rural China also as potential consumers of our products.

The potential market for our products is tremendous in Asia and is also significant in Oceania. GRUMA is establishing a significant presence in this important region through both the retail and foodservice channels.

Management discussion and analysis

Consolidated results

GRUMA, S.A.B. DE C.V.
2006 vs 2005
(millions of constant pesos as of December 31, 2006, except where indicated)

	2006	2005	Var. %
Sales volume (thousand metric tons)	4,197	3,957	6
Net sales	30,654	27,863	10
Cost of sales	19,974	18,198	10
Gross margin (%)	34.8	34.7	10 bp
Selling, administrative, and general expenses	8,897	8,032	11
Operating income	1,783	1,633	9
Operating margin (%)	5.8	5.9	(10) bp
Comprehensive financing cost, net			
Interest expense	713	597	20
Interest income	(78)	(56)	40
Foreign exchange loss (gain)	18	53	(66)
Monetary position loss (gain)	(321)	(314)	2
Total comprehensive financing cost	333	280	19
Other expenses, net	14	147	(90)
Income taxes and employees' profit sharing	444	407	9
Equity in earnings of associated companies, net	(613)	(650)	(6)
Net income	1,604	1,393	15
Majority net income	1,525	1,239	23
EBITDA [1]	2,906	2,721	7
EBITDA margin (%)	9.5	9.8	(30) bp

[1] EBITDA is defined as operating income plus depreciation and amortization affecting operating income.

GRUMA's sales volume increased 6% to 4,197 thousand metric tons compared with 3,957 thousand metric tons in 2005; the increase was driven mainly by GIMSA and Gruma Corporation. Net sales increased by 10% to Ps.30,654 million during the year compared with Ps.27,863 million in 2005 due primarily to Gruma Corporation and GIMSA. Sales from non-Mexican operations constituted 68% of consolidated net sales in 2006.

Management discussion and analysis

Cost of sales increased by 10% to Ps.19,974 million compared with Ps.18,198 million in 2005. This increase was due primarily to Gruma Corporation and GIMSA. Cost of sales as a percentage of net sales improved slightly to 65.2% from 65.3%. The improvement was driven mainly by Gruma Venezuela and, to a lesser extent, GIMSA and Molinera de México.

Selling, general, and administrative expenses (SG&A) increased by 11% to Ps.8,897 million compared with Ps.8,032 million in 2005, resulting primarily from Gruma Corporation and GIMSA. SG&A as a percentage of net sales increased slightly to 29.0% from 28.8% in 2005, driven mainly by Gruma Corporation and, to a lesser extent, Gruma Venezuela.

GRUMA's operating income increased 9% to Ps.1,783 million compared with Ps.1,633 million for the same period in 2005. This increase was due primarily to higher operating income in Gruma Venezuela and GIMSA and, to a lesser extent, in Gruma Centroamérica and Molinera de México. As a percentage of net sales, operating income decreased slightly to 5.8% from 5.9% in 2005, due primarily to lower operating margin in Gruma Corporation.

Net comprehensive financing cost increased 19% to Ps.333 million compared with Ps.280 million in 2005. This rise was due to higher interest expense in connection with an extraordinary increase due to financial instruments related to corn hedges implemented in Gruma Corporation.

Other expenses, net decreased 90% to Ps.14 million compared with Ps.147 million in 2005. The reduction is due primarily to the gain on the sale of Grupo Financiero Banorte (Banorte) shares and on the sale of nonproductive assets.

Provisions for income taxes and employees' profit sharing increased 9% to Ps.444 million compared with Ps.407 million in 2005. This increase was due primarily to higher pre-tax income.

GRUMA's equity in earnings of associated companies, net (e.g., Banorte) represented income of Ps.613 million in 2006 compared with income of Ps.650 million in 2005.

GRUMA's net income was Ps.1,604 million in 2006 compared with Ps.1,393 million in 2005. Majority net income was Ps.1,525 million compared with Ps.1,239 million in 2005. The 15% increase in total net income and the 23% increase in majority net income were due mainly to higher operating profits and a reduction in other expenses, net.

Management discussion and analysis

Consolidated financial position
December 2006 vs. December 2005

Balance-Sheet Highlights

Total assets as of December 31, 2006, were Ps.30,238 million, an increase of 8% driven mainly by (1) higher trade accounts receivable in Gruma Corporation and Gruma Venezuela; (2) higher property, plant and equipment, net, due to capacity expansions and Gruma Corporation's acquisition of Pride Valley Foods; and (3) the higher value of the investment in Banorte, which is accounted for by the equity method.

Total liabilities as of December 31, 2006, remained flat at Ps.13,189 million because debt reduction was offset by higher accounts payable in Gruma Corporation.

Stockholders' equity as of December 31, 2006, was Ps.17,048 million, representing a 16% increase over that as of December 31, 2005.

Capital Expenditure Program

During 2006 GRUMA's investments totaled US$225 million, most of which was applied to Gruma Corporation. This subsidiary invested in:

(1) the expansion of corn flour and tortilla capacity and upgrades in existing and new plants;
(2) the acquisition of Pride Valley Foods, a company based in Newcastle, England, that manufactures tortillas, pita bread, chapatti, and naan, for an acquisition cost of approximately US$38 million;
(3) the construction of a tortilla plant in Shanghai, China, for a total investment of approximately US$20 million;
(4) the acquisition of Rositas Investments, a tortilla company based in Australia, for approximately US$15 million; and
(5) the acquisition of Oz-Mex Foods, a tortilla company based in Melbourne, Australia, for approximately US$4 million.

To a lesser extent, investments were also applied to capacity expansions in GIMSA and Gruma Centroamérica.

Management discussion and analysis

Debt Profile and Financing Activities

On January 27, 2006, GRUMA successfully concluded an equity offering of 30 million shares for a total of approximately US$110 million. The proceeds were allocated to increases in production capacity in Gruma Corporation. This equity offering increased the float of GRUMA's stock from 19% to 25% and improved its liquidity.

On October 30th, 2006, Gruma Corporation successfully refinanced its US$70 million Revolving Credit Facility maturing in October 2007, obtaining a US$100 million, five-year bullet revolving credit facility maturing in October 2011 (“2006 Credit Facility”). This new credit facility will be used to finance working capital and general corporate purposes.

GRUMA’s total debt as of December 31, 2006, was US$600 million, of which 94% was dollar denominated. The following table illustrates GRUMA’s debt amortization schedule as of year-end 2006.

Schedule of Debt Amortizations
(US$ millions)

	2007	2008	2009	2010	2011	2012	TOTAL
7.75% perpetual bonds						300.0	300.0
Credit facility				150.0			150.0
7.625% notes due 2007	50.5						50.5
Revolving credit facility					11.0		11.0
7.96% senior notes	1.5	1.6	10.5				13.6
Other	29.6	13.7	27.8	3.8	0.2		75.1
TOTAL	81.6	15.3	38.3	153.8	11.2	300.0	600.2

Management discussion and analysis

Results of Subsidiary Operations
2006 VS. 2005

Gruma Corporation
Financial highlights

(pesos in millions, except where indicated)

	2006	2005	Var. %
Sales volume (thousand metric tons)	1,335	1,275	5
Net sales	16,312	14,327	14
Cost of sales	9,697	8,245	18
Gross margin (%)	40.6	42.5	(190) bp
SG&A	5,676	4,898	16
Operating income	938	1,184	(21)
Operating margin (%)	5.8	8.3	(250) bp
EBITDA	1,548	1,745	(11)
EBITDA margin (%)	9.5	12.2	(270) bp

Sales volume increased 5% to 1,335 thousand metric tons compared with 1,275 thousand metric tons in 2005. The increase in sales volume was driven largely by the continued strong demand in the US tortilla and corn flour businesses and, to a lesser extent, the effect of the recent acquisitions.

Net sales increased 14% to Ps.16,312 million during 2006 compared with Ps.14,327 million in 2005, due to price increases implemented during the first and third quarters of 2006 and higher sales volume.

Cost of sales increased 18% to Ps.9,697 million in 2006 compared with Ps.8,245 million in 2005. As a percentage of net sales, cost of sales increased to 59.4% from 57.5% due to (1) higher costs for raw materials (primarily wheat flour), energy, and packaging; (2) higher costs due to new plants, and capacity expansions at existing plants that have not been fully absorbed. In absolute terms, cost of sales also increased due to the aforementioned sales volume growth.

SG&A increased 16% to Ps.5,676 million in 2006 compared with Ps.4,898 million in 2005 due to higher (1) sales volume, (2) fuel prices, (3) intercompany shipments due to still low production rates in new plants, (4) promotion and advertising expenses, (5) administrative expenses related to management information systems, as well as the new administrative infrastructure built for Asia and Oceania. SG&A as a percentage of net sales increased to 34.8% in 2006 from 34.2% in 2005.

Operating income as a percentage of net sales declined to 5.8% from 8.3%. In absolute terms, operating income decreased 21% to Ps.938 million.

Management discussion and analysis

GIMSA
Financial highlights

(pesos in millions, except where indicated)

	2006	2005	Var. %
Sales volume (thousand metric tons)	1,734	1,585	9
Net sales	7,388	6,791	9
Cost of sales	5,190	4,801	8
Gross margin (%)	29.8	29.3	50 bp
SG&A	1,375	1,268	8
Operating income	823	722	14
Operating margin (%)	11.1	10.6	50 bp
EBITDA	1,102	994	11
EBITDA margin (%)	14.9	14.6	30 bp

Sales volume increased 9% to 1,734 thousand metric tons during 2006 compared with 1,585 thousand metric tons in 2005 mainly as a result of the acquisition of Agroinsa. Corn flour sales volume increased 4% to 1,593 thousand metric tons, and the sales volume of other products increased 136% to 141 thousand metric tons. Approximately 74% of GIMSA's sales volume growth derived from the acquisition of Agroinsa, whose operations are reflected in GIMSA's results beginning in August 2005.

Net sales increased by 9% to Ps.7,388 million in 2006 compared with Ps.6,791 million in 2005, reflecting higher sales volume.

Cost of sales increased 8% to Ps.5,190 million from Ps.4,801 million in 2005 due to higher sales volume. Cost of sales as a percentage of net sales improved to 70.2% from 70.7% due primarily to lower corn costs.

SG&A rose 8% to Ps.1,375 million compared with Ps.1,268 million in 2005 due to the acquisition of Agroinsa, the strengthening of the sales and distribution departments, and higher marketing and advertising expenses. SG&A as a percentage of net sales improved slightly to 18.6% compared with 18.7% in 2005 due to better expense absorption.

Operating income as a percentage of net sales increased to 11.1% from 10.6% and, in absolute terms, increased 14% to Ps.823 million.

Management discussion and analysis

Gruma Venezuela

Financial highlights

(pesos in millions, except where indicated)

	2006	2005	Var. %
Sales volume (thousand metric tons)	486	479	1
Net sales	3,132	3,221	(3)
Cost of sales	2,456	2,771	(11)
Gross margin (%)	21.6	14.0	760 bp
SG&A	580	540	7
Operating income	96	(91)	206
Operating margin (%)	3.1	(2.8)	590 bp
EBITDA	199	18	1006
EBITDA margin (%)	6.3	0.6	570 bp

Sales volume increased 1% to 486 thousand tons in 2006 compared with 479 thousand tons in 2005 due to higher wheat flour sales volume. Net sales decreased 3% to Ps.3,132 million in 2006 compared with Ps.3,221 million in 2005, because price increases rose at a lower rate than inflation.

Cost of sales decreased 11% to Ps.2,456 million in 2006 from Ps.2,771 million in 2005 and, as a percentage of net sales, improved to 78.4% from 86.0% due primarily to the elimination of tariffs on imported wheat, and logistics efficiencies in the handling of raw materials.

SG&A increased 7% to Ps.580 million compared with Ps.540 million in 2005 due to the cancellation of approximately Ps.33 million in provisions for administrative expenses during 2005, general salary increases, and higher maintenance expenses related to an expanded vehicle fleet. SG&A as a percentage of net sales increased to 18.5% from 16.8% in 2005 due to the aforementioned reasons.

Operating income was Ps.96 million compared with an operating loss of Ps.91 million in 2005. Operating margin improved to 3.1% compared with negative 2.8% in 2005.

Management discussion and analysis

Molinera de México

Financial highlights

(pesos in millions, except where indicated)

	2006	2005	Var. %
Sales volume (thousand metric tons)	477	474	1
Net sales	2,132	1,956	9
Cost of sales	1,809	1,689	7
Gross margin (%)	15.1	13.7	140 bp
SG&A	406	398	2
Operating income	(84)	(131)	36
Operating margin (%)	(3.9)	(6.7)	280 bp
EBITDA	(21)	(60)	64
EBITDA margin (%)	(1.0)	(3.0)	200 bp

Sales volume increased 1% to 477 thousand tons in 2006 compared with 474 thousand tons in 2005 due to increased sales to corporate customers. Net sales increased 9% to Ps.2,132 million from Ps.1,956 million in 2005 due to higher prices, which were implemented in order to offset higher wheat costs.

Cost of sales increased 7% to Ps.1,809 million compared with Ps.1,689 million in 2005, primarily in connection with higher wheat costs. Cost of sales as a percentage of net sales improved to 84.9% from 86.3% due to better absorption and higher wheat flour prices, which more than offset the increase in wheat costs.

SG&A increased 2% to Ps.406 million compared with Ps.398 million in 2005, due to higher expenses for advertising and information technology. SG&A as a percentage of net sales improved to 19.1% from 20.4% in 2005, due to better expense absorption.

Operating loss improved substantially to Ps.84 million in 2006 compared with Ps.131 million in 2005.

Management discussion and analysis

Gruma Centroamérica

Financial highlights

(pesos in millions, except where indicated)

	2006	2005	Var. %
Sales volume (thousand metric tons)	213	178	20
Net sales	1,595	1,424	12
Cost of sales	1,112	979	14
Gross margin (%)	30.3	31.2	(90) bp
SG&A	428	447	(4)
Operating income	56	(2)	2,799
Operating margin (%)	3.5	(0.1)	360 bp
EBITDA	109	52	110
EBITDA margin (%)	6.9	3.7	320 bp

Sales volume increased 20% to 213 thousand tons in 2006 compared with 178 thousand tons in 2005. The increase was due primarily to higher corn flour sales volume in connection with the acquisition of a plant in Guatemala during December 2005 and, to a lesser extent, increased corn flour consumption due to a corn shortage in the region. Net sales increased 12% to Ps.1,595 million from Ps.1,424 million in 2005 due to the aforementioned increase in sales volume in the corn flour segment. The rate of growth in net sales lagged sales volume growth due mainly to the incorporation of the aforementioned acquisition, whose products have lower prices, and a change in the sales mix toward corn flour in bulk presentation.

Cost of sales increased 14% to Ps.1,112 million compared with Ps.979 million in 2005, due primarily to the aforementioned higher corn flour sales volume. The percentage increase in cost of sales was lower than in sales volume due to lower corn costs. Cost of sales as a percentage of net sales increased to 69.7% from 68.8%, the increase was driven mainly by the integration of the aforementioned acquisition, which reports lower gross margins than the rest of Gruma Centroamérica's corn flour operations.

SG&A decreased 4% to Ps.428 million compared with Ps.447 million in 2005 and, as a percentage of net sales, improved to 26.8% from 31.4% in 2005. The improvement was due to an extraordinary expense of Ps.44 million in 2005 related to technical services provided by GRUMA's technology division.

Operating income was Ps.56 million compared with an operating loss of Ps.2 million in 2005. Operating margin improved to 3.5% from negative 0.1%.

Other and Eliminations

Operating loss was Ps.47 million compared with operating loss of Ps.49 million in 2005.

Five-year consolidated financial summary

GRUMA, S.A.B. DE C.V., AND SUBSIDIARIES
(millions of constant pesos as of December 31, 2006)

	2006	2005	2004	2003	2002	CAG
INCOME STATEMENT						
Net sales	30,654	27,863	25,800	24,159	21,675	9%
Gross profit	10,680	9,665	9,247	8,776	8,119	7%
Operating income	1,783	1,633	2,003	1,833	1,687	1%
Operating margin	5.8%	5.9%	7.8%	7.6%	7.8%	(7%)
Comprehensive financing cost (income)	333	280	69	483	691	(17%)
Other expense (income)	14	147	296	184	(136)	n.c.
Taxes and profit sharing	444	407	798	704	649	(9%)
Net income	1,604	1,393	1,131	709	666	25%
Net majority income	1,525	1,239	953	517	444	36%
BALANCE SHEET						
Cash and cash equivalents	571	342	504	388	512	3%
Trade accounts receivable	3,952	3,323	3,035	2,557	2,599	11%
Other accounts receivable	1,161	824	746	618	854	8%
Inventories	3,821	3,769	3,825	3,542	2,875	7%
Current assets	9,838	8,539	8,359	7,344	6,949	9%
Property, plant, and equipment, net	14,821	14,355	13,638	13,662	14,223	1%
Total assets	30,238	27,967	26,023	24,516	25,031	5%
Short-term debt	883	537	538	524	894	(0%)
Long-term debt	5,605	6,680	6,210	6,270	6,842	(5%)
Total debt	6,488	7,217	6,748	6,794	7,736	(4%)
Other liabilities	6,701	6,024	5,069	4,170	3,693	16%
Total liabilities	13,189	13,242	11,818	10,964	11,429	4%
Total stockholders' equity	17,048	14,725	14,205	13,552	13,602	6%
Majority stockholders' equity	14,126	11,736	11,195	10,551	10,681	7%
OTHER						
Millions of outstanding shares	482.5	452.5	452.0	450.1	441.4	2%
Earnings per share [1]	3.2	2.7	2.1	1.2	1.0	34%
Book value per share [2]	29.3	25.9	24.8	23.4	24.2	5%
Depreciation and amortization affecting operating income [3]	1,124	1,088	1,025	1,065	1,117	0%
EBITDA [4]	2,906	2,721	3,027	2,898	2,804	1%
EBITDA margin	9.5%	9.8%	11.7%	12.0%	12.9%	(7%)
Current assets/Current liabilities	1.9	2.0	2.2	2.1	1.8	0%
Total liabilities/Stockholders' equity	0.8	0.9	0.8	0.8	0.8	(2%)
Debt/(Debt + stockholders' equity)	0.3	0.3	0.3	0.3	0.4	(7%)
Debt/EBITDA	2.2	2.7	2.2	2.3	2.8	(5%)
EBITDA/Interest expense	4.1	4.6	6.0	5.2	4.4	(2%)

1 Based on weighted average of outstanding shares.
2 Figures in pesos and based on outstanding shares at year-end.
3 Depreciation and amortization affecting operating income.
4 EBITDA = operating income + depreciation and amortization affecting operating income.

Report of audit committee

To the board of directors of GRUMA, S.A.B. de C.V.:

April 1, 2007

In compliance with article 43 of the Stock Market Law and article 26 of the bylaws of the Company, on behalf of the audit committee, I advise you with respect to the activities performed during the year ended December 31, 2006. In the development of our work, we have assessed the recommendations from the code of best corporate practices as well as the provisions of the laws and regulations applicable to the Company.

In accordance with the provisions of the new Stock Market Law, the Company modified its bylaws on November 30, 2006. Consequently, and based also on the review of the best practices from corporate governance and audit committees, the internal bylaws of the audit committee of the Company were modified.

During the period mentioned above, we have performed the following activities:

1. We received from Hugo Lara Silva, statutory auditor of the Company until November 30, 2006, a report with respect to the veracity, sufficiency, and reasonableness of the financial information for the period from January 1 to November 30, 2006, according to article 166 of the Mexican Companies Law.

2. We reviewed the organizational structure, work plans, and quarterly reports of the internal audit department of the Company. Additionally, we received the reports for the follow-up of the observations found, and had no relevant findings to report.

We followed up the compliance of the code of ethics that regulates the conduct of directors, management, and employees, with no relevant cases to report at this date.

We continued with the implementation of the direct communication channel between management and employees with the audit committee. Additionally, we ensured on a periodic basis that each observation received was addressed, and had no relevant matter to report in this respect.

We advised the board of directors with regard to the scope of their new responsibilities and duties and those of each director individually.

We reviewed the accounting policies applied by the Company in the preparation of the financial information and found that they were adequate and consistent.

On a quarterly basis, we reviewed with the management of the Company and the independent auditors the updates of the internal control certification project that is in process in order to comply with the requirements of the Sarbanes-Oxley Law.

Report of audit committee

We evaluated the report of the legal status of the Company, which included: corporate documentation, government authorizations, lawsuits, environment, and control mechanisms in order to comply with all legal provisions to which the subsidiaries are subject. We made no significant observations, and we recommended a follow-up of the observations presented.

Based on the aforementioned, as well as interviews with the independent auditors and the management of the Company, we determined that the systems of internal control and internal auditing comply sufficiently with their main objectives. In our reviews we found no significant deficiencies or deviations that need to be reported.

3. We received the work proposals for the services provided by the independent external auditors; we analyzed the objectives, scopes, and work plans as well as the economic proposal. In the interviews and sessions the audit committee held with the independent auditors, we determined that the independent auditors comply with the requirements of independence and rotation of their supervisory personnel. We also reviewed with the independent auditors and with the management of the Company, the comments about internal control that derived from their work as well as the objectives, procedures, and scopes for the external audit of the years 2005 and 2006. In our opinion, the services of the external auditors properly comply with the objectives and scopes established.

4. We approved the additional services provided by the external auditing firm, the most important of which was the work for the internal control certification required by the Sarbanes-Oxley Law. We considered that the services approved by the committee do not affect the independence of the external auditing firm.

5. We reviewed the quarterly financial information of the Company corresponding to the year 2006, from which no irregularities were detected, and we agreed on its presentation to the board of directors as well as its publication.

6. We reviewed the 20-F Form corresponding to the year 2005, which was delivered complete and on time to the Securities and Exchange Commission of the United States.

7. We reviewed the financial statements of the Company as of December 31, 2006, as well as the auditors' report and accounting polices applied. After reviewing the letter from the independent auditors to management, we recommended to the board of directors that it be approved and presented for consideration at the Stockholders' Meeting.

8. We were informed that the Company adopted the new financial reporting standards issued by the Mexican Financial Reporting Standards Board. These modifications did not have important effects on the financial information.

9. We verified that the agreements from the stockholders' meeting held on November 30, 2006, were properly compliant and legal.

Report of audit committee

10. According to the best practices, we performed a self-evaluation of the committee, finding that it complies satisfactorily in all of its areas of competence and the following issues were detected: supervision of risk management, direct authority of the committee over the internal auditing department, and training of the members. The committee is including these issues in its work plan for 2007.

On behalf of the audit committee,

Javier Vélez Bautista
Chairman

Report of the corporate governance committee

To the board of directors of GRUMA, S.A.B. de C.V.:

April 1, 2007

In compliance with article 43 of the Stock Market Law and article 26 of the bylaws of the Company, on behalf of the corporate governance committee, I advise you of the activities performed during the period from November 30 to December 31, 2006.

1. The corporate governance committee was created by agreement of the general stockholders' meeting held on November 30, 2006 (the "Stockholders' Meeting").

2. The corporate governance committee comprises three (3) members: Juan Diez-Canedo Ruiz, Héctor Rangel Domene, and Javier Vélez Bautista. These three members are all independent directors according to the independence requirements established by the Stock Market Law as well as the independence rating that the stockholders of the Company gave during the Stockholders' Meeting, based on article 26 of the Stock Market Law.

3. Even though the corporate governance committee was created at the end of 2006, this committee has begun the integration of a work program with activities that comply with the Stock Market Law and the bylaws of the Company.

4. The committee has been informed by the Company's management and independent auditors of relevant operations with related parties, which have been disclosed in the notes to the financial statements of the Company for the reporting period.

5. During the reporting period, the board of directors has not granted an exemption to any director, relevant executive, or person with authority to make use of business opportunities for the benefit of the director, relevant executive, or person with authority, or any third party, which opportunities belong to the Company or its subsidiaries.

On behalf of the corporate governance committee,

Javier Vélez Bautista
Chairman

Management statement of assumption of responsibility

The management of GRUMA, S.A.B. de C.V., has prepared and is responsible for the integrity of the consolidated financial statements and related information contained in this annual report. The financial statements, which include some amounts based on judgment, have been prepared in conformity with generally accepted accounting principles in Mexico, which have been consistently applied.

The company maintains an effective internal control structure supported by comprehensive systems and control procedures, a program of selecting and training qualified staff, and written policies that are communicated to all personnel through appropriate channels. Management believes that these controls provide reasonable assurance to shareholders, the financial community, and other interested parties that transactions are executed in accordance with management authorization; that accounting records are reliable as a basis for the preparation of the consolidated financial statements; and that assets are safeguarded from loss or unauthorized use. An important element of the control environment is an ongoing internal audit program.

PricewaterhouseCoopers, S.C., independent accountants, have audited the consolidated financial statements as described in their report. The report expresses an independent opinion on the fairness of management's presentation of the company's financial statements and, in so doing, provides an objective assessment of the manner in which management executes its responsibility for fairness and accuracy in financial reporting.

Juan Antonio Quiroga
Chief Corporate Officer

PRICEWATERHOUSECOOPERS

Report of independent auditors

To the stockholders of GRUMA, S.A.B. de C.V.
(Formerly GRUMA, S.A. de C.V.)
Monterrey, N. L., March 30, 2007

We have audited the consolidated balance sheets of GRUMA, S.A.B. de C.V. and subsidiaries (formerly GRUMA, S.A. de C.V.) as of December 31, 2006 and 2005, and the related consolidated statements of income, of changes in stockholders´ equity and of changes in financial position for the years then ended. These financial statements are the responsibility of the Company´s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Grupo Financiero Banorte, S.A. de C.V. and subsidiaries, an associated company, whose investment in common stock as of December 31, 2006 and 2005 represents 9% and 8%, respectively, of the consolidated total assets, and whose equity in its earnings represents 39% and 47% of the 2006 and 2005 consolidated net income, respectively. Those statements were audited by other auditors and our opinion expressed herein, insofar as it relates to the aforementioned associated company, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the standards of financial information used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and on the report of the other auditors referred to in the first paragraph above, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of GRUMA, S.A.B. de C.V. and subsidiaries (formerly GRUMA, S.A. de C.V.) at December 31, 2006 and 2005, and the results of their operations, the changes in their stockholders` equity and the changes in their financial position for the years then ended, in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers

Alejandro Moreno Anaya
Audit Partner

Consolidated balance sheets

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

As of December 31, 2006 and 2005

(Expressed in thousands of Mexican pesos of constant purchasing power as of December 31, 2006)
(Notes 1 and 3)

	2006	2005
ASSETS		
Current:		
Cash	Ps. 375,388	Ps. 243,264
Temporary investments (Note 3-G)	195,401	98,333
Accounts receivable, net (Note 4)	4,539,712	3,605,413
Refundable taxes (Note 4)	573,688	541,925
Inventories (Note 5)	3,821,305	3,768,689
Prepaid expenses	332,218	281,514
Total current assets	9,837,712	8,539,138
Investment in common stock of associated companies (Note 6)	2,722,742	2,453,071
Property, plant and equipment, net (Note 7)	14,821,192	14,354,891
Intangible assets, net (Note 8)	936,904	1,223,651
Excess of cost over book value of subsidiaries acquired, net	1,792,118	1,322,551
Other assets (Note 9)	126,837	73,281
TOTAL ASSETS	Ps. 30,237,505	Ps. 27,966,583
LIABILITIES		
Current:		
Bank loans (Note 10)	Ps. 172,164	Ps. 448,543
Current portion of long-term debt (Note 10)	710,533	88,551
Trade accounts payable	2,311,162	2,069,940
Accrued liabilities and other accounts payable	2,014,982	1,609,441
Employees' statutory profit sharing payable	46,865	31,821
Total current liabilities	5,255,706	4,248,296
Long-term debt (Note 10)	5,605,464	6,680,257
Deferred income taxes (Note 15-B)	1,713,461	1,558,576
Deferred employees' statutory profit sharing (Note 15-D)	3,180	19,093
Other liabilities	611,553	735,409
Total long-term liabilities	7,933,658	8,993,335
TOTAL LIABILITIES	13,189,364	13,241,631
Contingencies and commitments (Note 12)		
STOCKHOLDERS' EQUITY		
Majority interest (Note 13):		
Common stock	4,880,142	4,575,894
Restatement of common stock	7,954,822	7,944,661
	12,834,964	12,520,555
Additional paid-in capital	4,666,087	3,829,890
	17,501,051	16,350,445
Deficit from restatement	(14,577,180)	(14,372,999)
Derivative financial instruments	6,404	92
Cumulative effect of a change in an accounting principle for deferred income taxes and employees' statutory profit sharing	(218,116)	(218,116)
Retained earnings (Note 13-B):		
Prior years	10,658,371	9,903,142
Net income for the year	1,524,738	1,238,754
Foreign currency translation adjustments (Note 13-D)	(769,475)	(1,165,485)
Total majority interest	14,125,793	11,735,833
Minority interest	2,922,348	2,989,119
TOTAL STOCKHOLDERS' EQUITY	17,048,141	14,724,952
	Ps. 30,237,505	Ps. 27,966,583

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

Consolidated statements of income

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

For the years ended December 31, 2006 and 2005

(Expressed in thousands of Mexican pesos of constant purchasing power as of December 31, 2006, except per share amounts)
(Notes 1 and 3)

	2006	2005
Net sales	Ps. 30,654,178	Ps. 27,862,898
Cost of sales	(19,974,480)	(18,197,650)
Gross profit	10,679,698	9,665,248
Selling, general and administrative expenses	(8,897,173)	(8,032,119)
Operating income	1,782,525	1,633,129
Comprehensive financing cost, net:		
Interest expense	(573,579)	(596,588)
Loss on derivative financial instruments	(139,694)	-
Interest income	78,099	55,739
Monetary position gain, net	320,499	314,385
Foreign exchange loss, net (Note 16-A)	(18,441)	(53,476)
	(333,116)	(279,940)
Other expenses, net (Note 14)	(14,068)	(147,134)
Income before income taxes, employees' statutory profit sharing, equity in earnings of associated companies, cumulative effect of change in accounting principle and minority interest	1,435,341	1,206,055
Income taxes (Note 15):		
Current	(338,869)	(548,584)
Deferred	(72,680)	162,159
	(411,549)	(386,425)
Employees' statutory profit sharing (Note 15):		
Current	(48,720)	(29,175)
Deferred	16,019	8,487
	(32,701)	(20,688)
Income before equity in earnings of associated companies, cumulative effect of change in accounting principle and minority interest	991,091	798,942
Equity in earnings of associated companies	612,626	650,232
Cumulative effect of change in accounting principle, net of taxes of Ps.21,832	-	(56,536)
Income before minority interest	Ps. 1,603,717	Ps. 1,392,638
Minority interest	(78,979)	(153,884)
Majority net income for the year	Ps. 1,524,738	Ps. 1,238,754
Earnings per share (in pesos):		
Income from continuing operations	Ps. 3.18	Ps. 2.87
Cumulative effect of change in accounting principle	-	(0.13)
Net income	Ps. 3.18	Ps. 2.74
Weighted average shares outstanding (thousands)	480,007	451,446

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

Consolidated statements of changes in stockholder's equity

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

For the years ended December 31, 2006 and 2005

(Expressed in thousands of Mexican pesos of constant purchasing power as of December 31, 2006, except share and per share amounts)

(Notes 1 and 3)

	Common stock (Note 13-A)						Retained earnings (Note 13-B)					
	Number of shares (thousands)	Amount	Additional paid-in capital	Deficit from restatement	Derivative financial instruments	Cumulative effect of deferred income taxes and employees' statutory profit sharing	Prior years	Net income for the year	Foreign currency translation adjustments (Note 13-D)	Total majority interest	Minority interest	Total stockholders' equity
Balances at December 31, 2004	452,049	Ps.12,507,945	Ps.3,815,607	Ps.(14,108,918)	Ps. 21,075	Ps.(218,116)	Ps.8,868,260	Ps.953,000	Ps.(644,134)	Ps.11,194,719	Ps.3,010,679	Ps.14,205,398
Appropriation of prior year net income							953,000	(953,000)		-		-
Decrease of minority interest										-	(1,566)	(1,566)
Dividends paid (Ps. 0.85 per share)							(381,441)			(381,441)	(175,828)	(557,269)
Net purchases and sales of Company's common stock	501	12,610	14,283				(3,994)			22,899		22,899
	501	12,610	14,283				567,565	(953,000)		(358,542)	(177,394)	(535,936)
Comprehensive income (loss):												
Recognition of inflation effects for the year				(264,081)			467,317			203,236	48,587	251,823
Foreign currency translation adjustments									(521,351)	(521,351)	(36,598)	(557,949)
Derivative financial instruments, net of taxes					(20,983)					(20,983)	(10,039)	(31,022)
Net income for the year								1,238,754		1,238,754	153,884	1,392,638
Comprehensive income for the year				(264,081)	(20,983)		467,317	1,238,754	(521,351)	899,656	155,834	1,055,490
Balances at December 31, 2005	452,550	12,520,555	3,829,890	(14,372,999)	92	(218,116)	9,903,142	1,238,754	(1,165,485)	11,735,833	2,989,119	14,724,952
Appropriation of prior year net income							1,238,754	(1,238,754)		-		-
Stock issuance	30,000	314,254	833,882							1,148,136		1,148,136
Contributions by minority interest										-	94,024	94,024
Dividends paid (Ps.0.88 per share)							(424,394)			(424,394)	(235,075)	(659,469)
Net purchases and sales of Company's common stock		155	2,315				144			2,614		2,614
	30,000	314,409	836,197				814,504	(1,238,754)		726,356	(141,051)	585,305
Comprehensive income (loss):												
Recognition of inflation effects for the year				(204,181)			(59,275)			(263,456)	61,453	(202,003)
Foreign currency translation adjustments									396,010	396,010	(76,191)	319,819
Derivative financial instruments, net of taxes					6,312					6,312	10,039	16,351
Net income for the year								1,524,738		1,524,738	78,979	1,603,717
Comprehensive income for the year				(204,181)	6,312		(59,275)	1,524,738	396,010	1,663,604	74,280	1,737,884
Balances at December 31, 2006	482,550	Ps.12,834,964	Ps.4,666,087	Ps.(14,577,180)	Ps. 6,404	Ps.(218,116)	Ps.10,658,371	Ps.1,524,738	Ps.(769,475)	Ps.14,125,793	Ps.2,922,348	Ps.17,048,141

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

Consolidated statements of changes in financial position

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

For the years ended December 31, 2006 and 2005

(Expressed in thousands of Mexican pesos of constant purchasing power as of December 31, 2006)
(Notes 1 and 3)

	2006	2005
Operating activities:		
Majority net income for the year	Ps. 1,524,738	Ps. 1,238,754
Minority interest	78,979	153,884
Consolidated net income	1,603,717	1,392,638
Adjustments to reconcile consolidated net income to net resources provided by operating activities:		
Depreciation and amortization	1,202,078	1,159,940
Impairment of long-lived assets	465,608	41,212
Equity in earnings of associated companies, net of dividends received	(534,680)	(577,761)
Deferred income taxes and employees' statutory profit sharing	56,661	(170,647)
Net gain from sale of subsidiaries' shares	(137,971)	-
Net gain from sale of associated company's shares	(380,572)	-
Cumulative effect of change in accounting principle, net of taxes	-	56,536
Seniority premiums and other long-term accrued liabilities	9,015	45,986
	2,283,856	1,947,904
Changes in working capital:		
Restricted cash	-	503
Accounts receivable, net	(1,093,398)	(141,425)
Inventories	132,870	88,032
Prepaid expenses	(55,051)	(37,500)
Trade accounts payable	195,478	530,193
Accrued liabilities and other accounts payable	420,117	(496,172)
Income taxes and employees' statutory profit sharing payable	(10,141)	(17,249)
	(410,125)	(73,618)
Net resources provided by operating activities	1,873,731	1,874,286
Financing activities:		
Proceeds from bank loans and long-term debt	2,335,863	2,485,214
Repayment of bank loans and long-term debt	(3,061,511)	(2,014,461)
Proceeds from long-term notes payable	(48,213)	393,747
Proceeds from stock issuance	1,148,136	-
Contributions (decrease) by minority interest	94,024	(1,566)
Net purchases and sales of Company's common stock and derivative financial instruments	18,965	(8,123)
Dividends paid	(659,469)	(557,269)
Other	12,042	(76,977)
Net resources (used in) provided by financing activities	(160,163)	220,565
Investing activities:		
Acquisition of property, plant and equipment	(2,221,388)	(1,289,188)
Acquisition of subsidiaries, net of cash acquired	(570,587)	(1,104,611)
Sales of property, plant and equipment	748,590	180,855
Intangible assets	(15,694)	(10,505)
Resources received from sale of subsidiaries' shares	137,971	-
Resources received from sale of associated company's shares	588,854	-
Other	(152,122)	(31,140)
Net resources used in investing activities	(1,484,376)	(2,254,589)
Net increase (decrease) in cash and temporary investments	229,192	(159,738)
Cash and temporary investments at beginning of year	341,597	501,335
Cash and temporary investments at end of year	Ps. 570,789	Ps. 341,597

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

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES
For the years ended December 31, 2006 and 2005
(Expressed in thousands of Mexican pesos of constant purchasing power of December 31, 2006, except where otherwise indicated)

Notes to consolidated financial statements

Note 1

ENTITY AND NATURE OF BUSINESS

Gruma, S.A.B. de C.V., (formerly Gruma, S.A. de C.V.), a Mexican corporation, is a holding company whose subsidiaries are located in Mexico, the United States of America, Central America, Venezuela, Europe, Asia and Oceania. These subsidiaries are primarily engaged in manufacturing and distributing corn flour, tortillas, wheat flour and other related products. Gruma, S.A.B. de C.V. and its subsidiaries are herein collectively referred to as “the Company”.

In accordance with the Stock Market Law issued in December 30, 2005, the shareholders agreed to modify the Company’s name of Gruma, S.A. de C.V. to Gruma, S.A.B. de C.V., through an Extraordinary General Meeting held in November 30, 2006. Additionally, certain social statutes were modified to include the new integration, organization and performance of its social bodies as well as the new rights for minority shareholders.

The attached consolidated financial statements and notes were authorized on March 30, 2007 by Juan Quiroga García, Chief Corporate Officer, and Homero Huerta Moreno, Chief Administrative Officer.

Note 2

NEW OPERATIONS

The results of operations of the new investments have been consolidated since their acquisition dates.

The investments carried out during 2006 are described as follows:

- The Company, through its subsidiary Gruma Corporation, completed two acquisitions in Australia within the Victoria province, which are related to production and distribution of tortilla. In January 2006, all issued and outstanding shares of Rositas Investment Pty, Ltd were acquired for a total of Ps.142,779 (U.S.$13,208 thousand). In March 2006, the Company purchased the assets related to tortilla production from Oz-Mex Foods Pty, Ltd for Ps.41,845 (U.S.$3,871 thousand).

The estimated fair values of the net assets acquired are summarized as follows:

Current assets	Ps. 44,082
Property, plant and equipment	62,343
Excess of cost over book value	108,520
Deferred income taxes	1,966
Total assets acquired	216,911
Current liabilities	32,287
Net assets acquired	Ps. 184,624

- In September 2006, the Company acquired in England all issued and outstanding shares of Pride Valley Foods Ltd for Ps.370,418 (U.S.$32,864 thousand). This business produces and distributes tortilla, pita bread and Indian bread.

  The net assets acquired are summarized as follows:

Current assets	Ps. 75,031
Property, plant and equipment	149,231
Excess of cost over book value	310,648
Total assets acquired	534,910
Current liabilities	139,754
Deferred income taxes	24,738
Net assets acquired	Ps. 370,418

The investments carried out during 2005 are described as follows:

- In May 2005, the Company, through its subsidiary Gruma Corporation, entered into an asset purchase agreement to acquire from CHS Inc., located in Minnesota, Texas and Arizona in the United States of America, all the assets related to production and distribution of tortilla and related products. The Company paid Ps.437,870 (U.S.$39,437 thousand).

The estimated fair values of the net assets acquired are summarized as follows:

Inventories	Ps. 25,770
Property, plant and equipment	220,784
Excess of cost over book value	99,161
Trade names and other intangible assets	92,155
Total assets acquired	Ps. 437,870

- In September 2005, the Company, through its subsidiary Gruma Corporation, acquired all issued and outstanding shares of La Tapatia Norcal, Inc. for Ps.52,462 (U.S.$4,725 thousand). According to the terms of the agreement, Gruma Corporation paid an initial amount of Ps.8,327 (U.S.$750 thousand) with a final payment for the amount of Ps.44,135 (U.S.$3,975 thousand) due in January 2006. La Tapatia manufactures and distributes tortilla, chips and related products in San Francisco, California. The excess of cost over book value is for an amount of Ps.28,002.

The estimated fair values of the net assets acquired are summarized as follows:

Current assets	Ps. 18,076
Property, plant and equipment	19,308
Excess of cost over book value	28,002
Trade names and other intangible assets	22,028
Other assets	1,821
Total assets acquired	89,235
Current portion of long-term debt	15,178
Other current liabilities	16,488
Deferred income taxes	5,107
Net assets acquired	Ps. 52,462

- In August 2005, the Company, through its subsidiary Grupo Industrial Maseca, S.A. de C.V., acquired all issued and outstanding shares of Agroinsa de Mexico, S.A. de C.V. and Agroindustrias Integradas del Norte, S.A. de C.V. for Ps.490,111 (U.S.$43,100 thousand). The businesses acquired are Mexican companies that mainly produce corn and wheat flour. Under the terms of the agreement, Grupo Industrial Maseca initially paid Ps.45,486 (U.S.$4,000 thousand) and has two notes payable for Ps.41,358 each (U.S.$3,637 thousand each) due in August 2006 and 2007 and a third note of Ps.361,804 (U.S.$31,826 thousand) due in August 2008. The net assets acquired, adjusted to its fair value, and the notes payable have been included in the consolidated financial statements. The legal status of this acquisition with respect to the *Comision Federal de Competencia* ("Federal Competition Comission" or "CFC") is discussed in Note 12.

The estimated fair values of the net assets acquired are summarized as follows:

Current assets	Ps. 300,033
Property, plant and equipment	608,066
Excess of cost over book value	120,221
Total assets acquired	1,028,320
Current liabilities	342,717
Deferred income taxes	185,442
Other long-term liabilities	10,050
Net assets acquired	Ps. 490,111

- In December 2005, the Company, through its subsidiary Gruma Centroamérica, L.L.C., acquired all issued and outstanding shares of Maiz Industrializado de C.A., S.A. de C.V. for Ps.44,825 (2,005 millions of Costa Rican colons).

The estimated fair values of the net assets acquired are summarized as follows:

Current assets	Ps. 41,657
Property, plant and equipment	7,745
Excess of cost over book value	4,377
Deferred income asset taxes	6,317
Other assets	2,291
Total assets acquired	62,387
Current liabilities	17,562
Net assets acquired	Ps. 44,825

Note 3

SIGNIFICANT ACCOUNTING POLICIES

A) FINANCIAL REPORTING STANDARDS

Starting January 1, 2006, the Company adopted the provisions published by the Mexican Financial Reporting Standards Board (CINIF) which is responsible for regulating the development of accounting and reporting standards in Mexico. As a consequence, during the preparation of the attached consolidated financial statements, the following hierarchy as established by the CINIF was observed:

- The Financial Reporting Standards (FRS) and related interpretations issued by the CINIF.

- The statements issued by the Accounting Principles Board of the Mexican Institute of Public Accountants, which have not been modified, substituted or otherwise superseded by the new FRS.

- The International Financial Reporting Standards (IFRS) applicable on a supplementary basis.

Based on the criteria mentioned above, the Company applied the accounting policies that are described below.

B) BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Gruma, S.A.B. de C.V. and all of those subsidiaries in which the majority of the common share is owned directly or indirectly by the Company or otherwise has control. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

As of December 31, 2006 and 2005, the principal subsidiaries included in the consolidation are the following:

	% ownership	
	2006	2005
Gruma Corporation and subsidiaries	100.00	100.00
Grupo Industrial Maseca, S.A. de C.V. and subsidiaries	83.18	83.18
Molinos Nacionales, C.A.[1] (Note 18-C)	83.84	95.00
Derivados de Maíz Seleccionado, C.A.[1] (Note 18-C)	57.00	50.00
Molinera de México, S.A. de C.V. and subsidiaries	60.00	60.00
Gruma Centroamérica, L.L.C. and subsidiaries	100.00	100.00
Productos y Distribuidora Azteca, S.A. de C.V. and subsidiaries	100.00	100.00
Investigación de Tecnología Avanzada, S.A. de C.V. and subsidiaries	100.00	100.00

(1) On April 6, 2006, the Company signed an agreement to sell and buy interest of Molinos Nacionales, C.A. (Monaca) and Derivados de Maíz Seleccionado, C.A. (Demaseca), as follows:

- The Company agreed to sell in a series of installments 40% of its ownership in the common stock of Monaca, a subsidiary located in Venezuela, for U.S.$65,600 thousand, with reserve of title and for a period no longer than October 2007. On May 31, 2006, the Company purchased 2% of the common stock of Monaca from Archer-Daniels-Midland (ADM) for a total of U.S.$3,289 thousand. Thus, once the sale in installments ends, the interest of the Company in Monaca will be 57%. As of December 31, 2006, the Company owns 83.84% of Monaca.

- At the same date, on April 6, 2006, the Company purchased 10% of the common stock of Demaseca for U.S.$2,590 thousand. On August 16, 2006, the Company sold 3% of the common stock of Demaseca to ADM for U.S.$777 thousand. Thus, after these transactions, the interest of the Company in Demaseca is 57%.

C) USE OF ESTIMATES

The preparation of the financial statements in conformity with financial reporting standards requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, and reported amounts of revenues, costs and expenses for the reporting years. Actual results could differ from those estimates.

D) FOREIGN CURRENCY TRANSLATION

Financial statements of foreign subsidiaries have been restated to recognize the effects of inflation and translated to Mexican pesos of constant purchasing power as of December 31, 2006, as follows:

- Financial statements are restated to year-end constant local currencies following the provisions of Bulletin B-10, applying the General Consumer Price Index (“GCPI”) of the foreign country, which reflects the change in purchasing power of the local currency in which the subsidiary operates.

- Assets, liabilities, income and expenses are translated to Mexican pesos by applying the exchange rate in effect at each period end. Stockholders’ equity balances are translated by applying the exchange rates in effect at the dates in which the contributions were made and the income was generated. The effects of translation are recognized as a component of equity entitled “Foreign Currency Translation Adjustments” (Note 13-D).

E) RECOGNITION OF THE EFFECTS OF INFLATION

The consolidated financial statements have been restated to recognize the effects of inflation and are expressed in thousands of Mexican pesos of constant purchasing power as of December 31, 2006, determined as follows:

- For comparability purposes, the financial statements as of and for the year ended December 31, 2005 have been restated by utilizing a weighted average restatement factor, which considers the relative total sales contribution by country for that year and the corresponding inflation and exchange rate fluctuations during that year. The resulting difference from the restatement of stockholders’ equity according to this methodology and the National Consumer Price Index (“NCPI”), and for comparability purposes of the 2005 financial statements, is registered in the retained earnings of prior years’ account.

- The consolidated statements of income and of changes in stockholders’ equity for the year ended December 31, 2006, were restated applying GCPI factors from the country in which the subsidiary operates and applied to periods in which the transactions occurred and year-end .

- The consolidated statements of changes in financial position present, in Mexican pesos of constant purchasing power, the resources provided by or used in operating, financing and investing activities.

- The factors used to recognize the effects of inflation were the following:

Year	Mexican national consumer price index	Weighted average restatement factor
2006	4.05 %	4.45 %
2005	3.33 %	(1.66) %

The methodology used to restate financial statement items is as follows:

- Restatement of non-monetary assets

  Inventory and cost of sales are restated using the estimated replacement cost method. As set forth in Note 3-J, property, plant and equipment, net, is restated using the NCPI factors, except for machinery and equipment of foreign origin, which are restated on the basis of a specific index composed of the GCPI factor from the country of origin, to the related foreign currency amounts, and then translated to Mexican pesos using the year-end exchange rate.

- Restatement of common stock, additional paid-in capital and retained earnings

  This restatement is determined by applying NCPI factors from the dates on which capital stock and additional paid-in capital were contributed and earnings were generated or losses incurred, and it reflects the amount necessary to maintain the stockholder's investment at the original purchasing power amount. The restatement is included within the related stockholders' equity captions.

- Deficit from restatement

  Deficit from restatement primarily represents the difference between the replacement cost values of non-monetary assets or specific index restatement of machinery and equipment of foreign origin, as described above, and the historical cost of those assets restated for inflation, as measured by NCPI for domestic subsidiaries and GCPI factors for foreign subsidiaries.

- Monetary position gain

  Monetary position gain represents the inflationary effect, measured by NCPI factor, on the net balance of monetary assets and liabilities at the beginning of each month as expressed in local currency. The monetary position gain recognized on the net monetary position of foreign subsidiaries is based on the inflation rate of the respective country, as measured by the relevant GCPI factor in its net monetary position, prior to the translation to Mexican pesos.

F) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rate in effect on the dates the transactions are entered into and settled. Monetary assets and liabilities denominated in foreign currencies are translated into Mexican pesos at the exchange rate in effect at the balance sheet dates. Currency exchange fluctuations from valuation and liquidation of these balances are credited or charged to income, except for the effects of translation arising from foreign currency denominated liabilities, which are accounted for as a hedge of the Company's net investment in foreign subsidiaries, and are recognized as a component of equity under "Foreign currency translation adjustments".

G) TEMPORARY INVESTMENTS

Temporary investments are highly liquid investments with maturities of less than a year from the balance sheet date and are stated at cost, which approximates market value.

H) INVENTORIES AND COST OF SALES

Inventories are stated at the lower of estimated replacement cost or market. Estimated replacement cost is determined by the last purchase price or the last production cost for the year. Cost of sales is determined from replacement costs calculated for the month in which inventories are sold.

I) INVESTMENT IN COMMON STOCK

Investments in common stock with ownership between 10% and 50% of the investees' voting stock, or where the Company exercises significant influence, are accounted for by the equity method.

J) PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment are restated utilizing NCPI factors, except for machinery and equipment of foreign origin, which are restated on the basis of a specific index composed of the GCPI from the foreign country and the change in value of the Mexican peso against the foreign currency.

Depreciation expense is computed based on the net book value less salvage value, using the straight-line method over the estimated useful lives of the assets. Useful lives of the assets are as follows:

	Years
Buildings	25-50
Machinery and equipment	5-25
Software for internal use	3-7
Leasehold improvements	10

Maintenance and repairs are expensed as incurred. Costs of major replacements and improvements are capitalized. Comprehensive financing cost, including interest expense, foreign currency exchange fluctuations, and monetary position gain of the related debt for major construction projects, are capitalized as part of the assets during the construction period. When assets are retired, sold or otherwise disposed, any resulting gain or loss is included in "Other expense, net".

Direct internal and external costs related to the development and implementation of internal use software are capitalized and amortized over the estimated useful life beginning when such software is ready for its intended use.

The value of these assets is subject to impairment tests when certain events and circumstances are present as mentioned in Note 3-L.

K) INTANGIBLE ASSETS, NET, AND EXCESS OF COST OVER BOOK VALUE OF SHARES ACQUIRED

The intangible assets and the excess of cost over book value of shares acquired are restated using the NCPI and GCPI factors for foreign subsidiaries.

Expenses incurred only during the development stage are capitalized as preoperating expenses. The development stage concludes upon the commencement of commercial operations. Research expenses are expensed as incurred. Capitalized preoperating expenses are amortized using the straight-line method over a period no longer than 12 years.

Amortization expense of other intangible assets with finite lives is computed on the restated values using the straight-line method, over a period of 2 to 20 years. Estimated useful lives of intangible assets with finite lives are determined based on the analysis of contractual, economic, legal or regulatory factors that may limit the useful lives. Indefinite-lived intangible assets are no longer amortized.

Business combinations are accounted under the purchase method. The excess of cost over book value of business combination is no longer amortized but is tested annually for impairment.

Debt issuance costs are capitalized and restated using the NCPI factors. Amortization expense of debt issuance costs is computed using the straight-line method over the term of the related debt.

The value of these assets, other than the excess of cost over book value, is subject to impairment tests when certain events and circumstances are present as mentioned in Note 3-L.

L) IMPAIRMENT OF LONG-LIVED ASSETS

The Company performs impairment tests for its property, plant and equipment; intangible assets; excess of cost over book value of acquired shares; and investment in associated companies when certain events and circumstances suggest that the carrying value of assets might not be recoverable. The intangible assets with indefinite lives and the excess of cost over book value of acquired shares are subject to impairment tests at least once a year.

Fair value of assets held for use is determined using the higher between the discounted net cash flows expected from the assets and the market price; an impairment loss is recognized to the extent that the net book value exceeds the fair value of the assets. Market price is determined using market values or transactions with similar assets less costs to sell.

Fair value of assets to be disposed of is determined using the lower between book value and market price; an impairment loss is recognized for the excess of book value over market price. These assets are subsequently restated using NCPI factors and are no longer depreciated or amortized.

M) LABOR OBLIGATIONS

Seniority premiums to which employees are entitled after 15 years of service are charged to income as determined by annual actuarial valuations. Until December 31, 2004, indemnities to which Mexican employees may be entitled in the case of dismissal or death, under certain circumstances established by Mexican Labor Law, are expensed when they become payable.

Starting January 1, 2005, the Company adopted the provisions of Bulletin D-3 “Labor Obligations”, which includes the regulations for valuation, presentation and recognition of retirement benefits at the end of the employee labor relationship for causes other than restructuring. These effects are recognized through actuarial valuations using the projected unit credit method. The net period cost amounted to Ps.14,195 which was recognized in income of the year. As of January 1, 2005, the initial adoption of Bulletin D-3 included the recognition of a liability and charge to income for Ps.56,536 net of taxes, for the recognition of prior services for retirement benefits at the end of the labor relationship. These effects mainly refer to the recognition of indemnities to which employees are entitled in case of dismissal.

N) FINANCIAL INSTRUMENTS

Derivative financial instruments that are not considered for hedging purposes are recognized initially at cost and subsequently at fair value, with changes in fair value recognized currently in income.

For cash-flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in stockholders’ equity, based on the evaluation of the hedge effectiveness and are reclassified to income in the periods when the hedged commitment or projected transaction is realized. Hedge contracts other than cash flow are recognized at fair value and their valuation gain or loss is recognized in income.

O) REVENUE RECOGNITION

Revenue on product sales is recognized upon shipment to, and acceptance by, the Company’s customers or when the risk of ownership has passed to the customers. 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.

P) INCOME TAX AND EMPLOYEES’ STATUTORY PROFIT SHARING

The Company charged or credited to net income for each year the deferred income taxes and the deferred employees’ statutory profit sharing, for all the temporary differences between the carrying values for financial reporting and tax values of assets and liabilities that are expected to be reversed. Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all the deferred tax assets will not be realizable.

Q) EARNINGS PER SHARE

Earnings per share are computed by dividing majority net income for the year by the weighted average number of common shares outstanding during the year.

R) COMPREHENSIVE INCOME (LOSS)

The different components that constitute earned (lost) capital for the year are represented in the statement of changes in stockholders’ equity as comprehensive income (loss).

Note 4

ACCOUNTS RECEIVABLE, NET, AND REFUNDABLE TAXES

Accounts receivable, net, comprised the following as of December 31:

	2006	2005
Trade accounts receivable	Ps. 4,157,024	Ps. 3,471,890
Allowance for doubtful accounts	(204,838)	(148,423)
	3,952,186	3,323,467
Derivative financial instruments	237,584	42,944
Employees	32,019	26,822
Other debtors	317,923	212,180
	Ps. 4,539,712	Ps. 3,605,413

Refundable taxes comprised the following as of December 31:

	2006	2005
Production and sevices tax	Ps. 874	Ps. 913
Value-added tax	178,326	163,659
Income tax	394,488	377,353
	Ps. 573,688	Ps. 541,925

Note 5

INVENTORIES

Inventories consisted of the following as of December 31:

	2006	2005
Raw materials, mainly corn and wheat	Ps. 2,425,955	Ps. 2,576,413
Finished products	468,129	391,130
Materials and spare parts	371,508	335,797
Production in process	110,633	96,778
Advances to suppliers	335,423	284,710
Inventory in transit	109,657	83,861
	Ps. 3,821,305	Ps. 3,768,689

Note 6

INVESTMENT IN COMMON STOCK OF ASSOCIATED COMPANIES

Investments in common stock of associated companies consist of the investment in common stock of Grupo Financiero Banorte, S.A. de C.V. and subsidiaries ("GFNorte") and Harinera de Monterrey, S.A. de C.V. which produces wheat flour and related products in Mexico.

These investments, accounted for by the equity method, comprised the following as of December 31:

	2006	2005	Ownership as of December 31, 2006
GFNorte	Ps. 2,593,201	Ps. 2,323,955	10.0024 %
Harinera Monterrey, S.A. de C.V.	129,541	129,116	40 %
	Ps. 2,722,742	Ps. 2,453,071	

During 2006, the Company sold through the Mexican Stock Exchange a total of 17,224,100 shares of its investment in GFNorte which represented 0.8533% of its interest in GFNorte. The net gain from these transactions amounted to Ps.380,572 and is reflected within "Other expenses, net" (Note 14). Prior to the sale of these shares, the interest of the Company in GFNorte was 10.8557%.

Note 7

PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consisted of the following as of December 31:

	2006	2005
Land	Ps. 1,208,622	Ps. 1,270,284
Buildings	5,095,697	5,024,186
Machinery and equipment	18,178,566	16,744,874
Construction in progress	1,010,076	696,789
Software for internal use	813,050	818,776
Leasehold improvements	364,989	282,230
Other	33,630	46,845
	26,704,630	24,883,984
Accumulated depreciation and amortization	(11,883,438)	(10,529,093)
	Ps.14,821,192	Ps.14,354,891

For the years ended December 31, 2006 and 2005, depreciation expense amounted to Ps.1,091,699 and Ps.1,055,427, respectively. For the years ended December 31, 2006 and 2005, comprehensive financing costs of Ps.5,502 and Ps.8,094, respectively, were capitalized to property, plant and equipment.

As of December 31, 2006, property, plant and equipment includes temporarily idled assets with a carrying value of approximately Ps.653,884, resulting from the temporary shut-down of the productive operation of various plants in Mexico, mainly in the corn flour division. These assets are recognized at their net realizable value and are not being depreciated.

For the years ended December 31, 2006 and 2005, the Company recognized impairment losses of Ps.318,755 and Ps.41,212, respectively, reflected within “Other expense, net”, according to the provisions established in Bulletin C-15, “Impairment of Long-Lived Assets and their Disposition", as follows:

Segments	2006	2005
Corn flour division (Mexico)	Ps. 14,107	Ps. 23,406
Corn flour, wheat flour and other products (Venezuela)	90,285	10,379
Other	182,813	7,427
Other reconciling items	31,550	-
Total	Ps. 318,755	Ps. 41,212

Additionally, as of December 31, 2006, the Company has assets at net realizable value of Ps. 35,554 which are available for sale.

Note 8

INTANGIBLE ASSETS, NET

Intangible assets, net, comprised the following as of December 31:

	Remaining useful life (years)	2006	2005
Intangible assets with finite lives:			
Aquired:			
Covenants not to compete	10	Ps. 895,223	Ps. 902,217
Debt issuance costs	1 - 18	537,247	534,413
Patents and trademarks	2 - 15	101,376	173,373
Generated:			
Pre-operating expenses	5	53,867	49,990
Research on new projects	2 - 11	43,349	34,103
Customer list	1 - 15	48,840	-
Other	1 - 5	54,073	66,260
Intangible assets with indefinite lives:			
Trade names		13,453	209,165
		1,747,428	1,969,521
Accumulated amortization		(810,524)	(745,870)
		Ps. 936,904	Ps. 1,223,651

Intangible assets recognized during 2005 amounted to Ps.36,803 mainly due to the debt issuance costs related with the U.S. dollar perpetual bonds which totaled Ps.18,008. Intangible assets recognized during 2006 amounted to Ps.12,926 mainly due to new projects (La Casa del Maíz), as well as the acquisition of the trade name La Ideal which totaled Ps.6,762.

The Company's management determined, based on the provisions of Bulletin C-8 "Intangible Assets", that some trade names have indefinite lives since their future cash flow generation is expected to be indefinite.

For the years ended December 2006 and 2005, amortization expense of intangible assets amounted to Ps.110,379 and Ps.104,513, respectively.

During 2006, the Company recognized an impairment loss in certain intangible assets of Ps.146,853 included within "Other expenses, net" (Note 14), according with the disposition established by Bulletin C-15, "Impairment of Long-Lived Assets and their Disposition", and corresponds to the segment of other.

Note 9

OTHER ASSETS

Other assets consisted of the following, as of December 31:

	2006	2005
Long-term notes receivable	Ps. 99,542	Ps. 41,891
Club memberships	3,988	9,789
Guarantee deposits	23,307	21,601
	Ps. 126,837	Ps. 73,281

Note 10

BANK LOANS AND LONG-TERM DEBT

Bank loans and long-term debt as of December 31 are summarized as follows:

	2006	2005
Perpetual notes in U.S. dollars bearing interest at an annual rate of 7.75%, payable quarterly, can be redeemable starting 2009	Ps. 3,243,000	Ps. 3,330,911
Syndicated loan in U.S. dollars maturing in July 2010, bearing interest at an annual rate of LIBOR plus 0.375% to 0.45% (5.83% in 2006), payable monthly and quarterly	1,621,500	1,976,340
Senior unsecured notes in U.S. dollars, maturing in October 2007 and bearing interest at an annual rate of 7.625%, payable semiannually	546,359	561,169
Credit line in U.S. dollars, maturing in October 2011, bearing interest at an annual rate of LIBOR plus 0.35% to 0.45% (8.25% in 2006), payable in 30, 60, 90 and 180 days.	118,910	-
Loans in U.S. dollars and Euros, payable between 2007 and 2010 and bearing interest at variable annual rates from 2.5% to 7.96% in 2006, payable in different installments	357,959	770,006
Loans in Venezuelan bolivars payable between 2007 and 2009 and bearing interest at variable annual rates from 8.75% to 9.0% in 2006, payable monthly	345,654	353,920
Loans in U.S. dollars due between 2007 and 2008, bearing interest at variable annual rates from 5.92% to 6.37%, payable monthly	162,870	122,194
Loans in Mexican pesos due in 2007 and 2010, bearing interest at fixed annual rates from 8.96% to 9.16%, payable monthly	91,909	102,811
	6,488,161	7,217,351
Short-term bank loans	(172,164)	(448,543)
Current portion of long-term debt	(710,533)	(88,551)
Long-term debt	Ps. 5,605,464	Ps. 6,680,257

Short-term bank loans in U.S. dollars for Ps.134,045 (U.S.$12.4 million) bear interest at an average rate of 5.9% as of December 31, 2006. Short-term bank loans in Venezuelan bolivars for Ps.18,854 (3,750 million of Venezuelan bolivars) bear interest at an average rate of 8.75% as of December 31, 2006. Also, as of December 31, 2006, the Company has a short-term loan in Euros for Ps.19,265 (1.5 million of Euros) that bears an average interest rate of 4.13%.

The Company has credit line agreements for Ps.2,162 million (U.S.$200 million), from which, as of December 31, 2006, Ps.2,043 million (U.S.$189 million) are available. These credit line agreements require the payment of an annual commitment fee of 0.1% to 0. 2% on the unused amounts.

Various credit agreements contain covenants mainly related to the fulfillment of certain financial ratios, which if not maintained for a certain period of time, may be considered as a cause for early maturity of the debt. At December 31, 2006, the Company is in compliance with these financial ratios.

At December 31, 2006, the annual maturities of long-term debt outstanding were as follows:

Year	Amount
2008	Ps. 164,991
2009	413,668
2010	1,662,989
2011	120,816
2012 and thereafter	3,243,000
	Ps. 5,605,464

The Company has entered into an interest rate swap agreement for its long-term debt maturing in 2010 and exchange rate forward contracts for the interest payments of long-term debt maturing in 2007 (Note 18).

Note 11

LABOR OBLIGATIONS

Seniority premium cost and other employee retirement benefits balance as of December 31, 2006 and 2005, amounted to Ps.108,006 and Ps.118,224, respectively, and are included in “Other liabilities”.

Seniority premium cost in Mexico is determined by independent actuaries and is based principally on the employees’ years of service, age, and salaries. The Company has established trust funds to meet these obligations. The employees do not contribute to these funds. Additionally, the indemnities to which employees are entitled in case of dismissal are determined by independent actuaries principally based on the employees’ years of service, salaries and current labor laws. The Company uses December 31 as the measurement date for its plans.

The components of the net seniority premium cost and for the obligations at the end of the labor relationship for the years ended December 31, were the following:

	2006	2005
Service cost	Ps. 11,860	Ps. 12,435
Interest cost	4,060	3,610
Return on plan assets	(5,796)	(6,509)
Curtaliment loss	1,265	1,034
Settlement loss	13,692	4,751
Net amortization	6,911	5,778
Net cost for the year	Ps. 31,992	Ps. 21,099
Initial effect for the recognition of benefits at the end of the labor relationship	Ps. -	Ps. 78,368

As of December 31 the status of the plan was as follows:

	2006	2005
Actuarial present value of accumulated benefit obligations:		
Vested benefit obligation	Ps. -	Ps. (19,949)
Non-vested benefit obligation	(404)	(14,930)
	(404)	(34,879)
Excess of projected benefit obligation over accumulated benefit obligation	(124,918)	(86,913)
Projected benefit obligation	(125,322)	(121,792)
Plan assets at fari value (trust funds)	32,078	27,592
Shortfall of plan assets over projected benefit obligation	(93,244)	(94,200)
Unrecognized amounts to be amortized over 17 years:		
Cumulative net gain	19,022	5,267
Net trasition liability	528	(1,137)
Prior service cost	80	(47)
Adjustment required to recognize minimum liability	(577)	(2,488)
Seniority premium liability	Ps. (74,191)	Ps. (92,605)

For the years ended December 31, 2006 and 2005, the changes in projected benefit obligation and plan assets (trust funds) are summarized as follows:

	2006	2005
Projected benefit obligation at beginning of year	Ps. 121,792	Ps. 31,468
Effect of inflation on beginning balance	(5,165)	(1,314)
Service cost	11,860	12,435
Interest cost	4,060	3,610
Benefits paid	(33,933)	(18,740)
Effect at the beginning of the year for the recognition of benefits at the end fo the loabor relationship	-	78,368
Acturarial loss	26,708	15,965
Projected benefit obligation at end of year	Ps. 125,322	Ps. 121,792

	2006	2005
Fair value of plan assets at beginning of year	Ps. 27,592	Ps. 21,562
Effect of inflation on beginning balance	(1,175)	1,095
Return on plan assets	5,796	6,509
Benefits paid	(22,655)	(1,574)
Settlement loss	11,153	-
Amortization of obligations at transition	11,367	-
Fair value of plan assets at end of year	Ps. 32,078	Ps . 27,592

The weighted average assumptions (net of expected inflation) used to determine benefit obligations at December 31 were as follows:

	2006	2005
Discount rate	4.0 %	3.5 %
Rate of increase in future compensation levels	1.5 %	1.5 %
Expected long-term rate of return on plan assets	5.0 %	4.0 %

The long-term asset return rate is based on the annual recommendations of the Actuarial Commission in the Mexican Association of Consulting Actuaries. These recommendations consider historical information and future expectations of the market.

The Company's weighted average asset allocation by asset category as of December 31 was as follows:

	2006	2005
Equity securities	46 %	47 %
Fixed rate instruments	54 %	53 %
Total	100 %	100 %

The Company has a policy of maintaining at least 30% of the trust assets in Mexican Federal Government instruments. Objective portfolio guidelines have been established for the remaining 70%, and investment decisions are being made to comply with those guidelines to the extent that market conditions and available funds allow.

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(K) contributions with Company contributions. For the years ended December 31, 2006 and 2005, total expenses related to this plan were U.S.$3,045 thousand (Ps.32,916) and U.S.$3,061 thousand (Ps.33,089), respectively.

In Venezuela, the Company recognizes a liability for seniority premiums and indemnities for dismissal established by the local Labor Law, which amounted to Ps.23,839 and Ps.15,244 as of December 31, 2006 and 2005, respectively.

In Central America, the labor legislation of Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala establishes that the accumulated payments, to which workers may be entitled, based on the years of services, must be paid in the case of death, retirement or dismissal. The Company records a liability of 9% over salaries paid, which amounted to Ps.10,048 and Ps.11,520 as of December 31, 2006 and 2005, respectively.

Note 12

CONTINGENCIES AND COMMITMENTS

A) CONTINGENCIES

The Secretaría de Hacienda y Crédito Público ("Ministry of Finance and Public Credit") has made: (i) certain observations to our asset tax returns for the years 1994, 1996, 1997, 1999 and 2000, amounting Ps.340.7 million; (ii) a determination for the amount of Ps.29.9 million for withholding taxes derived from the payment of interests to our foreign creditors for the years 2000, 2001 and 2002 (the Mexican authorities claim that the Company should have withhold 10% over such payments instead of 4.9%); and (iii) certain observations to our income tax returns for the years 2000 and 2001 in connection to the accreditation of the special services and production tax for an amount of Ps.10,972, considered by the authority as prohibited. Additionally, one of our subsidiaries in Mexico has been notified with several assessments for the import of wheat, amounting Ps.93,027, which according to the authority was made under an incorrect HS Code. The Company has filed several appeals to obtain an annulment of such assessments. The Company believes the resolution of these proceedings will not have a material effect on the Company's financial position and results of operation.

The Venezuelan tax authorities have made certain observations to one of the Venezuelan subsidiaries, Molinos Nacionales C.A. ("Monaca"), related to the income tax returns for the years 1999 and 1998, which amounted to Ps.15,134 (U.S.$1.4 million), plus sales tax credits presumably omitted for Ps.717 (U.S. $66,344). The resolutions of these claims will be assumed by the previous shareholder, International Multifoods Corporation, in accordance with the purchase agreement of our subsidiary in Venezuela, Monaca.

Additionally, Monaca has been named in several labor law suits by its "Caleteros" for a global amount of Ps.68,877 (13,699 million of Venezuelan bolivars), which are currently being trialed. The "Caleteros" are people that assist the carriers in the unloading of merchandise, which generate a high risk in labor and industrial security for Monaca. In order to handle the "Caleteros" matter, Monaca decided to create a provision of Ps.18,759 (3,731 million of Venezuelan bolivars) which is reflected within accrued payable expenses and other liabilities.

Some of the Company's subsidiaries have been notified by the *Comisión Nacional de Agua* ("National Water Commission" or "CNA") of fee assessments due from different years. These assessments mainly arise from the CNA's determination of discharge of sewage water on public property of the Nation that was being used as receiver facilities. Nevertheless, the subsidiaries are using the water derived from the production process, previously treated, to irrigate several garden properties of the Company, through the sprinkler system. All of the assessments notified by the CNA have been resolved in favor of the Company, with exception of two assessments that are still pending resolution. The current status of these procedures is the following: (i) the Company has obtained a favorable ruling from the Superior Chamber of the Federal Tax and Administrative Court to annul an assessment for Ps.14,222 plus restatement, penalties and charges, which was appealed by the CNA before an Appeals Court for Administrative Matters, which ordered to restore the procedure due to a procedural defect which has been rectified, being this case at the moment back at the Superior Chamber of the Federal Tax and Administrative Court to dictates the corresponding ruling; and (ii) an assessment for Ps.669 thousand is pending resolution in the first instance. According to the Company's lawyers, a reasonable basis exists to believe the Company is in compliance will all applicable legal regulations, given that the water from the production process is previously treated and later on used to irrigate the garden properties of the Company through the sprinkler system, and are not discharged on public property of the Nation. According to the foregoing, the Company believes all of these proceedings will be resolved favorably. The Company intends to vigorously defend against this action.

In November 2001, one of Gruma Corporation's independent distributors filed a punitive class action lawsuit against this subsidiary. The case was removed from California state court to federal court. Prior to April 2005, the Company did not consider this claim to be material because two court orders had held that the claim must be arbitrated and that the arbitration would be for the individual plaintiff's claims only and because the total exposure on the individual claim was for a small amount. In April 2005, the United States District Court, based on a recent U.S. Supreme Court decision, ordered that the original claims should be referred to arbitration and that the arbitrator could decide whether the matter should proceed as a class action. No decision has yet been made as to whether the claims should proceed as a class action. The claims, as recently amended, allege: (i) that Gruma Corporation breached its distributor agreements and its distributors are actually employees; (ii) that Gruma Corporation has failed to make wage, expense, and other payments required for employees; (iii) that Gruma Corporation has violated the

California antitrust laws and unfair competition statutes and; (iv) that Gruma Corporation has otherwise committed fraud and negligent misrepresentations. The arbitrator subsequently dismissed the antitrust claims. The remaining claims are being asserted by two named plaintiffs. The arbitrator has issued an order stating an intention to certify the case as a class action; the details of the class order have not yet been delineated. The plaintiffs seek damages and equitable relief but have not yet specified the total amount of damages sought. The Company intends to vigorously defend against this action.

In October 2005, the Company was named in a class action suit, Ramon Moreno et al. v. Guerrero Mexico Food Products, Inc. and Gruma Corporation, filed in the United States District Court for the Central District of California, Los Angeles County. This is a punitive wage and hour class action alleging a misclassification of the Teamster-represented Sales Drivers as exempt when they should be treated as non-exempt and paid overtime for all hours worked in excess of eight in a workday and forty-eight in a workweek. Plaintiffs also contend that the punitive class members have been denied state-mandated meal periods and are due penalties under California Labor Code. Plaintiff subsequently amended the complaint to add a second plaintiff who is an active employee. The Company filed an answer asserting 33 affirmative defenses. The Company then filed a third-party complaint against Teamsters Local 63 asserting a breach of contract and seeking declaratory relief. Teamsters Local 63 filed a motion to dismiss our third-party complaint against it. On December 20, 2006, the plaintiffs filed a motion to certify this case as a class action. The court held a hearing on February 26, 2007, regarding plaintiffs' motion for class certification and on March 20, 2007, the court entered an order certifying the case as a class action. The court has set a new trial date for October 23, 2007. The Company intends to defend the action vigorously, relying on various affirmative and fact defenses. The parties are engaged in discovery on Defendants' affirmative defenses.

Regarding the Agroinsa acquisition, the Company notified the CFC of such transaction through a "notice of concentration", pursuant to the *Ley Federal de Competencia Económica* ("Mexican Antitrust Law"). On November 21, 2005, the CFC notified the Company of its resolution not to approve such acquisition. In its resolution, the CFC held, among others, that: (i) regarding the concentration in the corn flour market, the traditional cooked-corn method is not a substitute of the corn flour method for the production of tortilla and other corn chip products made with either corn flour or cooked-corn; and (ii) regarding the concentration in the wheat flour market, the Company already controls two wheat flour mills in the influence market area (Monterrey and Durango).

The Company believes the CFC's resolution is without economic or legal merit, because with respect to (i) above, the Company has sufficient legal and economic grounds to assume that the corn flour method and the cooked-corn method are substitutes of each other and, therefore, either of them can be alternatively used for the production of tortilla and other corn chip products, and with respect to (ii) above, the Monterrey mill is not controlled by the Company, since it is a joint venture in which its partner holds 60% of the capital stock, and 60% of the production is used by the partner for its own internal consumption needs. Additionally, the Company believes that an *afirmativa ficta* ("implicit approval") should apply in this case, based upon several decisions of the *Suprema Corte de Justicia de la Nación* ("Mexican Supreme Court of Justice" or "SCJN") which the Company believes should be applicable to this case by analogy.

On January 16, 2006, the Company filed an administrative appeal of such resolution with the CFC based on the above arguments. On April 6, 2006, the CFC issued its final resolution not approving the acquisition.

On May 17, 2006 the Company filed a *juicio de amparo* ("injuction") before the Thirteenth Federal Court for Administrative Matters of Mexico City against such resolution, arguing that an “implicit approval” should have applied based upon the aforementioned SCJN’s resolutions. Also, the Company made several other arguments based on legal and constitutional defects in the CFC's resolution.

On August 24, 2006, a favorable resolution of the filed injunction was obtained, notwithstanding the CFC filed an appeal against such resolution. On November 27, 2006, the Third Appeals Court for Administrative Matters resolved that the injunction filed by the Company was legally admissible. Consequently, the Appeals Court resolved to remit the case to the SCJN in order for the unconstitutionality arguments held in the Company’s injunction to be resolved.

As of this date, the case was submitted to Justice Olga María del Carmen Sánchez Cordero for the preliminary drafting of the court’s ruling, which will need to be approved by the majority of the five Justice members of the First Chamber of the SCJN. The case was registered to be resolved in the First Chamber’s hearing on March 14, 2006 and subsequent, until the ruling is issued.

In the case that the SCJN considered the unconstitutionality arguments, regarding the Mexican Antitrust Law as inadmissible, the case would not conclude with such resolution, as several legality arguments (among others, the one regarding the affirmation ficta) held by the Company in the filed injunction would still have to be analyzed, which can be resolved by the SCJN if it exerts its attraction faculty granted by law, or it could also be remitted the file to the Third Appeals Court for Administrative Matters so that this court decides such legality arguments.

Notwithstanding the Company has obtained favorable resolutions in two judicial instances, it cannot be assured that it will prevail in this matter after all procedural remedies are exhausted. In addition, the Company cannot assure that the CFC will approve any other proposed acquisitions or joint ventures in the future. The Company intends to defend itself in accordance with applicable law against this resolution and any future resolutions by the CFC.

The Company believes that the SCJN will issue its ruling favorably according to the aforementioned arguments and intends to defend itself in accordance with applicable law. At the present moment it is not possible to establish the impact that the resolution of this case will have in the Company’s financial statements.

Additionally, the Company is involved in certain unresolved proceedings arisen in the ordinary course of the business. The Company does not believe that the resolution of these proceedings may have a significant adverse effect in its financial situation and operation results.

B) COMMITMENTS

The Company entered into sale-leaseback agreements for various production equipment located in its U.S. plants. The Company has a purchase option at the expiration and an early purchase option, which permits the Company to acquire the equipment at fair market value at approximately three-fourths of the lease term. These agreements are accounted for as operating leases.

As of December 31, 2006, the Company is leasing certain equipment under long-term operating lease agreements expiring through 2015. Future minimum lease payments under such leases amount to approximately Ps.1,683,625 (U.S.$155,747 thousand), as follows:

Year		Instalaciones		Equipment		Total
2007	Ps.	179,327	Ps.	295,827	Ps.	475,154
2008		181,694		230,621		412,315
2009		117,040		157,426		274,466
2010		118,553		100,792		219,345
2011		49,921		60,903		110,824
2012		80,005		111,516		191,521
	Ps.	726,540	Ps.	957,085	Ps.	1,683,625
	U.S.$	67,210	U.S.$	88,537	U.S.$	155,747

Rental expense was approximately Ps.505,801 and Ps.429,526 for the years ended December 31, 2006 and 2005, respectively.

At December 31, 2006, the Company had various outstanding commitments in the United States to purchase commodities and raw materials for approximately Ps.1,418,272 (U.S.$131,200 thousand), which will be delivered during 2007.

As of December 31, 2006, the Company had outstanding commitments to purchase machinery and equipment amounting to approximately Ps.485,423 (U.S.$44,905 thousand).

As of December 31, 2006, the Company has irrevocable letters of credit in the amount of approximately Ps.112,208 (U.S.$10,380 thousand) serving as collateral for claims pursuant to the Company's self-insured worker's compensation retention program in the United States.

Note 13

STOCKHOLDERS' EQUITY

A) COMMON STOCK

On January 27, 2006, the Company concluded the equity offering of 30 million of shares, which represented approximately Ps.1,148 million net of discounts and commissions from underwriters and expenses related with the offering. The net proceeds were used to increase the production capacity in the United States of America.

At December 31, 2006, Gruma's outstanding common stock consisted of 482,549,952 shares of Series "B", with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and no shares held in Treasury. At December 31, 2005, the Company's outstanding common stock consisted of 452,549,952 shares.

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.

Dividends paid from retained earnings which have not been previously taxed are subject to an income tax payable by the Company equal to 38.91% in 2007 and thereafter. The applicable tax may be credited against income tax the Company is subject to in the year or in the following two fiscal years. Dividends paid by the Company from net tax income account are not subject to any tax.

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 additional paid-in capital, 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 in the sale of the Company's own shares is recorded as additional paid-in capital. As of December 31, 2006, the Company does not have transactions with its own stock.

D) FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

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

	2006	2005
Foreign currency translation at beginning of year	Ps. (1,165,485)	Ps (644,134)
Effect of translating net investment in foreign subsidiaries	450,858	(712,304)
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries, net of tax	(54,848)	190,953
	Ps. (769,475)	Ps. (1,165,485)

The investment that the Company maintains in the operations in the United States and Europe generates a natural hedge of up to U.S.$500 million and U.S.$520 million as of December 31, 2006 and 2005, respectively.

As of December 31, 2006 and 2005, the accumulated effect of translating net investment in foreign subsidiaries impacted minority interest in the amounts of Ps.(73,226) and Ps.2,927, respectively.

E) INFLATION EFFECTS

As of December 31, 2006, the majority stockholders' equity comprised the following:

	Nominal	Restatement	Total
Common stock	Ps. 4,880,142	Ps. 7,954,822	Ps. 12,834,964
Additional paid-in capital	2,150,629	2,515,458	4,666,087
Deficit from restatement	-	(14,577,180)	(14,577,180)
Derivative financial instruments	6,404		6,404
Cumulative effect of a change in an accounting principle for deferred income taxes and employees' statutory profit sharing	(209,951)	(8,165)	(218,116)
Retained earnings from prior years	4,107,506	6,550,865	10,658,371
Net income for the year	1,511,977	12,761	1,524,738
Foreign currency translation adjustments	(769,475)		(769,475)
	Ps. 11,677,232	Ps. 2,448,561	Ps. 14,125,793

F) TAX VALUES OF COMMON STOCK AND RETAINED EARNINGS

As of December 31, 2006, tax amounts of common stock and retained earnings were Ps.10,086,904 and Ps.1,715,867, respectively.

Note 14

OTHER EXPENSES, NET

Other expenses, net, is comprised of the following:

	2006	2005
Net gain from sale of GFNorte's shares (Note 6)	Ps. 380,572	Ps. -
Net gain from sale of subsidiaries' shares	137,971	-
Impairment loss on assets (Note 3-L)	(465,608)	(41,212)
Amortization of other deferred costs	(56,330)	(50,488)
Net loss in sale of fixed assets and other assets	(5,720)	(13,772)
Other	(4,953)	(41,662)
	Ps. (14,068)	Ps. (147,134)

Note 15

INCOME TAX, ASSET TAX AND EMPLOYEES' STATUTORY PROFIT SHARING

A) INCOME TAX AND ASSET TAX

Gruma files a consolidated income tax return for Mexican income tax purposes, consolidating taxable income and losses of Gruma and its controlled Mexican subsidiaries. Filing a consolidated tax return had the effect of reducing income tax expense for the years ended December 31, 2006 and 2005, by Ps.408,874 and Ps.286,095, respectively, as compared to filing a tax return on an unconsolidated basis. Tax regulations permit consolidation of 100% of the ownership investment.

In accordance with the applicable tax law, Mexican corporations must pay the higher of either income tax or asset tax (1.8%, and from 2007 on 1.25% without deducting liabilities). Asset tax is determined on the average value of substantially all of the Company's Mexican assets less certain liabilities. Payments of asset tax are recoverable against the excess of income tax over asset tax (when it is higher than income tax) of the three prior years and the ten subsequent years.

For the year ended December 31, 2005, asset tax amounted to Ps.71,833.

B) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME

For the years ended December 31, 2006 and 2005, the reconciliation between the statutory income tax amounts and the effective income tax amounts is summarized as follows:

	2006	2005
Statutory federal income tax (29% in 2006 and 30% in 2005)	Ps. 416,249	Ps. 361,815
Variation in valuation of tax loss carryforwards	58,288	43,037
Losses of Mexican subsidiaries which cannot be utilized for income tax consolidation	10,108	13,087
Foreign income tax rate differences	(82,870)	(26,548)
Effects related to inflation	4,056	(12,049)
Other	5,718	7,083
Effective income tax rate (28.7% in 2006 and 32% 2005)	Ps. 411,549	Ps. 386,425

As a result of changes in Mexican Income Tax Law, approved on November 13, 2004, the statutory tax rate will be 28% in 2007.

At December 31, 2006 and 2005, the tax effects of main differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	(Assets) Liabilities	
	2006	2005
Deferred tax assets:		
Net operating loss carryforwards and other tax credits	Ps. (179,420)	Ps. (279,238)
Accrued liabilities	(229,997)	(170,878)
Recoverable asset tax	(195,168)	(403,711)
Intangible asset resulting from intercompany operation	(60,669)	(87,552)
Other	(164,721)	(136,640)
	(829,975)	(1,078,019)
Deferred tax liabilities:		
Property, plant and equipment, net	1,752,579	1,823,094
Inventories	243,292	288,589
Intangible assets and other	155,562	141,812
Investment in partnership and equity method investee	392,003	383,100
	2,543,436	2,636,595
Net deferred tax liability	Ps. 1,713,461	Ps. 1,558,576

As of December 31, 2006, the Company did not recognized deferred income tax assets for Ps.85,269 from tax loss carryforwards pertaining to certain foreign subsidiaries, since no sufficient evidence is available that these tax loss carryforwards will be realizable.

C) TAX LOSS CARRYFORWARDS AND RECOVERABLE ASSET TAX

At December 31, 2006, the Company does not have tax loss carryforwards in Mexico corresponding to the consolidated income tax return. As of December 31, 2006, asset tax of Ps.103,449 generated in the consolidated income tax return in Mexico and available to offset the excess of income tax over asset tax in future years, is shown below:

Expiration Year	Recoverable asset tax
2013	Ps. 28,509
2014	3,107
2015	71,833
	Ps. 103,449

As of December 31, 2006, certain foreign subsidiaries have tax loss carryforwards for approximately Ps.48,163 (2,307 million of Costa Rican colons) that expire in 2009 to 2011, and Ps.87,905 (17,322 million of Venezuelan bolivars) which will expire in 2007 to 2008.

D) EMPLOYEES' STATUTORY PROFIT SHARING

In Mexico, employees' statutory profit sharing is determined for each subsidiary on an unconsolidated basis, applying 10% of taxable income determined on a basis similar to income tax, except that the employees' statutory profit sharing does not consider inflation effects, depreciation and amortization expense is based on the historical cost, and a foreign exchange gain or loss is recognized when a monetary asset or liability is contractually due.

Note 16

FOREIGN CURRENCY

A) EXCHANGE DIFFERENCES

For the years ended December 31, 2006 and 2005, the effects of exchange rate fluctuations on the Company's monetary assets and liabilities were recognized as follows:

	2006	2005
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company´s net investment in foreign subsidiaries recorded directly to stockholders´equity as an effect of foreign currency transaction adjustments	Ps. (75,635)	Ps. 270,792
Exchange differences arising from foreign currency transactions credited (charged) to income	(18,441)	(53,476)
	Ps. (94,076)	Ps. 217,316

B) FOREIGN CURRENCY POSITION

As of December 31, 2006 and 2005, monetary assets and liabilities held or payable in U.S. dollars are summarized below:

	Thousands of U.S. dollars	
In companies located in Mexico:	2006	2005
Assets:		
Current	U.S.$ 12,142	U.S.$ 9,656
Non-current	71	81
Liabilities:		
Current	(69,488)	(8,560)
Long-term	(481,826)	(564,005)
	U.S.$ (539,101)	U.S.$ (562,828)

	Thousands of U.S. dollars	
In foreign copanies:	2006	2005
Assets:		
Current	U.S.$ 285,321	U.S.$ 195,550
Non-current	4,279	3,312
Liabilities		
Current	(314,436)	(276,943)
Long-term	(184,612)	(185,262)
	U.S.$ (209,448)	U.S.$ (263,343)

At December 31, 2006 and 2005, the exchange rates used to translate U.S. dollar assets and liabilities were Ps.10.81 and Ps.10.63, respectively. On March 30, 2007, date of issuance of these financial statements, the exchange rate for the U.S. dollar was Ps.11.03.

For the years ended December 31, the Company's Mexican subsidiaries had transactions in U.S. dollars as follows:

	Thousands of U.S. dollars			
		2006		2005
Corn purchases and other inventories	U.S.$	108,830	U.S.$	94,963
Interest expense		38,222		35,946
Equipment purchases		424		424
Services		7,480		7,480
	U.S.$	154,956	U.S.$	138,813

At December 31, consolidated non-monetary assets of foreign origin, which are restated on the basis of the GCPI from the foreign country of origin, are summarized as follows:

	2006		2005	
	Foreign currency (thousands)	Year-end exchange rate	Foreign currency (thousands)	Year-end exchange rate
U.S. dollars	836,932	10.81	716,756	10.63
Swiss francs	199,701	8.87	21,562	8.08
Euros	32,989	14.2681	13,823	12.5732
Venezuelan bolivars	385,424,593	0.0050	462,462,371	0.0049
Australian dollars	28,695	8.4913	-	7.796
Yuans	5,853	1.3834	-	1.3171
Pounds sterling	7,729	21.1671	-	18.2708
Canadian dollars	521	9.28	-	9.11
Costa Rican colons	43,572,733	0.0209	35,660,409	0.0214

Note 17

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 (mainly 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, Europe, Asia and Oceania. 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" division represents those segments amounting to less than 10% of the consolidated total. These segments are: corn flour and other products division in Central America, wheat flour division in Mexico, packaged tortilla division in Mexico and technology and equipment division. The corn flour and other products division in Central America manufactures, distributes and sells corn flour, tortillas and snacks and cultivates and sells hearts of palm. The wheat flour division in Mexico is engaged in the production and marketing of wheat flour in this country. The packaged tortilla division in Mexico produces and distributes packaged tortillas. The technology and equipment division 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.

- The "Other reconciling items" row includes the corporate expenses and the elimination of inter-business unit transactions.

All inter-segment sales prices are market based. The Company evaluates performance based on operating income of the respective business units.

Summarized financial information concerning the Company's reportable segments is shown in the following tables.

Segment information as of and for the year ended December 31, 2006:

Segment	Net sales to external customers	Inter-segment net sales	Operating income (loss)	Depreciation and amortization
Corn flour and packaged tortilla division (United States and Europe)	Ps. 16,309,916	Ps. 1,686	Ps. 938,253	Ps. 609,369
Corn flour division (Mexico)	7,112,059	276,284	823,094	280,165
Corn flour, wheat flour and other products (Venezuela)	3,132,121	-	96,232	102,308
Other	4,081,697	1,019,196	171,055	160,253
Other reconciling items	18,385	(1,297,166)	(246,109)	49,983
Total	Ps. 30,654,178	Ps. -	Ps. 1,782,525	Ps. 1,202,078

Segment	Total assets	Total liabilities	Expenditures for long-lived assets
Corn flour and packaged tortilla division (United States and Europe)	Ps. 12,348,600	Ps. 5,027,571	Ps. 1,576,904
Corn flour division (Mexico)	8,970,120	2,060,830	338,076
Corn flour, wheat flour and other products (Venezuela)	2,589,034	1,535,757	236,655
Other	4,634,676	1,241,798	201,097
Other reconciling items	1,695,075	3,323,408	80,231
Total	Ps. 30,237,505	Ps. 13,189,364	Ps. 2,432,963

Segment information as of and for the year ended December 31, 2005:

Segment	Net sales to external customers	Inter-segment net sales	Operating income (loss)	Depreciation and amortization
Corn flour and packaged tortilla division (United States and Europe)	Ps. 14,326,749	Ps. -	Ps. 1,183,786	Ps. 561,323
Corn flour division (Mexico)	6,569,860	220,868	721,690	272,470
Corn flour, wheat flour and other products (Venezuela)	3,220,834	-	(90,640)	108,589
Other	3,724,603	523,207	(148,138)	156,242
Other reconciling items	20,852	(744,075)	(33,569)	61,316
Total	Ps. 27,862,898	Ps. -	Ps. 1,633,129	Ps. 1,159,940

Segment	Total assets	Total liabilities	Expenditures for long-lived assets
Corn flour and packaged tortilla division (United States and Europe)	Ps . 9,757,642	Ps. 3,613,881	Ps. 950,798
Corn flour division (Mexico)	8,863,386	2,254,519	769,842
Corn flour, wheat flour and other products (Venezuela)	3,181,564	1,602,613	217,895
Other	4,337,770	1,051,415	163,974
Other reconciling items	1,826,221	4,719,203	42,582
Total	Ps. 27,966,583	Ps. 13,241,631	Ps. 2,145,091

The following table presents the details of “Other reconciling items” for operating income:

Other reconciling items	2006	2005
Corporate expenses	Ps. (121,029)	Ps. (86,993)
Elimination of inter-business unit transactions	(125,080)	53,424
Total	Ps. (246,109)	Ps. (33,569)

Additionally a summary of information by geographic segments is as follows:

	2006	%	2005	%
NET SALES:				
United States and Europe	Ps. 16,309,916	53	Ps. 14,326,749	51
Mexico	9,616,862	32	8,891,595	32
Venezuela	3,132,121	10	3,220,834	12
Central America	1,595,279	5	1,423,720	5
	Ps. 30,654,178	100	Ps. 27,862,898	100
IDENTIFIABLE ASSETS:				
United States and Europe	Ps. 12,348,600	41	Ps. 9,757,642	35
Mexico	14,099,451	47	13,960,137	50
Venezuela	2,589,034	8	3,181,564	11
Central America	1,200,420	4	1,067,240	4
	Ps. 30,237,505	100	Ps. 27,966,583	100
CAPITAL EXPENDITURES:				
United States and Europe	Ps. 1,576,904	65	Ps. 950,798	44
Mexico	491,627	20	932,379	44
Venezuela	236,655	10	217,895	10
Central America	127,777	5	44,019	2
	Ps. 2,432,963	100	Ps. 2,145,091	100

Note 18

FINANCIAL INSTRUMENTS

A) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and temporary investments, accounts receivable, refundable taxes, trade accounts payable, short-term bank loans, current portion of long-term debt and accrued liabilities and other payables approximate their fair value, due to their short maturity. In addition, the net book value of accounts and notes receivable and refundable taxes represent the expected cash flow to be received.

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

	Carrying amount	Fair value
At December 31, 2006:		
Liabilities: Perpetual bonds in U.S. dollars bearing fixed interests at an annual rate of 7.75%	Ps. 3,243,000	Ps. 3,420,068
Liabilities: Senior unsecured notes in U.S. dollars bearing fixed interest at annual rate of 7.625%	546,359	553,026
Liabilities: Exchange rate forward contract	14,946	14,946
Liabilities: Interest rate swaps contract	9,980	9,980
Asset: Exchange rate forward contract	2,244	2,244
Asset: Interest rate swaps contract	32,782	32,782
Asset: Commodity hedge contracts	202,558	202,558
At December 31, 2005:		
Liabilities: Perpetual bonds in U.S. dollars bearing fixed interests at an annual rate of 7.75%	Ps. 3,330,911	Ps. 3,516,442
Liabilities: Senior unsecured notes in U.S. dollars bearing fixed interest at annual rate of 7.625%	561,169	577,244
Liabilities: Exchange rate forward contract	16,274	16,274
Asset: Interest rate swaps contract	41,077	41,077

Fair values were determined as follows:

- The fair value of debt and derivative financial instruments is determined based on quoted market prices for such instruments in the reference market.
- The carrying value of the remainder of the long-term debt was similar to its fair value.

B) HEDGES

The Company has entered into futures contracts for certain key production requirements such as gas and some raw materials in order to hedge the cash flow variability due to price fluctuations. These contracts are short-term and do not exceed the maximum production requirements for a one-year period and are classified as cash flow hedges or fair value hedges.

As of December 31, 2006 and 2005, the Company had an unfavorable effect due to changes in the fair value of cash flow hedges amounting to Ps.3,060 net of taxes (which was recognized as comprehensive income within stockholders' equity) and Ps.26,217 (Ps.16,893 net of taxes, of which Ps.15,434 was recognized as comprehensive income within stockholders' equity and Ps.1,459 was recorded as income for the year), respectively. The Company expects to reclassify the effects recognized within stockholders' equity to income within the following 12 months. The Company did not determine ineffectiveness in these hedges.

As of December 31, 2006 and 2005 the Company has outstanding contracts for cash flow hedges with a fair value of Ps.202,558 and Ps.1,865, respectively.

The Company from time to time 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 estimated fair values and are marked to market with the associated effect recorded in current period earnings. During the year 2006, the Company had an unfavorable effect of approximately Ps.133,027 (U.S.$12,306 thousand) from these contracts. Additionally, as of December 31, 2006, the Company recognized a favorable effect of approximately Ps.1,081 (U.S.$100 thousand) for the valuation of these contracts that did not qualify for hedge accounting, which were marked to market and recognized in current period earnings.

The Company uses derivative financial instruments such as interest rate swaps with the purpose of managing the interest rate risk related to its long term debt. The Company has entered into interest rate swaps to hedge its senior unsecured notes that mature in 2007 and bear interest at a rate of 7.625%, under which the fixed rate is converted to a variable rate of LIBOR plus 2.035%; additionally, the Company entered into an agreement to pay a fixed interest rate of 5.1525% through 2004 and 5.485% from 2005 through 2007 and to receive LIBOR rate. The Company has also entered into interest rate swap contracts to hedge its syndicated loan that matures in 2010 under which the loan's variable rate of LIBOR 6M is converted to a fixed rate of 3.2775% through March 2008 and 4.5050% through March 2009; these contracts also include a provision limiting the amounts to be exchanged should the LIBOR 6M reaches 6% through March 2008 and 7% through March 2009. As of December 31, 2006 the favorable effect of the changes in the fair value of these contracts amounted to Ps.32,782, from which Ps.24,411 were recognized as comprehensive income within stockholders' equity and Ps.8,371 were registered in income for the year. The favorable effect of the contracts due in 2006 was Ps.19,022 which was recognized in income.

During 2006, the Company entered into interest rate swap contracts for a nominal amount of U.S.$150 million, maturing in September 2007 and March 2008. Through these contracts, the Company pays a fixed rate of 0.34% and receives a LIBOR 6M rate less 3.2775% if the LIBOR 6M rate is greater than or equal to 6% and less than 6.5% in March 2007 and is greater than or equal to 6% and less than 6.75% in

September 2007. Additionally, the Company entered into swap contracts for a nominal amount of U.S.$150 million, maturing in March 2007, through which the Company paid U.S.$437 thousand and receives a LIBOR 6M rate less 3.2775% if the LIBOR 6M rate is equal or greater than 6% in September 2006. These contracts were not recognized as hedge accounting and the unfavorable changes in their fair values as of December 31, 2006 for Ps.9,980 was recorded in income.

During 2004 and 2005, the Company entered into forward contracts and exchange rate option contracts (Mexican peso – U.S. dollar) for a nominal amount of U.S.$55.8 million, with different maturity dates until November 2007. The objective of these contracts is to hedge the financial risks due to exchange rate fluctuations over the quarterly interest payments related to the Company's perpetual notes. The unfavorable effect of the contracts due during 2006 was Ps.4,770 which was recognized in income of the year. As of December 31, 2006, the unfavorable effect for changes in the fair value of outstanding contracts for a nominal amount of U.S.$10.1 million was Ps.14,496, which was recognized as comprehensive income.

During 2006, the Company entered into forward contracts and exchange rate option contracts (Mexican peso – U.S. dollar) for a nominal amount of U.S.$16.7 million, maturing during 2006 and for a nominal amount of U.S.$21.8 million, maturing in different dates until November 2007. These contracts were not recognized as hedge accounting. The unfavorable effect of the contracts due in 2006 was Ps.894 which was recognized in income. As of December 31, 2006 the favorable effect for changes in the fair value of the outstanding contracts was Ps.2,244, which was recognized in income.

C) CONCENTRATION OF CREDIT RISK

The financial instruments which are potentially subject to a concentration of risk are principally cash, temporary investments and trade accounts receivable. The Company deposits its cash and temporary investments in recognized financial institutions. The concentration of the credit risk with respect to trade receivables is limited since the Company sells its products to a large number of customers located in different parts of Mexico, United States, Central America, Venezuela, Europe, Asia and Oceania. The Company maintains reserves for potential credit losses.

Operations in Venezuela represented approximately 10.2% of net sales in 2006. In recent years, political and social instability have prevailed in Venezuela. This severe political and civil uncertainty represents a risk to the business in this country, which cannot be controlled or measured accurately. For instance, as a result of the nationwide general strike that took place from December 2002 until February 2003, the Company's operations in Venezuela were temporarily ceased for approximately 14 days. In response to the general strike and in an effort to shore up the economy and control inflation, Venezuelan authorities imposed foreign exchange in 2003 and price controls on certain products in 2004. These foreign exchange controls may limit the Company's capacity to convert bolivars to other currencies and also transfer funds outside Venezuela. In February 2003, the Venezuelan government set a single fixed exchange rate for the bolivar against the U.S. dollar of 1,600 bolivars to U.S.$1.00. Later, in February 2004 the Venezuelan government set a new fixed exchange rate of 1,920 bolivars to U.S.$1.00. Additionally, in February 2003 the government of Venezuela established price controls to certain products such as corn flour and wheat flour, which could limit the Company's ability to increase prices in order to compensate the higher costs in raw materials. In March 2005, the government established a new exchange rate of 2,150 bolivars per U.S. dollar. The financial situation and results of the Company might be negatively affected due to (i) a part of its sales is denominated in bolivars, (ii) the subsidiaries in Venezuela make products that are subject to price controls, and (iii) it might be difficult for Venezuelan subsidiaries to pay dividends, as well as to import some of its requirements of raw material as a result of the exchange control.

The current president in Venezuela was reelected for a second term in December 2006, thus the civil and political uncertainty will continue during the next six-year term. Additionally, starting in 2007 the current president was qualified by the legislative power of this country with extraordinary faculties to legislate by decree for a period of 18 months in several strategic areas, which could result in certain structural changes in the economical and social policies in Venezuela, thus increasing the uncertainty in this country.

Note 19

RELATED PARTY TRANSACTIONS

As of December 31, 2006 and 2005, the Company owned a 10.0024% and 10.8557% interest in GFNorte, respectively, a Mexican financial institution. In the normal course of business, the Company obtains long-term financing from GFNorte and other subsidiaries of this institution at market rates and terms. During 2006, the Company did not obtain financings from GFNorte's subsidiaries.

As of December 31, 2006 and 2005, the Company had accounts payable to Archer-Daniels-Midland (ADM) included in trade accounts payable for Ps.132,439 and Ps.144,136, respectively. Additionally, during 2006 and 2005, the Company purchased inventory ingredients from ADM amounting to Ps.1,240,336 (U.S.$115 million) and Ps.1,138,922 (U.S.$105 million), respectively. ADM is a North American company associated with the Company in some of its subsidiries.

Note 20

RECENT ACCOUNTING PRONOUNCEMENTS

Starting January 1, 2007 the following Financial Reporting Standards (FRS) issued by the Mexican Financial Reporting Standards Board became effective. These FRS will not have a material effect in the Company's financial information.

FRS B-3 Statement of Income – Incorporates, among others, a new focus to classify income, costs and expenses into ordinary and non-ordinary, eliminates the terms “Special Items” and “Extraordinary Items”, as well as establishes the employees' statutory profit sharing as an ordinary expense and not as a tax expense.

FRS B-13 Subsequent Events – Requires, among others, that the restructurings for assets and liabilities and the disclaimers from creditors to exercise their right to settle the debt in the case of incompliance by the entity should be recognized in the period that occurs. These issues will only be disclosed in the notes to financial statements.

FRS C-13 Related Parties – Extends, among other, the definition (scope) for related parties and increases the disclosure requirements in notes to financial statements.

FRS D-6 Capitalization of comprehensive financing cost – Establishes, among others, the obligation and rules for capitalizing comprehensive financing cost.

Note 21

SUBSEQUENT EVENTS

During January 2007, due to increases in the international price for corn registered in the Chicago Board of Trade (CBOT) as well as in the Jalisco, Bajío and México crops, a series of price increases for tortilla took place. The tortilla represents a principal staple of the Mexican diet and the main market of the Company. In January 15, 2007 the Company, through its subsidiary Grupo Industrial Maseca, published its intention for no price increases in corn flour until the next harvest, as well as explained that the Company is not a producer or trader of corn and strengthened its compromise to continue supporting the manufacturers and supermarket chains that produce tortilla to maintain the competitive quality and price for this product.

The Federal Government, the productive sectors, the companies linked to the production chain and the organizations of agriculture producers agreed in a number of actions in order to stabilize the tortilla price and guarantee the provisions of corn, wheat flour and tortilla at a fair price. Consequently, in January 18, 2007 the *PACTO PARA ESTABILIZAR EL PRECIO DE LA TORTILLA* ("Pact to stabilize the tortilla price" or "the Pact") was signed. The Pact includes 12 specific actions from which the following are highlighted:

- *Distribuidora Conasupo* ("Conasupo Distributor" or "DICONSA") will sell the kilogram of corn at Ps.3.50 and of corn flour at Ps.5.00, in its 22,000 stores around the country.

- The commercial agents that supply and sell corn to the nixtamal manufacturers will sell its product at Ps.3.50 per kilogram, packaged and delivered in the mills within Mexico's capital.

- The producers of corn flour that constitute the *Cámara Nacional del Maiz Industrializado* ("National Chamber of Industrialized Corn") committed to maintain an average price not higher than Ps.5.00 per kilogram of corn flour.

- The companies affiliated to the *Asociación Nacional de Tiendas de Autoservicio* ("National Association of Supermarket Chains" or "ANTAD") as well as Wal-Mart will not increase the tortilla price, offering the kilogram of this product at Ps.6.50 in its 1,900 points of sale.

- Tortilla manufacturers, as a group (more than 5,000 points of sale) will sell the kilogram of tortilla not higher than Ps.8.50.

- The import quota is increased until a maximum of 750 thousand tons of corn free of tariff.

- An import quota free of tariff of 2 million 850 thousand tons is authorized for corn to be used for consumption of birds, pigs and cattle.

- The Federal Government, through its productive agents, will instruct several mechanisms that allow in the future having a strategic reserve of white corn for human consumption.

The Company, as well as its principal competitors, signed this agreement, which is effective until April 30, 2007. At the issuance date of the financial statements, the Company had not finished evaluating the effects of this agreement in its operations of 2007. The Pact will be reviewed in order to analyze the feasibility for its modification or extension with the summer harvest of Sinaloa-2007 that begins at this date.

Board of directors

ROBERTO GONZÁLEZ BARRERA, 76
Chairman of the Board
Founder and former chief executive officer, GRUMA; chairman of the board, GIMSA, Grupo Financiero Banorte and Banco Mercantil del Norte; founder and president, Patronato para el Fomento Educativo y Asistencial de Cerralvo; president for life, Fundación Mexicana para la Investigación Agropecuaria y Forestal; president of financial campaigns, Patronato Hospital Infantil de México; director, Fondo Chiapas.
Shareholder, related[1]

JUAN DIEZ-CANEDO RUIZ[2], 56
Chief executive officer, Fomento y Desarrollo Comercial; director, Deportes Martí.
Independent

JUAN ANTONIO DE JESÚS GONZÁLEZ MORENO, 49
Chief executive officer, Gruma Asia and Oceania; alternate director, Grupo Financiero Banorte and Banco Mercantil del Norte; chairman and president, Car Amigo USA.
Shareholder, related

ROBERTO GONZÁLEZ MORENO, 54
Chairman of the board and president, Corporación Noble; director, GIMSA, alternate director, Grupo Financiero Banorte and Banco Mercantil del Norte.
Shareholder, related

FEDERICO GORBEA QUINTERO[3], 43
President and chief operating officer, Archer Daniels Midland México; chairman of the board, Terminales de Carga Especializadas; director, Asociación de Proveedores de Productos Agropecuarios de México.
Shareholder, independent

CARLOS HANK RHON, 59
Chairman of the board, Grupo Financiero Interacciones and Grupo Coin/La Nacional; chairman of the board and chief executive officer, Grupo Hermes.
Related

Board of directors

ROBERTO HERNÁNDEZ RAMÍREZ, 65
Chairman of the board, Banco Nacional de México; director, Citigroup, Grupo Televisa, and Grupo Financiero Banamex; member of the international advisory committee, Federal Reserve Bank of New York.
Independent

JUAN MANUEL LEY LÓPEZ, 74
Chairman of the board and chief executive officer, Grupo Ley; chairman of the board, Casa Ley; director, Grupo Financiero Banamex-Accival and Telmex.
Related

BERNARDO QUINTANA ISAAC, 65
Chairman of the board, Empresas ICA; director, Telmex, CEMEX, and others.
Independent

JUAN ANTONIO QUIROGA GARCÍA, 57
Chief corporate officer, GRUMA.
Related

HÉCTOR RANGEL DOMENE [2], 59
Chairman of the board, Grupo Financiero BBVA-Bancomer; director, Bancomer, Seguros Bancomer, Afore Bancomer, Casa de Bolsa Bancomer, Alestra, and Universidad Iberoamericana.
Independent

ISMAEL ROIG[3], 39
Vice President, planning and business development, Archer Daniels Midland Company.
Shareholder, independent

ALFONSO ROMO GARZA, 56
Founder, chairman of the board, and chief executive officer, Savia; director, CEMEX, Synthetic Genomics, and Donald Danforth Plant Science Center.
Independent

Board of directors

ADRIÁN SADA GONZÁLEZ, 62
Chairman of the board, Vitro; director, Alfa, Cydsa, Regio Empresas, Consejo Mexicano de Hombres de Negocios, and Grupo de Industriales de Nuevo León.
Independent

JAVIER VÉLEZ BAUTISTA[2], 50
Business consultant on strategic and financial matters; director, GIMSA, Grupo Financiero Banorte, and Casa de Bolsa Banorte; audit committee member, Grupo Financiero Banorte, Casa de Bolsa Banorte, and British American Tobacco-Mexican Operations.
Independent

1 Director classifications are defined in the Code of Best Corporate Practices promulgated by a committee formed by the Mexican Entrepreneur Coordinating Board (Consejo Coordinador Empresarial).

2 Member of the audit and corporate governance committees of GRUMA and GIMSA.

3 Effective November 2006.

Management team

Jairo Senise
Chief Executive Officer

Nicolás Constantino
Managing Director, Gruma Venezuela

Leonel Garza
Chief Procurement Officer

Roberto González Alcalá
Managing Director, Gruma México

Homero Huerta
Chief Administrative Officer

Raúl Peláez
Chief Financial Officer

Juan Fernando Roche
Managing Director, Mission Foods

Eduardo Sastré
Chief Corporate Communications Officer

Rafael Abreu
Managing Director, Gruma Centroamérica

José de la Peña
Chief Executive Officer, Gruma Latin America

Juan Antonio de Jesús González
Chief Executive Officer, Gruma Asia and Oceania

Sylvia Hernández
Chief Marketing Officer

Heinz Kollmann
Chief Technology Officer, Wheat Flour Production

Juan Antonio Quiroga
Chief Corporate Officer

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

Salvador Vargas
General Counsel

Directory

Corporate offices

MONTERREY
Río de la Plata 407 Ote.
Col. del Valle, San Pedro Garza García, N.L.
66220 México
Tel: (52 81) 8399-3300
www.gruma.com

MEXICO CITY
Prolongación Reforma 1230
Col. Cruz Manca, Santa Fe
Delegación Cuajimalpa
05349 México, D.F.
Tel: (52 55) 9177-0400
www.gruma.com

Subsidiary Offices

AUSTRALIA
Rositas Investments PTY. LTD.
Mayfair Park Estate, MCDowalls RD
Bendigo, Victoria 3550, Australia
Tel: (61 3) 5442-5348

COSTA RICA
Gruma Centroamérica, L.L.C.
Pavas
Del Hospital Psiquiátrico 800 metros al Oeste
San José, Costa Rica
Tel: (506) 232-9744

UNITED KINGDOM
Mission Foods
Renown Avenue
Coventry Business Park
Coventry CV5 6UJ, UK
Tel: (44 24) 7667-6000
www.missiondeliwraps.com

UNITED STATES
Gruma Corporation
1159 Cottonwood Lane, Suite 200
Irving, Texas
75038 USA
Tel: (972) 232-5000
(800) 42-GRUMA
www.missionmenus.com
www.aztecamilling.com

CHINA
Mission Foods (Shanghai) Company Limited
Nan Qiao Wu Xing Gong Ye Qu 668
Shanghai Fengxian Qu, 2014000, China
Tel: (86 21) 3710-8500

MEXICO
Grupo Industrial MASECA, S.A.B. de C.V.
Molinera de México, S.A. de C.V.
Productos y Distribuidora Azteca, S.A. de C.V.
Torre Martel
Ave. Humberto Junco 2307
Col. Valle Oriente
San Pedro Garza García, N.L.
66290 México
Tel: (52 81) 8399-3800
www.gimsa.com

Investigación de Tecnología Avanzada, S.A. de C.V. (INTASA)
Constructora Industrial y Agropecuaria, S.A. de C.V. (CIASA)
Ave. Ruiz Cortines 2002 Ote.
Col. La Purísima
Guadalupe, N.L.
67110 México
Tel: (52 81) 8144-7200

VENEZUELA
Molinos Nacionales, C.A. (MONACA)
Derivados de Maíz Seleccionado, C.A. (DEMASECA)
Ave. Principal de los Ruices
Centro Monaca Torre Sur, Piso 4
1071A Los Ruices Caracas, Venezuela
Tel: (58 212) 207-9111 (para MONACA)
(58 212) 207-9145 (para DEMASECA)
www.monaca.com.ve

Investor and media information

INVESTOR RELATIONS CONTACTS

Rogelio Sánchez
Tel: (52 81) 8399-3312
rsanchezm@gruma.com

Lilia Gómez
Tel: (52 81) 8399-3324
lgomez@gruma.com

MEDIA CONTACTS

Eduardo Sastré
Tel: (52 55) 9177-0419
esastre@gruma.com

EXCHANGE LISTINGS

Bolsa Mexicana de Valores (BMV), México
www.bmv.com.mx

New York Stock Exchange (NYSE), Estados Unidos
www.nyse.com

TICKER SYMBOLS

BMV: GRUMAB
NYSE: GMK*
*Each American depositary receipt represents four ordinary shares

DEPOSITARY BANK

Citibank N.A., miembro de Citigroup
Depositary Receipts Department
Tel: (212) 816-6839
Fax: (212) 816-6865
Contact: anamaria.carasso@citigroup.com

WEBSITE

www.gruma.com

Forward-looking statements

Certain matters discussed herein related to GRUMA, S.A.B. de C.V., and its subsidiaries (collectively, "GRUMA") may constitute forward-looking statements. Certain of these forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates," or the negative thereof or other comparable terminology, or by discussions of strategy, plans, or intentions. Statements contained herein that are not historical facts are forward-looking statements. Such statements are based on the beliefs and assumptions of management as well as information currently available to GRUMA. Such statements also reflect the current views of GRUMA with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause GRUMA's actual results, performance, or achievements to materially differ from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others: changes in general economic, political, governmental, and business conditions globally and in the countries in which GRUMA does business; changes in interest rates; changes in inflation rates; changes in exchange rates; changes in the demand for and prices of GRUMA's products; changes in raw material and energy prices; changes in business strategy; changes in relationships with and among GRUMA's affiliated companies; and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. GRUMA does not intend, and does not assume any obligation, to update these forward-looking statements.

In addition, certain information presented herein is based on, or derived from, internal analysis and/or information published by various official sources. This information includes, but is not limited to, statistical information relating to the corn flour, wheat flour, and tortilla industries; and certain reported rates of inflation and exchange rates. GRUMA has not participated in the preparation or compilation of any of such information and accepts no responsibility for such information, except that it confirms the accurate reproduction thereof from such sources.