the power of oneness

elementia

an integrated platform for building materials

Elementia embodies an integrated group of Divisions to build an unrivaled, one-stop vendor platform for the building materials sector, that promotes sustainable and profitable growth driven by synergies and cross-selling among its companies and brands, and a unique distribution network.

cement

Through our premium brand Fortaleza we offer the best-quality cement in the Mexican market. In just a couple of years, Fortaleza has positioned itself as the brand of choice of the self-construction market in the country playing in the highest quartile of pricing.

metal products

We transform copper to manufacture, commercialize, and distribute copper and copper-alloy products for the construction sector in Latin America, through our widely-recognized brands Nacobre and Cobrecel. Through innovation we have improved our product portfolio aiming constantly for more value added products.

building systems

We offer a wide portfolio of light building products increasingly used for vertical and lightweight construction, including sidings, tiles, architectural panels, roofing, and paints, with strong brands and regional presence in nine countries in the Americas from the U.S. through Peru.

Oneness is just about that, the power of togetherness and what can be achieved when we join forces, resulting not only in a greater outcome, but a unique and more valuable offer.

As a shoal of consolidated, profitable and strong brands, Elementia encompasses very carefully chosen companies to build an unrivaled, harmonious and well-balanced product portfolio, that promotes growth.

Because Elementia is just about that: harmony, equilibrium, unity and uniqueness, the Company represents and brings to life the ***Power of Oneness***:

1 one company

1 one platform

1 one strategy

1 one commitment

Financial highlights
and relevant events

Financial highlights

Elementia S.A.B. de C.V.,
Ps. million as of December 31,
2015 and 2014.

	2015	2014	change
Net sales	16,974	15,331	11%
Gross profit	4,456	3,648	22%
Consolidated net income	12	529	(98%)
Operating income	1,849	1,603	15%
EBITDA	3,002	2,675	12%
Total assets	30,217	28,279	7%
Cash and cash equivalents	3,103	3,193	(3%)
Receivables	2,336	2,144	9%
Inventories	2,881	2,471	17%
Others current assets	1,388	1,184	17%
Long-term assets	20,509	19,287	6%
Total liabilities	14,350	16,672	(14%)
Current liabilities	3,950	7,426	(47%)
Long-term liabilities	10,386	9,246	12%
Consolidated shareholders' equity	15,867	11,607	37%
Total minority interest	64	51	25%
Total majority interest	15,803	11,556	37%

cotiza en Bolsa Mexicana

ELEMENT

SUCCESSFUL IPO

July 2015: Completion of a successful IPO in the Mexican Stock Market, placing 231.2 million shares including the over-allotment. The main use of the proceeds is the Cement capacity expansion.

RELOCATION

September 2015: Start of relocation and expansion project of Peru's plastic roofing operations.

MANAGEMENT CHANGES

January 2015: Jaime Rocha Font is appointed President for the Cement Division.
February 2015: Fernando Ruiz Jacques becomes Chief Executive Officer of Elementia.
March 2016: Juan Francisco Sánchez Kramer is appointed Chief Financial Officer of Elementia.

BOND PAYMENT

October 2015: Execution of payment of the domestic Ps. 3.0 billion Bond (CEBUR) at due date.

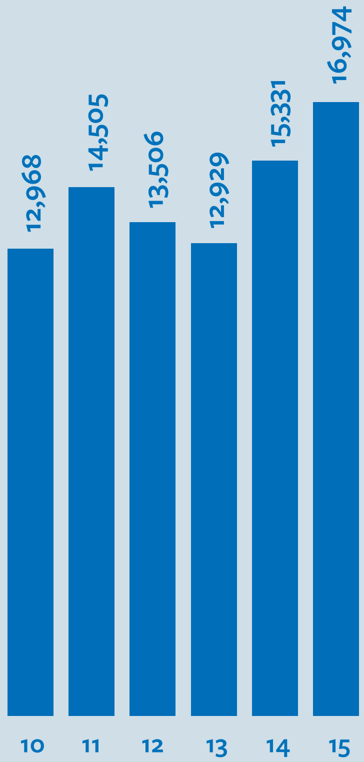
US$225 million

to acquire Lafarge's 47% stake in Cementos Fortaleza; the first payment representing 80% was done in December 2014 and, the second and last payment, in **December 2015.**

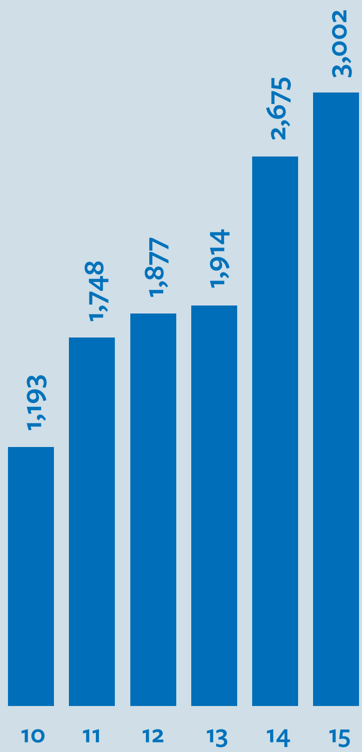
CEMENT EXPANSION

May 2015: Beginning of the US$250 million capacity expansion project to increase 1.5 million tons of installed capacity, in order to reach 3.5 million tons. The turnkey EPC contract was signed in August 2015.

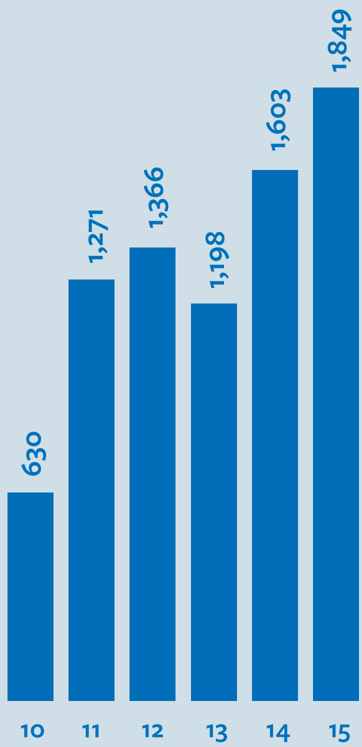
net sales
Ps. million



EBITDA
Ps. million



operating income
Ps. million



5.5%
CAGR 2010-15

20.3%
CAGR 2010-15

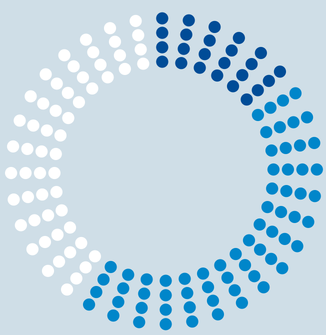
24.0%
CAGR 2010-15

US$200
million credit line increase

November 2015: Elementia rolled its committed revolving facility increasing it from US$300 to US$500 million dollars and reduced the interest rate in more than 100 bps

August 2015:
Beginning of the automatization of the Central America operations of the Building Systems Division.

sales
% by division



EBITDA
% by division

Cement Metals Building Materials

Message to our shareholders

A key driver of our past, current and future success is the Company's carefully thought out corporate strategy *The Power of Oneness*.

Dear Fellow Shareholders,

It is a great privilege to report on Elementia's achievements for 2015. The Company's three main divisions—Cement, Metal Products and Building Systems—all posted top line growth and have taken important steps to position themselves for even better results for 2016 and beyond. As we analyze our performance against a broad spectrum of measures, including growth, quality, risk management, marketing, collaboration, operations and controls, we can proudly state that, in 2015, we generated nearly Ps.17 billion in net sales and Ps.3 billion in EBITDA, both up significantly when compared to 2014, all while strengthening our balance sheet and becoming a publicly-traded company in Mexico through the successful completion of our IPO.

A key driver of our past, current and future success is the Company's carefully thought out corporate strategy *The Power of Oneness*, which is why I believe that its knowledge and understanding should reach all shareholders—as they too are part of the Elementia family.

So let me begin with the foundation of this strategy which gives us our **leadership** in Latin America's building materials industry through our Metal Products, Building Systems and Cement Divisions. We aim to lead via a platform that encompasses a comprehensive product mix portfolio throughout the construction value chain and an extensive distribution network.

Furthermore, Elementia has a **diversified geographic presence** across large, growing markets with strong macro fundamentals and favorable trends; and we remain focused on finding tangible opportunities to continue **delivering growth and profitability with financial discipline**. So far, in the Cement Division we have invested over US$250 million to expand the division's production capacity to 3.5 million metric tons/year. Also, an important accomplishment in 2015 was completing Lafarge's 47% stake acquisition. Moreover, we are expanding our roofing plant in Peru. Elementia's strong regional footprint in 9 countries and more than 3,600 distributors throughout the Americas proves our ability to capture organic and inorganic growth. Elementia also managed to improve its balance sheet increasing its maturity profile and reducing its financial cost in order to continue with its strategy.

The basis of meeting this expansion goal relies on our firm commitment to foster **innovation** in order to develop new and better products that anticipate the needs of our clients and have a higher added value for the Company. This is a strength predominating throughout all three divisions. For instance, in the Metal Products Division, we constantly launch new higher-value products through innovation, and develop initiatives to improve metal yields which lead to cost reduction.

Elementia is backed by two of the largest companies in Mexico, Grupo Kaluz and Grupo Carso. To solidify our shareholders' strong support, Elementia has always endeavored to sustain integrity and ethical conduct in the relationships with our associates, representatives, suppliers, competitors, government and the general public. As time goes by, the business shifts towards a more complex environment, and this is a challenge Elementia cannot ignore. Therefore, each day, we work as a team to cultivate a corporate culture that recognizes the need to comply with leading **corporate governance** best practices.

In addition, the Company's high standards and quality controls present throughout the years have been **certified** by globally recognized institutions, such as, ISO 9000, ISO 9002, ISO 1400, ONNCE, CONAGUA, CETRIMEX, CSTB, OHSAS 1800, NTC, BASC and the Global Agreement of the UN. We want to continue enhancing our strong brand and reputation through our differentiated products, services and networks while remaining our customers' top product preference.

Ps.17 billion

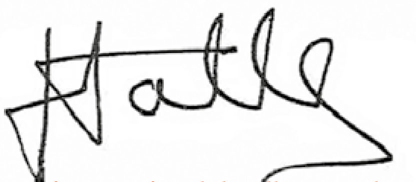
in net sales and Ps.3 billion in EBITDA

Elementia has a diversified geographic presence across large, growing markets with strong macro fundamentals and favorable trends

At Elementia, we are aware of the social responsibility we have towards the communities we operate in. Therefore, we are committed to implementing strong **sustainable development** programs that will help achieve long-term viability as a company and as a country. Each month, Elementia gives out a donation to Fundación Kaluz A.C.—a foundation that works towards improving the life of the less fortunate by encouraging education, health, sports, arts and entertainment activities. Additionally, with the hopes of promoting social responsibility, we have developed a support program which we are proud to call Fondo Unido. The fund's proceeds are allocated to activities that help reach economic development, social progress and environmental protection in every country we have presence. We believe that companies are the basis of a new society, and that they should be evaluated by the care they have for others.

To succeed in the long term, we require a top, professional management team. And in my opinion, Elementia's management team has the character, culture, intellect, experience and wisdom necessary to thrive. ***The Power of Oneness*** campaign that they carry out is a driver that the Board of Directors strongly feels will make a significant contribution to the Company's future. For that, I want to express my deepest gratitude to the Elementia family for their amazing efforts in 2015 and for the ones I am positive they will provide in the forthcoming years.

Sincerely,



Francisco Javier del Valle Perochena
Chairman of the Board of Directors

Report from our Chief Executive Officer

Elementia has a unique and well-balanced product offering that gives us a competitive advantage in construction, a highly fragmented industry.

Dear Shareholders,

I am proud to report that 2015 was a transcendental year for Elementia. Not only did we successfully complete our Initial Public Offering on the Mexican Stock Exchange, raising a total of Ps. 3.93 billion through the participation of local and foreign investors, but we also continued to lay the groundwork for our strategic plan which we call ***The Power Of Oneness***. Our 3 divisions, Cement, Metal Products and Building Systems, together, comprise the essential elements of the construction value chain, from structural components to finishings, and our mission is to ensure that their whole is greater than the sum of their parts.

Elementia has a unique and well-balanced product offering that gives us a competitive advantage in construction, a highly fragmented industry. ***The Power Of Oneness*** concept is centered on developing and growing a building materials platform with a comprehensive product portfolio, leading brands, an extensive distribution network and commercialization capabilities across the main construction stages. Our approach to providing a total solution for this vital economic segment is essential for us to meet our objective of profitable growth to create value for our shareholders, and we are accomplishing this through a focus on 3 key pillars: *Focus, Execution* and *Discipline*.

At Elementia, we **focus** on:

One company working together towards a common goal to generate synergies between its divisions and strengthening them to supply our customers with high quality products.

One platform uniting our three divisions through a solid distribution network, supported by back office services and SAP systems that generate substantial cross-selling opportunities across all divisions and countries in which we operate.

One strategy defining our flight plan in order to deliver profitable growth and help create the Elementia we envision.

One commitment to our shareholders, environment and communities we serve to strengthen the strategic capabilities that continue to enhance our customer and consumer service into a standardized platform of excellence.

In 2015, we delivered via **execution** with the right timing of our expansion plans, a strong performance of our results and increased quality of our brands and products. In the *Cement Division*, the ramp-up of our El Palmar facility was completed and generated an EBITDA margin of nearly 40% for this segment. In the *Metals Division*, EBITDA per ton continued to expand as a result of innovation, launching of new value-added products and improvements in our cost competitive position. Lastly, in the *Building Systems Division*, market share continues to increase in the U.S.; and the relocation and expansion of our facility in Peru for plastic roofing is on track from timing and budget standpoints.

The **discipline** that goes into every activity of our business is essential for reaching our goals; however, financial discipline through controlled

Fernando Ruiz Jacques
Chief Exucitve Officer

***Focus** on one company, one platform, one strategy, and one commitment to meet our objective of profitable growth and value creation.*

Ps.3.93 billion

raised through our successful IPO

leverage levels and a strategic capital allocation plan are keys to Elementia's success. To this end, in 2015, we strengthened our balance sheet through cost-cutting initiatives and the optimization of our debt maturity profile. We increased our revolving credit facility from US$ 300 million to US$ 500 million with international financial institutions, extended its maturity to 2020 and lowered our interest rate by 114 bps. Lastly, during the fourth quarter we paid down Ps. 3.0 billion of our domestic bond.

Our strategic capital allocation plan is bearing fruit thanks to Elementia's disciplined approach on how to best grow our businesses. All projects undergo a thorough screening in terms of strategic and economic fit. Regardless of the division a project belongs to, it competes against others for capital, and only the ones meeting parameters of net present value, a minimum Internal rate of return of 12%, a maximum return of investment of 5 years and a ROIC greater than Elementia's WACC are chosen.

However, despite the best laid plans, as with every business, Elementia faced several external challenges in 2015. We experienced a slowdown in China, declines in the reference price of copper, drastic oil price declines and a U.S. dollar revaluation against relevant currencies. Nevertheless, industry dynamics remained optimistic.

Elementia took advantage of favorable industry conditions, such as the continued housing deficit in Latin America – which surpasses 28 million households without adequate housing in the markets we operate in and government initiatives to bring infrastructure in line with its economic perspectives; the steady shift towards vertical construction and lagging cement consumption in emerging markets. Furthermore, a new hedging strategy is helping to mitigate copper price volatility.

In 2015, Elementia was able to achieve outstanding figures, laying another solid step in its strategic positioning; among our leading results, were:

- Revenues reached Ps. 16.97 billion, an increased 9.5% compared to 2014;
- EBITDA was Ps. 3.01 million, growing 10.8%;
- Gross debt decreased by 21.6%, to Ps. 8.4 million;
- Net debt EBITDA ratio equaled 1.76x; and
- Free cash flow before CAPEX was 2.6 billion, equivalent to 86% of generated EBITDA.

Based on the support and talent of the committed group of professionals who make up the Elementia team, each division was able to make substantial contributions to this year's growth.

First, let me discuss the *Cement Division*, which catapulted EBITDA growth and margin expansion during 2015 to a noteworthy 71% increase, or Ps. 950.3 million versus 2014. This was owed to the completion of the ramp-up process during 2Q15 that led to us reaching the planned capacity utilization.

The *Metal Products Division* also reported an outstanding year, serving as a testament to our right approach on the pass-through of metal price to the market. The division delivered an EBITDA of Ps. 992.7 million, 16% higher when compared to the previous year. Elementia's

***Execution**—making things happen in terms of timing, performance, and quality. From final products through cost-cutting initiatives; and expansion projects through strengthening our balance sheet.*

strategic move on focusing on selling higher value added products to improve its portfolio's product mix, led the division to increase revenues (3%) despite a significant 24% decline of the international price of copper.

Last, but not least, we were able to lay a solid foundation in the *Building Systems Division* that will serve as a pillar for the upcoming years. Two of the year's greatest developments were the technological upgrade performed in Costa Rica's operations by robotizing the production process and the unceasing growth in the U.S. Nonetheless, the division faced some head-

__Discipline__ in all that we do but with a strong emphasis on financial discipline including leverage position and careful capital allocation.

winds in some of the Latin American countries where we operate due to a negative currency conversion impact. Yet, Elementia was able to keep numbers in the positive side, reporting Ps. 1.08 billion in EBITDA.

Elementia truly has a promising future. We believe that 2016 and the years that follow will bring along numerous opportunities that will undeniably be taken into consideration by our management. For instance, the *Cement Division* will continue to drive strong demand in Mexico catalyzed by: (i) our attention to the resilience of the self-construction sector, (ii) the recovery trend in homebuilders that now focuses on vertical construction within key cities, and (iii) construction of new offices and shopping malls.

In the *Metals Division* we will continue to innovate with new value added products and cost reduction initiatives that will further improve the EBITDA per ton ratio.

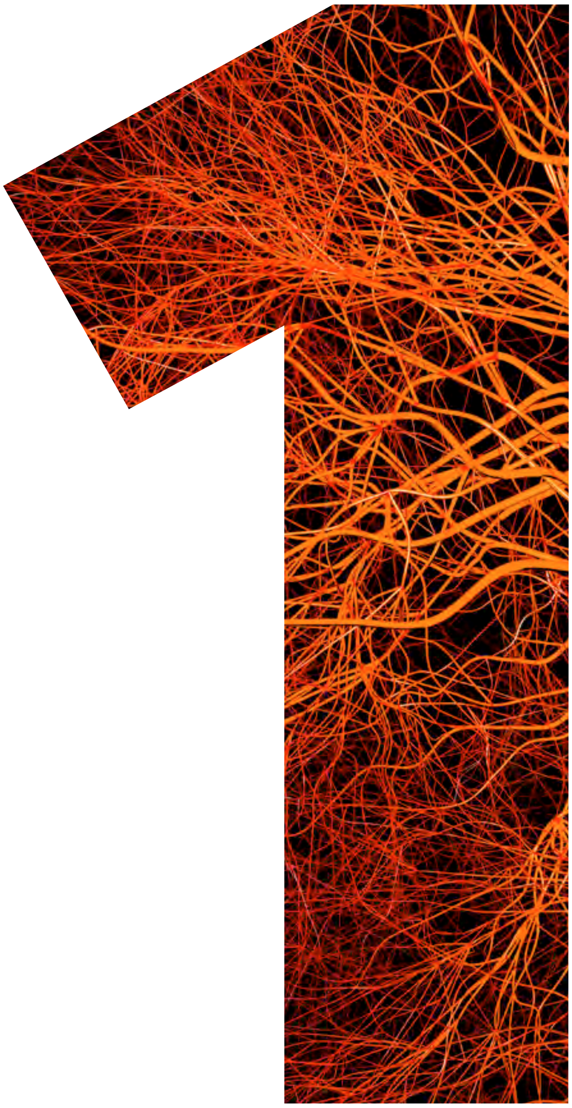
Moreover, our biggest growth opportunity is to turn around the performance of our *Building Systems Division*. We plan to eventually re-open our currently idled Indiana facility, which, we believe will play a vital role in our strategy to increase volume at a higher rate than market growth; that, in addition to the unfolding trend of vertical construction will take the division to another level.

Although we have made significant progress, we are aware that we are not yet where we want to be, that every year we have to be a different, better-positioned and increasingly agile organization in order to have a stronger relationship with our consumers, provide an excellent customer service, and build new value-generating opportunities for our shareholders, collaborators and communities. We believe we have all the components to achieve this.

On behalf of the Board of Directors of Elementia, I wish to thank all of our clients, shareholders and suppliers. Without a doubt, your unconditional support throughout 2015 was an important part of the Company's growth. I also want to recognize our directors, technicians, employees and workers in their efforts to achieve our objectives. I am confident that Elementia will continue to play an important role in the development of the future construction industry in Latin America and the U.S. offering new and better products, services and building alternatives, and a consequent increase in economic productivity. We must now make a bigger commitment to continue to improve our company, moving forward towards excellence and becoming an important instrument of change in the communities we serve. Together, as **ONE**, we will achieve great things.

Sincerely,

Fernando Ruiz Jaques
Chief Executive Officer



company

Who we are

Elementia is the result of the *Power of Oneness*, where combined forces achieve much more than standalone efforts.

Elementia is present in all stages of the construction process, from foundation to facades, plumbing, roofing, baker-boards, etc.

With comprehensive product categories and product portfolio, bonded by our unmatched distribution channel, we serve the construction industry focusing on the self-construction sector.

The Company has a track record of organic growth including green and brow-field projects, and inorganic growth including mergers and acquisitions. Trough time we have developed a very effective integration methodology that is based mainly in standardization on processes, assimilating best practices, focus on profitability and capitalization of synergies.

86%

Consolidated free cash flow before CAPEX represented 86% of the EBITDA generated.

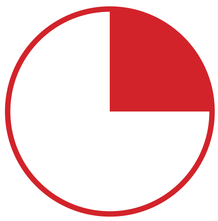
Management dynamism

According to the strategy, 2015 was a year of preparation for the balance sheet:

- In terms of debt, we achieved a very comfortable debt amortization profile (average maturity is 9.1 years), a much better financial cost (weighted average below 5.5%), and reduced the leverage ratio to 1.76x.
- In terms of capital, the Company completed a successful IPO in the Mexican Stock Exchange (BMV) for close to 25% of the total shares in order to continue its growth strategy.

This balance sheet preparation was aimed at continuing to grow profitably. Therefore, once completed the ramp-up of the El Palmar cement facility and having achieved the targeted 40% EBITDA margin, we started a turnkey cement expansion project, a brown-field that will add 75% more capacity to our system. During the year we invested Ps.1.1 billion and the project is progressing according to budget and schedule.

We also started or continued several expansion and process optimization projects across all operations and geographies.



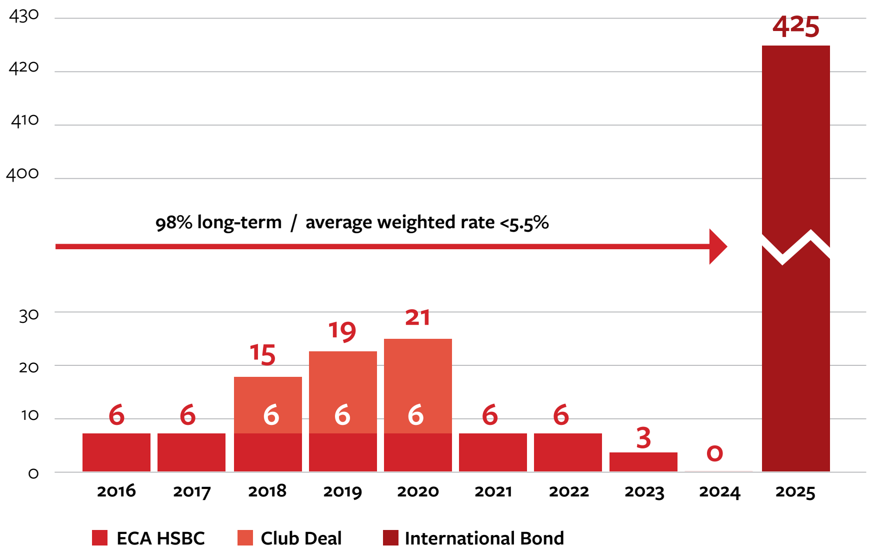
Close to

25%

of the total shares of Elementia were placed during our successful IPO.

Comfortable debt amortization profile

Average maturity is 9.1 years with a weighted average below 55% and reduced leverage ratio of 1.76x



Focus on profitability

Our primary focus is profitability; from top management to all company levels, we are a results-driven organization. As such, consolidated EBITDA in 2015 grew 12% at Ps. 3.0 billion, with a balanced generation between out three divisions of close to one third each.

Cement Division EBITDA growth

2015 Cement Division EBITDA grew 65% when compared to 2014, driven mainly by the fact that the Company reached optimal capacity utilization rate by the end of the second quarter of 2015—a less than 2-year ramp-up supported by our distribution network.

Financial soundness

One of the Company's priorities is a strong and flexible balance sheet that allows us to continue our growth strategy.

We have done acquisitions, mergers and expansions focusing on capital allocation. Projects of each division compete for the capital and we give priority to those that contribute to Elementia's value creation.

The Company has maintained a healthy leverage position through time aiming at a net debt to EBITDA ratio of close to 2.0x. It is within Elementia's plans to be rated as an investment grade Company by rating agencies.

At year-end-2015, close to 98% of the gross debt was long term and net debt to EBITDA was 1.76x.

- **In October we paid down a domestic bond (CEBUR) for Ps.3.0 billion at due date.**
- **In November, we successfully rolled a 100% committed revolving facility and increased it from US$300 to US$500 million, reducing the rate in 114 bps. We used US$37.4 million to pre-pay domestic debt.**
- **During the year Elementia's CAPEX was Ps.2.7 billion including Ps.782 million for acquisitions, Ps.873 for organic growth and maintenance, and Ps.1.1 billion for the cement capacity expansion.**

platform

Cement Division

Fortaleza: a premium brand for cement and ready-mix

Fortaleza, the Cement Division main brand, was born in mid-2013, when we started production in the El Palmar facility—our latest green-field with 1 million tons of installed capacity—and a JV with Lafarge Mexico. Lafarge contributed with two facilities, Tula and Vito, located in Hidalgo, a central state of Mexico, by which we reached a 2.0 million ton installed capacity. Elementia agreed to acquired Lafarge's 47% share in December 2014.

The ramp-up process is a testament of *The Power of Oneness*. By taking advantage of the distribution network of the Metal Products and Building Systems Divisions we managed to reach optimal capacity utilization rate in less than two years, when the average is close to four years.

Fortaleza has positioned itself as a premium brand for grey and white cement, mortar and ready-mix. Our top quality has been key for building the reputation of our products to final consumers in the self-construction segment where we allocated more than 70% of the 2015 volume.

Metal Products Division

Transforming copper into final products

In its three facilities located in the central region of Mexico, the Metal Products Division transforms copper into final products like pipes, fittings, coil, faucets, valves, forged and machined parts, among others. The Division has evolved through innovation, avoiding the replacement of its products by plastics in the commodity base of the business: housing pipes; sourcing products for industrial applications; and therefore, increasing its EBITDA generation.

Our distribution network, together with Nacobre's 60 years of unmatched reputation in the market, has driven the transformation of the small retail stores from "one single product" to "multi-products", selling products from the Building Systems Division through the Nacobre channel, and vice-versa.

Close to 70% of revenues are domestic, but we have commercial presence in more than 70 countries around the world.

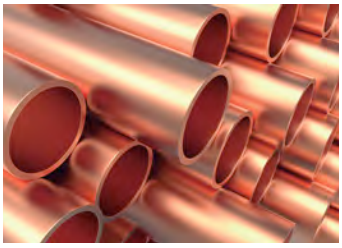
nacobre®

Nacobre is our premium Metal Products brand with more than 60 years in the market.

Construction process

FOUNDATIONS → STRUCTURAL CONSTRUCTION → PLUMBING, WATER AND GAS SUPPLY → FINISHINGS AND FACADES






ELEMENTIA'S BROAD PRODUCT PORTFOLIO

CEMENT	BUILDING SYSTEMS	METAL PRDUCTS

Elementia's presence in all stages of the construction process is achieved by its broad product portfolio coming from its three divisions: Cement, Metal Products and Building Systems. They all source the construction materials industry and in particular are focused on the self-construction sector which we reach through the more than 3,600 independent distributors that integrate our distribution network.

Building Systems Division

Light building systems made out of fibercement and plastic

Fibercement is made by combining cement with fibers to enhance mechanical properties of panels, increasing its resistance to tension, torsion and compression. The panels can be flat or corrugated, and applications include baker-board, roofing, sidings, trims, flooring, tiles, etc.

Some of the advantages of these products are:

- 80% less weight than a traditional brick-and-cement system—simplifying foundations and offering benefits for natural disasters (earthquakes, tornados, hurricanes, etc.). Ideal for multi-storey buildings
- Almost maintenance free, since they can have texture and color
- Life-time guarantee
- Easy to install, standardized size.

The division also produces and commercializes plastic water storage systems for above and below ground installation.

Reputation of our brands is key for the development of the business. Among our most recognized brands are: Mexalit, Eureka, Eternit, Duralit, Plycem, Fibraforte, Maxitile, and Allura; some of them with more than 70 years in the market and with such strong presence, that they have become the generic name for the product.

allura™

Brought to you by Plycem USA, Inc.

Our newest brand of the Building Systems Division, born at the beginning of 2014, when we completed the acquisition of the U.S. Fibercement assets.

Elementia at a glance

Presence along the entire construction chain maximizes value-generation opportunities and customer base.

elementia

cement division

A unique platform

Elementia is a building materials platform with a comprehensive product portfolio, leading brands and an extensive distribution network across the main construction segments.

In the right place

Diversified presence across large, growing markets with strong macro fundamentals and favorable industry trends.
GDP of Elementia's countries = 1.89x China's GDP

At the right time

Tangible opportunities to continue delivering growth and profitability with financial discipline.

With the right team

Highly experienced, value- focused management team and shareholders with strong corporate governance controls.

Products

Grey and white cement, mortar and ready mix.

Markets

Focused on the self-construction segment of the central region of Mexico, which concentrates 65% of the countries' consumption.

Production facilities

3 facilities vertically integrated to clay in the same location in Hidalgo, a central state of Mexico: Tula, Vito and El Palmar. With a total installed capacity of 2.0 million tons.

Challenges

First participant in the Mexican market in more than 70 years, creating presence in the market through recognized top quality and premium brands.

Opportunities

Capacity expansion of 1.5 million ton to reach a total of 3.5 million, start-up expected by mid-2017 with a total investment of US$250 million.

Brands

Fortaleza

Strong regional presence

9 countries

26 plants

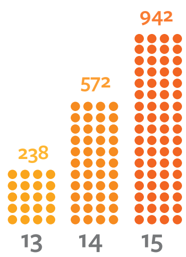
10 top brands

3,600 distributors

6,600 employees

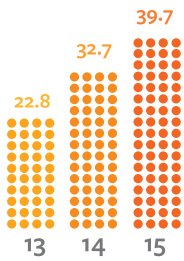
EBITDA

Ps. million



EBITDA margin

percentage

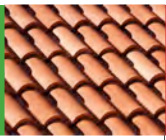


Self-construction, a higher-margin market

The main reasons to focus on the self-construction market are:

- Much more resilient than the rest of the construction market segments.
- More interest in quality and reliability than just pricing.
- Emotional buying—people are building their patrimony and want that it lasts forever.

building systems division



Products
Sidings, trims, roofing, flooring made of fibercement or plastics, water storage systems.

Markets
Focused on the self-construction segment of Latin America and the facade market of the U.S.

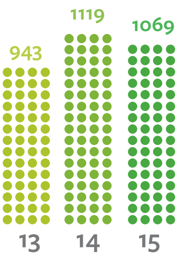
Production facilities
20 facilities across nine countries of the Americas including Mexico, the U.S., Honduras, El Salvador, Costa Rica, Colombia, Ecuador, Bolivia, and Peru.

Challenges
When pricing our products, we have to think on the alternatives the consumers have and the reasons to choose one or another.

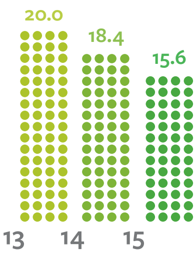
Opportunities
The reopening of the newest and biggest of our facilities in Indiana, U.S., together with the relocation and expansion of our plastic roofing capacity in Peru, expected to be fully operational by the end of 2016.

Brands
Mexalit, Eureka, Eternit, Duralit, Plycem, Fibraforte, Maxitile, Allura, among others

EBITDA
Ps. million



EBITDA margin
percentage



metals division

Products
Pipes, fittings, faucets, valves, coil made of copper and copper-alloys.

Markets
Focused on the self-construction segment; also products for industrial applications.

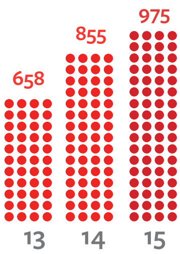
Production facilities
3 facilities in Mexico: Mexico City, San Luis Potosí and Celaya.

Challenges
The replacement with plastics of copper pipes for housing, but the Company is stepping ahead of change through innovation, developing new higher value products. Currently only about 20% of the volume we sell is commodity.

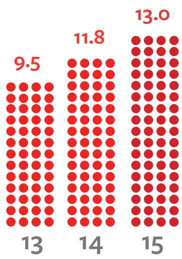
Opportunities
Continue with the innovation process to develop new products and constantly improve metal yields through operational excellence. Also commercialization of products taking advantage of our brand recognition.

Brands
Nacobre and Cobrecel

EBITDA
Ps. million



EBITDA margin
percentage



Fibercement, the wood of the future

Fibercement is a mix of cement and fibers providing additional mechanical properties to cement, delivering similar thermal and acoustic properties than traditional brick-and-cement but with only around 20% of its weight. We have developed the technology to provide fibercement with the texture and color of wood but with the resistance of cement.

Transforming copper into value-added products

Nacobre has been recognized as one of the top three brands in construction materials in many occasions, standing for top quality and lifetime products. Through innovation, the Company has successfully developed higher-value products like oil-and-gas applications, capillary pipes, cooling systems, forged and machined parts, connectors, plugs, preformed and preassembled tubes, collectors, flexible hoses for water and gas, regulators and valves.

1

strategy

Our growth strategy

Focused on building materials for the self-construction market,

the Company will continue with its profitable growth supported by a strong balance sheet and financial discipline.

In line with this financial discipline, the balance sheet has not only been strengthened but became more flexible. Our focus on profitability led to a sound cash flow generation: in 2015 free cash flow before CAPEX was 86% of the reported EBITDA.

In order to continue with our growth strategy, we are expanding cement capacity in Mexico by 1.5 million tons to reach a total of 3.5 million by mid-2017, with a total investment of US$250 million. The Company completed a successful IPO in the Mexican Stock Exchange, issuing 231.2 million shares at Ps.17 per share.

The Company also started an expansion and relocation project for our plastic roofing operations in Peru. Currently located in Lima, the production lines will be moved to a new location in Chilca, increasing capacity in close to 50%.

During the year, the Company also completed the automatization of operations in Central America by installing robots in Costa Rica and el Salvador. Benefits from the project will be observed starting in the first quarter 2016.

Fostering innovation

The main strategy of the Metal Products Division is supported in three pillars: pass the copper price variation to the market by means of a mark-up in dollars per ton; constant innovation and the launching of higher-value products to improve the product portfolio and moving away from commodities; and production excellence.

13.4 percent

CAGR from 2009 through 2015 in housing starts in the U.S.

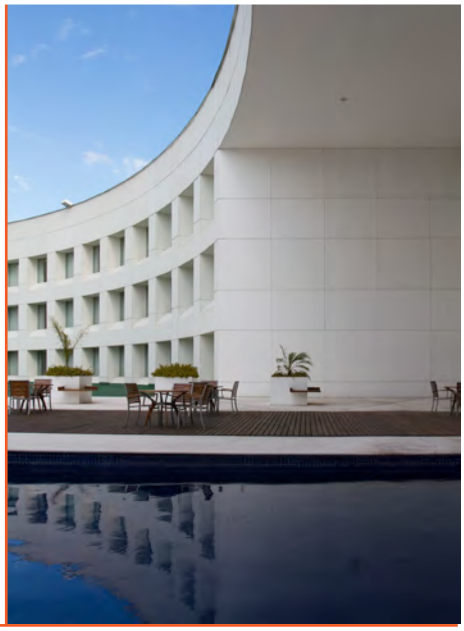
Leverage our distribution network

The link between the three divisions is our unmatched distribution network. Supported by this competitive advantage, the Company managed to complete the ramp-up of the green field cement project in less than two years.

Our distribution network is focused on small retail stores which we serve through independent large, medium, and small distributors which sell to the following step to the retail stores. We also supply to some retail stores directly.

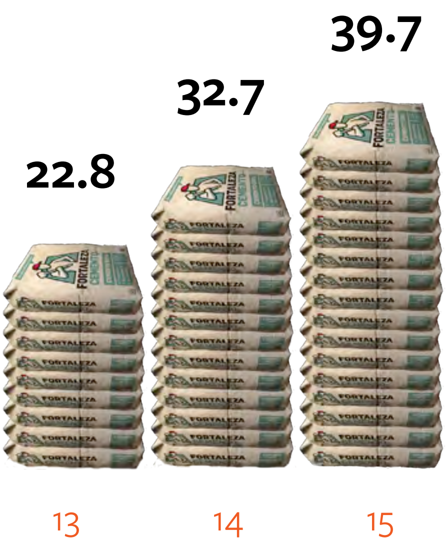
35%

By year end 2015, cross selling represents 35% of consolidated revenues in Mexico.



Margin improvement in Fortaleza

percentage



Strong regional footprint

We have 26 manufacturing facilities across nine countries of the Americas with more than 3,600 distributors.

Attractive market opportunities

and a proven ability to capture organic and inorganic growth

The Company has completed 12 acquisitions, two mergers, three green-field and several brown-field projects successfully integrating them to Elementia through what we call the "fifth element" which is our internally developed integration methodology that allows us to efficiently integrate new businesses into our platform and optimize operations by:

- **Optimizing processes, operating costs and working capital.**
- **Integrating IT and control systems primarily through SAP.**
- **Focusing on materializing synergies.**
- **Implementing operating standards and best practices.**

As an example, and by this methodology, in less than a year we gave a full swing to profitability by increasing gross profit by US$14 million with the acquisition of the fibercement assets in the U.S.

commitment

Our commitment

Elementia is committed with its stakeholders: shareholders, customers, society, employees and the environment.

The behavior of everyone in the Company is framed by our Code of Ethics, in which we include anticorruption policies and procedures, besides training our personnel in these matters.

Fundación
KALUZ

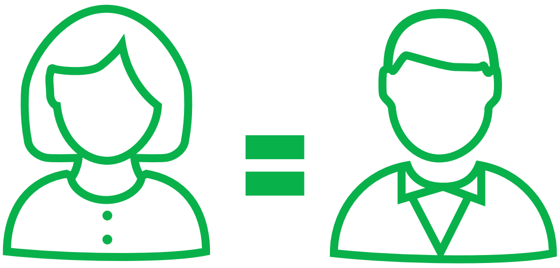
Through Kaluz Foundation, Elementia has programs to promote the social, cultural and environmental development in the communities where we operate.

100 percent

The Company Audit and Corporate Practices Committee members are 100% independent.

Health and safety

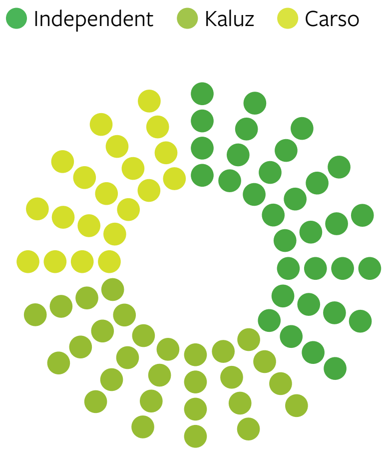
Elementia is committed to providing a healthy and safe working environment for all its employees.



Corporate best practices

Because the Company seeks to operate according to the best corporate practices, our Board of Directors is integrated by 11 members, four of which are independent.

Board of Directors composition



Equal opportunities

We foster a diverse and inclusive work environment, and seek to ensure equal opportunities for men and women.

We promote non-discrimination and inclusion of minority groups. We have implemented a suggestions and complaints mailbox that is managed by our internal auditor.

Contributing to society

The Company channels additional contribution to the society through donations made through foundations with specific programs in which our employees are personally involved giving their time and participation.

Management discussion and **analysis of results**

Statement of profit and loss

Elementia S.A.B. de C.V. (Ps. million as of December 31, 2015 and 2014)

	2015	2014	Var. %
Net sales	16,974	15,331	11%
Cost of goods sold	12,517	11,683	7%
Gross profit	4,456	3,648	22%
Operating expenses	2,685	2,228	20%
Other expenses (income) net	(78)	(184)	58%
Operating income	1,849	1,603	15%
Interest expenses	706	506	40%
Interest income	(148)	(80)	(85%)
Foreign exchange loss	1,239	192	547%
Other financial expenses	103	118	(12%)
Total financial result	1,900	735	158%
Equity in earnings of affiliates	-	-	0%
Earnings before taxes	(51)	869	106%
Income tax	(62)	246	(125%)
Profit from ongoing operations	12	623	(98%)
Loss from discontinued operations	-	93	(100%)
Consolidated net income	12	529	(98%)
EBITDA[1]	3,002	2,675	12%
EBITDA[1] to sales margin	17.7%	17.4%	

1 earnings before interests, taxes, depreciation and amortization.

Consolidated results

In line with expectations and despite macroeconomic volatility, double-digit growth was achieved in both consolidated and division figures.

- Consolidated net sales increased 11% in 2015 totaling Ps.16.97 billion.
- Consolidated EBITDA rose 12% in the year reaching Ps.3.0 billion.

Elementia strengthened its balance sheet by optimizing its debt profile by:

- Paying down the domestic bond (CEBUR ELEMENT 10), in the amount of Ps.3.0 billion, on the maturity date (October 22, 2015).
- Rolling the 100% committed revolving facility, which was extended to 2020 from 2018, and increased to US$500 million from US$300 million, with a reduction of the interest rate by more than 110 bps.

The Company generated a sound cash flow before CAPEX of Ps.2.58 billion as of December 31, 2015, representing close to 86% of EBITDA.

Elementia continued its growth trend in both sales and EBITDA, as a result of the Company's strategy, competitive advantages, management capabilities and brand positioning. In 2015, consolidated revenue growth was 11%, in which, the Cement Division contributed the highest growth with a 50% increase driven by volume and price increase, the Building Systems Division with 12% growth, and the Metal Products Division increased 3% despite the decline of the international reference price for copper.

EBITDA posted a 12% increase, from Ps.2.68 billion in 2014 to Ps.3.0 billion in 2015, with an EBITDA margin of 17.7% in 2015 up from 17.4% in 2014, as a result of cost and energy reductions across all three divisions in addition to the incremental revenues. The growth trend in the EBITDA of the Cement Division will continue improving the balance between the three divisions.

Net income reached Ps.12 million, a decline of Ps.517 million, compared to Ps.529 million in 2014, mainly due to the exchange rate impact on the Company's dollar-denominated debt position.

At December 31, 2015, the Company generated strong cash flow before CAPEX, mainly due to higher EBITDA generation, which enabled the expansion of the Tula facility, which totaled Ps.1.09 billion, or approximately US$63 million.

Leverage

Gross debt as of December 31, 2015 was Ps.8.39 billion, a decrease of Ps.1.99 billion, compared to Ps.10.38 billion registered in 2014, due to the paydown of a CEBUR and the impact of the peso vs. the U.S. dollar exchange rate on the senior unsecured notes issued totaling US$425 million.

Net debt to EBITDA ratio was 1.76x and interest coverage was 4.0x, way below the covenants set by the financial institutions (3.25x net debt/EBITDA); furthermore, 99% of gross debt is long term, but more than 90% of gross debt is in dollars.

Elementia has a strong dollar generation from the Metal Products Division sales—as contracts are denominated in dollars—as well as from its operations in the U.S. and exports. The Company has a natural partial hedging; however, it continues to evaluate hedging scenarios for its dollar-denominated debt.

The **Cement Division** contributed the most to consolidated growth, due to: (i) a sustained optimal installed capacity utilization rate and thus 20% higher volume sold when compared to 2014, as well as a 13% increase in the average sale price—and increase of 13%—supported by an improved product mix and demand stability in the central region of the country; and (ii) operating efficiency initiatives, as well as a reduction of energy use at the three facilities. As a result, by year-end 2015 revenues totaled Ps.2.37 billion, an increase of 36%, and EBITDA reached Ps.942 million, representing a 65% growth.

11
percent

consolidated net sales vs 2014

1.76 times

net debt to EBITDA as of December 2015

Given that the Division reached optimal capacity utilization rate, we started a capacity expansion project to add 1.5 million additional tons to our system and reach 3.5 million tons in total, which we expect will be operational by mid-2017.

The **Metal Products Division** experienced a 5% growth in accumulated volume sold in 2015, focusing on higher value-added products. Despite a significant decrease in international copper prices (20% from US$3.12/pound from December 2014 to US$2.51/pound by year-end 2015), Elementia's revenues proved to be more resilient due to an improved product mix and the impact of the exchange rate fluctuations, given that revenues of this division are dollar-denominated.

Revenues reached Ps.7.49 billion, 4% higher than those reported in 2014.

Despite the drop in the reference price of copper, the marginal contribution in U.S. dollars per ton increased 5% vs 2014, which confirms the commercial strategy. EBITDA for 2015 was Ps.975 million, a 14% increase compared to Ps.855 million reported in 2014. In addition to higher revenues, the Division continued its cost optimization derived from initiatives to improve metal yields. As a result, EBITDA margin increased 1 percentage point to reach 13%.

Nevertheless, the hasty decline of copper reference prices during the second half of the year led to an inventory revaluation. In order to prevent this from happening again, Elementia started a hedging strategy with 1,000 tons (trough futures) which might be increased if proven to be the right approach.

In the **Building Systems** Division volume grew 4% in 2015, mainly due to our focus on U.S. increasing market share as well as synergies achieved throughout the division.

Building Systems posted revenues of Ps.6.87 billion in 2015, a 13% increase compared to Ps.6.07 billion reported in 2014.

EBITDA for 2015 was Ps.1.07 billion, 4% lower than the Ps.1.12 billion reported during 2014. In the last quarter of the year we had several one-off events: (i) lesser volume in Central America operations due to the learning curve of the automatization of the operations of the region; (ii) the write-up of the Indiana facility back from discontinued operations according to IFR's rules; (ii) the impact of currency devaluation, mainly the Colombian peso; and (iv) lesser volume sold in Mexico from government projects.

Directors and officers*

Board of Directors

Chairman of the Board
Francisco Javier del Valle Perochena

Secretary (non member)
Juan Pablo del Río Benítez

Secretary Pro Tem (non member)
Santiago Bernard Covelo

Directors
Francisco Javier del Valle Perochena
Antonio del Valle Perochena
Eduardo Domit Bardawil
Jaime Ruiz Sacristán
Gerardo Kuri Kaufmann
Alfonso Salem Slim
Antonio Gómez García

Independent Directors
Eugenio Clariond Rangel
Divo Milán Haddad
José Kuri Harfush
Juan Rodríguez Torres

Audit committee
Juan Rodríguez Torres (Chairman)
Eugenio Clariond Rangel
Divo Milán Haddad

4/11
of our Board members are independent

23 years
average industry experience of our management team

Management team

Chief Executive Officer
Fernando Ruiz Jacques

Chief Financial & Investor Relations Officer
Juan Francisco Sánchez Kramer

General Counselor
Santiago Bernard Covelo

Director, Internal Audit
Luis Antonio García Lima

Director, Cement Division
Jaime Rocha Font

Director, Metal Products Division
Gustavo Arce del Pozo

Director, Building Systems Division
Fernando Ruiz Jacques (acting)

*As of March, 2016

Corporate **governance**

Our goal is to make sure our shareholders and investors have sufficient information to evaluate the organization's performance and progress.

At Elementia, we abide by principles of corporate governance that provide a framework for our operations and support our results. As a publicly-traded company whose debt is listed on the Mexican Stock Exchange (BMV), we must comply with Mexican laws in this regard, specifically the Securities Market Law. We also abide by the principles established in the Code of Best Corporate Practices endorsed by the Business Coordinating Council (Consejo Coordinador Empresarial). With this, in 2014 we changed the structure of the Board of Directors to incorporate four independent board members.

To carry out its duties, decide on the corporate strategy, define and supervise implementation of the values and visions that characterize us, and to approve transactions with related parties as well as the ordinary course of business and in keeping with our corporate charter, the Board of Directors relies on the Audit and Corporate Practices Committees, the members of which, including their Chairman, must be independent.

Corporate Governance is committed with best practices

Audit Committee

Among the duties of the Audit Committee are:

- to evaluate internal control and audit procedures for detecting any significant shortcomings or failures;
- to follow up on corrective or preventive measures that are adopted to deal with a breach of existing operating and accounting guidelines and policies;
- to evaluate the performance of the external auditors;
- to describe and evaluate eternal auditors' services not related to auditing;
- to review the Company's financial statements;
- to evaluate the effects of any change in the accounting policies that may have promulgated during the fiscal year;
- to follow up on measures adopted in response to comments from shareholders, board members, key officers, employees or other parties regarding accounting, internal control systems and internal and external auditing, as well as any report of irregularities in management, including anonymous whistleblower mechanisms for handling reports by employees; and overseeing execution of the agreements of the general shareholders' meetings and Board of Directors.

Investor information

Our goal is to make sure our shareholders and investors have sufficient information to evaluate the organization's performance and progress. To do so, we have an area in charge of maintaining open, transparent communication with them.

Report of the

Audit and Corporate Practices Committee

April 2015-April 2016

México, D.F. April 8th, 2016

To the Board of Directors of Elementia, S.A. de C.V.

As Chairman of the Audit and Corporate Practices Committees of Elementia, S.A.B. de C.V., I hereby report the following:

During the course of the year, the Committee held meetings in the following dates: April 20th, July 20th, and October 19th, 2015, and February 22nd and April 18th, 2016; the meetings were attended by the members of the committee, the external and internal auditors and the Elementia executive officers that were asked to attend. The activities and resolutions issued recorded in the corresponding minutes.

I take the opportunity to submit the report of activities corresponding for the fiscal year as follows:

I. Transactions with related parties

Transactions conducted between related parties were reviewed validating that they were conducted in accordance with the policies previously approved by the Committee, and no irregularities were found.

II. Evaluation of the Internal Control System

We have reviewed the assessments done by the internal auditor, the external auditor, and the CEO, and consequently, the Internal Control System will be improved in order to comply with the objectives established by management and to improve safety to prevent or detect errors and material irregularities in the normal course of business. The system is in process of continuous improvement, consolidation and standardization at all the Company's and its subsidiaries' activities and departments.

III. Evaluation of the Internal Audit Functions

The Audit Committee has been watchful to the needs of the Internal Audit division to make sure that the necessary human and material resources are available to adequately perform its functions. In this respect, we followed the working programs and the activities established during the fiscal year 2015. Likewise, the members of the Committee met with the internal audit director, with no other executive officers present, to receive and discuss information deemed pertinent.

IV. Evaluation of the performance of the external audit

We continued to employ the services of Galaz, Yamasaki, Ruiz Urquiza, S.C. (Deloitte) as external auditors for the Company. The fees for the fiscal year 2015 were duly reviewed and approved.

We received the audited financial statements as of December 31, 2014, from the external auditor.

Similarly, the work of the external auditors Galaz, Yamazaki, Ruiz Ur- quiza, S.C. (Deloitte), and of the partner in charge, was found to be satisfactory. External auditors confirmed their independence.

The members of the Committee have met with the external auditors, with no other executive officers present, to receive additional information about matters covered in the cases in which it was requested.

Audit Committee

100%

independent

V. Financial Information

The Company's financial statements were discussed during the Committee's meetings with the executives responsible for drafting and reviewing them, with no relevant comments made to the information presented.

Similarly, the audited financial statements corresponding to the fiscal year ended December 31, 2015, were approved by the Committee.

VI. Relevant Events

During the Committee sessions, the report regarding the progress of the implementation of the SAP system was reviewed.

Likewise, we reported that 2015 has been a remarkable year for Elementia. Not only the Initial Public Offering was completed successfully in the Mexican Stock Exchange, raising a total of Ps. 3.93 billion through the participation of local and foreign investors, but also the creation of the creation of the basis for the strategic plan that has been named *The Power Of Oneness* continued. Three divisions, Cement, Metal Products and Building Systems, as a whole are the essential components of the value chain of construction, from the structural components up to the facades, and the mission is to ensure that the "whole" is greater than the sum of its parts.

Elementia delivers a unique and well-balanced product offering that represents a competitive advantage in construction, which is a highly fragmented industry. The concept of *The Power Of Oneness* is focused on developing and expanding a building materials platform into an integral product portfolio, leading brands, extensive distribution network and marketing capabilities along the main stages of construction. The focus of providing a total solution for this vital economic sector means that is essential to fulfill the profitable growth objective in order to create value for our shareholders; his is achieved supported on 3 pillars: focus, execution and discipline.

VII. Accounting policies

The accounting policies followed by Elementia were reviewed and approved in terms of the information received as a result of new regulations.

The accounting and information policies and criteria followed by Elementia are considered adequate and sufficient.

VIII. Report from the Chief Executive Officer

The report from the Chief Executive Officer on the activities for the 2015 fiscal year was received and approved.

IX. Legal Report

The report made by the general counsel on the status of legal matters and litigations was received periodically.

X. Proposal

Pursuant to the work done, it is recommended that the Board of Directors submit the Elementia audited financial statements for the year ended December 31, 2015, for approval by the Shareholders' Meeting.

Yours truly,

Juan Rodríguez Torres
Chairman of the Audit Committee

Independent
Auditors' report

Independent Auditors' Report to the Board of Directors and Stockholders' of Elementia, S. A. B. de C. V.

Independent Auditors' Report of the consolidated financial statements

We have audited the accompanying consolidated financial statements of Elementia, S. A. B. de C. V. and Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2015, 2014 and 2013, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 risk of material misstatement of the 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 Elementia, S. A. B. de C. V. and Subsidiaries as of December 31, 2015, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Emphasis of matter

As mentioned in Note 3b, the Entity reclassified certain items in the consolidated statements of financial position and statement of cash flows for the year ended December 31, 2014, originally issued on May 24, 2015.

Other Matters

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Julio C. Fuentes Cortés
Mexico City, Mexico
March 11, 2016

Consolidated statements of **financial position**

As of December 31, 2015, 2014 and 2013 (In thousands of Mexican pesos)

	Notes	2015	2014	2013
Assets				
Current assets::				
Cash and cash equivalents	6	$ 3,102,904	$ 3,193,247	$ 1,972,934
Derivative financial instruments		–	–	9,810
Accounts receivable – Net	7	3,411,030	3,149,647	3,506,269
Due from related parties – Net	21	27,438	2,120	40,944
Inventories – Net	8	2,880,852	2,470,768	2,250,371
Prepaid expenses		285,927	176,408	307,098
Total de current assets		9,708,151	8,992,190	8,087,426
Non-current assets:				
Property, machinery and equipment – Net	10	17,098,484	15,710,642	14,608,087
Net plan Assets for employee benefits at retirement	16	251,663	328,025	289,261
Intangibles and other assets – Net	9	3,128,884	3,194,333	3,185,292
Long-term due from related parties	21	29,781	53,703	53,851
Total non–current assets		20,508,812	19,286,703	18,136,491
Total assets		$ 30,216,963	$ 28,278,893	$ 26,223,917
Liabilities and stockholders' equity				
Current liabilities:				
Notes payable to financial institutions and current portion of long–term debt	13	$ 51,701	$ 3,102,183	$ 192,533
Trade accounts payable	12	2,724,994	2,482,003	2,663,274
Financière Lafarge, S.A.S.	2	–	662,310	–
Direct employee benefits		15,013	17,106	30,742
Provisions	15	605,936	619,269	420,815
Accrued expenses and taxes, other than income taxes		246,809	143,877	168,792
Due to related parties	21	35,617	156,267	173,358
Due to Arrendadora Ve por Más, S. A. de C. V. (related party) for financial leasing	21	28,415	–	–
Current portion of income tax liabilities from consolidation	14	955	839	170,948
Advances from customers		240,775	96,233	157,863
Derivative financial instruments	18	14,513	146,147	–
Total current liabilities		3,964,728	7,426,234	3,978,325
Long-term liabilities:				
Documentos por pagar a instituciones financieras y préstamos a largo plazo	13	8,341,714	7,282,203	6,185,182
Due to related parties – long-term		–	–	18,075
Due to Arrendadora Ve por Más, S. A. de C. V. (related party) for financial leasing	21	72,763	–	–
Deferred income taxes	14	932,067	1,154,799	1,079,537
Impuesto sobre la renta por pagar a largo plazo	14	358,718	129,172	–
Income taxes liabilities from consolidation	14	679,116	679,119	512,845
Other long-term liabilities		1,325	607	14,087
Total long-term liabilities		10,385,703	9,245,900	7,809,726
Total liabilities		14,350,431	16,672,134	11,788,051
Commitments and contingencies (Nota 24)				
Stockholders' equity:				
Capital stock	19	5,846,853	2,012,905	2,012,905
Additional paid-in capital		4,598,877	4,598,877	4,598,877
Retained earnings		3,990,628	3,988,986	3,608,669
Exchange differences on translating foreign operations		1,146,776	915,227	1,132,766
Net fair value effect on hedging instruments entered into for cash flow hedges		(10,159)	(102,303)	6,867
Gain on revaluation of property, machinery and equipment		518,164	360,232	84,549
Actuarial loss		(288,331)	(217,672)	(209,247)
Equity attributable to owners of the Entity		15,802,808	11,556,252	11,235,386
Non-controlling interest		63,724	50,507	3,200,480
Total stockholders' equity		15,866,532	11,606,759	14,435,866
Total stockholders' equity and liabilities		$ 30,216,963	$ 28,278,893	$ 26,223,917

See accompanying notes to the consolidated financial statements

Consolidated statements **of profit or loss and other comprehensive income**

For the Years Ended December, 31 2015, 2014 and 2013
(In thousands of Mexican pesos, except earnings per share)

	Notes	2015	2014	2013
Continuing operations:				
Net sales	25	$ 16,973,899	$ 15,330,819	$ 12,929,454
Cost of sales	22	12,517,463	11,682,516	9,908,158
Gross profit		4,456,436	3,648,303	3,021,296
Operating expenses	22	2,684,786	2,228,092	2,124,788
Other income -Net	20	(77,742)	(183,542)	(301,347)
Exchange loss (gain) - Net		1,239,137	191,650	48,583
Interest income		(148,255)	(80,107)	(45,455)
Interest expense		705,764	505,906	420,585
Banking fees		103,264	117,540	49,282
Equity in income of associated entity		–	–	(4,220)
(Loss) income before income taxes		(50,518)	868,764	729,080
Income tax expense	14	(62,275)	245,863	177,443
Income from continuing operations		11,757	622,901	551,637
Discontinued operations:				
Loss for the year from discontinued operations - Net	23	–	92,977	60,134
Net income		11,757	529,924	491,503
Other comprehensive income, net of income taxes:				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss		(70,659)	(8,425)	(64,202)
Gain (loss) on revaluation of property, machinery and equipment		157,932	275,683	(175,730)
Items that may be reclassified subsequently to profit or loss:				
Net fair value effect on hedging instruments entered into for cash flow hedges		92,144	(109,170)	883
Exchange differences on translating foreign operations		239,624	(217,539)	232,421
Total other comprehensive income (loss) for the year, net of income taxes		419,041	(59,451)	(6,628)
Total comprehensive income for the year		**$ 430,798**	**$ 470,473**	**$ 484,875**
Net income attributable to:				
Owners of the Entity		$ 1,642	$ 479,487	$ 488,018
Non-controlling interest		10,115	50,437	3,485
		11,757	**529,924**	**491,503**
Total comprehensive income for the year attributable to:				
Owners of the Entity		$ 412,608	$ 420,036	$ 480,739
Non-controlling interest		18,190	50,437	4,136
		430,798	**470,473**	**484,875**
Earnings per share:				
From continuing operations		**$ 0.0038**	**$ 0.8909**	**$ 0.8531**
From discontinued operations		**$ –**	**$ (0.1447)**	**$ (0.0936)**
Earnings per share		**$ 0.0038**	**$ 0.7462**	**$ 0.7595**
Weighted average shares outstanding		**428,132,016**	**642,593,820**	**642,593,820**

See accompanying notes to the consolidated financial statements.

Consolidated statements of **changes in stockholders' equity**

For the Years Ended December, 31 2015, 2014 and 2013 (In thousands of Mexican pesos)

	Capital stock	Installment issuance	Additional paid-in capital	Retained Earnings
Balances as of January 1, 2013	$ 2,012,905	$ (5,825)	$ 4,598,877	$ 3,338,951
Additional capital contribution	–	5,825	–	–
Loss on sale of shares in associated	–	–	–	(218,300)
Net income	–	–	–	488,018
Comprehensive income	–	–	–	–
Acquisition of Non-controlling interest	–	–	–	–
Balances as of December 31, 2013	2,012,905	–	4,598,877	3,608,669
Loss on purchase of non-controlling	–	–	–	(99,170)
Net income	–	–	–	479,487
Comprehensive income	–	–	–	–
Dilution of non-controlling	–	–	–	–
Balances as of December 31, 2014	2,012,905	–	4,598,877	3,988,986
Additional capital contribution	3,833,948	–	–	–
Net income	–	–	–	1,642
Comprehensive income	–	–	–	–
Acquisition of Non-controlling interest	–	–	–	–
Balances as of December 31, 2015	**$ 5,846,853**	**$ –**	**$ 4,598,877**	**$ 3,990,628**

See accompanying notes to the consolidated financial statements.

Other comprehensive income						
Exchange differences on translating foreign operations	Net fair value effect on hedging instruments entered into for cash flow hedges	Gain (loss) on revaluation of property, machinery and equipment	Actuarial loss	Attributable to owners of the Entity	Non-controlling interest	Total stockholders equity
$ 900,345	$ 5,984	$ 260,535	$ (144,650)	$ 10,967,122	$ 21,795	$ 10,988,917
–	–	–	–	5,825	–	5,825
–	–	–	–	(218,300)	–	(218,300)
–	–	–	–	488,018	3,485	491,503
232,421	883	(175,986)	(64,597)	(7,279)	651	(6,628)
–	–	–	–	–	3,174,549	3,174,549
1,132,766	6,867	84,549	(209,247)	11,235,386	3,200,480	14,435,866
–	–	–	–	(99,170)	–	(99,170)
–	–	–	–	479,487	50,437	529,924
(217,539)	(109,170)	275,683	(8,425)	(59,451)	–	(59,451)
–	–	–	–	–	(3,200,410)	(3,200,410)
915,227	(102,303)	360,232	(217,672)	11,556,252	50,507	11,606,759
–	–	–	–	3,833,948	–	3,833,948
–	–	–	–	1,642	10,115	11,757
231,549	92,144	157,932	(70,659)	410,966	8,075	419,041
–	–	–	–	–	(4,973)	(4,973)
$ 1,146,776	**$ (10,159)**	**$ 518,164**	**$ (288,331)**	**$ 15,802,808**	**$ 63,724**	**$ 15,866,532**

Consolidated statements of **cash flows**

For the Years Ended December, 31 2015, 2014 and 2013 (In thousands of Mexican pesos)

	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 11,757	$ 529,924	$ 491,503
Income tax expense	(62,275)	245,863	177,443
Labor obligations	(8,203)	(18,685)	(46,430)
Cash flows from investing activities:			
Depreciation and amortization	1,152,801	1,071,167	715,748
Interest income	(148,255)	(80,107)	(45,455)
Equity in income of associated entity	–	–	(4,220)
Gain on sale of fixed assets	(11,464)	(1,813)	(215,092)
Bargain purchase gain on business acquisition	–	(434,605)	–
Cash flows from financing activities:			
Interest expense	705,764	505,906	420,585
Unrealized exchange loss on debt issuance	1,183,832	448,242	–
	2,823,957	2,265,892	1,494,082
Cash flows from operating activities:			
(Increase) decrease in:			
Derivative financial instruments	–	–	849
Accounts receivable - Net	(261,383)	358,219	(517,484)
Due from related parties	(25,318)	38,824	(44,242)
Inventories - Net	(410,084)	(92,425)	299,824
Prepaid expenses	(109,519)	130,690	290,562
Net plan Assets for employee benefits at retirement	(18,469)	(42,140)	(58,561)
Long-term accounts receivable, long-term	23,922	148	214,774
Increase (decrease) in:			
Trade accounts payable	242,991	(181,271)	219,751
Due to related parties	(120,651)	(35,166)	(54,947)
Provisions	(13,333)	198,454	216,444
Advances from customers	144,542	(61,630)	109,356
Accrued expenses and taxes	320,973	(438,064)	(127,195)
Income taxes paid	(338,886)	(353,504)	(451,662)
Net cash flow provided by operating activities	2,258,742	1,788,027	1,591,551
Cash flows from investing activities:			
Purchase of property, machinery and equipment	(1,963,109)	(613,324)	(2,059,324)
Disposal of property, machinery and equipment	177,007	32,389	882,000
Net cash paid on business acquisition	–	(329,067)	260,026
Disposal of subsidiaries and investment	–	–	582,818
Non- controling purchased	(4,973)	–	–
Acquisition of other assets	(6,293)	(113,696)	–
Disposal of other assets	–	–	10,712
Interest received	148,255	80,107	45,455
Net cash flow used in investing activities	(1,649,113)	(943,591)	(278,313)
Cash flows from investing activities:			
Proceeds from bank loans	513,426	5,804,284	5,196,369
Payment of borrowings	(3,802,675)	(2,243,461)	(5,201,050)
Net cash used for the purchase of non-controlling interest	(662,310)	(2,639,664)	–
Borrowings from related parties	–	–	(852,934)
Interest paid	(510,785)	(505,906)	(420,585)
Additional capital contribution	3,929,550	–	5,825
Net cash (used in) provided by financing activities	(532,794)	415,253	(1,272,375)
Effects of exchange rates on cash and cash equivalents	(167,178)	(39,376)	170,136
Net (decrease) increase in cash and cash equivalents	(90,343)	1,220,313	210,999
Cash and cash equivalents at the beginning of the year	3,193,247	1,972,934	1,761,935
Cash and cash equivalents at the end of the year	$ 3,102,904	$ 3,193,247	$ 1,972,934

See accompanying notes to the consolidated financial statements.

Notes
to consolidated financial statements

For the Years Ended December, 31 2015, 2014 and 2013 (In thousands of Mexican pesos)

1. Activities

Elementia, S. A. B. de C.V. and Subsidiaries (the "Entity or "Elementia") is subsidiary of Kaluz, S.A. de C.V. ("Holding Entity"); constituted in Mexico City with an indefinite duration, and its main address is Poniente 134 No 719, Industrial Vallejo, 02300, Mexico, D.F. The Entity is engaged in the manufacture and sale of fiber-cement products, copper, cement, aluminum products and plastic for the construction industry.

2. Significant events

a. On December 16, 2015, the Entity held the final payment for USD$45 millions (equivalent to $782 million pesos) to Financière Lafarge, S.A.S. by the 47% of the shares in ELC Tenedora de Cementos, S.A.P.I. de C.V. (ELC) in accordance with the discussed in subsection f below

b. On October 22, 2015, in accordance with their expiration, Elementia settled the Certificados bursátiles (CEBUR) for $3,000,000 and which accrued monthly interest at a rate of TIIE plus 2.75 percentage points.

c. During 2015, the Entity started the project to expand the production capacity of Tula factory for the cement division, located in the Mucicipio Atotonilco de Tula, Hidalgo, in which will be invested $ 250 million US dollars, approximately. The investment will allow Cementos Fortaleza facilities reach a production capacity of 3.5 million tons per year from 2017, representing an increase of 1.5 million tons of cement, compared with the current capacity. As of December 31 they have invested $ 1,090 million pesos.

d. On July 10, 2015, Elementia held its first placement of shares in the public market in Mexico through the Bolsa Mexicana de Valores under the symbol ELEMENT * for $ 3,929,550 whose resources were used for the final payment for the acquisition ELC, as mentioned in paragraph a for the proposed expansion of production capacity in the cement segment as mentioned in the previous paragraph c. Due from this placement the Entity changed the type of society S.A. de C.V. to S.A.B. de C.V

e. On December 19, 2014, the Entity paid in advance the full amount of the debt it had contracted with different banks under the "Club Deal", in its subsidiaries Nacional de Cobre, S.A. de C.V. (Nacobre) and Mexalit Industrial, S.A. de C.V. (Mexalit), for the amount of $2,030,180. Also, on December 22, 2015, ELC Tenedora Cementos, S.A.P.I. de C.V. (ELC) settled the loan contracted with HSBC México, S.A. ("HSBC") for the amount of $120,000, with the resources obtained by Elementia from the Senior Unsecured Notes discussed in subsection g below.

f. On December 16, 2014, Elementia acquired 47% of the common stock shares of its subsidiary ELC, which were owned by Financière Lafarge, S.A.S. (Lafarge), to reach a 100% direct and indirect participation in ELC. The payment for the acquisition was agreed in two payments: 80% at the transaction date and the remaining 20% at the latest within one year. The total amount of the transaction was USD$225 million, generating a loss of $99,170 which was recorded in retained earnings because it is a transaction between entities under common control. This transaction was approved by the Federal Competition Commission on October 23, 2015.

g. On November 20, 2014, Elementia completed the first international Senior Unsecured Notes, for USD$425 million, equivalent to $5,809,302, using the exchange rate of $13.6738 per US$1.00, at a fixed interest rate of 5.5% with coupons payable semiannually starting on July 2015; such resources were used for the acquisition of the minority interest of Lafarge, and for the early settlement of certain liabilities as discussed in index e and f above.

h. On January 31, 2014, the Entity acquired the fibro-cement business of Certain Teed Corporation (Certain Tedd), one of the largest manufacturers of construction materials in North America. The amount of the consideration was USD$25,151 thousands, equivalent to $329,067, generating a gain on the purchase at a discounted price of $434,605, which was recorded under other revenues in the statement of comprehensive profit and loss (see Notes 11 and 20).

i. On December 17, 2013, the Entity sold the shares related to its entire participation in Grupo Cuprum, S.A.P.I. ("Cuprum", an associated entity), equivalent to 20% of the shares of such entity, to Tenedora de Empresas de Materiales de Construcción, S. A. de C. V. and Controladora GEK, S.A.P.I. de C.V. (both, related parties of the Entity), for the amount of USD$45 million (equivalent to $584 million at that date), generating a loss of $218 million, which was recorded directly in the stockholders' equity of the Entity, since it was a transaction among parties under common control. The loss on the sale of shares was due to the difference between the carrying amount of the investment and the selling price.

j. On March 20, 2013, the Entity prepaid, the syndicated loans with several banks for $2,593,050. On the same date it was replaced by a new Syndicated loan, with five other banks, obtaining better interest rates, better maturity profile and greater financial flexibility for an approximate amount of $3,730,170.

k. On January 8, 2013, the Entity, Trituradora y Procesadora de Materiales Santa Anita, S.A. de C.V. (TPM) and ELC Tenedora Cementos, S.A.P.I. de C.V. (ELC), both subsidiaries of the Entity, signed with Lafarge, S.A., Financière Lafarge, S.A.S. and Lafarge Cementos, S.A. de C.V. (together referred as to "Lafarge") (entities engaged in the manufacturing and marketing of cement) a contract entitled: "Contribution Agreement" whereby, among other things, it was agreed to constitute a joint venture among them to produce cement in Mexico. Due to the above, the Entity kept 53% of shareholding, as well as the control of ELC, and Financière Lafarge, S.A.S. kept the 47%. This joint venture will allow them to encompass between 4% and 5 % of the Mexican market, backed by the launching of an advertising campaign of Cementos Fortaleza (brand of the Entity). The combination of the industrial assets to produce cement of the two parties will allow them to produce about two million tons of cement per year. This transaction generated goodwill of $1,150 million of pesos (see Note 11).

The joint venture was subject to the fulfillment of several conditions specified in the Contribution Agreement, which were met on July 31, 2014 (the "Closing date of the Joint Venture"), date on which several contracts were signed, annexes to the Contribution Agreement and related stockholders meetings of the parties involved were held, so that all shares of Lafarge Cementos, S.A. de C.V. were transferred to ELC, as previously mentioned, a subsidiary of the Entity.

3. Basis of presentation

a. Explanation for translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These financial statements are presented on the basis of International Financial Reporting Standards ("IFRS"). Certain accounting practices applied by the Entity that conform with IFRS may not conform with accounting principles generally accepted in the country of use.

b. Restatement

During May 2015, the Entity determined to change the way its operating segments report internally with the purpose of making decisions on the performance and allocation of resources as well as reflect its operational strategy. As a result of these changes, the segment dedicated to the production and marketing of plastics has been absorbed by its Building systems segment also operations of the Holding and eliminations were separated by presentation. The segments were as follows: Cement, Building systems and Metals. The Entity restructured retrospectively its information by division for the year ended December 31, 2014 and 2013.

The Entity decided to restate segments dut to plastics and Building systems individually did not exceed ten percent of assets, sales and profit. besides the processes of both segments are similar.

The change in the consolidated cash flow statement is mainly for the treatment of the purchase of non-controlling interest. The previously reported amounts were: i) in net flows from operating activities $ 2,447,943 ii) net cash flows used in investing activities $ (3,583,255), and iii) in net cash flows used in financing activities $ 2,395,001.

The change in the consolidated statement of financial position is mainly regarding treatment of income tax by the regime of fiscal integration. The previously reported amounts were: i) in taxes and accrued expenses $ 273.049 and ii) Income tax payable $ 0.

c. Application of new and revised International Financing Reporting Standards ("IFRSs") and interpretations that are mandatorily effective for the current year

In the current year, the Entity has applied a number of amendments to IFRSs and new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2015.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Entity has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definitions of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities

As the Entity is not an investment entity (assessed based on the criteria set out in IFRS 10 as of January 1, 2015), the application of the amendments has had no impact on the disclosure or the amounts recognized in the Entity consolidated financial statements

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Entity has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments have been applied retrospectively. As the Entity does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the Entity's consolidated financial statements. /The Entity has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognized in the Entity's consolidated financial statements.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Entity has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Entity's consolidated financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Entity's management does not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Entity's consolidated financial statements.

Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*
The Entity has applied the amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Entity does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognized in the Entity's consolidated financial statements.

d. New and revised IFRSs in issue but not yet effective
The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments [2]
IFRS 14	Regulatory Deferral Accounts [1]
IFRS 15	Revenue from Contracts with Customers [2]
Amendments to IFRS 16	Leases
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations1
Amendments to IAS 1	Disclosure Initiative [1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization [1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plant [1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [1]
Amendments to IFRS 10, IFRS 12	Investment Entities: Applying the Consolidation Exception [1] and IAS 28
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle.

IFRS 9 *Financial Instruments*
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Entity's management anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the *Entity's* financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

IFRS 14, *Regulatory Deferral Accounts*
IFRS 14, "*Regulatory Deferral Accounts*", was issued in January 2014 and applies to annual reporting periods beginning on or after 1 January 2016, earlier application is permitted. The standard specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. It permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Entity's management anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Entity's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Entity performs a detailed review.

IFRS 16, *Leases*
IFRS 16 "Leases" was issued in January 2016 and supersedes IAS 17 "Leases" and related interpretations. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

However, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term for leases with a lease term of 12 months or less and containing no purchase options (this election is made by class of underlying asset); and leases where the underlying asset has a low value when new, such as personal computers or small items of office furniture (this election can be made on a lease-by-lease basis).

IFRS 16 establishes different transitional provisions, including retrospective application or the modified retrospective application where the comparative period is not restated.

The Entity is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements, although by the nature of its operations it would [expect/not expect] significant impacts.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations. Specifically*, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Entity anticipate that the application of these amendments to IFRS 11 may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Entity do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Entity's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue; or
b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Entity uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The Entity's management believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Entity's consolidated financial statements.

Entity's consolidated financial statements as the Entity is not engaged in agricultural activities.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Entity anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors of the Entity do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Entity's consolidated financial statements as the Entity is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle
The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Entity do not anticipate that the application of these amendments will have a material effect on the Entity's consolidated financial statements.

4. Significant accounting policies

a. Statement of compliance

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

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain long-lived assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The financial statements are prepared in Mexican pesos, legal currency of Mexico and are presented in thousands, except when indicated otherwise

i. Historical cost

Historical cost is generally based on the fair value of the consideration given 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Elementia, S. A. de C.V. and the entities controlled by it. Control is achieved when the Entity:

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

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

When Elementia, S. A. B. de C. V. has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity 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 Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

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

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

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

1. **Changes in the Entity's ownership interests in existing subsidiaries**

   Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

   When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As of December 31, 2015, 2014 and 2013, and for the years then ended. Elementia's shareholding percentage in the capital stock of its significant subsidiaries and their activities are set forth below.

Country and entity	2015	2014	2013	Activity
México:				
Mexalit Industrial, S.A de C. V. (Mexalit Industrial)	100%	100%	100%	Manufacture and distribution of fiber-cement construction products.
Distribuidora Promex, S. A. de C. V. y Subsidiarias (Promex)	100%	100%	100%	Investments in shares and distribution of fiber-cement construction products and pipes.
Mexalit Servicios Administrativos, S.A. de C.V. (Mexalit Servicios)	100%	100%	100%	Administrative services.
Nacobre Servicios, S.A. de C.V.) (Nacobre Servicios)	100%	100%	100%	Administrative services.
Compañía Mexicana de Concreto Pretensado Comecop, S.A. de C.V. (Comecop)	99.96%	99.96%	99.96%	Manufacture and sale of pre-stressed concrete pipes.
Nacional de Cobre, S.A. de C.V. (Nacobre)	100%	100%	100%	Manufacture of copper products for the construction industry.
Operadora de Inmuebles Elementia, S.A. de C.V. (Operadora)	99.99%	99.99%	99.99%	Assets leasing.
Frigocel, S. A. de C. V. y subsidiaria (Frigocel)	100%	100%	100%	Manufacture and distribution and sale of plastic products..
ELC Tenedora de Cementos, S. A. P. I. de C. V. y Subsidiarias (ELC) (2)	100%	100%	53%	Holding entity.
GEBA Fibrocementos Holding, S.A. de C.V. (previously General de Bebidas y Alimentos, S.A. and Subsidiaries (GEBA)	100%	100%	100%	Holding entity.
Colombia:				
Eternit Colombiana, S.A (1) (Colombiana)	94.42%	93.41%	93.41%	Manufacture and distribution of fiber-cement construction products.
Estados Unidos de América:				
Elementia USA, Inc. and Subsidiaries	100%	100%	100%	Manufacture and distribution of fiber-cement construction and cooper products.
Costa Rica y América Central:				
The Plycem Company, Inc. and Subsidiaries (Plycem and Subsidiaries)	99.93%	99.93%	99.93%	Holding entity of Central America entities and production of light construction systems (constru-sistemas) Latin-American
Perú:				
Industrias Fibraforte, S.A. (Fibraforte)	100%	100%	100%	Manufacture of slight covers of polypropylene and polycarbonate.
Ecuador:				
Eternit Ecuatoriana, S.A. (Ecuatoriana)	100%	100%	100%	Manufacture and distribution of fiber-cement construction products.

(1) Merged in 2015 with Eternit Atlántico, S.A. and Eternit Pacifico, S.A., subsisting as merged entity, derivative from the merger, the transaction generated a change in the shareholding in the non-controlling interest of 99,836 shares for an amount of $4,973.

(2) As discussed in Note 2f, on December 16, 2015, Elementia acquired 47% of the common stock shares of its subsidiary ELC, which were owned by Financière Lafarge, S.A.S. (Lafarge), to reach a 100% direct and indirect participation in ELC.

d. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

e. Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. **Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

2. **Financial assets at FVTPL**

Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income (expenses) - Net' line item. Fair value is determined in the manner described in Note 10.

3. **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to maturity investments are measured at amortized cost using the effective interest method less any impairment.

4. **Financial assets classified as available-for-sale (AFS financial assets)**

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Entity that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Entity also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the Entity's management consider that fair value can be reliably measured). Fair value is determined in the manner described in Note 10. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of assets classified as held for sale are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Entity's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

5. **Loans and receivables**

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

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

6. **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

7. **Derecognition of financial assets**

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralize borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

f. Cash and cash equivalents

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments that a) are highly liquid and easily convertible into cash, b) mature within three months from their acquisition date and c) are subject to low risk of material changes in value. Cash is stated at nominal value and cash equivalents are valued at fair value; any fluctuations in value are recognized in profit or loss and other comprehensive income. Cash equivalents are comprised mainly of investments in investment funds.

g. Inventories and cost of sales

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on sing a weighted average basis including the cost of materials, direct costs and an appropriate portion of fixed and variable overhead costs that are incurred in the transformation process. Reductions in value of inventories are included in of reserves that represent the impairment of inventories.

When an impairment indicator suggests that the carrying amounts of inventories might not be recoverable, the Entity reviews such carrying amounts, estimates the net realizable value, based on the most reliable evidence available at that time. Impairment is recorded if the net realizable value is less than the carrying value. Impairment indicators considered for these purposes are, among others, obsolescence, a decrease in market prices, damage, and a firm commitment to sell.

h. Property, machinery and equipment

Property, machinery land buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any increase in the value of such property machinery and equipment is recognized as gain on revaluation in other comprehensive income items, unless reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is credited to income as it reduces spending by decreasing previously made. A decrease in the value that originated from the revaluation of such land, property and machinery, is recorded in income to the extent it exceeds the balance, if any, of the property revaluation reserve relating to a previous revaluation of that same asset.

Depreciation on revalued property and machinery is recognized in the statement to profit or loss and other comprehensive income. In case of subsequent sale or disposal of revalued property, the attributable revaluation gain to the remaining revaluation reserve property is transferred directly to retained earnings.

Properties in construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Entity's accounting policy. Such properties are allocated to the appropriate categories of property, machinery and equipment when are completed and ready for its intended use. At this date begins the depreciation using the same basis as in other property assets.

Depreciation on revalued property and machinery is recognized in the statement to profit or loss and other comprehensive income. In case of subsequent sale or disposal of revalued property, the attributable revaluation gain to the remaining revaluation reserve property is transferred directly to retained earnings.

Land is not depreciated.

The furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized to write off the cost or valuation of assets (other than properties under construction) less their residual values over their useful lives using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, and the effect of any changes in the estimate recorded is recognized on a prospective basis. Depreciation is calculated under the straight-line method based on the useful lives of the assets, as follows:

	% de valor residual	Average years of useful life		
		December, 2015	December, 2014	December, 2013
Buildings	-	30 y 60	30 y 60	30 y 60
Machinery and equipment	-	10 a 30	10 a 30	10 a 30
Vehicles	5	4 y 5	4 y 5	4 y 5
Computers	-	3	3	3
Office furniture and equipment	-	10	10	10

Any gain or loss arising on the disposal or retirement of an item of property, machinery and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Intangible assets and other assets

1. **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2. **Internally-generated intangible assets - research and development expenditure**

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

3. **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4. **Derecognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

j. Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

k. Goodwill

Goodwill arising from a business combination or acquisition of associate is recognized as an asset at the date that control is acquired (the acquisition date) less impairment losses recognized, if any. Goodwill is the excess of the consideration transferred the amount of any non-controlling interest in the acquire over the fair value of the acquirer's interest in the equity of the acquired and / or on the net at the date of acquisition identifiable assets acquired and liabilities assumed.

When the fair value of the identifiable net assets acquired exceeds the sum of the consideration transferred, the amount of such excess is recognized in the income statement as a gain on purchase.

Goodwill is not amortized and is subject to annual impairment testing. For purposes of impairment testing, goodwill is allocated to each cash-generating unit for which the entity expects to obtain benefits. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of unit, proportionately, based on the carrying amount of each asset in the unit. The impairment loss recognized for goodwill purposes cannot be reversed in a subsequent period.

The availability of a subsidiary, the amount attributable to goodwill is included in determining the gain or loss on disposal.

l. Investments in associates and joint ventures

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

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

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

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate or a joint venture. When necessary, 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. 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 Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

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

m. Business combinations

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

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

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal grou) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

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

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

n. Leasing

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

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

Finance lease payments are apportioned between finance expenses and a reduction of the lease liability so as to achieve an effective interest rate. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Entity's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

o. Transactions in foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The exchange differences are recognized in income for the period, except by exchange rate differences from foreign currency denominated loans relating to assets under construction qualifying for capitalization of interest, which are included in the cost of such assets when considered as an adjustment to interest cost on those foreign currency denominated loans.

The adjustments to goodwill and fair value generated in the acquisition of a foreign operation are treated as assets and liabilities of the operation and translated at the exchange rate prevailing at the end.

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the date of the statement of financial position. Exchange fluctuations are recorded as a component of net comprehensive financing result in the statements of income.

The functional currency and the recording currency of the entity and all of its subsidiaries is the Mexican peso, except for the subsidiary whose functional and recording currencies are different as follow:

Subsidiary	Recording currency	Functional currency	Reporting currency
Colombiana	Colombian peso	Colombian peso	Mexican peso
Elementia USA y subsidiarias	USD$	USD$	Mexican peso
Plycem y subsidiarias	USD$	USD$	Mexican peso
Fibraforte	Soles	Soles	Mexican peso
Ecuatoriana	USD$	USD$	Mexican peso

(1) The Entity determined that a change occurred in the relevant facts and circumstances for Nacional de Cobre, S.A. de C.V. (Nacobre), a subsidiary of the Entity, which justifies a change in its functional currency based on the following factors:

i. The currency which fundamentally influences the selling prices of the goods and services.
ii. The currency of the country whose competitive forces and regulations fundamentally determine the selling prices of its goods and services.
iii. The currency which fundamentally influences the costs of labor, materials and others.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits from termination and retirement and Statutory employee profit sharing (PTU)

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Liabilities from seniority premiums, pension plans and severance payments are recognized as they accrue and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates. Actuarial gains and losses are recognized immediately in other comprehensive income items net of deferred income taxes, according to the net asset or liability recognized in the statement of financial position to reflect the surplus (or deficit) of the employee benefit plan, while the past service costs are recognized profit or loss when performing the modification of the plan or when restructuring the costs recognized.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation, adjusted for gains and losses and past service costs, less the fair value of plan assets. When plan assets exceed the liabilities of the defined benefit plan, such assets will be valued at the lesser of: i) the surplus in a defined benefit plan, and ii) the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to it.

PTU

PTU is recorded in the results of the year in which it is incurred.

r. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

– **Current tax**

Current income tax (ISR) is recognized in the results of the year in which is incurred. Until December 31, 2014, current income tax was calculated as the higher of the ISR and the Business Flat Tax ("IETU").

– **Deferred Income taxes**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

As a consequence of the 2015 Tax Reform, as of December 31, 2014 deferred IETU is no longer recognized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Entity's management reviewed the Entity's investment property portfolios and concluded that none of the Entity's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, management has determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Entity has not recognized any deferred taxes on changes in fair value of the investment properties as the Entityis not subject to any income taxes on the fair value changes of the investment properties on disposal.

– **Current and deferred tax for the year**

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

– **Tax on assets**

The tax on assets (IMPAC) expected to be recovered in the form of a cash refund is recorded as a tax receivable.

s. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1. **Warranties**

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the Entity's management best estimate of the expenditure required to settle the Entity's obligation.

2. **Contingent liabilities acquired in a business combination**

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

t. Financial liabilities and equity instruments

1. **Classification as debt or equity**

   Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. **Equity instruments**

   An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

   Repurchase of the Entity's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Entity's own equity instruments

3. **Financial liabilities**

   Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities.

4. **Financial liabilities at FVTPL**

   Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

   A financial asset is classified as held for trading if:

   - It has been acquired principally for the purpose of selling it in the near term; or
   - On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
   - It is a derivative that is not designated and effective as a hedging instrument.

   A financial asset other than a financial asset held for trading may be designated as of FVTPL upon initial recognition if:

   - Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
   - The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the Entity is provided internally on that basis; or
   - It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as of FVTPL.

   Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income (expenses) - Net' line item. Fair value is determined in the manner described in Note 10

5. **Other financial liabilities**

   Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

   The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

6. **Derecognition of financial liabilities**

   The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

u. Financial derivative instruments

In order to hedge the financial risks derived from fluctuation in prices of natural gases and some metals such as copper, aluminum, zinc, and nickel, the Entity selectively uses derivative financial instruments such as swa and futures (future contracts) on those underlying instruments. See Note 11 includes further detail about derivative financial instruments.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives are initially recognized at fair value at the date of the derivative contract subscribe and subsequently measured at fair value at the end of the reporting period. The gain or loss is recognized in income unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the results depend on the nature of the hedge relationship. The Entity designates certain derivatives as either fair value hedges of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (hedging cash flows).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as an asset or a liability in the long term if the maturity date of the instrument is 12 months or more and not expected to make or cancel within those 12 months. Other derivatives are presented as current assets and current liabilities.

– **Hedge accounting**

The Entity designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 11 sets out details of the fair values of the derivative instruments used for hedging purposes.

– **Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other income (expenses) - Net' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

– **Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

– **Embedded Derivatives**

The Entity carried out the review of contracts held to identify embedded derivatives to be separated from the host contract for purposes of valuation and accounting records.

The Entity has no fair value hedges, hedges of net investment in a foreign operation or embedded derivatives in the reporting period.

v. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

– **Sale of goods**

Revenue from the sale of goods is recognized when the goods are delivered and title has passed, at the time when all of the following conditions are satisfied:

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

- **Dividend and interest income**
  Dividend income from investments is recognized when the Entity has the right to receive payment (provided that it is probable that the economic benefits will flow to the Entity and the amount of income can be reliably measured).

  Interest income is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is recorded on a periodic basis, with reference to capital and the effective interest rate applicable.

- **Services -** Revenues from services are recognized in the period in which such services are rendered.

- **Rentals -** Rentals are recognized monthly as leasing services and are provided and maintenance charges are recognized in the period of the length of the lease agreement from which they come.

w. Earnings per share

(i) Basic earnings per common share are calculated by dividing consolidated net income of controlling interests by the weighted average number of common shares outstanding during the year, (ii) Basic earnings per common share from discontinued operations are calculated by dividing net income of discontinued operations by the weighted average number of common shares outstanding during the year.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 4, the Entity's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgments and key sources of uncertainty applying the estimates made at the date of the consolidated financial statements, which have a significant risk deriving of an adjustment to the carrying amounts of assets and liabilities during the next financial period are as follow:

a. **Allowances of inventories and accounts receivable -** The Entity uses estimates to determine allowances of inventories and accounts receivable. Factors considered when calculating the allowance for obsolete and slow moment items are the production and sales volumes as well a movements on the demand for some products. The factors considered when calculating the allowance for doubtful accounts are mainly the credit risk of the customer's financial situation, unsecured accounts and significant delays in the collection according to the established credit conditions.

b. **Property, machinery and equipment -** The Entity reviews the estimated useful lives of property, machinery and equipment at the end of each annual period. During 2014, based on a detailed analysis the management of the Entity changed the estimated useful lives of certain components of property, machinery and equipment. The degree of uncertainty associated with estimates of useful lives is related to changes in the market and asset utilization for production volumes and technological development.

c. **Impairment of long-lived assets -** The carrying value of non-current assets are reviewed for impairment if there are situations or changes in circumstances indicating that its the carrying value will is not be recovered. If there is evidence of impairment, the Entity carries out a review to determine if the carrying value exceeds its recoverable amount. When performing impairment testing of assets, the Entity has to make estimates on the value assigned to use its property, machinery and equipment, and to its cash generating units, in the case of certain assets. To determine the value in use the calculation requires the Entity has to determine future cash flows projections of revenue using estimates of market conditions, pricing, and production and sales volumes from the cash-generating units using an appropriate discount rate to calculate the present value.

d. **Valuation of financial instruments -** The Entity uses valuation techniques for its derivative financial instruments, which include information that is not always based on observable market data to estimate its fair value. Note 10 shows detailed information about the key assumptions considered in determining the fair value of financial instruments, as well as detailed analyzes of sensitivity on these assumptions. The management of the Entity believes that the valuation techniques and assumptions used are appropriate to determine the fair value of its financial instruments.

e. **Contingencies -** Due to the nature of its operations, the Entity is subject to transactions or events contingent on which uses professional judgment in developing estimates of probability of occurrence, the factors considered in these estimates are the current legal status at the of the estimate date and the legal counsel opinion.

f. **Employee retirement benefits asset -** Assumptions are used to determine retirement benefits of employees and the underlying assumptions annually. These estimates, as discussed, and established in conjunction with independent actuaries. These assumptions include demographic assumptions, discount rates and expected increases in salaries and future service, among others. The Entity believes these estimates to be appropriate however, a change in them could affect the value of assets or liabilities for these benefits and the statement of comprehensive income in the period in which it occurs.

g. **Tax losses -** The Entity reviews the deferred tax assets and liabilities which are valued by using the tax rates expected to be applied in the period in which the liability is paid or the asset is realized, based on the rates (and tax laws) that were approved or substantially enacted at the end of the reporting period.

6. Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand and in banks and investment funds, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows, can be reconciled to the related items in the statement of financial position as follows:

	December 31, 2015	December 31, 2014	December 31, 2013
Cash	$ 2,490,068	$ 1,492,373	$ 1,496,814
Cash equivalents -			
Investment funds	612,836	1,700,874	476,120
	$ 3,102,904	$ 3,193,247	$ 1,972,934

7. Accounts receivable

	December 31, 2015	December 31, 2014	December 31, 2013
Trade accounts receivable	$ 2,500,943	$ 2,349,623	$ 2,620,355
Allowance for doubtful accounts	(164,774)	(205,358)	(238,758)
	2,336,169	2,144,265	2,381,597
Recoverable taxes, mainly Value Added Tax (“VAT”)	918,547	929,279	1,019,615
Other receivables	156,314	76,103	105,057
	$ 3,411,030	$ 3,149,647	$ 3,506,269

a. Trade accounts receivable

The average credit period on sales of goods is between 30 and 60 days and the Entity expects to collect trade accounts receivable within such timeframe. No interest is charged on trade receivables. Allowances for doubtful accounts are recognized against trade receivables for 100% of all trade accounts receivable with high possibilities of not been collectable based on the estimated unrecoverable amounts.

To accept any new customer, the Entity requests financial information for the last two years and subsequently supports it with an external credit rating system to evaluate their potential client’s financial support and defines credit limits by customer. The limits and qualifications attributed to customers are reviewed every two months through the Credit Committee established by the Entity. No single customer represents more than 5% of the total balance of the accounts receivable.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Entity has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Entity does not hold any specific guarantees or any other credit enhancements on those amounts, nor does it have any legal right to compensate them against any amounts payable.

Entity tracks the payment’s performance of the clients without any guarantees and that the only document supporting payment are promissory notes, and in some cases with support of the client’s owner, in case of delay in accordance with its policies. In these cases, the Entity suspended the use of line of credit for future purchases. Further delays lead to judicial and extrajudicial (legal) actions aimed to recover the balance. If the collection is still not accomplished, the Entity cancels the credit line and the account receivable.

The impairment of some account receivable during 2015 were $6,623.

b. Allowance for doubtful accounts is as follows:

	December 31, 2015	December 31, 2014	December 31, 2013
Domestic trade receivables	$ 136,342	$ 188,850	$ 223,621
Clientes de exportación	28,432	16,508	15,137
	$ 164,774	$ 205,358	$ 238,758

c. Change in the allowance for doubtful accounts:

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at the beginning of the year	$ 205,358	$ 238,758	$ 176,853
Allowance of the period	94,331	56,771	257,222
Write – offs	(134,915)	(90,171)	(195,317)
Balance at the end of the year	$ 164,774	$ 205,358	$ 238,758

In determining the recoverability of a trade receivable, the Entity considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period. Concentration of credit risk is limited due to the customer base is large and independent.

8. Inventories

	December 31, 2015	December 31, 2014	December 31, 2013
Raw materials and auxiliary materials	$ 868,950	$ 709,458	$ 613,152
Work in progress	572,451	544,765	464,274
Finished goods	1,033,062	919,674	938,276
Goods in transit	77,773	74,273	65,562
Spare parts and other inventories	449,003	393,798	302,564
	3,001,239	2,641,968	2,383,828
Less- allowance for obsolete and slow movement items	(120,387)	(171,200)	(133,457)
	$ 2,880,852	$ 2,470,768	$ 2,250,371

The allowance for obsolete and slow movement is determined based on the experience of previous years, considering the movement of goods in the market. An increase to the reserve is recorded if items lack of movement, until it is fully impaired.

The allowance for obsolete goods is determined based on the experience of the physical inventories which are performed periodically adjusted by variable rates in the different plants.

Movements in the allowance for obsolete, slow moving inventories are presented below:

	December 31, 2015	December 31, 2014	December 31, 2013
Balance at the beginning of the year	$ 171,200	$ 133,457	$ 163,019
Estimación del periodo	53,400	84,258	287,990
Write – offs	(104,213)	(46,515)	(317,552)
Balance at the end of the year	$ 120,387	$ 171,200	$ 133,457

9. Intangible assets and other assets - Net

Intangible assets with finite useful lives and long-term prepaid expenses are as follow:

	Years of amortization		December 31 2015		December 31 2014		December 31 2013
Indefinite-lived intangible:							
Goodwill (1)	Indefinite	$	1,658,382	$	1,658,382	$	1,658,382
Mining assets (2)	Indefinite		813,300		813,300		813,300
Client Portafolio (3)	Indefinite		179,252		179,252		179,252
			2,650,934		2,650,934		2,650,934
Assets with finite useful lives:							
Exclusive distribution rights	2 years		164,517		164,517		164,517
Trademarks and other rights (4)	Various		85,543		88,204		80,438
Prepayment of advertising services (5)	Various		68,159		14,628		13,099
SAP implementation	5 years		460,855		405,173		339,735
Non-compete contract (Fibraforte)	10 years		46,986		46,986		46,986
Software licenses	2 years		90,721		96,036		79,092
Installation costs	5 years		8,931		66,573		52,026
Accumulated amortization			(560,869)		(472,074)		(353,464)
			364,843		410,043		422,429
Long-term prepaid expenses			78,590		96,774		81,938
Foreclosed assets			11,907		13,370		8,021
Guarantee deposits			4,940		7,440		7,790
Investment in shares of associated companies and others(6)			6,693		10,323		11,118
Others			10,977		5,449		3,062
			113,107		133,356		111,929
Inversión neta		$	3,128,884	$	3,194,333	$	3,185,292

(1) Includes goodwill generated in the acquisition of Fibraforte, S.A., Trituradora y Procesadora de Metales Santa Anita, S.A. de C.V., Frigocel, S.A. de C.V., Frigocel Mexicana, S.A. de C.V., Nacional de Cobre, S.A. de C.V., and Lafarge Cementos, S.A. de C.V.

(2) Cement plants "Tula" and "Vito" located in the State of Hidalgo, acquired through the business combination described in Note 11.

(3) Customer relationship, acquired through the business combination described in Note 11.

(4) It mainly includes the indefinite-live trademark of Nacobre and Fibraforte, both arising from business acquisitions.

(5) On February 27, 2012, one of the Entity' subsidiaries signed a services, sponsorship and advertising contract with Club Pachuca, a soccer team in Mexico, to promote the logo and name of "Cementos Fortaleza" in the uniform of soccer teams "Tuzos del Pachuca" and "Leon". Club Pachuca has to deliver to the Entity fortnightly reports with specific details of the promotional activities performed. The parties agreed that the subsidiary will pay to Club Pachuca a total consideration of $ 101,000 to be paid as follows: $ 11,000 at the execution of the contract and several installments of from June 30, 2015 to June 30, 2016.

(6) Includes investment in shares of associated in Mexico, Colombia and Southamerica.

Assets with finite useful lives - cost		Exclusive distribution rights		Trademarks and other rights
Balances as of January 1, 2013	$	164,517	$	79,125
Others (Exchange differences on translating foreign operations)		–		(25)
Additions		–		–
Business Combination		–		1,338
Balances as of December 31, 2013	$	164,517	$	80,438
Others (Exchange differences on translating foreign operations)		–		16
Additions		–		7,750
Balances as of December 31, 2014	$	164,517	$	88,204
Others (Exchange differences on translating foreign operations)		–		(514)
Additions				431
Disposals and reclafications		–		(2,578)
Balances as of December 31, 2015	$	164,517	$	85,543

Accumulated amortization		Exclusive distribution rights		Trademarks and other rights
Balances as of January 1, 2013	$	(164,517)	$	(14,274)
Others (Exchange differences on translating foreign operations)		–		(25)
Amortization expense		–		–
Balances as of December 31, 2013	$	(164,517)	$	(14,299)
Others (Exchange differences on translating foreign operations)		–		(290)
Amortization expense		–		(4,714)
Balances as of December 31, 2014	$	(164,517)	$	(19,303)
Others (Exchange differences on translating foreign operations)		–		82
Amortization expense		–		(458)
Balances as of December 31, 2015	$	(164,517)	$	(19,679)

Amortization recorded in profit or loss was $117,100, $106,732 and 83,516 in 2015, 2014 y 2013, respectively

Advertising agreement	SAP implementation	Non-compete contract	Software Licenses	Installation costs	Total
$ 12,065	$ 283,700	$ 46,986	$ 51,856	$ 44,239	$ 682,488
880	(226)	–	(178)	(24)	427
–	16,642	–	52	–	16,694
154	39,619	–	27,414	7,759	76,284
$ 13,099	$ 339,735	$ 46,986	$ 79,092	$ 52,026	$ 775,893
627	580	–	1,352	12,175	14,750
902	64,858	–	15,592	2,372	91,474
$ 14,628	$ 405,173	$ 46,986	$ 96,036	$ 66,573	$ 882,117
2,494	3,834	–	3,536	7,206	16,556
1,489	51,848	–	11,720	–	65,488
49,548	–	–	(20,571)	(64,848)	(38,449)
$ 68,159	$ 460,855	$ 46,986	$ 90,721	$ 8,931	$ 925,712

Advertising agreement	SAP implementation	Non-compete contract	Software Licenses	Installation costs	Total
$ –	$ (59,158)	$ (11,346)	$ (8,571)	$ (11,374)	$ (269,240)
–	(278)	–	(240)	(165)	(708)
–	(64,361)	(4,700)	(10,535)	(3,920)	(83,516)
$ –	$ (123,797)	$ (16,046)	$ (19,346)	$ (15,459)	$ (353,464)
–	(3,921)	–	(7,571)	(96)	(11,878)
(45)	(73,299)	(4,699)	(21,390)	(2,585)	(106,732)
$ (45)	$ (201,017)	$ (20,745)	$ (48,307)	$ (18,140)	$ (472,074)
(7)	(3,827)	–	26,512	5,545	28,305
(52)	(80,865)	(4,701)	(34,688)	3,664	(117,100)
$ (104)	$ (285,709)	$ (25,446)	$ (56,483)	$ (8,931)	$ (560,869)

10. Property, machinery and equipment - Net

a. For the period ended December 31, 2015, 2014 and 2013:

	Balance as of December 31, 2015	Revaluations
Investment:		
Land	$ 2,531,994	$ 180,150
Buildings and constructions	5,596,687	334,825
Machinery and equipment	16,066,400	233,790
Vehicles	146,147	–
Office furniture	70,989	–
Computers	195,249	–
Construction in process	782,265	–
Total investment	25,389,731	748,765
Accumulated depreciation:		
Buildings and constructions	(1,846,488)	(81,467)
Machinery and equipment	(7,567,737)	(441,681)
Vehicles	(74,473)	–
Office furniture	(47,149)	–
Computers	(143,242)	–
Total accumulated depreciation	(9,679,089)	(523,148)
Net investment	$ 15,710,642	$ 225,617

	Balance as of December 31, 2014	Revaluations
Investment:		
Land	$ 2,291,849	$ 108,339
Buildings and constructions	4,518,763	73,428
Machinery and equipment	14,666,176	132,310
Vehicles	148,493	(12,999)
Office furniture	63,437	–
Computers	184,359	–
Construction in process	1,328,998	–
Total investment	23,202,075	301,078
Accumulated depreciation:		
Buildings and constructions	(1,409,040)	(72,269)
Machinery and equipment	(6,982,687)	22,850
Vehicles	(70,235)	14,441
Office furniture	(38,488)	(1,318)
Computers	(93,538)	(3,904)
Total accumulated depreciation	(8,593,988)	(40,200)
Net investment	$ 14,608,087	$ 260,878

	Balance as of December 31, 2013	Revaluations
Investment:		
Land	$ 2,545,425	$ 161,786
Buildings and constructions	3,835,241	102,407
Machinery and equipment	10,015,270	(260,701)
Vehicles	268,155	(126,565)
Office furniture	81,649	–
Computers	92,126	–
Construction in process	3,703,332	–
Total investment	20,541,198	(123,073)
Accumulated depreciation:		
Buildings and constructions	(2,001,879)	(177,488)
Machinery and equipment	(6,537,692)	169,405
Vehicles	(46,581)	(22,319)
Office furniture	(56,906)	–
Computers	(75,609)	–
Total accumulated depreciation	(8,718,667)	(30,402)
Net investment	$ 11,822,531	$ (153,475)

Depreciation recorded in profit or loss amounted to $1,035,701, $964,435 and $632,232, as of December 31, 2015, 2014 and 2013, respectively, and recorded in inventories amounted to $52,862, $53,131 and $40,021, in 2015, 2014 and 2013, respectively.

During 2015, 2014 and 2013, the Entity did not identify impairment indicators

Business Combination	Additions	Allocations	Disposals	Translation effect	Balance as of December 31, 2015
$ –	$ 3,553	$ 12,947	$ (29,590)	$ 50,954	$ 2,750,008
–	20,666	92,285	(11,432)	131,705	6,164,736
–	68,167	701,296	(84,915)	170,751	17,155,489
–	92,188	76,374	(85,878)	1,117	229,948
–	4,245	13,648	(5,555)	2,288	85,615
–	5,471	7,034	(3,253)	4,799	209,300
–	1,874,922	(903,584)	(4,660)	6,665	1,755,608
–	2,069,212	–	(225,283)	368,279	28,350,704
–	(173,828)	–	4,834	(34,418)	(2,131,367)
–	(804,406)	–	41,161	(32,850)	(8,805,513)
–	(21,658)	–	8,276	(1,587)	(89,442)
–	(6,544)	–	3,434	(2,026)	(52,285)
–	(29,265)	–	2,035	(3,141)	(173,613)
–	(1,035,701)	–	59,740	(74,022)	(11,252,220)
$ –	$ 1,033,511	$ –	$ (165,543)	$ 294,257	$ 17,098,484

Business Combination	Additions	Allocations	Disposals	Translation effect	Balance as of December 31, 2014
$ 47,101	$ 10,629	$ 66,626	$ (5,478)	$ 12,928	$ 2,531,994
545,237	13,067	473,340	(609)	(26,539)	5,596,687
456,530	55,042	509,967	(52,243)	298,618	16,066,400
–	3,467	18,019	(6,402)	(4,431)	146,147
–	3,089	4,310	(4,479)	4,632	70,989
–	1,681	2,331	(38)	6,916	195,249
–	526,349	(1,074,593)	(6,501)	8,012	782,265
1,048,868	613,324	–	(75,750)	300,136	25,389,731
–	(134,467)	–	576	(231,288)	(1,846,488)
–	(781,271)	–	35,837	137,534	(7,567,737)
–	(13,637)	–	4,299	(9,341)	(74,473)
–	(7,059)	–	4,424	(4,708)	(47,149)
–	(28,001)	–	38	(17,837)	(143,242)
–	(964,435)	–	45,174	(125,640)	(9,679,089)
$ 1,048,868	$ (351,111)	$ –	$ (30,576)	$ 174,496	$ 15,710,642

Business Combination	Additions	Allocations	Disposals	Translation effect	Balance as of December 31, 2013
$ 181,957	$ 31,178	$ 80,975	$ (592,008)	$ (117,464)	$ 2,291,849
512,008	58,157	736,916	(540,326)	(185,640)	4,518,763
1,390,032	421,528	3,090,301	(25,593)	35,339	14,666,176
4,636	10,234	3,287	(6,479)	(4,775)	148,493
2,984	2,610	5,955	(1,195)	(28,566)	63,437
2,773	27,115	56,623	(4,195)	9,917	184,359
17,199	1,508,502	(3,974,057)	–	74,022	1,328,998
2,111,589	2,059,324	–	(1,169,796)	(217,167)	23,202,075
–	(39,227)	–	462,259	347,295	(1,409,040)
–	(568,933)	–	30,799	(76,266)	(6,982,687)
–	(6,432)	–	5,107	(10)	(70,235)
–	(1,609)	–	1,153	18,874	(38,488)
–	(16,031)	–	3,570	(5,468)	(93,538)
–	(632,232)	–	502,888	284,425	(8,593,988)
$ 2,111,589	$ 1,427,092	$ –	$ (666,908)	$ 67,258	$ 14,608,087

b. Fair value of Property, machinery and equipment

The fair value of land is determined fair market value for continued use. Is the most likely monetary amount you can get to market a well in a competitive and open market under all conditions for a fair sale between buyer and seller each acting prudently and properly informed, and assuming that this amount is not affected by undue stimulus implicit in this definition in the consummation of a sale at a certain date, the assets are considered installed and for continued use and continue to operate where they are now.

The fair value of buildings and constructions and machinery and equipment was determined using the cost method that reflects the cost of a market participant for the construction of utility assets and comparable age, adjusted for obsolescence.

The hierarchy of value of property, plant and equipment as of 31 December 2015, 2014 and 2013 is Level 2.

11. Business combination

1. Certain Teed Corporation

a. Business acquired

As mentioned in Note 2h, the Entity acquired the fibro-cement business of CertainTeed, an entity operating in the United States of America. Given that the operation was considered a business acquisition, the related acquisition accounting was applied as of the acquisition date. The acquisition price did not include any contingent consideration.

The following ste are required in acquisition accounting:

i. Recognize and measure the respective assets acquired and liabilities assumed

ii. Determine the respective intangible assets or goodwill, if any.

b. Consideration transferred

The consideration paid in cash was USD$25,151 equivalent to $329,067. The assets acquired did not include cash or cash equivalents.

c. Acquired assets and assumed liabilities at acquisition date

Following is an analysis of the assignment of acquisition cost to the fair values of acquired net assets.

		2014
Current assets	$	127,632
Properties, machinery and equipment – Net		1,048,868
Client Portfolio		1,597
Total liabilities		(414,425)
Fair value of net assets	$	763,672

d. Bargain purchase gain on business acquisition

		2014
Consideration paid	$	(329,067)
Fair value of net assets		763,672
Bargain purchase gain on business acquisition	$	434,605

e. Effect of the acquisitions in the Entity's results

The result as of December 31, 2014 include income from operations of $191,066, attributable to the operations of Certain Teed. The revenues as of December 31, 2015, include $834,772, attributable to the operations of Certain Teed.

2. Lafarge Cementos, S.A. de C.V.

a. Business acquired

As mentioned in Note 2k, on January 8, 2013, the Entity acquired Lafarge Cementos, S.A. de C.V. Given that the operation was considered a business acquisition, the related acquisition accounting was applied as of the acquisition date July 31, 2013. The acquisition price did not include any contingent consideration.

The following ste are required in acquisition accounting:

i.- Recognize and measure the respective assets acquired and liabilities assumed

ii.- Determine the respective intangible assets or goodwill, if any.

b. Acquired assets and assumed liabilities at acquisition date

Following is an analysis of the assignment of acquisition cost to the fair values of acquired net assets:

		July 2013
Current assets	$	408,200
Properties, machinery and equipment – Net		2,111,589
Mining assets – Net		813,300
Client Portfolio		179,252
Other non-current assets		35,454
Current liabilities		(1,051,915)
Current and long-term liabilities		(237,755)
Fair value of net assets	$	2,258,125

c. Goodwill determined on acquisition

		July 2013
Consideration paid in shares	$	3,409,000
Fair value of net assets		2,258,125
Goodwill	$	1,150,875

Goodwill arising from the acquisition of Lafarge Cementos, S.A. de C.V. derives from the price paid, which included the benefit of capturing between 4% and 5 % of the Mexican market, backed by the launching of an advertising campaign of the brand “Cementos Fortaleza”. Those benefits are recognized separately in goodwill because they fail to meet the recognition criteria for identifiable intangible assets.

d. Net cash flows over the acquisition of joint venture

		July 2013
Transferred consideration paid in cash	$	–
Less: Balances of cash and cash equivalents acquired		260,026
	$	(260,026)

e. Effect of the acquisitions in the Entity’s results

The result for the year ended December 31, 2013 includes a net profit of $43,151 attributable to the additional business generated by Lafarge. Revenues for the period corresponding to the year ended December 31, 2014, include $319,488 related with Lafarge.

12. Confirming bank payments to vendors

On May 17, 2010, the Entity entered into financial confirming to vendors with several banking institutions for up to $2,035,000 and USD $60,000. As of December 31, 2015, vendors have used this instrument in the amount of $982,760 and USD $33,729, which are classified in trade accounts payable in the accompanying statement of financial position.

Stake of by each bank as of December 31, 2015 is shown below:

	2015					
	Santander (MXN)	HSBC (MXN)	Total (MXN)	HSBC (USD)	Deutsche Bank (USD)	Total (USD)
Threshold	$ 1,450,000	$ 585,000	$ 2,035,000	$ 40,000	$ 20,000	$ 60,000
Balance used	$ 598,795	$ 383,965	$ 982,760	$ 32,322	$ 1,407	$ 33,729
Balance available	$ 851,205	$ 201,035	$ 1,052,240	$ 7,678	$ 18,593	$ 26,271

Stake of by each bank as of December 31, 2014 is shown below:

	2014					
	Santander (MXN)	HSBC (MXN)	Total (MXN)	HSBC (USD)	Deutsche Bank (USD)	Total (USD)
Threshold	$ 1,450,000	$ 585,000	$ 2,035,000	$ 40,000	$ 40,000	$ 80,000
Balance used	$ 1,020,230	$ 116,812	$ 1,137,042	$ –	$ 29,515	$ 29,515
Balance available	$ 429,770	$ 468,188	$ 897,958	$ 40,000	$ 10,485	$ 50,485

Stake of by each bank as of December 31, 2013 is shown below:

	2013					
	Santander (MXN)	HSBC (MXN)	Total (MXN)	HSBC (USD)	Deutsche Bank (USD)	Total (USD)
Threshold	$ 1,087,000	$ 1,200,000	$ 1,000,000	$ 3,287,000	$ 650,000	$ 650,000
Balance used	$ –	$ 979,664	$ 183,374	$ 1,163,038	$ 35,035	$ 35,035
Balance available	$ 1,087,000	$ 220,336	$ 816,626	$ 2,123,962	$ 614,965	$ 614,965

13. Long-term debt

At the dates indicated, bank loans are comprised as is shown below:

	31 de diciembre de 2015	31 de diciembre de 2014	31 de diciembre de 2013
Senior Unsecured Notes for US $425,000 thousands, earning interest at a fixed rate of 5.50% semiannually as of January 2015, with maturity of principal at 10 years on July 15, 2025; Nacobre, Mexalit, Frigocel and ELC are acting as third party guarantors.	$ 7,312,763	$ 6,255,150	$ –
Banco HSBC PLC Brach España HSBC (Trituradora y Procesadora de Materiales Santa Anita, S.A. de C.V.) promissory notes in U.S. dollars accruing interest on a biannual a rate of 3.05% (section A) basis at a rate of 6-month LIBOR plus 1.3 percentage points (section B), payable in a maximum term of 10 years after the date of launch of the project. Elementia, S.A. de C.V. and subsidiaries are guarantors.	770,059	746,514	761,414
Banco Banamex, Banco BBVA Bancomer, Banco HSBC, Banco Santander and Banco Scotiabank (Elementia, S. A. B de C. V.) promissory notes accruing monthly interest at a rate of TIIE plus 1.425 percentage points, principal payable beginning in January 2018 and interest in monthly installments maturing in October 2020. Nacional de Cobre, S. A de C. V., Mexalit Industrial, S. A de C. V., Frigocel, S.A. de C.V. y ELC Tenedora de Cementos S.A.P.I. de C.V. subsidiaries are guarantors under the mortgage.	650,000	–	–
Certificados bursátiles (CEBUR) in the amount of $3 billion, accruing monthly interest at a rate of TIIE plus 2.75 percentage points, maturing on October 22, 2015. (1)	–	3,000,000	3,000,000
Banco HSBC (ELC Tenedora de Cementos, S.A.P.I. de C.V.) promissory notes accruing quarterly interest at a rate of TIIE plus 1.5 percentage points and maturing in 2018. Elementia, S.A. de C.V., Trituradora y Procesadora de Materiales Santa Anita, S.A. de C.V. and Lafarge Cementos, S.A. de C.V. are guarantors under the mortgage. (2).	–	650,000	650,000
Banco BX+ (Elementia, S.A. de C.V.). Current account credit through promissory notes accruing monthly interest at a rate of TIIE plus 1.5 percentage points and maturing in 2015 and 2015, respectively. Mexalit Industrial, S.A. de C.V. is a guarantor under the mortgage.	–	50,000	90,000
Banco Santander, Banco Inbursa, Banco HSBC, Banco BBVA Bancomer and Banco Banamex (Nacional de Cobre, S.A. de C.V. and Mexalit Industrial, S.A. de C.V.) promissory notes accruing monthly interest at a rate of TIIE plus 1.5 percentage points, principal payable beginning in June 2015 and interest in monthly installments beginning in April 2014, maturing in April 2018. Elementia, S.A. de C.V. and Frigocel, S.A. de C.V. subsidiaries are guarantors under the mortgage. (3)	–	–	2,030,170
Loan corresponding to Industrias Duralit, S. A. (foreign subsidiary) granted by Banco Bisa for US$1.9 million, maturing in 2015, at an average rate of TRE (index rate calculated by Banco Central de Bolivia) plus 5.50% with quarterly payments.	–	–	3,281
	8,732,822	10,701,664	6,534,865
Less -			
Notes payable to financial institutions and current portion of short-term debt	102,674	3,137,826	192,533
Less-placement expenses of short-term	(50,973)	(35,643)	–
Short-term debt, excluding current maturities and placement expenses	51,701	3,102,183	192,533
Long-term debt	8,630,148	7,563,838	6,342,332
Less-Long-placement expenses	(288,434)	(281,635)	(157,150)
Long-term debt, excluding current maturities and placement expenses	$ 8,341,714	$ 7,282,203	$ 6,185,182

As of December 31, 2015 maturities of long-term debt are as follows:

2017	$ 102,674
2018	102,674
2019 and thereafter	8,424,800
	$ 8,630,148

Some of the loan contracts contain restrictive covenants for the Entity, which could require prepayment of such contracts: the most important ones refer to a restriction on the payment of dividends, compliance with certain financial ratios, securing of the assets pledged, no sale or disposal of assets, prohibition on assuming contingent liabilities or any other contractual liability, as well as affirmative and negative covenants. As of December 31, 2015, the Entity has complied with these financial obligations.

As of December 31, 2015, 2014 and 2013, the Entity and some of its subsidiaries act as borrowers, co-signatories, third-party guarantees and/or guarantors for the credits; the subsidiaries are comprised as follows:

December 31, 2015	December 31, 2014	December 31, 2013
Elementia	Elementia	Elementia
Nacobre	Nacobre	Nacobre
Mexalit Industrial	Mexalit Industrial	Mexalit Industrial
Frigocel	Frigocel	Frigocel
ELC	ELC	Duralit
Trituradora	Trituradora	Trituradora
	Comecop	
	Plycem Company	

(2) On October 22, 2015, according to the Certificados bursátiles (CEBUR) maturing were settled in the amount of $3 billion, accruing monthly interest at a rate of TIIE plus 2.75 percentage points, with the proceeds from the Senior Unsecured Notes.

(3) On December 28, 2015 ELC Tenedora de Cementos, S.A.P.I. DE C.V. settled its total debt with Banco HSBC for MX $650,000 accruing quarterly interest at a rate of TIIE plus 1.5 percentage points.

(4) On December 19, 2015, the Entity informed small investors that it settled in advance the total debt it had contracted with different banks under the "Club Deal" scheme in its subsidiaries Nacional de Cobre, S.A. de C.V. and Mexalit Industrial, S.A. de C.V., for the amount of $2,030,180. Also, on December 22, 2015, ELC Tenedora Cementos, S.A.P.I. de C.V. settled the loan it had contracted with HSBC for the amount of $120,000, using the resources obtained by Elementia derived from the international Notes offering.

(5) On March 21, 2013, the Entity informed small investors that it settled in advance the syndicated loans it had contracted with different banks, for the amount of MX $2,593,050, which were replaced by a new credit under a "Syndicated Loan" scheme, with five different banks, better interest rate conditions, a better maturity profile and greater financial flexibility, for an approximate amount of MX $3,730,170.

14. Income taxes

ISR is based on taxable income, which differs from the profit reported in the statement of comprehensive income due to taxable or deductible items in other years and items that are not taxable or deductible. The current tax liability of the Entity is calculated using tax rates enacted or substantially approved at the end of the reporting period for the respective countries applicable to the Entity and its subsidiaries.

The Entity is subject to ISR. The rate of current income is 30%.: The Entity incurred ISR on a consolidated basis until 2014 with its Mexican subsidiaries. As a result of the 2014 Tax Law, the tax consolidation regime was eliminated, and the Entity and its subsidiaries have the obligation to pay the deferred income tax benefit calculated as of that date over a 10 year period beginning in 2014, as illustrated below.)

While the 2014 Tax Law repealed the tax consolidation regime, an option was established, which allows groups of companies to determine a joint calculation of ISR (tax integration regime). The new regime allows groups of consolidated companies that share common direct or indirect ownership of more than 80%, certain benefits in the tax payment (when the group of companies include both profit and loss entities in the same period), which can be deferred over three years and reported, as updated, at the filing date of the tax declaration corresponding to the tax year following the completion of the aforementioned three-year period

The Entity and its subsidiaries opted to join the new scheme, so determined income tax for the year 2015 together.

Pursuant to Transitory Article 9, section XVIII, of the 2015 Tax Law, given that as of December 31, 2014, the Entity was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2014 which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

a. Income taxes are as follows:

		Decemeber 31, 2015		Decemeber 31, 2014		Decemeber 31, 2013
Current ISR	$	338,886	$	353,504	$	844,669
Deferred ISR		(401,161)		(107,641)		(667,226)
	$	(62,275)	$	245,863	$	177,443

b. The income tax rates in foreign companies were as follows:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Costa Rica	30%	30%	30%
El Salvador	30%	30%	30%
Colombia	39%	34%	34%
Ecuador	22%	23%	23%
Estados Unidos de América	35%	35%	35%
Bolivia	25%	25%	25%
Perú	28%	30%	30%

c. The reconciliation of the statutory and effective tax rate on amounts expressed as a percentage of income before income taxes is as follows:

	2015	%	2014	%	2013	%
Income before income taxes	$ (50,518)	(123)	$ 868,764	28	$ 729,080	24
Plus (less) effect of permanent differences:						
Non-deductible expenses	118,702	(70)	199,986	7	88,724	4
Non-taxable income	(89,014)	53	(13,253)	–	(26,260)	(1)
Effects of inflation	163,698	(97)	247,156	9	127,413	5
Equity in income of associated Entity	–	–	–	–	(4,220)	–
Income in sale of shares of subsidiaries -Net [1]	9,671	(6)	29,530	1	–	–
Effect of tax loss	(360,124)	242	(512,639)	(18)	(48,053)	(2)
Total of permanent differences	(157,067)	122	(49,220)	(2)	(137,604)	(6)
Income (loss) basis dof income taxes	$ (207,585)	30	$ 819,544	30	$ 591,476	30

(1) This amount corresponds to Income tax withheld abroad on service revenues billed to related parties in Central and South America, Mexican law allows fulfilling certain requirements such withholding to be credited against Income Tax of the Entity, however as of December 31 2015 and 2014 such requirements were not compliance and Entity booked as and expense in the current year.

d. The main items that give rise to a deferred ISR asset (liability) as of December 31, 2015, 2014 and 2013 are:

2015	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in stockholders' equity	Acquisitions	Ending balance
Deferred ISR asset:						
Effect of tax loss carry forwards	$ 1,419,386	$ 487,413	$ –	$ –	$ –	$ 1,906,799
Allowance for doubtful accounts	61,607	(12,175)	–	–	–	49,432
Provisions	316,578	(134,830)	–	–	–	181,748
Advances from customers	28,870	43,363	–	–	–	72,233
PTU liability	2,378	9	–	–	–	2,387
Allowance for obsolete inventories	51,360	(15,244)	–	–	–	36,116
Intangibles and other assets	–	–	–	–	–	–
Other assets	43,222	8,168	–	(40,972)	–	10,418
Deferred ISR asset	1,923,401	376,704	–	(40,972)	–	2,259,133
Deferred ISR (liability):						
Property, machinery and equipment, net	(2,709,855)	(29,729)	(67,685)	$ –	$ –	(2,807,269)
Inventories, net	(60,576)	(10,269)	–	–	–	(70,845)
Employee benefits	(52,156)	105,430	(30,282)	–	–	22,992
Derivative financial instruments	43,844	–	(39,490)	–	–	4,354
Pagos anticipados	(52,922)	52,922	–	–	–	–
Intangibles and others	(193,797)	(43,781)	–	–	–	(237,578)
Others	(52,738)	(50,116)	–	–	–	(102,854)
	(3,078,200)	24,457	(137,457)	–	–	(3,191,200)
Net deferred income tax liability	$ (1,154,799)	$ 401,161	$ (137,457)	$ (40,972)	$ –	$ (932,067)

2014	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in stockholders' equity	Acquisitions	Ending balance
Deferred ISR asset:						
Effect of tax loss carry forwards	$ 941,267	$ 478,119	$ –	$ –	$ –	$ 1,419,386
Allowance for doubtful accounts	58,033	3,574	–	–	–	61,607
Provisions	160,449	156,129	–	–	–	316,578
Advances from customers	47,358	(18,488)	–	–	–	28,870
Tax advances	60,258	(60,258)				
PTU liability	3,409	(1,031)	–	–	–	2,378
Allowance for obsolete inventories	35,204	16,156	–	–	–	51,360
Intangibles and other assets			–	–	–	
Other assets	1,438	41,784	–	–	–	43,222
Deferred ISR asset	1,307,416	615,985	–	–	–	1,923,401
Deferred ISR (liability):						
Property, machinery and equipment, net	(1,981,108)	(366,981)	(361,766)	–	s –	(2,709,855)
Inventories, net	(54,635)	(5,941)	–	–	–	(60,576)
Employee benefits	(134,396)	(49,836)	132,076	–	–	(52,156)
Derivative financial instruments	(2,943)	–	46,787	–	–	43,844
Pagos anticipados	(27,115)	(25,807)	–	–	–	(52,922)
Intangibles and others	(165,994)	(27,803)	–	–	–	(193,797)
Others	(20,762)	(31,976)	–	–	–	(52,738)
	(2,386,953)	(508,344)	(182,903)	–	–	(3,078,200)
Net deferred income tax liability	$ (1,079,537)	$ 107,641	$ (182,903)	$ –	$ –	$ (1,154,799)

2013	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in stockholders' equity	Acquisitions	Ending balance
Deferred ISR asset:						
Effect of tax loss carry forwards	$ 140,058	$ 801,209	$ –	$ –	$ –	$ 941,267
Allowance for doubtful accounts	52,562	5,471	–	–	–	58,033
Provisions	1,170	159,279	–	–	–	160,449
Advances from customers	11,440	35,918	–	–	–	47,358
Tax advances	–	60,258	–	–	–	60,258
PTU liability	(459)	3,868	–	–	–	3,409
Allowance for obsolete inventories	31,577	3,627	–	–	–	35,204
Intangibles assets	40,864	(40,864)	–	–	–	
Other assets	8,504	(7,066)	–	–	–	1,438
Deferred ISR asset	285,716	1,021,700	–	–	–	1,307,416
Deferred ISR (liability):						
Property, machinery and equipment, net	(1,313,068)	(512,009)	197,395	–	(353,426)	(1,981,108)
Inventories, net	(81,495)	26,860	–	–	–	(54,635)
Employee benefits	(168,710)	134,344	(100,030)	–	–	(134,396)
Excess of the book value of the subsidiaries	(141,873)	141,873				
Derivative financial instruments	(2,565)	–	(378)	–	–	(2,943)
Prepaid expenses	(61,084)	33,969	–	–	–	(27,115)
Intangibles and others	–	(165,994)	–	–	–	(165,994)
Others	(7,245)	(13,517)	–	–	–	(20,762)
	(1,776,040)	(354,474)	96,987	–	(353,426)	(2,386,953)
Net deferred income tax liability	$ (1,490,324)	$ 667,226	$ 96,987	$ –	$ (353,426)	$ (1,079,537)

e. Deferred income taxes and benefit in tax consolidation are as follows:

	31 de diciembre de 2015	31 de diciembre de 2014	31 de diciembre de 2013
Liability from consolidated tax loss	$ 693,335	$ 692,383	$ 693,472
Less historical partial payments	(13,264)	(12,425)	(9,679)
Liability from consolidated tax loss	680,071	679,958	683,793
Less – Current portion of tax liabilities	(955)	(839)	(170,948)
Deferred income taxes liabilities from consolidation	$ 679,116	$ 679,119	$ 512,845

Income taxes liabilities from consolidation paid as follows:

Year	
2017	$ 955
2018	1,461
2019	122,819
2020 and there after	553,881
	$ 679,116

During 2015, 2014 and 2013 there were not any taxes adjustments or reclassifications in the other comprehensive income.

f. The benefits of restated tax loss carryforwards, and those for which the deferred ISR asset has already been partially recognized in conformity with IAS 12, may be recovered subject to certain requirements. The years of maturity of the tax losses of the individual entities and their restated amounts as of December 31, 2015, are as follows:

Year of maturuty	Tax loss carryforwards
2021	$ 465,315
2022	2,050,085
2023	1,004,485
2024	928,815
2025	1,907,295
Total (1)(2)	$ 6,355,995

(1) Excludes benefits of restated tax loss carryforwards for sales of purchase or sales shares.

(2) Don't exclude benefits of restated tax loss carryforwards from subsidiaries in foreign companies for $183,700.

15. Provisions

The provisions presented below represent charges incurred during 2015, 2014 and 2013, or amount to services contracted services attributable to the year, which are expected to be settled within a period not exceeding one year. Final amounts to be paid, as well as, the schedule of outflow of economic resources involve uncertainty and could therefore change, which the Entity includes within the accrued expenses and taxes other than income taxes line in the accompanying statement of financial position.

	2015			
	Beginning balance	Additions	Applications	Ending balance
Administrative services	$ 118,352	$ 1,610,230	$ (1,556,861)	$ 171,721
Services	12,782	679,002	(678,723)	13,061
For supplies or consumables and energetic	42,999	862,123	(861,109)	44,013
Others	445,136	3,154,576	(3,222,571)	377,141
	$ 619,269	$ 6,305,931	$ (6,319,264)	$ 605,936

	2014			
	Beginning balance	Additions	Applications	Ending balance
Administrative services	$ 150,325	$ 1,621,795	$ (1,653,768)	$ 118,352
Services	38,369	692,907	(718,494)	12,782
For supplies or consumables and energetic	40,982	787,220	(785,203)	42,999
Others	191,139	3,053,257	(2,799,260)	445,136
	$ 420,815	$ 6,155,179	$ (5,956,725)	$ 619,269

	2013			
	Beginning balance	Additions	Applications	Ending balance
Administrative services	$ 109,126	$ 1,087,865	$ (1,046,666)	$ 150,325
Services	51,733	515,481	(528,845)	38,369
For supplies or consumables and energetic	19,493	998,763	(977,274)	40,982
Others	24,019	1,000,992	(833,872)	191,139
	$ 204,371	$ 3,603,101	$ (3,386,657)	$ 420,815

16. Retirement employee benefits

a. Defined contribution plans

In the Mexican subsidiaries the Entity makes payments to the defined contribution system of retirement savings based on the integrated workers plan and its statutory salary.

In certain subsidiaries of the Entity there are benefit plans to defined contribution retirement for all qualifying employees. The assets of the plans are held separately from the assets of the Entity in funds under the control of trustees. If the employee leaves the plan before fully acquiring contributions, the amount payable by the Entity will be reduced by the amount of the forfeited contributions.

The defined benefit plans contributions are paid in a monthly basis.

b. Defined benefit plans

In certain subsidiaries of the Entity there are funded defined benefit plans for qualifying employees. The defined benefit plans are managed by a legally separate fund of the Entity. The board of the pension fund is responsible for the investment policy regarding the assets of the fund.

In the Mexican entities there is a plan that also covers seniority premiums, which consist of a lump sum payment of 12 days per year worked based on latest salary of each employee, not to exceed twice the minimum wage established by law. The related liability and annual cost of benefits is calculated by an independent actuary on the basis of formulas defined in the plans using the method of projected unit credit.

The Entity manages defined benefit plans for eligible employees in its Mexican subsidiaries. Under these plans, employees are entitled to retirement benefits at the end to meet the normal retirement age of 65 years; with 10 or more years of service. There is also the option of early retirement when the sum of worked years, plus the workers' age, equals 55 years; with 10 years or more of service. Other postretirement benefits are not granted.

The plans typically expose the Entity to actuarial risks such as: Investment risk, interest rate, longevity and salary.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as of December 31, 2015, by independent actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015 %	2014 %	2013 %
Discount of the projected benefit obligation at present value	6.75	8.00	8.00
Salary increase	4.50	4.50	4.50

In the Colombian entities, the liability corresponds mainly to the legal obligations those entities have with their personnel which are adjusted at the end of the year in accordance with the legal requirements in effect.

In accordance with the local law of the countries where the Entity operates, necessary provisions have been recorded for the corresponding amounts taking into consideration the related obligations.

Net cost for the period includes the following items:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Service (income) cost	$ 20,769	$ 11,288	$ (25,586)
Interest cost	27,653	25,051	30,829
Expected yield on plan assets	(56,625)	(55,024)	(51,673)
Net income for the period	$ (8,203)	$ (18,685)	$ (46,430)

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss, as cost of sales and the remainder has been included in administration expenses.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Entity's obligation in respect of its defined benefit plans is as follows:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Defined benefit obligation	$ (390,012)	$ (385,268)	$ (408,038)
Plan assets at fair value	641,675	713,293	697,299
Projected net asset	$ 251,663	$ 328,025	$ 289,261

Changes in the present value of the defined benefit obligation:

	December 31, 2015	December 31, 2014	December 31, 2013
Present value of defined benefit obligation at beginning of period	$ 385,268	$ 408,038	$ 510,815
Service cost	20,769	11,288	(25,586)
Interest cost	27,653	25,051	30,829
Benefits paid	(49,217)	(47,219)	(46,571)
Cost of previous services	(9,714)	–	–
Acquisition / disposal or demerger of business	–	–	(5,000)
Actuarial losses	15,253	(11,890)	(56,449)
Present value of defined benefit obligation at end of period	$ 390,012	$ 385,268	$ 408,038

Changes in the present value of plan assets in the current period:

	December 31, 2015	December 31, 2014	December 31, 2013
Opening fair value of plan assets	$ 713,293	$ 697,299	$ 749,883
Expected return on plan assets	56,625	55,024	51,673
Actuarial losses	(85,688)	–	(73,973)
Benefits paid	(42,555)	(39,030)	(30,284)
Closing fair value of plan assets	$ 641,675	$ 713,293	$ 697,299

Major categories of assets plan, and the expected rate of return at the end of the reporting period is reported for each category:

	Expected return			Fair value of plan assets		
	2015 %	2014 %	2013 %	2015	2014	2013
Equity instruments	11.2	10.7	11.50	$ 212,744	$ 237,009	$ 226,496
Debt instruments	4.4	3.8	4.71	428,931	476,284	470,803
Weighted average expected	7.8	7.3	8.10	$ 641,675	$ 713,293	$ 697,299

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets. The evaluation of the directors on the expected returns based on historical return trends and analysts' predictions on the market for assets over the life of the related obligation.

The current yield on plan assets amounted to $56,625, $55,024 and $51,673, as of December 31, 2015, 2014 and 2013, respectively.

The Entity has not quantified the amount of contributions that it will make to defined benefit plans during 2016.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate were 1% higher, the defined benefit obligation would decrease by $22,146. If the discount rate were 1% lower, the defined benefit obligation would increase by $25,601.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has not been any changes in the process followed by the Entity to manage its risk from previous periods.

Employee benefits granted to key management personnel (and / or directors of the Entity) were as follows:

	2015	2014	2013
Postretirement benefits	$ 9,603	$ 15,166	$ 41,696
Termination benefits	64	79	390
Short and long term benefits	$ 9,667	$ 15,245	$ 42,086

Employee benefits granted to key management personnel and directors of the Entity were by concepts of salaries and fees, for $50,607, $ 50,577 and $ 43,401 in 2015, 2014 and 2013 respectively.

17.Financial instruments

a. Interes trate risk management

The Entity is mainly exposed to interest rate risks because it has entered into debt at variable rates. This risk is managed by maintaining an appropriate combination between fixed and variable rate loans. Hedging activities are evaluated regularly so that they align with interest rates and defined risk, ensuring that more profitable hedging strategies are applied.

The Entity's exposures to interest-rate risk are mainly related to changes in the TIIE and LIBOR with respect to the Entity's financial liabilities.

- **Sensitivity analyses for interest rates:**
  The following sensitivity analysis have been determined based on the exposure to interest rates on its total financial indebtedness unhedged, variable rate sustained, an analysis is prepared assuming that the amount of outstanding liability at the end of the reporting period has been the outstanding liability for the whole year. The Entity reports internally to the Board of Management about the risk in interest rates If the interest rates are between 100 and 200 basis points (B) greater/lower and all the other variables remained constant, interest expense for the year 2015 would have increased from $705,764 to $793,092 with 100 B and to $880,420 with 200 B, in 2014 from $505,906 to $609,750 with 100 B and $713,594 with 200 B and in 2013 from $420,585 to $482,437 with 100 B and $544,289 with 200 B

  This is mainly attributable to the exposure of the Parent Entity to interest rates TIIE and LIBOR on its loans.

	2015		
	Maximum	Minimum	Average
TIIE 28 Rate	3.5525%	3.2780%	3.3166%
TIIE 91 Rate	3.5860%	3.2885%	3.3418%
LIBOR 6 months Rate	0.8461%	0.3539%	0.4851%

	2014		
	Maximum	Minimum	Average
TIIE 28 Rate	3.8171%	3.2741%	3.5092%
TIIE 91 Rate	3.8297%	3.2819%	3.5192%
LIBOR 6 months Rate	0.3628%	0.3194%	0.3295%

	2013		
	Maximum	Minimum	Average
TIIE 28 Rate	4.8475%	3.7765%	4.2745%
TIIE 91 Rate	4.8700%	3.7722%	4.2767%
LIBOR 6 months Rate	0.5063%	0.3420%	0.4087%

b. Exchange rate risk management

The functional currency of the Entity is the Mexican peso. Since the Entity has investments in foreign operations, it is exposed to the risk of foreign currency translation. The coverage of this risk is primarily mitigated by each subsidiary by carrying monetary assets which are equal or greater monetary liabilities. Certain subsidiaries generate USD$ and in turn it holds assets that exceed its liabilities. The Entity performs an analysis of variation in the exchange rates which serves to identify sales opportunities in the market for corporate treasury dollars.

The following table details the Entity's sensitivity analysis to an increase and decrease of 10% in weight foreign currency exchange against dollars. The 10% is the sensitivity rate used when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currency and adjusts their translation at the period end for a 10% change in exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the entity where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive (as shown in the table below) indicates an increase in the results and other items of equity capital where the weight is strengthened by 10% against USD$. If there is a weakening of 10% in weight with respect to the reference currency, there would be a comparable impact on the results and other comprehensive income, and the balances below would be negative.

	Increasing effect exchange rate USD$			Decrement effect exchange rate USD$		
	2015	2014	2013	2015	2014	2013
Asset (liability) position (thousands of USD$)	(411,472)	(466,437)	(6,412)	(411,472)	(466,437)	(6,412)
Projected exchange rate +(-)10%	18.9271	16.1898	14.3842	15.4858	13.3800	11.8877
Loss results (thousands of Mexican pesos)	$ (7,787,972)	$ (7,551,522)	$ (92,231)	$ (6,371,973)	$ (6,240,927)	$ (76,224)

As of December 31, 2015, the foreign currency position by country is as follows:

	Thousands of USD$		
	Mexico	Colombia	Costa Rica
USD$:			
Monetary assets	112,588	7,727	5,004
Monetary liabilities	(532,948)	(3,871)	(1,329)
Net asset (liability) position	(420,360)	3,856	3,675

	Thousands of USD$	
	Bolivia	Perú
USD$:		
Monetary assets	4,992	64
Monetary liabilities	(1,835)	(1,864)
Net asset (liability) position	3,157	(1,800)

As of December 31, 2014, the foreign currency position by country is as follows:

	Thousands of USD$		
	Mexico	Colombia	Costa Rica
USD$:			
Monetary assets	75,028	7,575	5,186
Monetary liabilities	(550,058)	(4,302)	(1,210)
Net asset (liability) position	(475,030)	3,273	3,976

	Thousands of USD$	
	Bolivia	Perú
USD$:		
Monetary assets	3,612	40
Monetary liabilities	(928)	(1,380)
Net asset (liability) position	2,684	(1,340)

As of December 31, 2013, the foreign currency position by country is as follows:

	Thousands of USD$		
	Mexico	Colombia	Costa Rica
USD$:			
Monetary assets	45,511	12,779	6,843
Monetary liabilities	(73,806)	(3,462)	(1,220)
Net asset (liability) position	(28,295)	9,317	5,623

	Thousands of USD$	
	Bolivia	Perú
USD$:		
Monetary assets	4,140	115
Monetary liabilities	(987)	(1,044)
Net asset (liability) position	3,153	(929)

- Foreign currency forward contracts

  As shown in Note 18, is the policy of the Entity enter into forward foreign currency contracts to cover specific foreign currency payments. As of December 31, 2015 there are no contracts.

c. Capital risk management

The Entity manages its capital to ensure that it will continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Elementia's capital structure is made up of net debt (mainly bank loans Notes and related parties, as seen in Notes 18 and 23) and stockholders' equity of the Entity (issued capital, capital reserves, retained earnings and non-controlling interest, as detailed in Note 19). The capital structure of the Entity is not subject to any capital requirements. The overall strategy of the Entity has not been modified in comparison to 2014.

The Entity is not subject to any externally imposed requirements for managing capital

The management of the Entity reviews monthly net debt and borrowing costs and their relation to EBITDA (net income, plus or minus discontinued operations, equity in income of associated entity, foreign exchange (gain) loss, interest income, interest expense, banking fees, and depreciation and amortization. This is performed at the same time that the Entity prepares its financial projections as part of the business plan to the Board of Directors and shareholders of the Entity. The Entity has a practice of borrowing no more than 3.50 times EBITDA determined as the ratio of net debt and interest and capital.

The net debt ratio over the period reported is as follows:

		Decemeber 31, 2015		Decemeber 31, 2014		Decemeber 31, 2013
Debt with financial institutions	$	1,080,652	$	1,129,236	$	3,377,715
Notes International (Senior Unsecured Notes)		7,312,763		6,255,150		–
Notes		–		3,000,000		3,000,000
Cash and cash equivalents		(3,102,904)		(3,193,247)		(1,972,934)
Net debt with financial institutions		5,290,511		7,191,139		4,404,781
EBITDA		3,002,193		2,674,920		1,913,603
Debt ratio	$	1.76	$	2.69	$	2.30

d. Categories of financial instruments –

		Decemeber 31, 2015		Decemeber 31, 2014		Decemeber 31, 2013
Financial assets						
Cash and cash equivalents	$	3,102,904	$	3,193,247	$	1,972,934
Derivative financial instruments in hedge accounting relationship		–		–		9,810
Accounts receivable, and long-term accounts receivable		2,558,162		2,405,446		2,715,150
Investments held to maturity		6,693		10,323		11,118
Financial liabilities						
At amortized cost:						
Notes International (Senior Unsecured Notes)	$	7,312,763	$	6,255,150	$	--
Trade accounts payable		2,724,994		2,482,003		2,663,274
Loans to financial institutions		1,080,652		1,129,236		3,377,715
Due to related parties		35,617		156,267		173,358
Due to related parties long term		–		–		18,075
Due to Arrendadora Ve por Más, S. A. de C. V. (related party) for financial leasing		28,415		–		–
Due to Arrendadora Ve por Más, S. A. de C. V. (related party) for financial leasing long term		72,763		–		–
Other long-term liabilities		1,325		607		14,087
Certificados bursátiles		–		3,000,000		3,000,000
At fair value:						
Derivative financial instruments in hedge accounting relationship		14,513		146,147		–

e. Objetives of financial risk management

The treasury function provides services to the Entity's business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Entity through internal risk reports, which analyze the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rates on fair value and price risk), credit risk, liquidity risk and the risk of interest rate cash flow.

The Entity seeks to minimize the effects of these risks by using derivative financial instruments to hedge exposures to risk. The use of financial derivatives is governed by the policies of the Entity approved by the Board of Directors, which provide written principles on currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivatives and investment of excess liquidity. Internal auditors regularly review compliance with policies and exposure limits. The Entity does not subscribe or trade financial instruments, among which includes derivative financial instruments, for speculative purposes.

At the end of the reporting period, there are no concentrations of significant liquidity risk for loans to related parties and accounts receivables

f. Credit risk management

Credit risk refers to the risk that one party fails to meet its contractual obligations resulting in financial loss to the Entity, and arises principally on accounts receivables and liquid funds. The credit risk on cash and cash equivalents and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by credit rating agencies. The maximum exposure to credit risk is represented by its carrying amount. The Entity provides credit primarily to customers in Mexico, after assessing their creditworthiness, which constantly evaluates and follows up accordingly to credit policies as explained in Note 7.

Accounts receivable consist of a large number of customers spread across diverse geographical areas. Continuous assessment of credit is made on the financial condition of accounts receivable and there are no concentrations of credit risk in its customer base, since the balances of these accounts receivable are represented by approximately 3,064 customers in 2015, 2,980 in 2014 and 3,310 in 2014 and 3,310 in 2013, which do not represent a concentration of risk in the individual.

The Entity has credit guarantees to cover its credit risk associated accounts receivable. Such guarantees are represented by an insurance policy covering 90% of the portfolio of export customers and are effective from June 1, 2014. The estimated insurable turnover is USD$78,744,097, subject to annual premium of 0.095%, in several countries (total estimated annual premium of USD$74,807 and minimum premium from USD$59,845.

The Entity has credit guarantees to cover its credit risk associated accounts receivable. Such guarantees are represented by an insurance policy covering 90% of the portfolio of export customers and are effective from June 1, 2013. The estimated insurable turnover is USD$116,340,159, subject to annual premium of 0.0701%, in several countries (total estimated annual premium of USD$81,561 and minimum premium from USD$70,311.

g. Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Entity, which has established appropriate policies for the control of such risk through the monitoring of working capital, allowing management of the Entity's short, medium, and long-term funding requirements. The Entity maintains cash reserves and available lines of credit lines, continuously monitoring projected and actual cash flows, reconciling the profiles of maturity of financial assets and financial liabilities.

The table below details the remaining contractual maturities of the Entity's financial liabilities, based on contractual repayment periods. This table has been formulated based on un-discounted projected cash flows of financial liabilities based on the date on which the Entity will make payments. The table includes both projected cash flows related to interest and principal on financial debt in the consolidated statements of financial position. Where the contractual interest payments are based on variable rates, the amounts are derived from interest rate curves at the end of the period. The contractual maturity is based on the earliest date in which the Entity is required to make the payments.

Debt with financial institutions includes both, fixed and variable interest rate instruments as is detailed in Note 18. Financial liabilities at variable rates are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Entity expects to meet its obligations with cash flows from continuing operations. Additionally, the Entity could easily obtain revolving credit lines with several banking institutions, and have access to long-term capital markets financing for to $3,730,170 through long-term "Certificados bursátiles" which expiring in October 2015.

As of December 31, 2015	Average weighted Interest rate	3 months	6 months	1 year	More than 1 year	Total
Debt with financial institutions	4.7867%	$ 69,783	$ 80,839	$ 5,686	$ 1,167,883	$ 1,324,191
Notes International (Senior Unsecured Notes)	5.5000%	–	–	–	6,735,078	6,735,078
Trade accounts payable		2,724,994	–	–	–	2,724,994
Due to related parties		35,617	–	–	–	35,617
Due to Arrendadora Ve por Más, S. A. de C. V. (related party) for financial leasing		9,471	9,472	9,472	72,763	101,178
Other long-term liabilities		–	–	–	1,325	1,325
Total		$ 2,839,865	$ 90,311	$ 15,158	$ 7,977,049	$ 10,922,383

As of December 31, 2014	Average weighted Interest rate	3 months	6 months	1 year	More than 1 year	Total
Debt with financial institutions	6.3103%	$ 53,949	$ 50,000	$ 33,876	$ 1,308,689	$ 1,446,514
Notes International (Senior Unsecured Notes)	5.5000%	–	–	172,290	9,538,605	9,710,895
Notes	6.3150%	43,507	43,507	3,078,026	–	3,165,040
Trade accounts payable		2,482,003	–	–	–	2,482,003
Financière Lafarge, S.A.S					662,310	662,310
Due to related parties		156,267	–	–	–	156,267
Other long-term liabilities		–	–	–	607	607
Total		$ 2,735,726	$ 93,507	$ 3,284,192	$ 11,510,211	$ 17,623,636

As of December 31, 2013	Average weighted Interest rate	3 months	6 months	1 year	More than 1 year	Total
Debt with financial institutions	6.3395%	$ 43,565	$ 49,558	$ 743,281	$ 3,160,384	$ 3,996,788
Notes	7.4064%	44,178	50,471	101,908	3,176,207	3,372,764
Trade accounts payable		2,663,274	–	–	–	2,663,274
Due to related parties		173,358	–	–	18,075	191,433
Other long-term liabilities		–	–	–	14,087	14,087
Total		$ 2,924,375	$ 100,029	$ 845,189	$ 6,368,753	$ 10,238,346

h. Fair value of financial instruments

The fair value of financial instruments presented below has been determined by the Entity using information available in the markets or other valuation techniques that use assumptions that are based on market conditions existing at each reporting date, but require judgment with respect to their development and interpretation. As a result, the estimated amounts presented below are not necessarily indicative of the amounts that the Entity could obtain in a current market exchange. The use of different assumptions and/or estimation methods could have a material effect on the estimated amounts of fair value.

Following is a discussion of the hierarchy of fair values, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2015, financial assets at fair value are as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Hedging derivative financial instruments	$ –	$ 14,513	$ –	$ 14,513
Total	$ –	$ 14,513	$ –	$ 14,513

As of December 31, 2014, financial assets at fair value are as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Hedging derivative financial instruments	$ –	$ 146,147	$ –	$ 146,147
Total	$ –	$ 146,147	$ –	$ 146,147

Al 31 de diciembre de 2013, los activos financieros a valor razonable se detallan a continuación:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Hedging derivative financial instruments	$ –	$ (9,810)	$ –	$ (9,810)
Total	$ –	$ (9,810)	$ –	$ (9,810)

Except for the fair value disclosed in the table below, the Entity considers that the carrying amount of cash and cash equivalents, accounts receivable and accounts payable from third parties and related parties and the current portion of bank loans approximate their fair values because they have short-term maturities. The Entity's long-term debt is recorded at amortized cost and incurs interest at fixed and variable rates that are related to market indicators.

The Entity uses quoted market prices or quotations for similar instrument operators to obtain the fair value of long-term debt. To determine the fair value of other financial instruments, the Entity uses other techniques such as estimated discounted cash flows, considering the dates of flow in the market inter-temporal curves. The discount rates used reflect the risk of the counterparty, as well as the Entity's risk for the reference period.

The Carrying amount financial instruments and fair value estimate as of December 2015, 2014 and 2013 are as follows:

	December 31, 2015		December 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:						
Bank loans including current portion of long-term debt	$ 1,080,652	$ 1,324,191	$ 1,129,236	$ 1,129,236	$ 3,377,715	$ 4,717,800
Notes International (Senior Unsecured Notes)	7,312,763	6,735,078	6,255,150	6,079,022	–	–
Notes	–	–	3,000,000	3,042,641	3,000,000	3,044,280
	$ 8,393,415	$ 8,059,269	$ 10,384,386	$ 10,250,899	$ 6,377,715	$ 7,762,080

Fair value hierarchy of the accounts receivables and liabilities at amortized cost are Level 3. During the period there were no transfers between Level 1, 2 and 3.

18. Derivative financial instruments

The purpose of entering into derivative financial instruments is to partially cover the financial risk exposures to prices of some metals such as copper, zinc and nickel. The decision to hedge is in response to market conditions to be taken, as well as national and international economic context and to underlying economic indicators. Copper hedge instrument are mainly traded in the Commercial Metal Exchange, and those related to zinc and nickel are mainly traded on the London Metal Exchange.

As of December 31, 2015, futures and hedging are summarized below:

		Notional			Valuation as of December 31, 2015			
Instrument	Designated as	Amount ('000)	Unit	Maturity	(Liabilaty) Asset	Comprehensive income (loss)	Gain (loss) on settlement Cost of saless	Financial (cost) income
Copper futures	Hedging	2,608	Tons	Ene a Dic 2016	$ (13,990)	$ (9,793)	$ 70,518	$ 10,377
Copper futures	Hedging	(1,055)	Tons	Feb 2016	9	6	–	266
Zinc futures	Hedging	425	Tons	Ene a Sept 2016	(553)	(387)	2,787	410
Nickel futures	Hedging	36	Tons	Ene 2016	21	15	(108)	(16)
Total as of December 31, 2015					$ (14,513)	$ (10,159)	$ 73,197	$ 11,037

As of December 31, 2014 there was no valid forward contracts and currency swap and / or interest rates. On October 15, 2015 was canceled the contract referenced in 2014.

As of December 31, 2014, futures and hedging are summarized below:

		Notional			Valuation as of December 31, 2014			
Instrument	Designated as	Amount ('000)	Unit	Maturity	(Liabilaty) Asset	Comprehensive income (loss)	Gain (loss) on settlement Cost of saless	Financial (cost) income
Copper futures	Hedging	2,211	Tons	Feb a Dic 2015	$ (12,612)	$ (8,828)	$ 9,167	$ 4,800
Zinc futures	Hedging	193	Tons	Ene a Sep 2015	(366)	(256)	266	139
Nickel futures	Hedging	1	Tons	Ene a Abr 2015	(417)	(292)	303	159
Total as of December 31, 2014					$ (13,395)	$ (9,376)	$ 9,736	$ 5,098

As of December 31, 2014, cross currency swap and hedging are summarized below:

		Notional			Valuation as of December 31, 2014	
Instrument	Designated as	Amount ('000)	Unit	Maturity	Liability	Comprehensive income
Cross currency swap (for which the Entity exchanges pesos for dollars) and preferential fixed interest rate of 4.05% (CCS)	Hedging	1,500,000	USD	October 2015	$ (132,752)	$ (92,927)
Total as of December 31, 2014					$ (132,752)	$ (92,927)

As of December 31, 2013, futures and hedging are summarized below:

Instrument	Designated as	Notional Amount ('000)	Notional Unit	Maturity	Valuation as of December 31, 2013 Asset	Valuation as of December 31, 2013 Comprehensive income	Gain (loss) on settlement Cost of Sales	Financial income
Copper futures	Hedging	1,678	Tons	Feb a Dic 2014	$ 9,188	$ 6,432	$ 32,480	$ 2,141
Zinc futures	Hedging	283	Tons	Ene a Dic 2014	603	422	2,132	141
Nickel futures	Hedging	31	Tons	Ene a Feb 2014	19	13	67	4
Total as of December 31, 2013					$ 9,810	$ 6,867	$ 34,679	$ 2,286

19. Stockholders' equity

a. Thorough an ordinary and extraordinary shareholders meeting done on June 26th 2015, the following subjects were apporved

- Conduct a global initial public offering of common shares, nominative, single series, with no par value representative of the variable part of the capital of the company, simultaneously in Mexico and the United States of America.
- Conduct a comprehensive reform of the Bylaws, as a result, the Company changed its legal status to a public stock corporation with variable capital adopting the name of Elementia, Sociedad Anónima Bursátil de Capital Variable (S.A.B. de C.V.).
- -Carry out the division (split) of all the shares representing the capital of the Company without the need for an increase in capital, which 22 shares were issued for each of the shares that were outstanding, without implying changes in the percentage of participation of existing shareholders. So 642,593,820 ordinary, registered shares of the single series, without par value were issued. As a result, shareholders received in exchange 22 new shares for each of the shares outstanding of which were owners, keeping the amount of capital paid in the amount of $ 1,623,315.

  For purposes of basic earnings per share disclosed in the income statement the weighted average number of shares was restructured as if the split had taken place on January 1, 2013.
- Increase capital in the variable portion is represented by 231,150,000 common, registered shares of the single series, without par value.
- To authorize the buyback plan for up to $ 750 million

b. As mentioned in Note 2d, on July 10, 2015 it was carried out the placement of shares on the BMV being issued 231,150,000 shares (including the option of equivalent allotment to 30,150,000 shares) to $ 17 pesos per share.

c. As mentioned in the preceding paragraph, the capital (net of placement expenses and income tax) as of December 31, 2015 is as follows:

	Number of shares 2015	Amount 2015
Fixed capital		
Single series	281,954,244	$ 229,112
Variable capital		
Single series	591,789,576	5,323,753
Total historical	873,743,820	5,552,865
Placement costs net of deferred tax	–	95,602
Effects of restatement for inflation through 1998	–	389,590
Total	873,743,820	$ 5,846,853

d. Common stock at par value (historical pesos) as of December 31, 2014 and 2013, is as follows:

	Number of shares 2015	Amount 2015
Series "A"	4,855,533	$ 269,853
Series "A" sub-series "L"	10,917,191	606,736
Series "B"	4,136,221	229,875
Series "B" y sub-series "L"	9,299,865	516,851
Total historical	29,208,810	1,623,315
Effects of restatement for inflation through 1998	–	389,590
Total	29,208,810	$ 2,012,905

e. At the General Shareholders' Meeting held on December 20, 2012, it was agreed to increase the capital stock in its variable portion for $582,545, by issuing 1,788,300 common shares, nominative, without par value, Class II, representing the variable portion capital of the Entity at a subscription price of $325.75 pesos each. The subscribed capital not paid as of December 31, 2012 for $5,825, it was paid on January 17, 2013

f. The balances of the consolidated stockholders' equity tax accounts as of are:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Contributed capital account	$ 12,135,151	$ 7,955,117	$ 7,642,879
Net tax income account	1,139,570	886,626	851,870
	$ 13,274,721	$ 8,841,743	$ 8,494,749

20. Other income - Net

The balances of other income and expenses are as follow:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Bargain purchase gain on business acquisition (see Note 11)	$ –	$ (434,605)	$ –
IMPAC unrecoverable	(66,278)	60,140	(26,260)
Litigation expenses	–	71,596	–
Decommissioning expenses	–	41,992	–
Gain on sale of property, machinery and equipment	(11,464)	(1,813)	(215,092)
Others, mainly depurations	–	79,148	(59,995)
	$ (77,742)	$ (183,542)	$ (301,347)

21. Transactions and balances with related parties

a. Transactions with related parties carried out in the ordinary course of business, were as follow:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Income:			
Sales	$ 46,958	$ 5,674	$ 6,668
Sales of shares	–	–	582,818
Sale of fixed assets	106,103	–	156,533
Leasing	–	238	1,490
IMPAC	66,278	66,278	74,351
Contractual penalties	–	–	18,664
Services	2,887	67	80
	$ 222,226	$ 72,257	$ 840,604
Expenses:			
Technical assistance	$ 83,221	$ 187,072	$ 130,267
Purchase of materials	183,053	202,392	60,594
Freight	–	–	79
Interests paid	3,043	4,230	54
SAP implementation	–	13,728	22,991
Donations	–	9,630	–
Payroll services	–	–	7,763
Leasing	2,778	747	6,333
Plant construction	–	–	79,941
Insurances	–	15,038	8,592
Others	19,853	–	–
Services	41,211	36,033	37,713
Financial leasing	6,843	–	–
Commissions	1,499	–	–

Related parties are comprised of Kaluz, S.A. de C.V., Fundación Kaluz, A.C., Inmobiliaria Patriotismo, S.A., Grupo Carso, S.A.B. de C.V., Mexichem Servicios Administrativos, S.A. de C.V., Mexichem Guatemala, S.A., Mexichem Perú, S.A, Operadora Cicsa, S.A. de C.V., Grupo Gelser, S.A. de C.V. Logtec, S.A. de C.V., Pochteca Materias Primas, S.A. de C.V., PAM PAM, S.A. de C.V., Mexichem Soluciones Integrales, S.A. de C.V., Nacional de Conductores Eléctricos, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem Colombia, S.A.S, Mexichem Honduras, S.A., Mexichem El Salvador, S.A., Mexichem Costa Rica, S.A., Mexichem Ecuador, S.A., Mexichem Flour Comercial, S.A., Mexichem Resinas Colombia, S.A., Mexichem, S.A.B. de C.V., Teléfonos de México, S.A.B. de C.V., Teléfonos del Noreste, S.A. de C.V., Mexichem Comercial, S.A. de C.V., Grupo Financiero Inbursa, S.A. de C.V., Acatunel, S.A. de C.V., Administración Integral de Alimento, S.A. de C.V., Arneses Eléctricos Automotrices, S.A. de C.V., Carso Eficentrum, S.A. de C.V., Construcciones Urvitec, S.A. de C.V., Conticon, S.A. de C.V., Controladora GEK, S.A.P.I. de C.V., Cordaflex, S.A. de C.V., Lafarge, S.A., Lafarge Francia, SAU, and Banco Ve por Más, S.A.

b. Balances with related parties are as follow:

		Decemeber 31, 2015		Decemeber 31, 2014		Decemeber 31, 2013
Due from related parties:						
Arrendadora Ve Por Mas, S. A. de C. V.	$	1,976	$	–	$	–
Banco Ver Por Mas, S.A.		15,290		–		–
Mexichem Guatemala, S.A.		499		–		–
Operadora CICSA, S.A .de C.V.		8,783		–		–
Controladora GEK, S.		67		–		–
Grupo Gelser, S.A. de C.V.		210		–		–
Inmuebles General, S.A. de C.V.		–		–		40,000
Others		613		2,120		944
	$	27,438	$	2,120	$	40,944

Long-term accounts receivable – Long-term accounts receivable represent amounts due from Arrendadora Ve Por Mas, S.A. de C.V. for $1,978 as of decemeber 31, 2015, that corresponds to interests receivables and form Grupo Carso, S.A.B. de C.V. for $27,803, $53,703 and $53,851, as of December 31, 2015, 2014 and 2013, respectively, which correspond to asset tax that Productos Nacobre, S. A. de C. V., Grupo Aluminio, S. A. de C. V. and Almexa Aluminio, S. A. de C. V. paid to Grupo Carso for the majority participation in tax consolidation through 2009. The Entity has the right to recover it in the future, when the minority tax asset is recovered, as result of changes in the consolidation for tax purposes scheme.

		Decemeber 31, 2015		Decemeber 31, 2014		Decemeber 31, 2013
Due to related parties:						
Grupo Carso, S.A.B. de C.V. (2)	$	27,803	$	125,965	$	125,980
Mexichem Servicios Administrativos, S.A. de C.V. (1)		2,585		21,602		20,598
Kaluz, S.A. de C.V.		2,164		6,852		6,926
Mexichem Flour Comercial, S.A. de C.V.		2,001		625		–
Mexichem Compuestos, S.A. de C.V.		799		–		–
Mexichem Soluciones Integrales, S.A. de C.V.		179		15		–
Otros Kaluz		17		–		13,901
Inmobiliaria Patriotismo, S.A.		25		–		460
Mexichem Honduras, S.A.		27		–		46
Pochteca Materias Primas, S.A. de C.V.		17		535		624
PAM PAM, S.A. de C.V.		–		577		–
Mexichem Costa Rica, S.A.		–		70		74
Mexichem Flour, S.A. de C.V.		–		25		–
Mexichem Perú, S.A.		–		1		–
Mexichem, S.A.B. de C.V.		–		–		1,455
Cordaflex, S.A. de C.V.		–		–		2,580
Logtec, S.A. de C.V.		–		–		99
Cobre de Mexico, S.A. de C.V.		–		–		394
Mexichem Colombia, S.A.S.		–		–		147
Telgua, El salvador, Honduras y Nicaragua		–		–		24
Nacional de Conductores Eléctricos, S.A. de C.V.		–		–		50
Total short-term	$	35,617	$	156,267	$	173,358
Accounts payable-long term:						
Mexichem Servicios Administrativos, S.A. de C.V. (1)	$	–	$	–	$	18,075
Total long-term	$	–	$	–	$	18,075
Due to Arrendadora Ve por Más, S. A. de C. V. for financial leasing						
Short-term	$	28,415	$	–	$	–
Long term		72,763		–		–
Total due to financial leasing (3)	$	101,178	$	–	$	–

(1) The account payable to Mexichem Servicios Administrativos, S.A. de C.V. corresponds to the indefinite use of SAP licenses which was fully invoiced in February 2012 and were paid in 2015. The balance payable corresponds to maintaining licenses.

(2) The account payable to Grupo Carso, S.A.B. de C.V. for asset tax include $27,803, as of December 31, 2015 and $120,129 as of December 31, 2014 and 2013.

(3) Corresponds to liability leasing contracts with Arrendadora Ve Por Más, S.A. de C.V. which they were contracted at a rate equivalent to TIIE 28 days plus 3.5% and maturing in 2018.

22. Main operating cost and expenses

Concept	2015 Cost of sales	2015 Operating expenses
Wages and salaries	$ 1,169,034	$ –
Raw materials	9,115,566	–
Other expenses output	375,424	–
Repair and maintenance	341,355	–
Selling and administrative salaries	–	763,240
Others	–	869,321
Leasing	–	48,017
Taxes and contributions, other than income taxes	–	3,489
PTU liability	–	16,506
Advertising	–	162,580
Insurances	43,680	15,918
External services	524,681	600,637
Depreciation and amortization	947,723	205,078
	$ 12,517,463	$ 2,684,786

Concept	2014 Cost of sales	2014 Operating expenses
Wages and salaries	$ 968,165	$ –
Raw materials	8,968,558	–
Other expenses output	187,553	–
Repair and maintenance	338,422	–
Selling and administrative salaries	–	653,630
Others	–	734,680
Leasing	–	44,249
Taxes and contributions, other than income taxes	–	32,154
PTU liability	–	17,259
Advertising	–	116,294
Insurances	33,723	54,234
External services	277,817	412,703
Depreciation and amortization	908,278	162,889
	$ 11,682,516	$ 2,228,092

Concept	2013 Cost of sales	2013 Operating expenses
Wages and salaries	$ 816,971	$ –
Raw materials	7,792,030	–
Other expenses output	271,939	–
Repair and maintenance	355,350	–
Selling and administrative salaries	–	559,385
Others	–	678,102
Leasing	–	33,595
Taxes and contributions, other than income taxes	–	29,343
PTU liability	–	21,982
Advertising	–	76,644
Insurances	27,870	50,946
External services	148,590	454,451
Depreciation and amortization	495,408	220,340
	$ 9,908,158	$ 2,124,788

23. Discontinued operations

Until December 31, 2014 and 2013 Compañía Mexicana de Concreto Pretensado Comecop, S.A. de C.V., Gyopanel Industries, S.A. de C.V., plant of Allura located in the state of Terra Haute and plant of Nacional de Cobre, S.A. de C.V. located in Toluca, Estado de Mexico were in this figures, from 2015 and according to operational restructuring and segments the group was considered as a continuous operation.

Combined condensed financial information for the aforementioned discontinued operations is as follows:

	Decemeber 31, 2015	Decemeber 31, 2014	Decemeber 31, 2013
Statements of comprehensive income:			
Net sales	$ –	$ 113,421	$ 115,974
Cost of sales	–	(149,957)	(100,464)
Operating expenses	–	(60,982)	(48,213)
Other expenses - Net	–	(9,032)	(28,893)
Comprehensive financing cost - Net	–	(2,675)	(3,077)
Income taxes	–	16,248	4,539
Loss from discontinued operations - Net	$ –	$ (92,977)	$ (60,134)

24. Contingencies and commitments

a. As of December 31, 2015, 2014 and 2013, the Entity is involved in an antidumping investigation filed by the US government against Mexico and China, to determine whether there is reasonable doubt that the copper pipe industry in such country has been materially harmed as a result of the imports made by Mexico and China. On November 15, 2010 the US government decided to apply a tariff of 27.16%. Subsequently, in June 2014 the US government decided to apply a rate of 0%; however, this ruling was challenged by the plaintiff manufacturers of that country. Currently the Entity is applying the rate of 0.58% as a result of the second review, which covers the period from November 1, 2011 to October 31, 2012. In 2015, the review process began for the period from November 2014 through October 2015; however, the requesting party withdrew its application, so the US authorities suspended the process until the ITC (United States International Trade Comission) issues a ruling in this regard.

b. On June 25, 2015, one of the subsidiaries of the Entity through a tender signed a contract for the purchase and distribution of packages (105 thousands) of 31.72 meters of usable area fiber cement sheet, for fixed roof, in charge of the Secretaría del Desarrollo Social (Secretaría de Gobierno Federal) (the Secretariat). This project represents gross revenues of approximately $ $486,780 amount plus VAT. The sales model is made under a scheme of Free on Board and delivered according to the needs of the Secretariat, which will be controlled by the unit Micro regions. The Entity reserved the right of modifying during the project and will be considered fixed until the contractual relationship is concluded, it cannot be added any extra costs and the prices will be unchanged. It is established an obligation to pay a deposit of 10% payable to the Tesorería Federal. To release this deposit will be required by the Secretariat written statement.

In case that the Entity delays in fulfilling any of its obligations, the Secretariat may apply a penalty equivalent to 0.5% per each calendar day of delay, on the amount of goods or services not delivered. This penalty does not rule out that the Secretariat terminate the contract; however, by considering the severity of the delay and the damages it could lead to the accrual of interests payable to the Secretariat. The penalty will aim to compensate the damages caused to the unit Micro regions..

c. On August 1, 2014 the Entity signed a contract for the provision of commercial mediation for fiber cement sheet with Administradora Central de Materiales, S. de R. L. de C. V., spending in this connection in 2015 an approximate amount of $ 152,000.

d. According to the Income Tax Law, companies carrying out transactions with related parties are subject to certain limitations and requirements in terms of the determination of prices as they must be equivalent to the ones used with or among independent parties in comparable transactions.

25. Business segment information

Segment information is presented according to the productive sectors, which are grouped according to the vertical integration of raw materials. Based on this segmentation, operating decisions are made for the purpose of allocating resources and assessing the performance of each segment.

The following are the segments of the Entity: Building systems, Metals, Plastic, Cement and Holding. Building systems sector includes the production of fibro-cement, Plastics sector includes the production of plastic; the Metals segment includes the production of copper; and the Cement segment includes mining, milling and calcination of nonmetallic minerals for the production of clinker. The products of the four segments are mainly used in the construction industry

Below is a summary of the most significant line items in each segment included in the consolidated financial statements:

	December 31, 20 5					
	Building systems	Metals	Cements	Holdings	Eliminations	Total
Net sales	$ 6,871,872	$ 7,485,427	$ 2,371,332	$ 514,454	$ (269,186)	$ 16,973,899
Cost of sales	4,681,222	6,414,138	1,523,367	3,610	(104,874)	12,517,463
Operating expenses	1,487,980	587,038	219,072	48s3,803	(93,107)	2,684,786
Other (income) expense – Net	(20,064)	(1,126)	(9,476)	(65,008)	17,932	(77,742)
	722,734	485,377	638,369	92,049	(89,137)	1,849,392
Comprehensive financing result – Net	(35,373)	191,002	110,892	1,633,384	5	1,899,910
Equity in income (loss) of associated entity - Net	–	–	–	997,779	(997,779)	–
Income (loss) before income taxes	758,107	294,375	527,477	(543,556)	(1,086,921)	(50,518)
Income taxes	226,028	67,851	100,262	(457,985)	1,569	(62,275)
Consolidated net income (loss)	532,079	226,524	427,215	(85,571)	(1,088,490)	11,757
Current assets	5,509,560	3,879,312	2,210,462	6,532,684	(8,423,867)	9,708,151
Property, machinery and equipment - Net	5,911,658	3,951,409	7,303,534	67,980	(136,097)	17,098,484
Employee benefits asset	(124,315)	401,764	(10,694)	(15,092)	–	251,663
Goodwill and intangibles and other assets - Net	428,887	212,307	2,176,904	703,192	(392,406)	3,128,884
Long-term due from related parties	–	–	1,978	1,419,211	(1,391,408)	29,781
Total assets	11,725,790	8,444,792	11,682,184	8,707,975	(10,343,778)	30,216,963
Total liabilities	$ 3,086,176	$ 5,217,135	$ 4,291,991	$ 11,892,912	$(10,142,756)	$ 14,345,458

	December 31, 2014					
	Building systems	Metals	Cements	Holdings	Eliminations	Total
Net sales	$ 6,073,392	$ 7,217,596	$ 1,747,169	$ 622,602	$ (329,940)	$ 15,330,819
Cost of sales	4,145,992	6,525,852	1,235,939	104,841	(330,108)	11,682,516
Operating expenses	1,123,552	400,115	200,276	155,402	348,747	2,228,092
Other (income) expense – Net	(12,417)	(101,223)	20,415	189,848	(280,165)	(183,542)
	816,265	392,852	290,539	172,511	(68,414)	1,603,753
Comprehensive financing result – Net	1,937	192,117	143,241	397,694	–	734,989
Equity in income (loss) of associated entity - Net	–	–	–	820,500	(820,500)	–
Income (loss) before income taxes	814,328	200,735	147,298	595,317	(888,914)	868,764
Income taxes	266,786	83,745	29,929	(134,597)	–	245,863
Loss on discontinued operations	82,319	10,658	–	–	–	92,977
Income (loss) before income taxes	465,223	106,332	117,369	729,914	(888,914)	529,924
Current assets	5,705,778	5,602,322	906,224	11,747,061	(14,969,195)	8,992,190
Property, machinery and equipment - Net	5,226,533	4,511,414	6,061,304	85,868	(174,477)	15,710,642
Employee benefits asset	(119,256)	472,965	(6,760)	(18,924)	–	328,025
Goodwill and intangibles and other assets - Net	342,401	249,930	2,185,782	15,714,788	(15,298,568)	3,194,333
Long-term due from related parties	–	–	–	53,703	–	53,703
Total assets	11,155,456	10,836,631	9,146,550	27,582,496	(30,442,240)	28,278,893
Total liabilities	$ 5,549,867	$ 7,550,470	$ 2,380,100	$ 16,601,663	$(15,409,966)	$ 16,672,134

	December 31, 013					
	Building systems	Metals	Cements	Holdings	Eliminations	Total
Net sales	$ 4,724,318	$ 6,918,911	$ 1,045,812	$ 534,732	$ (294,319)	$ 12,929,454
Cost of sales	3,126,261	6,227,411	594,536	4,407	(44,457)	9,908,158
Operating expenses	951,363	507,934	350,235	533,723	(218,467)	2,124,788
Other (income) expense – Net	(66,796)	(148,275)	–	(129,011)	42,735	(301,347)
	713,490	331,841	101,041	125,613	(74,130)	1,197,855
Comprehensive financing result – Net	19,099	334,955	66,985	51,956	–	472,995
Equity in income (loss) of associated entity - Net	–	–	(50)	(766,999)	762,829	(4,220)
Income (loss) before income taxes	694,391	(3,114)	34,106	840,656	(836,959)	729,080
Income taxes	166,639	(46,194)	63,572	(38,694)	32,120	177,443
Loss on discontinued operations	33,396	26,738	–	–	–	60,134
Income (loss) before income taxes	494,356	16,342	(29,466)	879,350	(869,079)	491,503
Current assets	6,320,641	6,414,718	724,543	7,889,601	(13,262,077)	8,087,426
Property, machinery and equipment - Net	3,449,952	4,548,497	6,221,895	553,192	(165,449)	14,608,087
Employee benefits asset	(164,874)	482,934	(5,169)	(23,630)	–	289,261
Goodwill and intangibles and other assets - Net	288,458	391,805	2,181,559	11,474,609	(11,151,139)	3,185,292
Long-term due from related parties	–	–	–	53,851	–	53,851
Total assets	9,894,177	11,837,954	9,122,828	19,947,623	(24,578,665)	26,223,917
Total liabilities	$ 5,228,517	$ 6,747,006	$ 2,393,958	$ 10,837,797	$(13,419,227)	$ 11,788,051

26. Authorization to issue the financial statements

On March 11, 2016, the issuance of the accompanying consolidated financial statements was authorized by Ing. Juan Francisco Sánchez Kramer, Corporate Controller and Administrative Director; consequently, they do not reflect events which occurred after that date. These consolidated financial statements are subject to the approval of the Entity's Board of Directors and the ordinary shareholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

Contact information

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1

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