CORPORACION MOCTEZUMA

BREAKING RECORDS

ANNUAL REPORT 2015

CORPORACION MOCTEZUMA

2015 was an extraordinary year for all of us at Corporación Moctezuma, where the financial results reached a record high for our Company, a situation that was only possible thanks to the hard work of all our employees.

Our plants operated at almost full installed capacity, producing the highest quality cement and concrete for the Mexican market as we could count on our clients' preference.

While it is true that all those who participate in the cement and concrete industry benefited from external factors, we should not lose sight of either the effective controls we have put in place in recent years or the responsible style of administration which characterizes us, both of which bore fruit as can be seen in our outstanding end-of-year results.

Breaking Records not only highlights our achievements during 2015, but also establishes our commitment to continue working hard so that in years to come we can continue to tell the success story of Corporación Moctezuma.

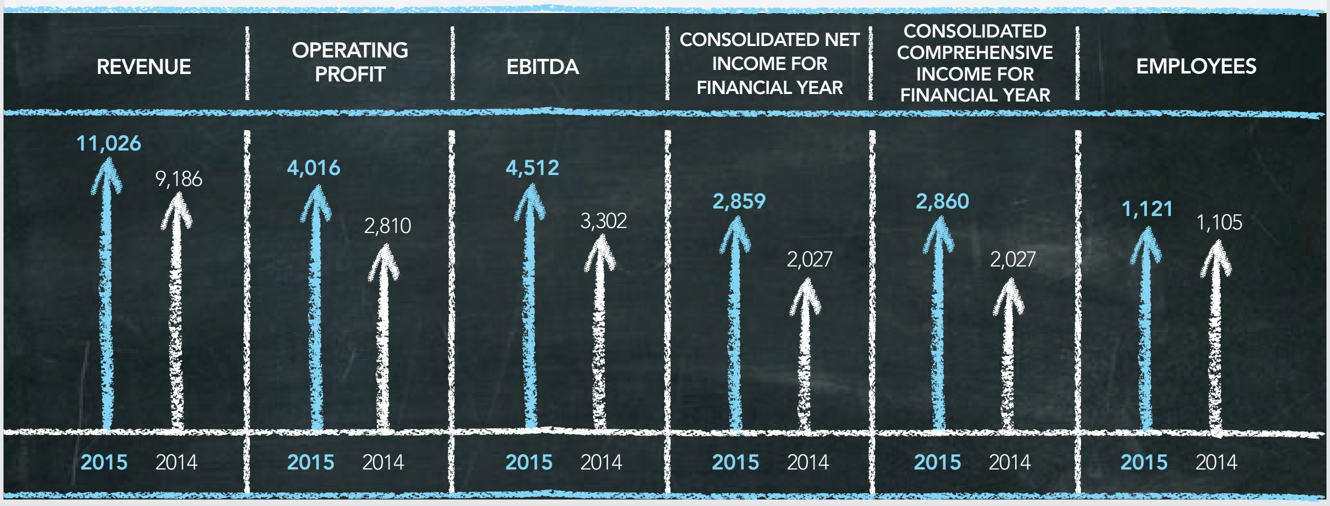
CONTENTS

Relevant
Figures

Figures expressed in million of pesos, except in dividend per share, expressed in pesos.

	Var.	**2015**	2014
Total Assets	12.3%	**12,018**	10,698
Total Liabilities	10.0%	**2,442**	2,221
Equity	13.0%	**9,576**	8,477
Revenue	20.0%	**11,026**	9,186
Gross Profit	38.5%	**4,602**	3,324
Gross Margin		**41.7%**	36.2%
Operating Profit	42.9%	**4,016**	2,810
Operating Margin		**36.4%**	30.6%
EBITDA*	36.6%	**4,512**	3,302
EBITDA Margin		**40.9%**	35.9%
Consolidated Profit/Consolidated Net Income for financial year	41.1%	**2,859**	2,027
Consolidated Margin/ Consolidated Net Income Margin		**25.9%**	22.1%
Consolidated Comprehensive Income for financial year	41.1%	**2,860**	2,027
Consolidated Comprehensive Income Margin		**25.9%**	22.1%
Dividend per share	0.0%	**2.00**	2.00
Employees	1.4%	**1,121**	1,105

EBITDA. Earnings Before Interest, Taxes, Depreciation, and Amortization.



Message to our SHAREHOLDERS

TO OUR SHAREHOLDERS:

In 2015 there was an unusual environment, signs of economic slowdown in some emerging and developed countries; the possibility of an increase in interest rates in the United States; strong turbulence on the stock markets; the strengthening of the US dollar with respect to other currencies and a pronounced fall in international oil prices all of which caused a cut in public spending by Mexico's federal government which announced the cancellation of important infrastructure projects. However, continuity in projects already started by the private construction sector drove a GDP growth of 2.6% for construction compared to 2014, slightly stronger than the 2.5% growth for national GDP.

BREAKING RECORDS

Undoubtedly, the implementation of our business strategy and the efforts and resourcefulness of those who make up Corporación Moctezuma also benefited from the events and conditions that have been especially favourable to the cement industry and to our Company. These included an important increase in demand in the construction sector, a historical fall in energy prices to levels not seen for many years and an increase in the price of the product.

For those of us who participate in the cement industry, 2015 was a great year during which we moved large volumes of cement and concrete. For Corporación Moctezuma in particular, it was an extraordinary year during which we were Breaking Records. Thanks to the high demand for cement, we are able to report total sales of $11,026 million, a record high for the Company, an improvement of 20.0% on the sales reported for the previous year.

Due to low energy prices caused by the fall in international oil prices and the adjustment of electricity tariffs, we were able to reduce our production costs and increase our gross margin which reached 41.7%, higher than the 36.2% registered in 2014. Our EBITDA went up to $4,512 million, an increase of 36.6% in annual variation. This in turn reinforced our capacity to generate increasing cash flows. During 2015, our net margin reached a total of 25.9%, an improvement on the margin of 22.1% in 2014

During 2015, we invested $781 million, approximately 60% of which went to the second cement production line for the Apazapan Plant. We paid our shareholders a total of $1,761 million in dividends, which meant that each share was paid two pesos in 2015.

OPERATIONAL EFFICIENCY

Our approach to operational efficiency, our experienced production team and the continuous preventative maintenance of our modern cement plants all played a decisive part in these results, making it possible for the plants to work at full capacity. In addition, our logistics team ensured that Cemento Moctezuma reached the 29 states where we sell our products in Mexico.

The commercial area, brand positioning and focus on client services made Breaking Records possible as we could count on our clients' preference.

In 2015 we started the construction of a new production line in the Apazapan Plant which will start operating during the first half of 2017 and which will increase our production capacity to 2.6 million tons, that is, a 20% increase on our present annual production capacity.

A RESPONSIBLE COMPANY

A high priority for Corporación Moctezuma and its Cement and Concrete Divisions is to ensure clean operations, which is why we are making investments to achieve the lowest possible environmental impact and to comply fully with current environmental regulations.

We continue to strengthen our support to the communities surrounding our principal installations

Highly favourable external conditions, our experienced team of executive directors and the hard work of our employees produced great results for Corporación Moctezuma

through programmes that improve health, education and job training, favouring the development of the local inhabitants, particularly those who require most help and opportunities. Years of dedication and investment in our social programmes make us stand out as a good neighbour and a reliable partner.

A PROFESSIONAL TEAM

Good results are only possible thanks to the commitment of our employees who day by day make efforts to Break Records.

In Corporación Moctezuma we try to provide a favourable work environment as well as investing in our team's technical and academic education. In 2015 we were included in the Súper Empresas Expansión 2015, los lugares en donde todos quieren trabajar ranking of companies people want to work for. We are sure that both this recognition and the Great Place to Work award in 2014 are not the company's achievement but rather the product of the efforts made by all those who form part of the Moctezuma family.

We are convinced that conditions in 2015 were highly favourable and that they will not easily repeat themselves. At the same time, the results show that we were able to take advantage of these conditions, and that the work done in previous years which focused on cost and spending controls, a strong commercial strategy and the talent of our team of executive directors in the area of decision making, will help us to overcome challenges in the future and allow us to say that in Corporación Moctezuma we are Breaking Records.

Enrico Buzzi
President

Pedro Carranza
Chief Executive Officer

Cementos Moctezuma
BREAKING RECORDS

While during 2013 the Mexican economy slowed down unexpectedly and in 2014 there was only moderate growth, 2015 was a year of consolidation for the economy in general and very successful for Cementos Moctezuma with results that were historically favourable. This can be explained in part because conditions were ideal for us and also because we were able to take advantage of them, all of which was reflected in major achievements

Contrary to low expectations for economic growth caused by the announcement of public spending cuts by Mexico's federal government, the construction sector performed well in 2015 as a number of major infrastructure projects were finished and there was important private sector investment which increased the demand for cement. This situation benefited the industry as a whole and of course, Moctezuma.

During 2015 our sales increased by 19.7% with respect to the previous year. The volume of cement sold by Corporación Moctezuma reflected a rise in annual variation of 11.4%. In both cases our results were better than the 2.6% GDP growth for the construction industry as a whole. The sales figures we reported for the year represented a new historical highpoint in the Cementos Moctezuma success story.

It is important to note that along with greater demand, we benefited from a sharp drop in international oil prices and lower electricity tariffs, a situation that reduced our costs, and consequently improved our financial results, particularly higher margins than those we reported in 2014.

Product of the hard work of all our employees and the preference of our clients, we can say that during the year Cementos Moctezuma was Breaking Records.

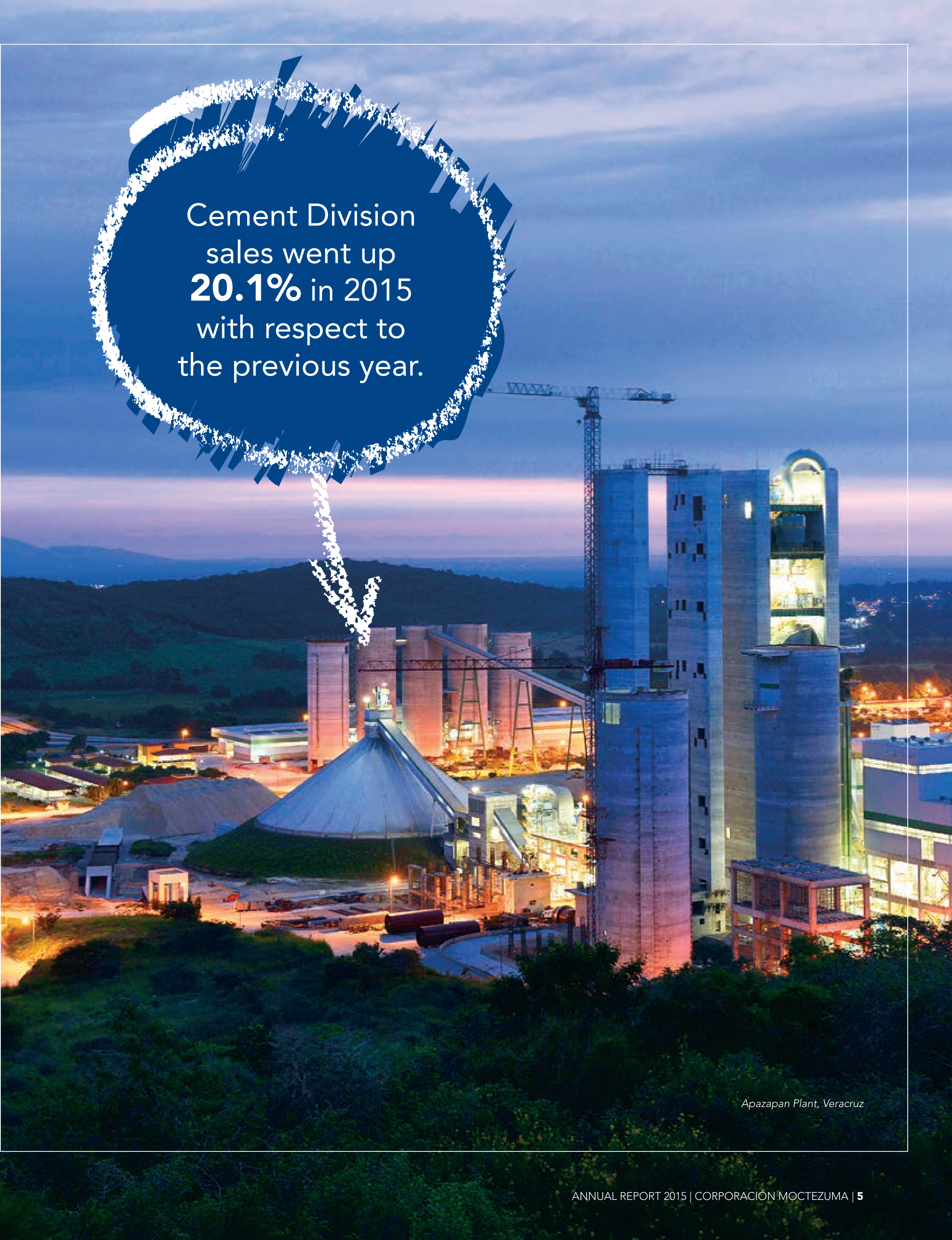
OPERATIONAL EFFICIENCY

In response to greater demand, our modern cement plants worked at almost full capacity throughout the year, a situation that presented an important challenge which we overcame with strict planning and preventative maintenance of our equipment in order not to affect production levels.

As well as efficient production by the Operations area, in order to break records our Logistics area made an outstanding effort to get our product to the network of distributors and end users. At the end of 2015, we were present in 29 states in Mexico, reinforcing our activities in strategic

Cerritos Plant, San Luis Potosi

Control Room , Cerritos Plant, San Luis Potosí



Apazapan Plant, Veracruz

We were present in 29 states in Mexico, reinforcing our activities in strategic zones that resulted in greater profitability.

zones that resulted in greater profitability due to lower short-haul distribution costs. In addition, we used the railway as a cheaper and efficient way to transport larger quantities of cement. Thanks to good logistics, there were no shortages of our product, despite it being a year of very high demand.

WE BROKE RECORDS IN OUR PRODUCTION CAPACITY

In 2014 the Board approved the construction of a second production line at the Apazapan plant in the state of Veracruz, making it possible for us to increase cement production capacity by 1.3 million tons a year. This will raise our total production capacity by 20%.

During 2015, this important project got underway and is advancing according to plan, so we expect operations to begin during the first half of 2017.

Being able to rely on a total capacity of 2.6 million tons of cement per year at the Apazapan plant, will make it easier for us to distribute cement all over southeast Mexico where high levels of investment are expected to improve the region's economic growth. So, good times can be expected for the construction industry and we shall be ready for Cemento Moctezuma to participate in the region's development. Once the Apazapan extension is completed, Cementos Moctezuma will have an installed production capacity of 7.7 million tons.

CLIENT SERVICES

For the Cement Division, staying close to our clients is a priority. To do this, we continued to offer courses to improve our distributors' business skills, give guided visits of our plants as well as holding our annual convention and the end of year party for the distributors.

We continue to listen to our clients' concerns, which is why every year we do a satisfaction survey in which we evaluate all aspects of the relationship with our clients. These include: their perceptions of the quality of our product; service logistics; the attention provided by the sales force; services related to accounts payable; tracking of com-

Tepetzingo Plant, Morelos

Cerritos Plant, San Luis Potosí

mercial management and sales. On the basis of the survey results, we take the pertinent measures to help us improve our services.

Using different communication channels, we receive and handle with the complaints and suggestions from our clients, the communities and stakeholders with which we interact. We try to deal with these issues quickly and keep statistics that allow us to evaluate our interactions with these audiences and of course, we take pains to maintain a high standard of client services.

LOOKING TO THE FUTURE

Since 2014, when we launched the new image on our cement sacks, we have improved our brand positioning amongst the clients. At the same time, the actions aimed at making our operations more efficient and optimizing resources have been successful. On the basis of our team's hard work and the combination of favourable conditions that occurred in 2014 which are unlikely to repeat themselves simultaneously in the future, we are Breaking Records. We are convinced that we are on the right path and that this will ensure good results, healthy finances, well-paid jobs, operations that respect the environment and that we will continue to offer high quality cement to our clients.

Since 2014, when we launched the new image on our cement sacks, we have improved our brand positioning amongst the clients. At the same time, the actions aimed at making our operations more efficient and optimizing resources have been successful

Cerritos Plant, San Luis Potosí

The Best in
CONCRETE

OUR RESULTS

At the beginning of 2015 the macroeconomic environment was uncertain, with lower public spending by Mexico's federal government and therefore fewer resources destined to infrastructure projects. This meant delays in some construction projects and the cancellation of others that had previously been announced. On the other hand, the private sector made important investments in the construction sector which in part compensated for the reduction in public spending.

For some years, our Concrete Division has focused its attention on the private sector without abandoning public infrastructure projects, so our sales did not suffer too much from cuts in public spending. At the same time, due to our strategy oriented towards profitability and efficiency, we achieved good results as is shown by the fact that our sales increased 19.6% in comparison with 2014 and our profits were higher.

WE ARE MORE EFFICIENT

Concretos Moctezuma established an important geographical presence in Mexico aimed at building a national network. However, since 2013 we have begun to withdraw from the less profitable zones due to factors such as the low volumes of cement moved and longer distances involved that increased transport costs. During 2015 we continued this process of consolidation which is still incomplete, privileging the profitability of our operations. For this reason, even in some regions where we currently have fewer concrete plants, we are moving the same volume of concrete as we did before starting this process, but with higher profit levels per plant.

To achieve this, we have been careful to maintain client services and our market presence at all times by handing over/selling these plants, in some cases to clients of Cementos Moctezuma who produce concrete in each of these less profitable zones.

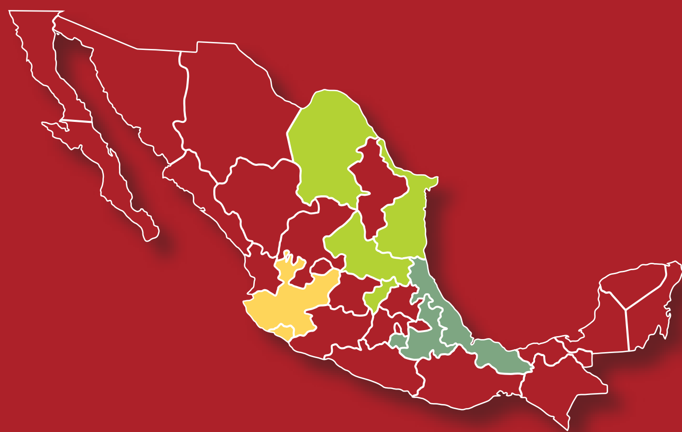
We have concentrated on maintaining a greater presence in the centre of the country where we have a high degree of market acceptance and where there is a visible increase in the construction of extremely high buildings, and at the same time being the region with the highest potential for the construction sector in Mexico.

We have been tracking our clients closely in order to improve our services and we pay close attention to the accounts receivable. Thanks to our efforts in the area of invoicing and collection and the invaluable support

Diana Tower, Cd. de México

BBVA Bancomer Tower, Cd de México

In concrete, 2015 was a great year, as our sales grew **19.6%.**



SOUTH EASTERN REGION
Morelos
Puebla
Veracruz

BAJÍO REGION
Coahuila
San Luis Potosí
Guanajuato
Querétaro
Tamaulipas

PACIFIC REGION
Jalisco
Colima

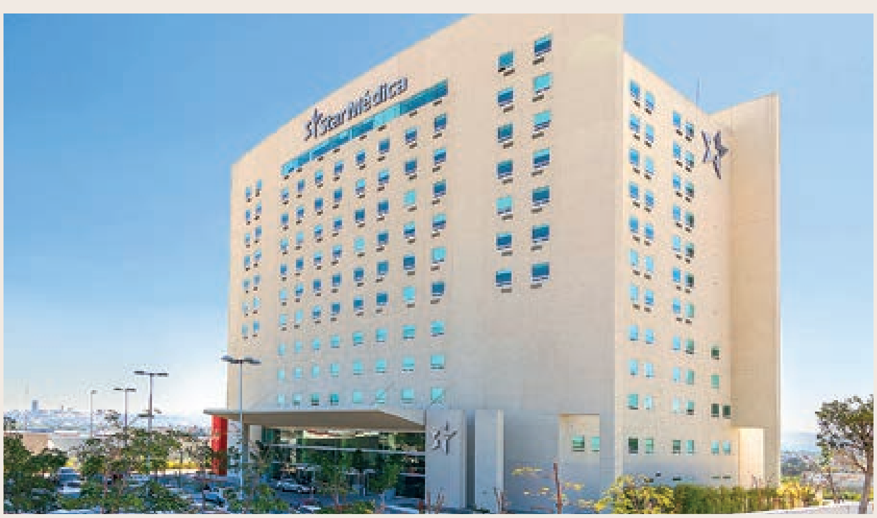
METROPOLITAN REGION
Estado de México
Ciudad de México

of our clients, we were able to speed up the portfolio recovery time.

IMPROVING OUR CONCRETE

We have prime quality cement for concrete production which is why during 2015 we worked hard on the issue of aggregates, a prime material which is another of the key factors in the technical specifications for concretes. During the year we invested resources in order to increase the production of our own aggregates, which allowed us not only to improve production costs, but also to ensure supplies and maintain the quality of this important input.

We are making major efforts to improve the resistance of our product given that for the construction of extremely high buildings, high resistance materials required for early strength. We want to achieve a stronger position in specialized products that add value for our clients, which are highly valued in the market and improve our Company's profitability.



Star Médica, Querétaro,Qro.

PLANT MODERNIZATION

Although we have withdrawn from a number of areas, in 2015 we opened new concrete plants in the more profitable states with high potential for growth. We are equipping these plants with modern technology and their operations comply with the environmental regulations in force in Mexico City, the strictest in the country, as we consider that this a good benchmark for our operations, regardless of the location of the new plants. Our vision takes into consideration the possibility that in the future, environmental regulations will be stricter all over the country. For this reason, we are investing in advance to the benefit of our clients and of the stakeholders with whom we interact in each region.

In the Mexico City Central Plant we have concrete recycling installations that allow us to take advantage of surplus concrete and transform it into aggregates and thus reuse it in the production process as is also the case of the water used to wash our concrete mixing trucks. In neither case does this af-

Bansi building, Querétaro,Qro.

fect the quality of the final product. The results of the concrete recycling equipment have been positive which is why we are considering installing it in other plants.

SUSTAINABILITY

We want to be perceived as a good neighbour which is why we not only focus on making concretes to the highest technical specifications but also by doing it in a way that is friendly to the environment and the communities we interact with. After the improvements we made in previous years at the Central and Eulalia Guzman Plants in Mexico City, which included systems of washing truck tyres; paving the whole site, dust extraction systems etc., we are gradually carrying out these improvements in other plants. At the same time, we are installing new plants on sites owned by the Company preferably in industrial zones where it is unlikely that housing developments will be built.

We like to have close relations with the communities, responding to their concerns, organizing production so that the concrete mixers do not affect rush hour traffic, keeping the surrounding streets clean and in good repair. As well as trying not to have a negative impact on day-to-day life, we are concerned with people's well-being so we take medical units to the children in neighbouring areas.

OUR PRIORITY, OUR CLIENTS

Our clients are our reason for being, so every day we try hard to stay abreast of their needs and have set up a number of communication channels to help us stay in close contact

with them. We have our Canal de Denuncia Moctezuma (for complaints) as well as e-mail and telephone numbers via which there is a constant flow of information with our team of commercial advisors, where people are always attended by an operator rather than an answering machine and experience shows that this is highly valued by our clients.

Our clients can, at any time, report inappropriate practices on the part of Company representatives and the necessary measures can be taken as soon as possible.

The time taken to attend clients' complaints varies depending on the situation. However, we have established a maximum period of 48 hours to provide a first response.

THE YEAR 2016

Although we do not count out the possibility of participating in public works projects, we consider that it is the private sector that will be the driving force in the construction sector. We are focussing our efforts here and consider that we are on the right path. For this reason, we shall continue our work on aggregates, on improving our products, on modernizing our plants, on our commitment to the environment and to our stakeholders as well as reinforcing the service to our clients. We have a valuable team of employees who allow us to continue Breaking Records.

Commercial Centre Gran Sur Project, Mexico City

Breaking FINANCIAL RECORDS

SECTORIAL PERFORMANCE

2015 was a year of great uncertainty resulting from adverse international factors as well as lower public spending and an internal market showing very little growth in Mexico, situations which were not at all encouraging.

Private investment compensated for low levels of public spending, which is why the construction industry did not suffer unduly from the cancellation or delays in important infrastructure projects and showed a strong increase in the demand for cement and concrete which was beneficial for those of us who participate in the sector.

THE STARS WERE ALIGNED

Throughout 2015 the cement industry benefited from a combination of factors which together were exceedingly helpful, but which are unlikely to occur simultaneously again.

An increase in demand for cement and concrete allowed us to move a greater volume of our products and in contrast to what had happened in recent years, the price of cement rose.

The fall in international oil prices, along with excess supply, resulted in a lower price for petcoke, an input of great importance for the manufacture of cement. In addition, in Mexico there was a reduction in electricity tariffs for industry, which is another major component of the sales cost. It should be pointed out that it is not common for the price of these two sources of energy to fall in the same year, and both resulted in a lower cost of sales.

Strong demand meant we were operating our cement plants at almost full capacity, so that the absorption of costs and overheads was extremely beneficial to our margins.

It is not common for all these favourable conditions to occur together as they did in 2015, which why we are using the analogy of the stars aligning. However, in Corporación Moctezuma we were ready with the right commercial strategy, operational efficiency and cost and spending controls which enabled us to take advantage of these extraordinary opportunities with appropriate implementation on the part of all of those who collaborate in Moctezuma.

WE BROKE RECORDS IN RESULTS

2015 was a year of extraordinary results for Corporación Moctezuma as our sales reached a historic high of $11,026 million pesos, a 20.0% increase on 2014.

Thanks to the factors described above, the cost of sales increased 9.6% in 2015 with respect to the previous year and also, thanks to the fact that sales increased more than the sales costs, gross profits grew 38.5% in the annual variation and the gross margin went up to 41.7%.

We continued to control spending, which was reflected in a 42.9% increase in our operating profits for 2015 with respect to the previous year, and increased to $4,016 million pesos.

An increase in demand for cement and concrete allowed us to move a greater volume of our products and in contrast to what had happened in recent years, the price of cement rose.

Construction of the second production line, Apazapan Plant, Veracruz

Although we started the construction of a new production line in Apazapan, a project financed with our own resources, we had a good year for cash flow generation. Evidence of this is the fact that the EBITDA reached a total of $4,512 million pesos and was 36.6% higher than the figure we reported a year earlier. In addition, we paid a total of $1,761 million pesos in dividends to our shareholders. Net consolidated profits reached a record level of $2,859 million pesos, 41.1% more than in 2014. The net income margin was 25.9% in 2015 which was higher than the 22.1% for 2014.

In recent years, our margins have been consistently the highest in the cement sector, which is the bedrock of our solid finances. The firm Signum Research published a profitability analysis of the Mexican Stock Exchange for the 1st and 2nd quarters of 2015. In this study of 90 of the more than 100 companies trading on the Mexican Stock Exchange, Corporación Moctezuma was highlighted for its growth during the first half of the year compared to the same period in 2014. It also stood out due to the increase in return on invested capital (ROIC) and return on equity (ROE) compared to the same period in 2014. Moctezuma was in first place with respect to profitability, with a ROIC of 41.8% and 37.9% respectively in the 1st and 2nd quarters of 2015, calculated on trailing twelve months.

OUTSTANDING ACTIONS

Some years ago, Corporación Moctezuma began a process aimed at optimizing operations, identifying and correcting inefficiencies and putting special emphasis on improving our use of resources which has allowed us to keep a strict control on costs, reduce spending and, therefore, improve our margins.

We have optimized the management of our working capital, shortening collection periods for accounts payable and reducing our inventories, without putting our operations at risk.

Having modern equipment in our plants which receives good preventive maintenance was of great importance in 2015, as most of the year our cement plants were working to almost full capacity in response to market demand.

Here our commercial and logistics areas are of great importance, responding quickly to clients' needs and taking our products to the regions where we have a strong presence and reinforcing Moctezuma's


Oficinas, Planta Apazapan, Veracruz

In 2015, we began the construction of the second production line in our Apazapan Plant which will start operations during the first semester of 2017 and from then on allow us to distribute more cement.

participation in the important projects that are under construction. Our effort to produce and commercialize concrete where there is the highest demand is of great relevance as this allowed us to move greater volumes more profitably.

We maintain a responsible style of administration and avoid speculative practices which means that we can again report healthy finances, thus keeping us free of liabilities. This allows us to focus our resources on the Company's operations, on productive investments which will increase our cement production capacity by 20%, and on the payment of shareholder dividends, both of which are of great importance in periods of financial turbulence.

LOOKING TO THE FUTURE

In 2015, we began the construction of the second production line at the Apazapan plant which will start operations during the first semester of 2017 and from then on allow us to distribute more cement in zones where great opportunities for the construction sector are expected.

Despite the great achievements of 2015, we are sure we will be faced with important challenges during 2016 as we do not think that such favourable conditions will continue. However, we consider that we have built solid foundations that will allow us to achieve our aims in the future and that we will still be able to say proudly that at Corporación Moctezuma we are Beating Records.

By 31st December 2015, we had 1,121 employees, **1.4%** more than the previous year.

We are strongly committed to gender equality.

The Moctezuma Team
A TEAM FOR SUCCESS

OUR TEAM BREAKS RECORDS

The economic, social and political circumstances in Mexico and the international environment impact our day-to-day operations in different ways, specially the drastic economic changes which led to falling sales in an environment of recession in 2013. This gave way to a moderate recovery in 2014 and we then overcame the challenges posed by accelerated development in the construction sector in 2015.

During each period we needed different approaches, innovations and creative solutions. Thus, 2015 demanded that the Corporación Moctezuma team multiply its efforts and solutions to satisfy an extraordinary demand for cement. Our plants worked at full capacity, reducing the time lost in stoppages for maintenance. We refined the programming required to ensure a constant supply to all our distributors. We closed a number of concrete plants while making our other installations more profitable and efficient. We served a greater number of beneficiaries through our social programmes. We gave priority to personalized client services. We invested to increase our production capacity, to care for the environment and in information technology to cater to our clients better. We continued our training programmes and dedicated personal time to support our communities and worthy causes.

For all this and more, we give well-deserved thanks to those who make up the Corporación Moctezuma team.

The outstanding results that we achieved in 2015 were only possible thanks to our valuable team of employees, as they work day to day to make Corporación Moctezuma a successful company.

We have the personnel necessary for our operations, which is why the number of workers remains stable. On 31st December, 2015, there were 1,121 employees, 1.4% more than those reported for the previous year.

We have established a number of communications channels with our team. We use banners and leaflets in all our installations to provide information about campaigns and programmes. We have our own monthly bulletin Voz Moctezuma, in which not only do we publish the most relevant news about the Company but also our employees contribute material on different topics of interest to them.

We keep the Canal de Denuncia Moctezuma open, by means of which our personnel, clients and suppliers can express their concerns, complaints and suggestions and receive a timely and courteous response.

PROFESSIONAL DEVELOPMENT

Investment in human capital has been high priority for our Company. Education is the basis for increased development. For this reason, we have set

Safety is a key aspect of our operations

The outstanding results that we achieved in 2015 were only possible thanks to our valuable team of employees.

up the Moctezuma University project which in 2015 focussed special attention on managerial development and leadership as well as ethics and values which allow workers both personal and professional development. We carried out activities with a number of institutions to maintain a programme of continuing education with practical applications in the workplace.

It was thanks to these efforts that on 26th November, the Instituto Tecnológico de Estudios Superiores de Monterrey presented us with their Award for Executive Education 2015 in the category Linked Business or Institution. Without a doubt, more than this important award, our greatest satisfaction is to contribute to the improvement of our team.

AWARDS

It is the Company's primary task to provide our employees with a favourable environment to do their jobs. In 2014 we were recognized by Great Place to Work as one of the best businesses to work for and as we pointed out then, this distinction obliges us to improve, as it is not an end in itself, but rather part of a path that we have marked out for ourselves and which requires the commitment of our whole team.

We continued with the efforts we made to be included on the list of Great Place to Work, we identified new areas of opportunity and we worked to improve them. In 2015, we were included in the Súper Empresas Expansión 2015 ranking of the places where everyone wants to work and where our Company's practices and values were considered outstanding.

Along with Great Place to Work, this distinction makes us feel proud, as it is not an award to the Company or the Human Resources department, but rather to all those who work with us in Moctezuma, because it is each one of us who creates a favourable organizational climate and where there are no cases of discrimination, violence or bad practice.

For us, our priority is not to collect certificates but rather to be a Company that is responsible towards its workers, with an organizational culture that recognizes merit. We are convinced that the sense of belonging and pride attached to working at Corporación Moctezuma, as well as willingness to accept opportunities for personal and professional development is the best recognition we can receive.

TAKING CARE OF OUR TEAM'S HEALTH

During the year we made a constant effort to maintain and reinforce communication with our employees through actions that directly benefit them both at work and in their personal lives. So, employees were offered programmes on eating habits and were given health checks. We carried out actions to benefit their families such as the Health Fair which is aimed specifically at our employees' families. The response was so good in 2015 that we are considering continuing it in the future and extending it to all our plants.

SAFETY AT WORK

After there was a considerable reduction in the number of workplace accidents in 2014, we know that it was not an easy task to improve on the numbers reported.

We are continually working to ensure safer installations, with clear signs, detailed safety procedures and equipment that allows our employees to do their jobs with minimum risk to their physical integrity.

In our Concrete Division, we have made an effort to improve the safety

We aim to provide a favourable working environment

The outstanding results that we achieved in 2015 were only possible thanks to our valuable team of employees.

of our operations by installing low-cost LED energy systems in the mixers, so that when a vehicle is turned off, the LEDS provide long beam lighting. We also bought breaking systems that jam the wheels when the vehicle is stationary and thus avoid accidents.

Independently of the safety equipment and the corresponding rules and regulations, the key factor in the reduction of accidents is the participation of our employees. It is they who, thanks to taking greater care and the correct use of safety equipment, make the reduction in the number of accidents possible.

While it is true that during 2015 we did not have to report any serious accidents and that throughout the year there were no great changes in accident numbers reported compared to the previous year, we are never satisfied with respect to the issue of safety, as there will always be more to do to safeguard the welfare of our human capital, which is a priority for Corporación Moctezuma.

LOOKING TO THE FUTURE

Despite the great achievements of 2015, we know that 2016 presents great challenges, which include finishing the construction of the new cement production line at the Apazapan Plant. These all mean we have to do better every day. However, we have confidence in the future as we can rely on capable, talented and committed personnel who work hard and make it possible to Break Records.

The Information Technology team, Tepetzingo Plant, Morelos

Sustainable DEVELOPMENT

Throughout our history as a responsible company we have put the different stakeholders we serve in the centre of our strategy and daily actions. Based on this principle, for a number of years we have tried to ensure that our actions benefit the most vulnerable individuals and groups in the communities surrounding our installations; we carry out our productive operations and logistics with full respect for the environment; we privilege responsible dealings with our partners and give priority to fulfilling the norms established in the current legal framework.

We make great efforts in favour of different publics, trying to carry out actions that are reflected in a better quality of life and in long term benefits.

STAKEHOLDERS

In 2015 we commissioned a materiality analysis in order to define and identify the issues of most relevance to our stakeholders so as to incorporate their agendas into the day-to-day strategy, management and actions of Corporación Moctezuma.

We keep open various communication channels for our clients, suppliers, employees, the authorities and the general public. Through these we respond in a timely manner to their concerns as well as to reports of possible bad practice which could damage both our public image and the Company's patrimony and that of its stakeholders.

The next step will be to formalize and give greater institutional weight to our dialogue with these groups given that, as members of Mexican and international society, we have a great interest in the same issues and it is of major importance how we handle the important problems in order to leave a better world to future generations.

SOCIAL PERFORMANCE

In 2014 we began programmes in which employees took an active part in matters of social responsibility. In 2015 we launched the "Escoge tu causa" (Choose your Cause) initiative, offering our employees different options so that the members of the Moctezuma family could voluntarily choose the cause closest to their interests and periodically make financial donations. Again, our employees showed their generosity and supported important causes.

Cerritos Plant, San Luis Potosí

Apazapan Plant, Veracruz

In 2015 a total of **1,470** people benefited from the Health Fair

Health care is essential for Corporación Moctezuma.

Apazapan Plant, Veracruz

Health Fair

We do prevention activities with the youngest children.

The basis for a better future is a solid education which is why we kept up our programmes in favour of education and in 2015 distributed 8,995 packs of school supplies.

As an organization we focused our efforts on a number of areas such as health, education and job training. We decided to focus on these activities because we consider that they are the ones that have greatest impact on the beneficiaries.

During 2015 we continued our already traditional Health Fair, taking medical consultations to the communities in the vicinity of our plants and when possible, we take advantage of the information campaigns carried out by public and private institutions, so that depending on the date, we focus our own events on the detection and prevention of health problems such as breast cancer, cervical-uterine cancer and chronic degenerative illnesses. In this way we achieved greater awareness of these illnesses and the care they require. In 2015, a total of 1,470 people benefited from the Health Fair.

The basis for a better future is a solid education which is why we kept up our programmes in favour of education and in 2015 distributed 8,995 packs of school supplies. We consider that as part of our educational activities it is important to recognize the efforts of the students with the highest grades and during 2015 we awarded scholarships to outstanding pupils.

Some of our production installations are located in zones with high levels of migration, for which reason we provide job training as well as education to help beneficiaries set up their own businesses.

We also have established agreements with educational institutions to encourage an entrepreneurial culture amongst children and young people, we encourage the creation of business incubators where young people's projects are evaluated, funding sought and the necessary orientation provided for them to start their own businesses.

ENVIRONMENTAL PERFORMANCE

The modern equipment installed in our cement plants and the maintenance we carry out, allow us to keep our environmental impact low. Our 3 cement plants are acredited in ISO

14000, ISO 14001, OHSAS 18000 and officially recognized as Clean Industries. Our objective for the coming years is to strengthen our environmental management systems in order to ensure clean operations.

Our plants are officially recognized as Clean Industries

In the Concrete Division we continue to modernize the plants, developing systems to wash truck tyres, building vehicle washing bays and we have also made progress with the paving of the concrete plant surfaces, ensuring that the aggregates zone is covered and we continue to renew the mixer trucks.

Although the environmental Norm 21 is only applicable in Mexico City, we consider that it includes the appropriate parameters for high operating standards and we are applying them as part of the modernization of our present plants and, in this way, continue to reduce our environmental impact.

OUTLOOK FOR 2016

2015 was a year of important achievements for Corporación Moctezuma and as a result, 2016 poses the challenge of being better. With respect to sustainability, we are taking firm steps and we shall continue along this path.

We have taken important steps to maintain closer communications with our stakeholders and we will continue to work alongside them in a win-win relationship which is reflected in the wellbeing of all those involved.

Cerritos Plant, San Luis Potosí

Apazapan Plant, Veracruz

2015 was a year of important achievements for Corporación Moctezuma and as a result, 2016 poses the challenge of being better. With respect to sustainability, we have taken important steps to maintain closer communication with our stakeholders and we will continue along this path.

Corporative GOVERNANCE

In Corporación Moctezuma we are committed to acting with total transparency and corporative best practice which permit long-term development of the Company.

We are aware at all times that it is our responsibility to protect our shareholders, particularly the minority shareholders who participate in the equity of the Company by buying and selling CMOCTEZ* shares on the Mexican Stock Exchange. As an issuer of securities, we have management bodies with clearly defined functions and responsibilities. Our Corporate Practices and Auditing Committee and our external auditors are in charge of Company oversight. At the same time, we comply current legal requirements by making available to the general public the information that we are required by law to do.

Recently, in direct response to our shareholders' wishes, we have renewed and reinforced our Internal Auditing department. In consequence, we put more emphasis on direct field work inside our plants, as well as the implementation of new procedures that strengthen the internal control of the Company. Our Internal Auditing department is able to act with total independence despite being in constant communication with Head Office.

BOARD OF DIRECTORS

Our Board of Directors meets at least 4 times a year, its members being appointed at the General Shareholders' Meeting and is made up of proprietary and substitute members who are selected on the basis of their professional prestige, their academic training and broad experience in the cement industry.

According to the Ley del Mercado de Valores (Mexican Securities Market Law), at least 25% of the members should be independent. However, at Moctezuma, this proportion is higher, as 50% of our board members are independent.

In the General Shareholders' Meeting held on 17 April, 2015, the following people were elected as proprietary and substitute members to serve on the Board during the year 2015:

We are aware at all times that it is our responsibility to protect our shareholders, particularly the minority shareholders who participate in the equity of the Company by buying and selling CMOCTEZ shares on the Mexican Stock Exchange.

CORPORACION MOCTEZUMA, S.A.B. DE C.V. Board of Directors	
Non-independent Members	
Proprietary Members	**Substitute Members**
Enrico Buzzi (Chairman) Civil engineer with 51 years' experience in the cement industry and 23 years on the Board.	**Luigi Buzzi**
Juan Molins Amat Civil engineer with 49 years' experience in the cement industry and 26 on the Board.	**Carlos Martínez Ferrer**
Pietro Buzzi Chartered Accountant with 32 years' experience in the cement industry and 12 years on the Board.	**Benedetta Buzzi**
Enric de Bobes Pellicer Industrial Engineer, with 25 years' experience in the cement industry who was appointed proprietary member of the Board in 2010.	**Salvador Fernández Capo**
Independent Board Members	
Proprietary Members	**Substitute Members**
Roberto Cannizzo Consiglio Lawyer, with 33 years' experience as a consultant to the Cement industry and 26 years as member of the Board.	**Adrián Enrique García Huerta**
Antonio Cosío Ariño Civil Engineer with more than 53 years' experience as a consultant in the construction industry and 10 years as member of the Board.	**Antonio Cosío Pando**
Guillermo Simón Miguel Industrial Engineer, with 13 years' experience in the construction industry and 2 years as member of the Board.	
Carlo Cannizzo Reniú Lawyer, with experience in the sector and 12 years on the Board.	**Stefano Amato Cannizzo**
Marco Cannizzo Saetta (*) Secretary to the Board of Directors (*) Not a Member	

CORPORATE PRACTICES AND AUDITING COMMITTEE

In compliance with the Ley del Mercado de Valores, Corporación Moctezuma carries out the functions of oversight, internal control and protection of minority shareholders through its Corporate Practices and Auditing Committee, which carries out the legal functions stipulated in the law and the Company's bylaws. This Committee, made up exclusively of independent members, meets at least 4 times a year, prior to the Board of Directors' Meeting and reports directly to the Shareholders' Meeting. It is composed of the following members:

Corporate Practices and Auditing Committee	
Antonio Cosío Ariño	Chairman
Roberto Cannizzo Consiglio	Member
Carlo Cannizzo Reniú	Member

EXECUTIVE DIRECTORS

Corporación Moctezuma has a solid team of executive directors made up of experts with extensive professional experience and whose capacity has been demonstrated in the results we report year after year. On 31 December, 2015, Moctezuma's executive directors were:

CORPORACION MOCTEZUMA, S.A.B. DE C.V. Executive Directors 31 December 2015	
Pedro Carranza Chief Executive Officer	Economics degree, ITAM, participated in the AD2/IPADE programme 21 years' experience in the Company, and 25 years in the cement industry.
Manuel Rodríguez Director of Human Resources	Administration degree, UNAM, and AD1/IPADE 20 years' experience in the Company and 35 years' experience in the cement industry.
Luiz Camargo Chief Financial Officer	Chartered Accountant, Campos Salles University, São Paulo, postgraduate studies, Fundación Álvarez Penteado, AD/IPADE programme 10 years' experience in the Company and over 36 years in basic industries (paper, mining, steel and cement)
Mario Festuccia Technical Director	Electrical-mechanical engineer, Turin Polytechnic, Italy and AD2-IPADE 20 years' experience in both the Company and the cement industry. Participated in the steel industry for 12 years in Negocios de Acero en México-Italia
Marco Grugnetti Internal Auditing Director	Economist, University of Novara, Italy. 7 years' international experience in the field of Auditing.
José María Barroso Commercial Director, Cement Division	Industrial Engineer, Instituto Tecnológico de Mérida. Masters in International Commerce, ITESM-IMCE. 6 years' experience in the Company and 35 years' experience in the cement industry.

Ignacio Machimbarrena Director of Operations	Civil Engineer, Universidad Politécnica Madrid at the Escuela Técnica Superior Ingenieros de Caminos, Canales y Puertos. 3 years' experience in the Company and more than 30 years' experience in the cement business.
Secondino Quaglia Director, Tepetzingo Plant	Civil Engineer, Turin Polytechnic, Managerial Development and Economic and Financial Analysis programmes with the Instituto SDA, Bocconi University, Milan. 3 years' experience in the Company and 41 years' experience in the cement industry.
Octavio Adolfo Senties Director, Cerritos Plant	Industrial Engineer, specialized in Electronics, Instituto Tecnológico de Veracruz. 21 years' experience in the Company and 25 years' experience in the cement industry.
Isidro Ramírez Director, Apazapan Plant	Industrial Engineer, Universidad del Noreste, Hermosillo, Sonora, specialization in Administration, Masters in Production. 5 years' experience in the Company and 21 years' experience in the cement industry.
Alejandro Del Castillo Logistics Director	Degree in Business Management, Universidad Iberoamericana. Masters in Upper Management Studies, IPADE. 17 years' experience in the Company and 22 years' experience in the cement industry.
Jaime Prieto Director, Concrete Division	Mining Engineer, Universidad Politécnica de Madrid at the Escuela Técnica Superior de Ingenieros de Minas. 3 years' experience in the Company, and 19 years' experience in the concrete and aggregates business.
Legal Director	To be appointed

CODE OF ETHICS

In 2013 we published our Code of Ethics, a document in which we set out our Mission, Vision, and Values, as well as the guidelines for the conduct of all those who make up Corporación Moctezuma. It also describes procedures for reporting irregular, inappropriate or illegal acts or behaviour, starting with the channels open to all employees, clients, suppliers and the general public, and continues with a procedure to corroborate the incident reported and, when required, the corresponding sanctions are applied to the persons involved.

The Code of Ethics also requires our clients and suppliers to behave in accordance with our values and ethical principles in their dealings with the Company.

Since 2014, we began to circulate the Code of Ethics and throughout 2015 we reinforced our diffusion of the Code amongst our employees, the communities surrounding our installations and clients and suppliers, in order to familiarize them with the principles which guide our conduct and, if necessary, use the communication channels we have made available to them.

Given our impressive growth, it is easy to focus on production and sales. However, we are convinced that we need to work on the issues of internal control that will enable us to guarantee the survival and the best possible development of Corporación Moctezuma and that of its stakeholders so that in the future, we will continue Breaking Records.

Comments and Analysis of The Financial Results

CORPORACIÓN MOCTEZUMA AND SUBSIDIARIES

(Figures expressed in millions of pesos, except in cases where a different unit is indicated)

ECONOMIC ENVIRONMENT

Throughout 2015 the economic environment was complex, with a slowdown in emerging countries; a sharp fall in international oil prices; the constant possibility of an increase in interest rates in the United States; an increase in the value of the American dollar with respect to other currencies and European countries that did not really begin to show signs of sustained economic recovery.

The effects of the international environment were felt in Mexico and as the year went on, the projections for GDP growth gradually fell so that at the end of 2015, the real increase in economic activity was 2.5% compared to the previous year. As a result of the fiscal reform passed in 2014, the internal market was depressed during the first half of the year, although in the second half it recovered and the year ended with a positive outlook for the future.

The Mexican peso suffered a devaluation of 25.9% with respect to the US Dollar, falling from $14.7 in 2014 to $18.5 in 2015. The price per barrel of Mexico's crude oil was also affected and had dropped from 45.45 USD at the end of 2014 to 27.37 USD by 31 December, 2015. For this reason, there was a drastic fall in PEMEX's oil revenues. This in turn caused a reduction in public spending on the part of Mexico's federal government which announced the cancellation of a number of infrastructure projects. It looked like it would be a bad year for the construction sector. However, large investments by the private sector compensated for the slowdown in public investment, which was why the construction sector reported a 2.6% increase in 2015 compared to 2014 and as a result, a greater demand for cement and concrete nationwide.

The combination of favourable events and circumstances essential to our business meant we were able to obtain unusually good results in sales, costs and spending as well as in profits and margins. In our opinion, it is very unlikely that these positive elements in the environment which occurred simultaneously will continue or repeat themselves often in the future. However, we can ensure that we keep up the same efforts and foster all aspects of the business that are in our hands to manage and control.

SALES

Without a doubt it was a year of good results during which we were Breaking Records. Higher demand for cement, the solid brand positioning achieved in 2014, a great sales drive, the emphasis on client services and our work on logistics made it possible for our sales to set a new record at $11,026, that is, a growth of 20.0% compared to the previous year.

OPERATING PROFIT

In recent years we have focussed on making our operations more efficient. By maintaining a strict control on spending, we managed to reduce prime materials inventories and to keep them at lower levels without affecting our operations.

The combination of higher sales, optimization of production costs and spending controls, made possible a 42.9% growth in operating profit which reached $4,016. Our operating margin increased from 30.6% in 2014 to 36.4% at the end of 2015.

EBITDA

The EBITDA margin is 40.9% which is notably higher that the margin of 35.9% reported in 2014.

Apazapan Plant, Veracruz

DIVIDENDS

On the basis of profits accumulated in previous years, throughout 2015 dividends totalling $1,761 were paid to our shareholders. This represented $2.00 (two pesos) per share.

NET COMPREHENSIVE INCOME

Comprehensive consolidated income rose to $2,860, 41.1% more than in 2014. Meanwhile, the comprehensive consolidated margin rose to 25.9% in 2015, in contrast to the margin of 22.1% reported for 2014.

NEW CHALLENGES

After an extraordinary year in 2015 in which we broke records thanks to our effort and dedication as well as the positive external conditions which are unlikely to repeat themselves, we are aware that from 2016 onwards we will be facing an environment with new challenges.

To carry on facing and taking advantage of the challenges that present themselves, we will continue to invest in the construction of the second production line in the Apazapan Plant which will enable us increase our production capacity and supply cement in the zones where we expect there will be most growth in construction.

We shall continue to make our operations more efficient, maintain control on costs and spending and make even more effort to continue Breaking Records.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF CORPORACIÓN MOCTEZUMA, S.A.B. DE C.V.

CORPORACION MOCTEZUMA

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entorno de negocios

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Independent auditors' report to the Shareholders and Board of Directors of Corporación Moctezuma, S. A. B. de C. V.

REPORT OF INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Corporación Moctezuma, S.A.B. de C.V. and subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of income and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporación Moctezuma, S. A. B. de C.V. and subsidiaries as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

OTHER MATTERS

The Company's financial statements as at and for the year ended December 31, 2014 were audited by other auditors, whose report dated March 13, 2015, expressed an unqualified opinion on those financial statements.

Mancera, S.C.
A Member Practice of Ernst & Young Global Limited

C.P.C. Fernando Ruiz Monroy

Mexico City April 6, 2016

CORPORACIÓN MOCTEZUMA, S. A. B. DE C. V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As at December 31, 2015 and 2014
(Amounts in thousands of Mexican pesos)

	NOTES	2015	2014
Assets			
Current assets			
Cash and cash equivalents	7	**Ps. 2,971,681**	Ps. 1,773,240
Accounts receivable, net	8	**1,252,461**	1,355,975
Other accounts receivable		**162,387**	248,159
Inventories, net	9	**759,756**	746,887
Prepaid expenses		**93,289**	63,599
Total non-current assets		**5,239,574**	4,187,860
Non-current assets:			
Property, plant and equipment, net	10	**6,505,573**	6,242,407
Intangibles and other assets, net		**273,218**	267,474
Total non-current assets		**6,778,791**	6,509,881
Total assets		**Ps.12,018,365**	Ps. 10,697,741
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable to suppliers		**Ps. 443,744**	402,863
Other accounts payable and accrued liabilities	12	**408,183**	288,260
Short-term finance leases	11	**11,054**	8,095
Taxes payable		**396,917**	282,001
Income tax on tax consolidation and deconsolidation		**18,616**	32,006
Employee profit sharing		**9,382**	8,445
Total current liabilities		**1,287,896**	1,021,670
Long-term liabilities			
Deferred income tax	19	**1,099,395**	1,142,227
Income tax on tax consolidation and deconsolidation and deferred income tax		**25,431**	41,344
Employee benefits	13	**10,320**	9,441
Long-term finance leases	11	**19,319**	5,934
Total long-term liabilities		**1,154,465**	1,198,946
Total liabilities		**2,442,361**	2,220,616
Equity			
Share capital	20	**607,480**	607,480
Share premium		**215,215**	215,215
Reserve for share buybacks		**150,000**	150,000
Retained earnings		**5,710,971**	5,441,995
Comprehensive income for the year		**2,859,822**	2,029,600
Equity holders of the parent		**9,543,488**	8,444,290
Non-controlling interest		**32,516**	32,835
Total equity		**9,576,004**	8,477,125
Total liabilities and equity		**Ps.12,018,365**	Ps. 10,697,741

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

CORPORACIÓN MOCTEZUMA, S. A. B. DE C. V. AND SUBSIDIARIES

Consolidated Statements of Income and Other Comprehensive Income

For the Years Ended December 31, 2015 and 2014
(Amounts in thousands of Mexican pesos, except basic and diluted earnings per share, which are expressed in Mexican pesos)

	NOTES	2015	2014
Net sales		**Ps.11,026,309**	Ps. 9,186,381
Cost of sales	21	**6,424,708**	5,862,733
Administrative expenses	21	**252,723**	249,039
Selling expenses	21	**260,003**	268,152
Other operating expenses/(income), net	21	**73,091**	(3,936)
Total operating costs and expenses		**7,010,525**	6,375,988
Operating income		**4,015,784**	2,810,393
Interest expense		**(6,921)**	(5,443)
Interest income		**68,686**	47,549
Foreign exchange gain/(loss), net		**9,162**	(6,510)
Share of loss of joint venture		**(9,125)**	(9,159)
Income before income tax		**4,077,586**	2,836,830
Income tax	19	**1,218,269**	809,865
Consolidated net income		**2,859,317**	2,026,965
Other comprehensive income, net of income tax:			
Items not to be reclassified to profit or loss:			
Gain/(loss) of defined benefit obligation	13	**186**	(133)
Consolidated comprehensive income		**Ps. 2,859,503**	Ps. 2,026,832
Consolidated net income attributable to:			
Equity holders of the parent		**Ps. 2,859,636**	Ps.2,029,733
Non-controlling interest		**(319)**	(2,768)
		Ps. 2,859,317	Ps.2,026,965
Consolidated comprehensive income attributable to:			
Equity holders of the parent		**Ps. 2,859,822**	Ps.2,029,600
Non-controlling interest		**(319)**	(2,768)
		Ps. 2,859,503	Ps.2,026,832
Basic and diluted earnings per ordinary share, equity holders of the parent	26	**Ps. 3.25**	Ps.2.31
Weighted average number of outstanding shares (thousands of shares)	20	**880,312**	880,312

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

CORPORACIÓN MOCTEZUMA, S. A. B. DE C. V. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2015 and 2014
(Amounts in thousands of Mexican pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL					
	SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR SHARE BUYBACKS	RETAINED EARNINGS	COMPONENTS OF OTHER COMPREHENSIVE INCOME	TOTAL EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance as at January 1, 2014	**Ps.607,480**	**Ps.215,215**	**Ps.150,000**	**Ps.7,242,282**	**Ps.(39,663)**	**Ps.8,175,314**	**Ps.35,603**	**Ps.8,210,917**
Dividends paid	-	-	-	(1,760,624)	-	(1,760,624)	-	(1,760,624)
Consolidated comprehensive income	-	-	-	2,029,733	(133)	2,029,600	(2,768)	2,026,832
Balance as at December 31, 2014607,480	**215,215**	**150,000**	**7,511,391**	**(39,796)**	**8,444,290**	**32,835**	**8,477,125**	
Dividends paid	-	-	-	(1,760,624)	-	(1,760,624)	-	(1,760,624)
Consolidated comprehensive income	-	-	-	2,859,636	186	2,859,822	(319)	2,859,503
Balance as at December 31, 2015	**Ps.607,480**	**Ps.215,215**	**Ps.150,000**	**Ps.8,610,403**	**Ps.(39,610)**	**Ps.9,543,488**	**Ps.32,516**	**Ps.9,576,004**

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

CORPORACIÓN MOCTEZUMA, S. A. B. DE C. V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014
(Amounts in thousands of Mexican pesos)

	2015	2014
Operating activities		
Consolidated net income	**Ps. 2,859,317**	Ps. 2,026,965
Adjustments for:		
Foreign exchange loss on cash and cash equivalents	**(28,882)**	(3,127)
Income tax recognized in the income statement	**1,218,269**	809,865
Depreciation and amortization	**496,161**	492,027
Loss/(gain) on the sale of property, plant and equipment	**1,425**	11,413
Gain on sale of other assets	**4,318**	1,714
Share of loss of joint venture	**9,125**	9,159
Interest income	**(68,686)**	(47,549)
Interest expense	**2,953**	3,348
	4,494,000	3,303,815
Changes in working capital:		
(Increase)/decrease in:		
Accounts receivable	**184,685**	96,467
Inventories	**(12,869)**	36,474
Prepaid expenses	**(29,690)**	56,077
Other assets	**(10,693)**	7,529
Increase/(decrease) in:		
Accounts payable to suppliers	**40,881**	51,640
Other accounts payable and accrued liabilities	**107,845**	88,319
Taxes payable	**(1,170,967)**	(643,924)
Employee profit sharing	**937**	6,562
Retirement benefits	**1,145**	767
Net cash flows from operating activities	**3,605,274**	3,003,726
Investing activities		
Purchase or property, plant and equipment	**(780,610)**	(356,182)
Sale of property, plant and equipment	**9,563**	21,581
Purchase of other assets	**(35,443)**	(36,120)
Sale of other assets	**46,370**	5,970
Interest received	**68,685**	47,549
Net cash flows used in investing activities	**(691,435)**	(317,202)
Financing activities		
Dividends paid	**(1,760,624)**	(1,760,624)
Payments of finance leases	**16,344**	(8,108)
Net cash flows used in financing activities	**(1,744,280)**	(1,768,732)
Net increase in cash and cash equivalents	**1,169,559**	917,792
Cash and cash equivalents at beginning of year	**1,773,240**	852,321
Foreign exchange gain on cash and cash equivalents	**28,882**	3,127
Cash and cash equivalents at end of year	**Ps. 2,971,681**	Ps. 1,773,240

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

Notes to Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(Amounts in thousands of Mexican pesos)

1. Description of the Business

Corporación Moctezuma, S. A. B. de C. V. and Subsidiaries (the Company) is the majority shareholder of a group of companies that are primarily engaged in the production and sale of Portland cement, ready-mix concrete, sand and gravel, which means that the operations of these companies are primarily concentrated in the cement and concrete industry. The Company is a joint venture of Buzzi Unicem S.p.A. (an Italian company) and Cementos Molins, S.A. (a Spanish company), which in conjunction hold 66.67% equity interest in the Company.

The Company's business headquarters are located at Monte Elbruz 134 PH, Lomas de Chapultepec, Miguel Hidalgo 11000, Mexico City.

2. Basis of Preparation

Changes to International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and new interpretations that are obligatory as of 2016

New IFRS and amendments issued but not yet effective

The Company has not adopted the following new IFRS and amendments that have been issued but which are not yet effective:

IFRS 9 Financial Instruments (1)

IFRS 15 Revenue from Contracts with Customers (1)

IFRS 16 Leases (2)

(1) Effective for annual periods beginning on or after January 1, 2018, with early adoption permitted

(2) Effective for annual periods beginning on or after January 1, 2019, with early adoption permitted

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9, Financial Instruments, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. Entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss (FVTPL) without applying the other requirements in the standard. The adoption of this standard is mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, was issued in May 2014 and it applies to all contracts with customers except leases, financial instruments and insurance contracts. This project was jointly conducted with the Financial Accounting Standards Board (FASB) to develop a common revenue standard for U.S. GAAP and IFRS that would remove inconsistencies and weaknesses in IAS 18, to provide a single revenue recognition model which will improve comparability over a range of industries, companies and geographical boundaries, and to provide a new revenue recognition model and more specific requirements for multiple-element arrangements. IFRS 15 also requires enhanced disclosures. Adoption of this standard is mandatory for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, Leases, which contains the definition of a lease and establishes the accounting treatment applicable to the assets and liabilities arising from leases for both the lessor and the lessee. Lessor accounting under IFRS 16 will result in little change compared to lessor accounting under IAS 17, Leases. However, the new standard requires lessees to recognize assets and liabilities for all leases. Adoption of this standard is mandatory for annual periods beginning on or after January 1, 2019, with early adoption permitted provided that the new standard is adopted together with IFRS 15, Revenue from Contracts with Customers.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

IFRS Annual improvements

IAS 19	Employee Benefits (1)
IAS 16	Property, Plant and Equipment (1)
IAS 38	Intangible Assets (1)
IAS 28	Investments in Associates and Joint Ventures (1)
IFRS 10	Consolidated Financial Statements (2)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (1)
IFRS 12	Disclosure of Interests in Other Entities (1)
IAS 1	Presentation of Financial Statements (1)

(1) Effective for annual periods beginning on or after January 1, 2016, with early adoption permitted
(2) Effective for annual periods beginning on or after January 1, 2016 (to be determined), with early adoption permitted

IAS 19 Employee Benefits

The "2012–2014 annual improvement cycle," issued in September 2014, clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. Adoption of this standard is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

IAS 16 Property, Plant and Equipment; IAS 38, Intangible Assets

IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. In its amendments to IAS 16 and IAS 38, issued in May 2014, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The adoption of these amendments is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

IAS 27 Separate Financial Statements

The amendments to IAS 27, issued in August 2014, will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Adoption of this standard is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of these amendments will have on its financial statements.

IAS 28 Investments in Associates and Joint Ventures; IFRS 10, Consolidated Financial Statements

The amendments to IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures (2011), address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments issued in September 2014 is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The mandatory adoption date for these amendments has yet be determined, since the IASB will carry out a broader review that may result in the simplification of accounting of associates and joint ventures. Early adoption is permitted.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The "2012–2014 annual improvement cycle," issued in September 2014, clarifies that if an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, then the change in classification is considered a continuation of the original plan of disposal. Through IFRS 5, the IASB clarifies that entities need not account for this change in classification as a change to a plan of disposal. The adoption of these amendments is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

IAS 34 Interim Financial Reporting

The "2012–2014 annual improvement cycle," issued in September 2014, clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. Adoption of these amendments is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of these amendments will have on its financial statements.

IFRS 10 Consolidated Financial Statements; IFRS 12, Disclosure of Interests in Other Entities; IAS 28, Investments in Associations and Joint Ventures

The amendments to IFRS 10 include minor clarifications regarding special accounting requirements for investment entities. Adoption of these amendments is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of these standards will have on its financial statements, but it does not expect the effects to be material.

IAS 1 Presentation of Financial Statements

In December 2014 the IASB published the amendments to IAS 1, Disclosure Initiative. These amendments to IAS 1 address some of the concerns expressed about existing presentation and disclosure requirements and ensure that entities are able to use judgment when applying IAS 1. The adoption of these amendments is mandatory for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The Company is analyzing what effects the adoption of this standard will have on its financial statements, but it does not expect the effects to be material.

3. Compliance Statement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

4. Significant Accounting Policies

A. BASIS OF MEASUREMENTS

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, such as cash and cash equivalents, which are measured at fair value at each reporting date, as explained in the accounting policies below.

i. Historical cost

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

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as determined using either observable inputs or other valuation techniques.

B. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The Company controls an investee if, and only if, the Company has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the investor, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intra-group balances and transactions have been eliminated on consolidation.

As at December 31, 2015 and 2014, the Company's equity interest in its subsidiaries and associates is as follows:

Entity	2015	2014	Activity
Cementos Moctezuma, S.A. de C.V.	**100%**	100%	Production and sale of Portland cement
Cementos Portland Moctezuma, S.A. de C.V.	**100%**	100%	Technical services
Proyectos Terra Moctezuma, S.A de C.V.	**100%**	100%	Real estate
Cemoc Servicios Especializados, S.A de C.V.	**100%**	100%	Logistics services
Comercializadora Tezuma, S.A de C.V.	**100%**	100%	Cement sale services
Latinoamericana de Concretos, S.A. de C.V. and subsidiaries	**100%**	100%	Production of ready-mix concrete
Latinoamericana de Concretos de San Luis, S.A. de C.V.	**60%**	60%	Production of ready-mix concrete
Concretos Moctezuma de Torreón, S.A. de C.V.	**55%**	55%	Production of ready-mix concrete
Concretos Moctezuma de Xalapa, S.A. de C.V.	**60%**	60%	Production of ready-mix concrete
Concretos Moctezuma de Durango, S.A. de C.V.	**100%**	100%	Production of ready-mix concrete
Concretos Moctezuma del Pacífico, S.A. de C.V.	**85%**	85%	Production of ready-mix concrete
Concretos Moctezuma de Jalisco, S.A. de C.V.	**51%**	51%	Production of ready-mix concrete
Maquinaria y Canteras del Centro, S.A. de C.V.	**51%**	51%	Sand and gravel extraction
Inmobiliaria Lacosa, S.A. de C.V.	**100%**	100%	Leasing services
Latinoamericana de Agregados y Concretos, S.A. de C.V.	**100%**	100%	Sand and gravel extraction
Latinoamericana de Comercio, S.A. de C.V.	**100%**	100%	Administrative services
Lacosa Concretos, S.A. de C.V.	**100%**	100%	Technical services

C. FINANCIAL INSTRUMENTS

Financial instruments are recognized when the Company becomes party to the contractual provisions of the instrument.

Financial instruments are measured initially at fair value. At initial recognition, the Company measures financial assets or financial liabilities at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

D. FINANCIAL ASSETS

All financial assets are recognized initially at fair value plus transaction costs. Financial assets are classified in four categories: "financial assets at fair value through profit or loss," "held-to-maturity investments," "available for sale financial assets" and "loans and receivables." Financial assets are classified at initial recognition based on their characteristics and intended purpose. At the reporting date, all of the Company's financial assets are classified as loans and receivables.

i. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including fees, points, transactions costs, and premiums or discounts) through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

ii. Loans and receivables

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

iii. Impairment of financial assets

Financial assets that are not carried at fair value through profit or loss are subject to an impairment test at the end of each reporting period. A financial asset is impaired, and impairment losses are recognized, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of financial asset.

Objective evidence of impairment may include:

- Significant financial difficulty of the issuer or obligor;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For trade receivables, the Company periodically assesses them for impairment based on an analysis of the risk of uncollectibility of past-due accounts that are more than a year old. This analysis is performed by a credit committee composed of the general director, the finance director, the sales director, and the credit and collection managers of the cement and concrete divisions.

For financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For all impaired financial assets except trade receivables, the carrying amount of the asset is reduced directly and in the case of trade receivables, the carrying amount of the asset is reduced through the use of an allowance for doubtful accounts. Trade receivables that are assessed as uncollectible are charged to the allowance account. Subsequent recovery of previously recognized impairment losses are reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. However, this reversal may not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

iv. Derecognition of financial assets

The Company derecognizes financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership of the financial asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. If the Company retains substantially all the risks and rewards of ownership of a transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss allocated that had been recognized in other comprehensive income is recognized in profit or loss.

E. INVENTORIES AND COST OF SALES

Inventories are valued at the lower of cost and net realizable value. The costs, including a portion of the fixed and variable indirect costs, are allocated to inventories using the absorption costing method and valued using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

F. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially measured at cost.

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purposes are stated in the statement of financial position at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the fixed asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, on a straight-line basis. The Company has determined that the residual values of its assets are immaterial.

Freehold land is not depreciated.

Properties in the course of construction for production, supply and administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and other directly attributable costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the income statement.

G. INTANGIBLE ASSETS

i. Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is determined on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate. Intangible assets with indefinite useful lives acquired separately are carried at cost less any accumulated impairment losses. The Company has determined that the residual values of its assets are immaterial.

ii. Derecognition of intangible assets

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognized in profit or loss when the asset is derecognized.

H. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the end of each reporting period, the Company assesses whether there is any indication that its tangible and intangible assets may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis can be identified, corporate assets are also allocated to the cash-generating unit.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset.

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

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

I. NON-CURRENT ASSETS HELD FOR SALE

The Company classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

For non-current assets held for sale, at each financial year-end the Company determines whether there is objective evidence that the asset (or disposal group) is impaired.

J. INVESTMENTS IN JOINT VENTURES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The operating results and the assets and liabilities of joint ventures are recognized in the financial statements using the equity method, except if the investment is classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. If the Company's share of losses of a joint venture exceeds its net investment (together with any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognizing its share of further losses. Additional losses are provided for to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which it becomes a joint venture. On acquisition of the investment any difference between the cost of the investment and the Company's share of the net fair value of the identifiable assets and liabilities of the joint venture is accounted for as goodwill, which is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment, after remeasurement, is recognized immediately in profit or loss in the period in which the investment was acquired.

The Company applies the requirements of IAS 39 to determine whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the joint venture. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, Impairment of Assets, as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment in the joint venture. Accordingly, any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date the investment ceases to be a joint venture, or when the investment is classified as held for sale. When an investment ceases to be a joint venture, the retained interest is measured at fair value, which is its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the carrying amount of the joint venture at the date that use of the equity method is discontinued and the fair value of any retained interest and any proceeds from disposing of the part of interest in the joint venture is recognized in profit or loss as part of the gain or loss on the disposal of the joint venture. In addition, the Company accounts for all amounts recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if the joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by a joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when use of the equity method is discontinued.

If an investment in an associate becomes a joint venture or a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

If the Company's interest in a joint venture is reduced, but the equity method is continued to be applied, the Company reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest if the gain or loss would have been reclassified to profit or loss in the case of disposal of the related assets or liabilities.

Profits and losses resulting from transactions between the Company and the joint venture are recognized in the Company's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term investments with a maturity of three months or less.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

L. CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.
An asset is current when it is:

- Intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

M. LEASES

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

The Company as a lessee

At the commencement of the lease term, the Company recognizes finance leases as assets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The liability for the lessor is recognized in its statement of financial position as a finance lease liability.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's accounting policy for borrowing costs.

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term or another systematic basis that better represents the pattern in which income is earned from the leased asset.

Incentives granted to the Company under operating lease agreements (e.g., grace periods) are recognized as a liability. The additional benefit provided by the incentive is recognized as a reduction of lease expense on a straight-line basis over the lease term or another systematic basis that better represents the pattern in which income is earned from the leased asset.

N. PROVISIONS

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of these cash flows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, an only when, it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

O. FINANCIAL LIABILITIES

i. Financial liabilities

Financial liabilities are measured initially at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

ii. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid is recognized in profit or loss.

P. EMPLOYEE BENEFITS

Employee benefits are determined based on current salaries and in proportion to the services rendered. The related liability is recognized as the benefits accrue. These benefits consist mainly of employee profit sharing, the cost of compensated absences, such as paid annual leave and vacation premiums, and incentives.

The liability for seniority premiums is recognized in accordance with IAS 19 based on actuarial valuations performed at the end of each reporting period. Actuarial gains and losses are recognized in other comprehensive income so that the net pension liability reported in the consolidated statement of financial position reflects the real value of the deficit in the plan. Past service cost is recognized immediately in the income statement and unamortized past service cost is recognized in profit or loss.

The cost of retirement benefits is determined using the projected unit credit method.

Employee profit sharing is recognized in profit or loss of the year it is incurred and is presented as part of cost of sales, administrative expenses or selling expenses in the consolidated income statement.

Q. INCOME TAX

Income tax expense is the aggregate amount of current year tax and deferred tax.

Current year income tax

Current year tax is the Company's income tax expense for the year and it is recognized in the income statement.

Deferred income tax

Deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts of assets and liabilities shown in the balance sheet and their values for purposes of calculating the Company's taxable income, applying the appropriate income tax rate for these differences, and when applicable, the carryforward of unused tax losses and certain unused tax credits. Deferred tax assets or liabilities are recognized for all temporary differences, with certain exceptions. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are not recognized when the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The Company recognizes a deferred tax liability for all taxable temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, but only to the extent that the Company is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future. Deferred tax assets arising from temporary differences associated with investments in these investments and interests are recognized only to the extent that that it is probably that sufficient taxable profit will be available to allow that deferred tax asset to be utilized.

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

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

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current year and deferred taxes

Current year and deferred tax is recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from: (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity; or (b) a business combination. For business combinations, the tax effect is included in the recognition of the business combination.

R. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

S. TRANSACTIONS IN FOREIGN CURRENCY

The Company's functional currency is the Mexican peso. Transactions in foreign currency are recognized at the prevailing exchange rate on the day of the related transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Mexican pesos using the prevailing exchange published in the official Gazette at the reporting date. Foreign currency gains and losses are recognized in profit or loss or other comprehensive income.

T. RESERVE FOR SHARE BUYBACKS

In accordance with the Securities Market Act, the Company has created a reserve for share buybacks funded through retained earnings in an effort to improve the performance of its shares on the Mexican Stock Exchange. The shares acquired and temporarily removed from the market are retained by the Company as treasury shares.

U. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Since the Company has no dilutive potential shares, its diluted earnings per share is the same as its basic earnings per share.

5. Significant accounting judgments, estimates and assumptions

In the process of applying the Company's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the period of the change and future periods if the change affects both.

A. CRITICAL ACCOUNTING JUDGMENTS

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

- **Litigation contingencies**
  As discussed in Note 23, the Company is party to a number of pending litigations and in the opinion of Company's legal advisors, it has a good chance of winning these cases. As a result of this expectation, the Company has determined that it is not probable, as defined in IFRS, that an outflow or resources embodying economic benefits will be required to settle the obligation, and it has therefore not recognized any provisions for the lawsuits.

B. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

- **Useful life estimates**
  As mentioned in Note 4f, the Company reviews the useful lives of its property, plant and equipment at each financial year-end and adjusts them prospectively, if appropriate. Changes in these estimates could have a significant effect on the Company's consolidated statement of financial position and statement of income and comprehensive income.

- **Allowance for doubtful accounts**
  For trade receivables, the Company uses estimates to determine the allowance for doubtful accounts, for which it periodically assesses them for impairment based on an analysis of the risk of uncollectibility of past-due accounts that are more than a year old. This analysis is performed by a credit committee composed of the general director, the finance director, the sales director, and the credit and collection managers of the cement and concrete divisions The Company performed an analysis of collectability at the balance sheet date.

- **Environmental provision**
  The Company determines the cost of rehabilitating the quarries from which it extracts the raw materials it needs for its cement production considering its obligations under current law. To determine the amount of this obligation, a site rehabilitation study is performed by an independent specialist taking into account the Company's obligations under the relevant legislation. This provision is recognized in accounting based on the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

- **Provision for labor obligations**
  The cost of the present value of labor obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

  The parameter most subject to change is the discount rate. The discount rate is determined using the long-term government bond yield curve considering the duration of the bonds, as established in the relevant accounting standards.

  The mortality rate is based on publicly available mortality tables for Mexico.

  Future salary increases are based on expected future inflation rates for Mexico.

  The Company based its assumptions and estimates on the parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

6. Non-cash transactions

The Company acquired equipment under finance leases in the amount of Ps. 22,629 and Ps. 2,381 in 2015 and 2014, respectively. This non-cash investment activity is not reflected in the consolidated statements of cash flows.

On October 31, 2015, a section of the land available for sale located in Jiutepec, Morelos valued at Ps. 34,846 was sold by the subsidiary Proyecto Terra Moctezuma, S.A. de C.V. to the subsidiary Latinoamericana de Concertos, S.A. de C.V. This non-cash investment transaction was eliminated in the consolidated financial information and is therefore not reflected in the consolidated statements of cash flows. The Company's legal area is currently seeking third-party buyers for the rest of the land.

7. Cash and Cash Equivalents

The Company has cash and cash equivalents in Mexican pesos, which is its functional currency, as well as in foreign currencies, specifically euros and U.S. dollars, which are invested in Mexican, U.S. and Spanish financial instruments with maturities of less than three months. Is integrated as follows:

	2015	**2014**
Cash and cash in banks	**Ps. 974,198**	Ps. 221,981
Mexican Treasury Certificates (CETES)	**308,100**	656,451
Certificates of deposit	**21,761**	18,501
European certificates of deposit	**-**	26,207
Bank paper	**1,667,622**	850,100
Total	**Ps.2,971,681**	Ps. 1,773,240

8. Accounts Receivables

An analysis of the Company's accounts receivables in Mexican pesos and foreign currency is integrated as follows:

	2015	**2014**
Accounts receivables	**Ps. 1,370,583**	Ps. 1,461,215
Allowance for doubtful accounts	(118,122)	(105,240)
	Ps. 1,252,461	Ps. 1,355,975

Accounts receivables are measured at amortized cost.

The average credit term on the Company's sales is 60 days. The Company charges no interest on outstanding accounts, since the Company gives appropriate follow-up on collections of past-due balances based on their aging and in this way it promptly identifies doubtful accounts. The Company's lawyers are informed of any past-due balances identified as likely uncollectible in order for the lawyers to seek collection through the court.

In order to manage the credit risk in its accounts receivable, the Company has adopted a policy of only engaging in transactions with solvent counterparties and obtaining sufficient guarantees from those counterparties. As a result, it takes steps to examine and subsequently select potential customers based on their creditworthiness and financial stability. It assigns credit limits and obtains guarantees in the form of debt instruments, lists of assets, collateral and mortgage guarantees that are duly supported by either the counterparty's legal representative or a third-party guarantor.

The collateral and mortgage guarantees that the Company receives are usually represented by properties. As at December 31, 2015, none of the accounts receivable of the concrete division are secured and as at December 31, 2014, Ps. 5,396 of the total accounts receivable of this division are secured. For the cement division, Ps. 60,000 and Ps. 79,000 of the accounts receivable are secured as at December 31, 2015 and 2014, respectively.

As at December 31, 2015 and 2014, the concrete division has approximately 3,960 and 3,983 customers, respectively, and there is therefore no concentration of credit risk in this division. As at December 31, 2015 and 2014, the cement division has approximately 1,250 and 1,300 customers, respectively; however, 80% of the total accounts receivable of this division are concentrated respectively in 750 and 800 customers as at December 31, 2015 and 2014.

A. AGING OF TRADE RECEIVABLES THAT ARE PAST-DUE BUT NOT IMPAIRED

	2015	2014
1-60 days	**Ps. 87,315**	Ps. 87,257
61-90 days	**25,487**	20,238
91-180 days	**35,547**	42,902
More than 180 days	**301,480**	377,324
Total	**Ps. 449,829**	Ps. 527,721
Average aging (days)	**33**	43

The Company calculates the aging of accounts receivables using a sales depletion system, which differs from the commonly used formula, since the traditional approach is based on average annual income and accounts receivable, while under the Company's sales depletion approach the aging of accounts receivables is calculated based on layers of sales until the balance of the portfolio is reduced to zero.

B. MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS

	2015	2014
Balance at beginning of year	**Ps. 105,240**	Ps. 99,928
Write off of amounts deemed uncollectible during the year	**(9,896)**	(33,921)
Impairment losses recognized on accounts receivable	**22,778**	39,233
Balance at end of year	**Ps. 118,122**	Ps. 105,240

To determine the recoverability of a trade receivable, the Company considers changes in the credit quality of each account from the time the credit was granted until the end of the reporting period. The concentration of credit risk in the Company's trade receivables is limited by the fact the Company has a broad customer base that is geographically diverse. The credit limits assigned to customers are reviewed continually on a case-by-case basis.

9. Inventories

Inventories integration:

	2015	2014
Finished products	**Ps. 58,415**	Ps. 64,740
Production in process	**92,511**	133,489
Raw materials	**58,015**	42,864
Spare parts and production materials	**362,085**	369,524
Fuel	**87,824**	55,509
Allowance for obsolete and slow-moving inventories	**(632)**	(3,899)
	658,218	662,227
Merchandise in transit	**101,538**	84,660
Total	**Ps. 759,756**	Ps. 746,887

An analysis of changes in the allowance for obsolete and slow-moving inventories is as follows:

	2015	2014
Opening balance	**Ps. 3,899**	Ps. 2,784
Increase in the allowance	**6,529**	1,115
Charges to the allowance	**(9,796)**	0
Ending balance	**Ps. 632**	Ps. 3,899

10. Property, Plant and Equipment, net

The carrying amounts of property, plant and equipment at the beginning and end of 2015 and 2014 are as follows:

	Balance as at December 31 2014	Additions	Disposals	Transfers	Balance as at December 31, 2015
Cost:					
Buildings	**Ps. 2,338,000**	**Ps. 4,161**	**Ps. (3,600)**	**Ps. 33,374**	**Ps. 2,371,935**
Machinery and equipment	7,846,306	37,358	(253,171)	204,127	7,834,620
Automotive equipment	18,216	8,655	(1,454)	704	26,121
Equipment acquired through finance leases	29,020	22,629	(280)	(152)	51,217
Computer equipment	84,125	47	(18,469)	0	65,703
Office furniture and equipment	36,665	0	(391)	321	36,595
Construction in process	546,355	654,130	0	(348,214)	852,271
Land	648,091	53,629	0	84,980	786,700
Total	**Ps.11,546,778**	**Ps.780,609**	**Ps. (277,365)**	**Ps. (24,860)**	**Ps.12,025,162**

	Balance as at December 31, 2014	Depreciation expense	Fully depreciated	Transfers	Balance as at December 31, 2015
Depreciation:					
Buildings	**Ps. (960,970)**	**Ps.(104,847)**	**Ps. 690**	**Ps. 0**	**Ps. (1,065,127)**
Machinery and equipment	(4,192,551)	(363,128)	245,340	(11,883)	(4,322,222)
Automotive equipment	(28,318)	(1,249)	1,207	10,654	(17,706)
Equipment acquired through finance leases	(16,277)	(8,835)	280	0	(24,832)
Computer equipment	(80,125)	(1,660)	18,469	0	(63,316)
Office furniture and equipment	(26,130)	(1,876)	391	1,229	(26,386)
Total	**Ps. (5,304,371)**	**Ps.(481,595)**	**Ps. 266,376**	**Ps. 0**	**Ps. (5,519,589)**
Net investment	**Ps. 6,242,407**	**Ps.299,014**	**Ps. (10,988)**	**Ps. (24,860)**	**Ps. 6,505,573**

	Balance as at January 1, 2014	Additions	Disposals	Transfers	Balance as at December 31, 2014
Costo:					
Buildings	**Ps. 2,234,326**	**Ps. 660**	**Ps. 0**	**Ps. 103,014**	**Ps. 2,338,000**
Machinery and equipment	7,876,142	46,116	(69,984)	(5,968)	7,846,306
Automotive equipment	19,845	152	(1,781)	0	18,216
Equipment acquired under finance leases	27,327	2,381	(639)	(49)	29,020
Computer equipment	84,111	14	0	0	84,125
Office furniture and equipment	36,665	0	0	0	36,665
Construction in process	451,140	285,829	(1,170)	(189,444)	546,355
Land	531,571	21,027	0	95,493	648,091
Total	**Ps. 11,261,127**	**Ps. 356,179**	**Ps. (73,574)**	**Ps. 3,046**	**Ps.11,546,778**

	Balance as at January 1, 2014	Depreciation expense	Fully depreciated	Transfers	Balance as at December 31, 2014
Depreciación:					
Buildings	**Ps. (858,893)**	**Ps. (102,077)**	**Ps. 0**	**Ps. 0**	**Ps. (960,970)**
Machinery and equipment	(3,869,473)	(361,366)	38,288	0	(4,192,551)
Automotive equipment	(28,702)	(1,269)	1,653	0	(28,318)
Equipment acquired under finance leases	(8,021)	(8,895)	639	0	(16,277)
Computer equipment	(78,288)	(1,837)	0	0	(80,125)
Office furniture and equipment	(24,052)	(2,078)	0	0	(26,130)
Total	**Ps.(4,867,429)**	**Ps. (477,522)**	**Ps. 40,580**	**Ps. 0**	**Ps. (5,304,371)**
Net investment	**Ps. 6,393,699**	**Ps. (121,342)**	**Ps. (32,994)**	**Ps. 3,046**	**Ps. 6,242,407**

The useful lives applied by the Company are as follows:

	Average depreciation rates
Buildings	5.00%
Machinery and equipment	5.00% a 7.00%
Automotive equipment and automotive equipment under finance lease	25.00%
Computer equipment	33.30%
Office furniture and equipment	10.00%
Assembly and installation	10.00%
Intangible assets	33.33%

11. Finance Leases

The amounts due under finance leases as at December 31, 2015 and 2014 are as follows:

	2015	2014
Finance lease for vehicles denominated in Mexican pesos with GE Capital CEF México, S. de R.L. de C.V., bearing average annual interest of 9.30%	**Ps. 0**	Ps. 14,029
Finance lease for vehicles denominated in Mexican pesos with Element Fleet Management Corporation México S.A. De C.V. , bearing average annual interest of 8.04%	**29,106**	0
Finance lease for vehicles denominated in Mexican pesos with Facileasing S.A. de C.V., bearing average annual interest of 6.71%	**1,267**	0
Total finance leases	**Ps. 30,373**	Ps. 14,029
Short-term portion of finance leases	**11,054**	8,095
Long-term portion of finance leases	**Ps. 19,319**	Ps. 5,934

An analysis of the long-term portion of finance leases is as follows:

	2015
2017	**Ps. 8,020**
2018	6,757
2019	4,369
2020	173
Total	**Ps.19,319**

12. Other Accounts Payable and Accrued Liabilities

The balances contained in the caption other accounts payable and liabilities are as follows:

	2015	2014
Trade advances	**Ps. 248,302**	Ps. 148,291
Related party payables (Note 15)	**6,365**	7,403
Expense provisions	**69,966**	48,791
Sundry creditors	**28,615**	42,204
Labor liabilities and bonuses	**26,639**	22,400
Losses of joint venture	**28,296**	19,171
Total	**Ps. 408,183**	Ps. 288,260

13. Employee Benefits

In 2015 and 2014, the Company has a provision that covers its obligation related to the payment of seniority premiums, which consists of a one-time payment equal to 12-days' salary for each year worked calculated based on the employee's final monthly salary (capped at twice the legal minimum daily wage established in the Federal Labor Law). The related liability and the annual cost of benefits are calculated by an independent actuary using the projected unit credit method.

The principal assumptions used in the actuarial valuations are as follows:

	2015	2014
Discount rate	**6.50%**	6.50%
Salary increase rate	**5.50%**	5.50%

The amounts recognized in the income statement for the seniority premium provision in 2015 and 2014 are:

	2015	2014
Current year service cost	**Ps. 1,052**	Ps. 926
Interest cost	**604**	529
Net periodic benefit cost	**Ps. 1,656**	Ps. 1,455

	2015	2014
Actuarial gain/(loss)	**Ps. 266**	Ps. (191)
Deferred income tax	**(80)**	58
Defined benefit cost items in other items	**Ps. 186**	Ps. (133)

The amount recognized in the statement of financial position in respect of the Company's obligation regarding the seniority premiums for 2015 and 2014 is as follows:

	2015	2014
Present value of defined benefit obligation for seniority premium	**Ps. 10,320**	Ps. 9,441
Net liability generated by seniority premium	**Ps. 10,320**	Ps. 9,441

An analysis of changes in the present value of the seniority premium provision in 2015 and 2014 is as follows:

	2015	2014
Opening balance of defined benefit obligation	**Ps. 9,441**	Ps. 8,482
Current year service cost	**1,052**	926
Interest cost	**604**	529
Actuarial (gain)/loss	**(266)**	191
Benefits paid	**(511)**	(687)
Ending balance of defined benefit obligation	**Ps. 10,320**	Ps. 9,441

The sensitivity analyses described below consider reasonable potential changes in the respective assumptions at the end of the reporting period, with all other assumptions remaining constant.

If the discount rate had been 1% higher and all other variables had remained constant, the Company's equity and consolidated comprehensive income for the years ended December 31, 2015 and 2014 would have increased by Ps. 898 and Ps. 883, respectively.

A decrease of 1% with all other variables held constant would have resulted in a decrease in the Company's equity and consolidated comprehensive income for the years ended December 31, 2015 and 2014 of Ps. 1,123 and Ps. 1,112, respectively.

This sensitivity analysis may not reflect a real change in the seniority premium, since it is unlikely that changes in assumptions would occur on an isolated basis.

In the sensitivity analysis described above, the present value of seniority premiums is calculated using the projected unit credit method at the end of the reporting period, which is the same method applied to calculate the liability for seniority premiums recognized in the statement of financial position.

There were no changes in the methods or assumptions considered in the sensitivity analyses of prior years.

14. Foreign Currency Balances and Transactions

A. The Company's foreign currency position as at December 31, 2015 and 2014 is as follows:

	2015	2014
Thousands of U.S. dollars:		
Monetary assets	**USD 27,052**	USD 2,195
Monetary liabilities	**(6,650)**	(5,659)
Long/(short) position	**USD 20,402**	USD (3,464)
Thousands of euros		
Monetary assets	**€ 18,703**	€ 2,660
Monetary liabilities	**(2,522)**	(3,071)
Long/(short) position	**€ 16,181**	**€ (411)**

B. In the years ended December 31, 2015 and 2014, the Company performed the following transactions in foreign currency that were translated and stated in Mexican pesos using the prevailing exchange rate at the date of each transaction:

	2015	2014
	(In thousands of U.S. dollars)	
Interest income	**USD 1**	USD 1
Purchases	**86,671**	66,163
	(In thousands of euros)	
Interest income	**€ 1**	€ 11
Purchases	**13,252**	4,935

C. The peso to currency exchange rates at the date of the consolidated financial statements and at the date the statements were issued were as follows:

	As at December 31, 2015	2014	As at February 4, 2016
U.S. dollar	**Ps. 17.3398**	Ps. 14.7348	Ps. 18.1891
Euro	**Ps. 18.8484**	Ps. 17.8306	Ps. 20.3190

15. Related Party Balances and Transactions

A. COMMERCIAL TRANSACTIONS

An analysis of transactions carried out with related parties in the normal course of the Company's operations is as follows:

	2015	2014
Expenses for services received	**Ps. 19,774**	Ps. 22,142
Purchase of fixed assets	**1,683**	7,489

Balances receivable and payable with related parties that are presented as part of other accounts receivable and other accounts payable in the statement of financial position are as follows:

	2015	2014
Payable		
Buzzi Unicem S.p.A.	**Ps. 2,972**	Ps. 3,903
Promotora Mediterránea-2, S.A.	**1,884**	1,928
Cemolins Internacional S.L.	**1,509**	1,572
	Ps. 6,365	Ps. 7,403

B. LOANS TO RELATED PARTIES

The Company has granted a short-term loan to the joint venture that bears interest at a rate that is comparable to standard commercial interest rates:

	2015	2014
Loan to CYM Infraestructura, S.A.P.I. de C.V. (CYM Joint venture)	**Ps. 97,897**	Ps. 170,863

Due to their immateriality, the balance receivable from the related party and the loan granted to CYM are presented as part of other accounts receivable from related parties and are included in other accounts receivable.

C. COMPENSATION OF KEY MANAGEMENT PERSONNEL

An analysis of compensation paid to the Company's Directors and other senior executives during the period is as follows:

	2015	2014
Short-term employee benefits	**Ps. 46,359**	Ps. 36,477
Total	**Ps. 46,359**	Ps. 36,477

The compensation of the Company's Directors and senior executives is determined by the Executive Committee based on the individual performance of each executive and market trends.

16. Financial Instruments

A. CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure that the Company is able to continue as a going concern. The Company's policy it to not contract long-term debt, except for certain finance leases whose amounts are immaterial for its financial position taken as a whole. The Company is not subject to any external affecting its capital management.

Company management periodically reviews the Company's capital structure at the time it presents the financial projections included in its business plan to the Company's Board of Directors and shareholders.

	2015	2014
Finance leases	**Ps. 30,373**	Ps. 14,029
Equity	**9,576,004**	8,477,125
	Ps. 9,606,377	Ps. 8,491,154
Gearing ratio	**0.32%**	0.17%
Finance leases	**Ps. 30,373**	Ps. 14,029
Operating cash flows	**3,605,274**	3,003,726
Gearing ratio	**0.84%**	0.47%

B. CATEGORIES OF FINANCIAL INSTRUMENTS

	2015	2014
Financial assets		
Cash and cash equivalents	**Ps. 2,971,681**	Ps. 1,773,240
Trade receivables and other accounts receivable	**1,414,428**	1,599,113
Financial liabilities		
Accounts payables	**Ps. 851,927**	Ps. 691,123
Short-term finance leases	**11,054**	8,095
Long-term finance leases	**19,319**	5,934

C. OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The role of the Company's treasury function is to manage the Company's financial resources and mitigate the financial risks associated with its operations using internal risk reports, which analyze the level and magnitude of the Company's exposure to risks. These risks include market risk (foreign currency and commodity prices), credit risk and liquidity risk.

The Company minimizes the potentially adverse effects of these risks on its financial performance through various strategies. The Company's bylaws prohibit the Company from contracting any type of financing. The internal auditors periodically evaluate the Company's compliance with its policies and exposure limits. The Company does not contract financial instruments for either speculative or hedging purposes.

D. MANAGEMENT OF FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk primarily through its purchases of materials and spare parts for its operations, which are paid for in foreign currencies (U.S. dollars and euros) and so give rise to accounts payable denominated in those currencies. The Company has investment policies that dictate the amounts of cash and cash equivalents that it needs to maintain in each currency, resulting in natural hedges against this risk. The Company's foreign currency position is shown in Note 14.

If the Mexican peso/U.S. dollar exchange rate had been 10% higher and all of the other variables had remained constant, the Company's equity and income after taxes as at December 31, 2015 and 2014 and for the years then ended would have increased and decreased by Ps. 35,377 and Ps. (5,104), respectively. A decrease of 10% under the same circumstances as described above would have respectively decreased and increased equity and income after taxes by the same amounts.

If the euro/Mexican peso exchange rate had been 10% higher and all of the other variables had remained constant, the Company's equity and income after taxes as at December 31, 2015 and 2014 and for the years then ended would have increased and decreased by Ps. 30,499 and Ps. (733), respectively. A decrease of 10% under the same circumstances as described above would have respectively decreased and increased equity and income after taxes by the same amounts.

E. MANAGEMENT OF INTEREST RATE RISK

The Company has no debt and it maintains investments in fixed-yield instruments. Interest under the Company's finance leases is at a fixed rate. In view of the above, the Company does not have significant exposure to interest rate risk.

F. MANAGEMENT OF COMMODITY PRICE RISK

One of the energy commodities that the Company consumes most is petcoke, which is subject to price changes. However, the Company is not exposed to any financial risk due to these price changes since it has no financial instruments in its statement of financial position that are subject to variability.

G. MANAGEMENT OF LIQUIDITY RISK

The Company does not have any significant long-term financial liabilities and it maintains significant balances of cash and cash equivalents, as shown in Note 7. The Company also periodically analyzes its cash flows and it maintains open lines of credit with banks and suppliers.

The maturities of the Company's finance leases are disclosed in Note 11. Given the high amounts of cash and cash equivalents that the Company maintains, no other disclosures are considered necessary.

H. MANAGEMENT OF CREDIT RISK

Credit risk is the risk that a counterparty will not meet its contractual obligations, leading to a financial loss for the Company. As mentioned in Note 8, the Company's policy is to only engage in transactions with solvent counterparties and, where appropriate, to obtain sufficient guarantees from those counterparties, as a way to mitigate its credit risk.

With respect to investments classified as cash equivalents, as indicated in Note 7, these investments are made in Mexican, U.S. and Spanish securities and accordingly, the credit risk surrounding these instruments is tied to the economic risk of these countries.

The Company's policy for managing the credit risk in its accounts receivable is described in Note 8.

17. Fair Value Measurement of Financial Instruments

Management believes that the carrying amount of the financial assets and liabilities recognized at amortized cost in the Company's consolidated financial statements approximates fair value, since these assets and liabilities are all settled in the short-term.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - Unobservable inputs for the asset or liability.

An analysis of the carrying amounts and fair values of the Company's financial assets and liabilities is as follows:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Assets measured at fair value:				
Cash and cash equivalents	**Ps. 2,971,681**	**Ps. 2,971,681**	Ps.1,773,240	Ps.1,773,240
Assets measured at amortized cost:				
Accounts receivable	**1,414,428**	**1,388,026**	1,599,113	1,573,007
Financial liabilities				
Liabilities measured at amortized cost:				
Accounts payables	**Ps. 851,927**	**Ps. 851,927**	Ps. 691,123	Ps. 691,123
Current portion of finance leases	**11,054**	**11,054**	8,095	8,095
Long-term finance leases	**19,319**	**19,319**	5,934	5,934

18. Derivative Financial Instruments

The Company's management has adopted the policy of not exposing the Company to risks that beyond its control, and for this reason the Company's policy is to refrain from contracting derivative financial instruments.

In accordance with article 104, section VI Bis, of the Securities Market Act, it may be concluded that as at December 31, 2015, the Company does not have any transactions with derivatives.

19. Income Tax

The Company is subject to the payment of income tax.

IThe Mexican Income Tax Law (MITL) establishes a corporate income tax rate of 30% for fiscal years 2015 and 2014 (and in subsequent years). Until 2013, the Company and its subsidiaries determined their income tax on a consolidated basis. Starting on January 1, 2014, the tax consolidation regime in Mexico was eliminated and under the MITL currently in effect, the Company and its subsidiaries are required to deconsolidate and remit the income tax that was deferred in the consolidation over five years beginning in 2014, as shown below.

In accordance with point d) of section XV of the ninth transitory article of the 2014 MITL and because the Company was the controlling company of the group until December 31, 2013 and at that time was subject to the tax payment schedule established in section VI of the fourth article of the transitory rules for the MITL published in the Official Gazette on December 7, 2009, and article 70-A of the 2013 MITL that was abolished, the Company is required to continue remitting the tax that was deferred in the consolidation in 2007 and prior years in accordance with the referred rules until the entire amount of the tax payable has been remitted.

An analysis of income tax recognized in the income statement is as follows:

	2015	2014
Current year income tax	**Ps. 1,260,681**	Ps. 899,351
Annual income tax from prior years	**500**	1,314
Deferred income tax	**(42,912)**	(91,521)
Flat-rate business tax from prior years	**-**	721
Total	**Ps. 1,218,269**	Ps. 809,865

A. DEFERRED TAX ASSETS AND LIABILITIES

Income tax – The main items that gave rise to the deferred income tax liability are as follows:

	2015	2014
(Liability)/asset:		
Income tax on tax losses of subsidiaries	**Ps. 104,942**	Ps. 104,942
Inventories	**(101,574)**	(105,380)
Property, plant and equipment and intangibles	**(1,078,622)**	(1,186,248)
Trade advances	**81,685**	46,035
Provisions and reserves	**51,908**	104,951
Prepaid expenses	**(5,365)**	(4,765)
Tax losses of subsidiaries	**(152,369)**	(101,762)
Total	**Ps. (1,099,395)**	Ps. (1,142,227)

To determine its deferred income tax as at December 31, 2015 and 2014, the Company applied the income tax rate that will be in effect when the temporary differences giving rise to deferred taxes are expected to reverse.

B. TAX CONSOLIDATION

i. The income tax liability as at December 31, 2015 corresponding to the tax consolidation will be remitted as follows:

Year	Amount
2016	Ps. 1,707
Total	**Ps. 1,707**

ii. The income tax liability as at December 31, 2015 corresponding to the effects of the tax deconsolidation will be remitted as follows:

Year	Amount
2016	Ps. 16,908
2017	12,682
2018	12,682
Total	**Ps. 42,272**

iii. A reconciliation of the statutory income tax rate and the effective rate expressed as a percentage of pretax income is as follows:

	2015	2014
Statutory income tax rate	**30.00%**	30.00%
Plus/(less):		
Effects of inflation	**-0.60%**	-1.33%
Labor liabilities	**0.00%**	1.45%
Others	**0.48%**	-1.57%
Effective income tax rate	**29.88%**	28.55%

20. Equity

A. CONTRIBUTED CAPITAL

An analysis of share capital as at December 31, 2015 and 2014 is as follows:

	Shares	Amount
FIXED		
Common registered shares (with no par value)	80,454,608	Ps. 15,582
VARIABLE		
Common registered shares (with no par value)	804,432,688	155,795
Total shares	**884,887,296**	**171,377**
Treasury shares	(4,575,500)	-
Total outstanding shares	**880,311,796**	**Ps. 171,377**

B. EARNED CAPITAL

- At a regular shareholders' meeting held on April 17, 2015, the shareholders approved the payment of a dividend of Ps. 880,312, equal to one Mexican peso per share, to be paid from the balance of the Company's Net taxed profits account (CUFIN).
- At a regular shareholders' meeting held on November 25, 2015, the shareholders approved the payment of a dividend of Ps. 880,312, equal to one Mexican peso per share, to be paid from the balance of the Company's Net taxed profits account (CUFIN).
- At a regular shareholders' meeting held on April 1, 2014, the shareholders approved the payment of a dividend of Ps. 880,312, equal to one Mexican peso per share, to be paid from the balance of the Company's Net taxed profits account (CUFIN).
- At a regular shareholders' meeting held on November 26, 2014, the shareholders approved the payment of a dividend of Ps. 880,312, equal to one Mexican peso per share, to be paid from the balance of the Company's Net taxed profits account (CUFIN).

The Company's legal reserve is included in its retained earnings. In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Company is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason. The legal reserve as at December 31, 2015 and 2014 is Ps. 130,024.

Except for earnings distributed from the Restated contributed capital account (CUCA) and the Net taxed profits account (CUFIN), dividends will be subject to the payment of corporate income tax at the statutory rate at that time. Income tax paid on dividends may be credited against income tax payable (annual or in prepayments) in the year of payment or either of the two immediately subsequent years.

The balances of the Company's stockholders' equity tax accounts are:

	2015	2014
Consolidated restated contributed capital account (CUCA)	**Ps.1,958,044**	Ps.1,917,208
Consolidated net taxed profits account (CUFIN)	**3,128,194**	2,849,551
Total	**Ps.5,086,238**	Ps.4,766,759

21. Costs and Expenses based on their Nature

An analysis of the cost of sales, selling expenses, administrative expenses and other operating expenses (income) recognized in the Company's consolidated income statement is as follows:

	2015	2014
Cost of sales:		
Raw materials, freight, fuel and maintenance	**Ps. 4,681,239**	Ps. 4,330,221
Depreciation and amortization	**465,565**	468,195
Other costs	**1,277,904**	1,064,317
Total	**Ps. 6,424,708**	Ps. 5,862,733

	2015	2014
Selling and administrative expenses:		
Wages, benefits and fees	**Ps. 276,205**	Ps. 264,913
Depreciation and amortization	**24,495**	23,832
Other expenses	**212,026**	228,446
Total	**Ps. 512,726**	Ps. 517,191

	2015	2014
Other operating expenses/(income):		
Inflation restatement and surcharges on tax difference	**Ps. (1,831)**	Ps. 312
Sundry debtors provision	**30,963**	20,152
Clearing and adjusting of accounts	**17,092**	1,286
Provisions and expenses in fixed assets	**9,771**	-
Loss on sale of fixed assets and other assets	**5,743**	13,127
Insurance recovery	**(5,760)**	(42,169)
Others	**17,113**	3,356
Total	**Ps. 73,091**	Ps. (3,936)

22. Segment Information

The Company identifies its operating segments based on internal reports regarding the Company's various components, which are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segments and evaluate their performance.

The Company's activities are grouped into three main business segments: Cement, Concrete and Corporate.

The tables below show financial information by business segment based on management's approach. Intersegment transactions have been eliminated. The Company's reportable segments in accordance with IFRS 8, Operating Segments, are as follows:

2015	Net sales	Total assets	Equity investments	Depreciation and amortization
Cement	**Ps. 8,704,153**	**Ps. 10,535,623**	**Ps. 598,610**	**Ps. 429,685**
Concrete	**2,321,640**	**1,415,127**	**161,805**	**62,721**
Corporate	**516**	**67,615**	**20,195**	**3,755**
Total	**Ps.11,026,309**	**Ps. 12,018,365**	**Ps. 780,610**	**Ps. 496,161**

2014	Net sales	Total assets	Equity investments	Depreciation and amortization
Cement	Ps. 7,244,558	Ps. 9,283,155	Ps. 219,494	Ps. 428,205
Concrete	1,941,694	1,359,325	135,577	60,207
Corporate	129	55,261	1,111	3,615
Total	Ps. 9,186,381	Ps.10,697,741	Ps. 356,182	Ps. 492,027

23. Contingencies

A. The tax authority has determined a tax liability of Ps. 118,292 against Corporación Moctezuma, S.A.B. de C.V. dating back to fiscal year 2005 due to its rejection of certain deductions of various expenses related to the construction of a cement production line, since the tax authority concluded that these expenses are investments in accordance with accounting standards that should be deducted for tax purposes in accordance with the rates and terms established in the Mexican Income Tax Law.

The Company's legal advisors believe that there is a high probability that the Company will win its lawsuit against this tax liability.

The ruling on this tax liability was contested through an appeal for reconsideration filed with the tax authority on August 21, 2013. However, since three months went by without the Company having received a ruling on the appeal for reconsideration, on May 28, 2015, the Company filed a nullity suit with the Federal Tax and Administrative Court against the tacit denial that was deemed to have occurred due to the authority's failure to rule on the appeal for reconsideration.

The nullity suit was turned over to the Fifth Chamber of the Federal Tax and Administrative Court and this court instructed the tax authority to submit a response to the complaint communicating the reasons for its denial. The tax authority submitted its response to the complaint on December 2015. The Company is currently in the process of preparing and filing a document amending the nullity suit in order to contest the grounds put forward by the authority.

B. The Company was notified by the Treasury of the Municipality of Tlaltizapan of a tax liability of Ps. 544,722 filed against it for unpaid fees for permits to use explosives. The Company considers this tax liability invalid and has filed an administrative appeal for reconsideration against it with the Tax Administration Service for this agency's alleged violations of the National Tax Coordination System. Management believes there is a high likelihood of the Company winning these appeals. The Company pledged several of its assets in guarantee of the tax debt.

C. The Company is party to various litigations that have arisen in the normal course of its business. The outcome of these lawsuits is uncertain and there is a possibility that the Company may lose the cases. Although it is not possible to quantify the potential losses for the Company, management believes that any resulting liability will not have a significant effect on the Company's financial position or on its operating results.

24. Operating Leases

A. LEASE AGREEMENTS

The Company has operating leases for land, property, machinery, computer equipment and office equipment. Lease agreements are reviewed at the end of the lease term. The Company does not have the option of acquiring the leased property and equipment at the end of the lease term.

Payments recognized as expenses:

	2015	2014
Average monthly payments	**Ps. 3,808**	Ps. 3,384
Annual cost	**45,693**	40,608

B. COMMITMENTS UNDER OPERATING LEASES

An analysis of the annual payments established in the Company's operating leases with terms of more than one year is as follows:

Year agreed	Amount
2016	Ps. 13,353
2017- 2019	7,563
Total agreed payments	**Ps. 20,916**

The Company is subject to contractual penalties for its failure to meet the obligations established in its lease agreements. These penalties are determined based on the terms and conditions of each agreement. As at 31 December 2015 and 2014, management is not aware of any failure by the Company to comply with the terms and conditions established in these agreements that would give rise to any contractual penalties, and the statement of financial position therefore does not include any liabilities related to these commitments.

25. Joint Ventures

The Company indirectly holds equity interest in the following joint venture through its subsidiary Latinoamericana de Concreto, S.A. de C. V.:

Joint venture	Activity	Location of incorporation	Interest and voting rights held by the Company (50%)	
			2015	2014
CYM Infraestructura, S.A.P.I de C.V.	Construction of streets, highways, roads and bridges	Mexico, City, Mexico	**Ps. 0**	Ps. 0

This Company recognizes its interest in this joint venture in its consolidated financial statements using the equity method.

A summary of the information on the joint venture is provided below. The financial information highlights shown are the amounts included in the Company's financial statements prepared under IFRS:

	2015	2014
Current assets	**Ps. 42,676**	Ps. 88,733
Non-current assets	**Ps. 36,500**	Ps. 63,039
Current liabilities	**Ps. 154,923**	Ps. 205,247

The assets and liabilities indicated above include the following:

	2015	2014
Cash and cash equivalents	**Ps. 596**	Ps. 233
Current financial liabilities (not including accounts payable to suppliers, other accounts payable and provisions)	**Ps. 139,636**	Ps. 191,435

	2015	2014
Sales	**Ps. 331,856**	Ps. 286,354
Net loss of the year	**Ps. (18,250)**	Ps. (18,318)

The net loss indicated above includes the following:

	2015	2014
Depreciation	**Ps. 29,459**	Ps. 25,572
Interest expense	**Ps. 10,831**	Ps. 12,894
Income tax (benefit)	**Ps. (4,023)**	Ps. (10,677)

26. Basic Earnings per Share

The profit and the average weighted number of ordinary shares used to calculate basic earnings per share are as follows:

	2015	2014
Profit for the year attributable to equity holders of the parent	**Ps. 2,859,636**	Ps. 2,029,733
Weighted average number of outstanding shares (thousands of shares)	**880,312**	880,312
Basic earnings per ordinary share, equity holders of the parent	**Ps. 3.25**	Ps. 2.31

Since the Company has no dilutive potential shares, its diluted earnings per share is the same as its basic earnings per share.

27. Authorization of the Consolidated Financial Statements

On February 4, 2016, the accompanying financial statements were authorized for by the Company's Board of Directors and Audit Committee, for their issue and subsequent approval by the Board of Directors and shareholders, who have the authority to modify the Company's financial statements in accordance with Mexican Corporations Act. Accordingly, the accompanying financial statements do not include any information on events occurring after that date.

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Ordinarias

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S.A.B. de C.V.

Ticker Symbol
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