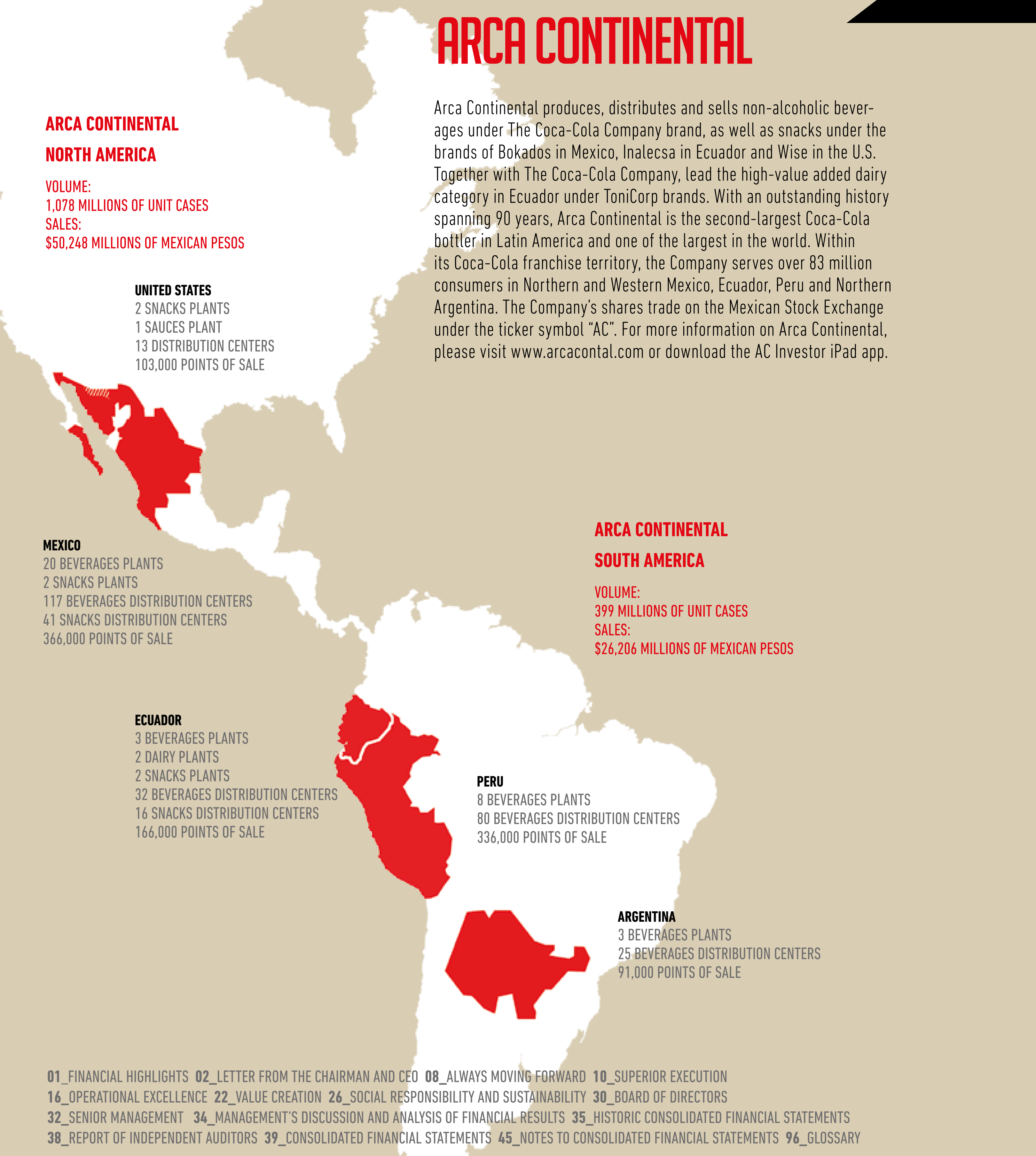
ARCACONTINENTAL

ALWAYS
MOVING FORWARD

ANNUAL REPORT 2015

ARCA CONTINENTAL

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador and Wise in the U.S. Together with The Coca-Cola Company, lead the high-value added dairy category in Ecuador under ToniCorp brands. With an outstanding history spanning 90 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Within its Coca-Cola franchise territory, the Company serves over 83 million consumers in Northern and Western Mexico, Ecuador, Peru and Northern Argentina. The Company's shares trade on the Mexican Stock Exchange under the ticker symbol "AC". For more information on Arca Continental, please visit www.arcacontal.com or download the AC Investor iPad app.



FINANCIAL HIGHLIGHTS

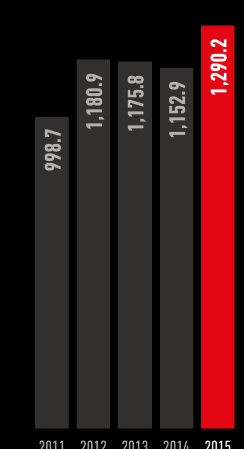
Figures in millions of Mexican pesos, except volume and per share data

	2015	2014	CHANGE %
TOTAL SALES VOLUME (MUC)	1,477.7	1,328.6	11.2
NET SALES	76,454	61,957	23.4
GROSS MARGIN	48.5%	49.0%	
OPERATING INCOME	12,754	10,774	18.4
OPERATING MARGIN	16.7%	17.4%	
EBITDA[1]	16,707	13,644	22.4
EBITDA MARGIN	21.9%	22.0%	
NET INCOME	7,659	6,765	13.2
TOTAL ASSETS	130,938	80,327	63.0
CASH	8,295	9,039	-8.2
TOTAL DEBT	39,244	15,777	148.7
CONTROLLING INTEREST	51,044	46,064	10.8
CAPITAL EXPENDITURES	5,728	4,032	42.1
PER SHARE DATA			
NET INCOME PER SHARE	4.50	4.04	
BOOK VALUE	31.68	28.59	
DIVIDENDS PAID	1.75	0.00	
AVERAGE SHARES OUTSTANDING (THOUSANDS)	1,611,264	1,611,264	

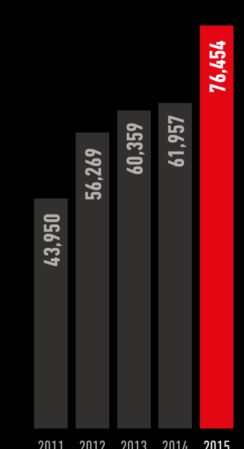
1. OPERATING INCOME PLUS DEPRECIATION, AMORTIZATION AND NON-RECURRENT EXPENSES

* MILLIONS OF UNIT CASES

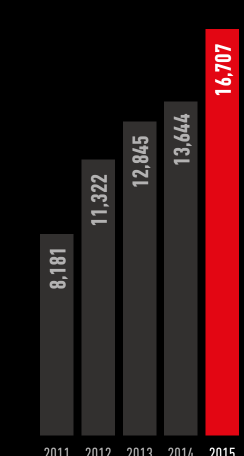
SALES VOLUME
(MUC) NOT INCLUDING JUG WATER



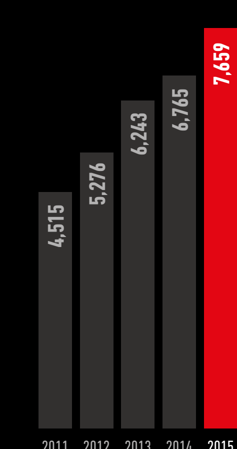
NET SALES
(MILLIONS OF MEXICAN PESOS)



EBITDA
(MILLIONS OF MEXICAN PESOS)



NET INCOME
(MILLIONS OF MEXICAN PESOS)



TO OUR **SHAREHOLDERS**

FRANCISCO GARZA EGLOFF
Chief Executive Officer

MANUEL L. BARRAGAN MORALES
Chairman of the Board of Directors

Driven by the robust performance of our fundamental operating indicators and continuous expansion, both geographic and into adjacent businesses, in 2015 Arca Continental's outstanding results distinguished us in our industry and the markets we serve. We are always seeking to strengthen the route of profitable and sustainable growth that the company has followed since its origins.

We are pleased to report that, thanks to the support and talent of our committed group of professionals, during 2015 we achieved sales of Ps. 76,454 million, 23.4% more than in 2014. Operating cash flow (EBITDA) grew 22.4% year-over-year, to Ps. 16,707 million, completing 19 consecutive quarters of growth.

Consistent with our commitment to creating value, both in organic and inorganic way, in 2015 we made further progress on our geographic expansion strategy through the alliance with Corporación Lindley, the only Coca-Cola bottler in Peru. This transaction doubled the size of our South American operations and consolidated Arca Continental's presence in one of the most dynamic countries of this high-growth region.

During our first months of Peruvian operations, we made outstanding progress by integrating teams and processes and identifying multiple value-creating initiatives.

We also advanced with our strategic investment plan aimed at expanding our production capacity to satisfy the growing demand of our consumers with the construction of three new production facilities in South America: a beverage bottling plant for the Coca-Cola portfolio and a dairy-product plant in Ecuador; and a new bottling plant in Argentina. These projects will become operational during 2016, complementing the new, state-of-the-art plant we inaugurated in Pucusana, Peru, in 2015.

Today, Arca Continental is not only a larger company, but also a more robust organization across all areas and locations, both in terms of operations and market execution.

In 2015 we celebrated the 120th anniversary of Topo Chico Mineral Water, the iconic and pioneering brand of the company, recognizing our past as the foundation for a brighter future. The commemoration was further complemented by the introduction of a new brand image, record sales and sustained growth in both the United States and Mexico.

As pioneers in the Coca-Cola System in Mexico, we have worked with The Coca-Cola Company through nine decades of successful relations, mutual support and trust. During the year, we partnered once again to celebrate 100 years of the famous Contour bottle, which has been an important part of the company's competitiveness over the years. This activation underscores Arca Continental's leadership position.

Supported by precise commercial execution, successful marketing initiatives and innovative advertising campaigns, in 2015 Arca Continental's consumers in Monterrey gave the company the highest Brand Love Score in the entire global Coca-Cola System. This distinction reflects our continued commitment to maintaining and growing our leadership across all our markets and categories.

Further evidence of our commitment to continuous innovation is the development and consolidation of the Arca Continental Total Execution (ACT) model, which seeks to strengthen the strategic capabilities that perfect our customer and consumer services from a standardized platform of excellence.

The Route To Market (RTM) initiative is a fundamental pillar of this model. In 2015, RTM drove our service levels to new heights and gained us international recognition when Arca Continental hosted the Global RTM Forum for the second time in its history. The event welcomed representatives from over 50 countries to our corporate headquarters in Monterrey, where we shared information and experiences related to this important project.

With regard to the company's continuous improvement in operating efficiency, in 2015 the Coca-Cola System's Global Supply Chain Council awarded Bronze Certification in the Operational Excellence Category to three more Arca Continental production centers. At the same time, the pioneer plants that had achieved this award the previous year, Insurgentes and Culiacan, were awarded Silver Certification.

In our Complementary Businesses, Arca Continental focused on innovation as a key driver of the competitiveness of the Snacks Division, in order to enhance operating efficiency and thereby facilitate expansion across the continent.

Another important event in 2015 was the inauguration of the Global Research and Innovation Center for Snacks in Atlanta, Georgia, to serve the Wise, Bokados and Inalecsa brands. Furthermore, Bokados, our salty snacks business, received the National Technology and Innovation Prize from the President of Mexico, Enrique Peña Nieto.

These and other initiatives drove Arca Continental's operating results. Total sales volume reached 1,478 million unit cases, 11.2% above 2014, reflecting both organic growth and the integration of the results of Corporación Lindley during the last four months of the year.

In 2015, operating income increased 18.4% year-over-year, to Ps. 12,754 million, while net income reached Ps. 7,659 million, 13.2% more than in 2014.

Arca Continental's financial strength and responsible management were recognized this year by prominent international credit rating agencies. Fitch Ratings gave Arca Continental a global "A" rating and Moody's "A2" on a global scale and "Aaa.mx" on a domestic scale. These are the highest ratings among the companies in the sector.

Our 2015 performance reflects the strength of a constantly improving business model that has become a solid platform for our development and growth. In everything we do, we focus on continuing to be the number-one option for our customers and consumers, thereby allowing us to leverage new growth opportunities in the countries and segments we serve.

MEXICO BEVERAGES

During the year, there was a recovery in volumes and sales in Mexico, our flagship beverage market. This achievement reflects our flexible price-packaging architecture and focus on single-serve presentations, which significantly increased the number of transactions.

The continuous optimization of our service models and disciplined point-of-sale investment positioned us to capitalize on the competitive advantages created over the past years and underpinned our efforts to continue growing in a mature and increasingly sophisticated market.

Still beverages performed exceptionally well in 2015, with sales volume 12.9% higher than 2014; water, excluding jug presentations, grew 9.2%.

Also noteworthy was the 24% year-over-year rise in Powerade volume, validating the brand as the category leader in the Mexican market and reflecting our ambitious plan to expand its coverage and the great acceptance of Powerade Zero, a calorie-free sports drink.

In order to enhance the presence and availability of our products at the point of sale, during 2015 we installed 45,000 new high-efficiency coolers and 77,000 new display platforms across the territory, as well as 3,000 coolers for Santa Clara products.

New consumption occasions generated by today's dynamic lifestyle and an increasingly sophisticated consumer require us to constantly expand our portfolio of products. For example, Ciel Exprim and Del Valle & Nada, with its flavors Naranja&Nada and Limon&Nada, launched in 2015, have already become attractive flavor and hydration alternatives for our consumers.

The 2015 results reflect Arca Continental's determination to continue building profitable, sustainable growth across all its operations. Our long-term vision uses strategic investments to drive competitiveness in the markets and industries in which we participate.

SOUTH AMERICA

In a complex economic and political environment characterized by foreign exchange volatility, inflation and even political instability in some markets, Arca Continental in South America has been able to implement its strategic plan for investing in new production capacities while continuing to perfect its commercial execution strategies in order to continue to achieve operational excellence.

The expansion of existing operations, combined with the acquisition of Corporación Lindley, grew the 2015 sales volume for this region to 399 million unit cases, 37.6% above the previous year.

Net sales reached Ps. 26,206 million, 68% more than in 2014, and EBITDA totaled Ps. 4,955 million, an increase of 85% year-over-year.

In Argentina, despite the challenging macroeconomic conditions that affected consumer spending, Arca Continental continued to implement its investment program, focusing on perfecting point-of-sale execution, growing the single-serve and returnable base, and expanding cooler coverage, which reached 48%.

The Coca-Cola Company recognized our operations in this country with its Global Customer & Commercial Leadership Award for best commercial execution practices.

In Ecuador, sales volume rose by an exceptional 4.7%, driven by the solid growth of sparkling presentations. In the dairy segment, both the sales and volume of Tonicorp increased, reflecting point-of-sale efficiencies, the expansion of its customer base and the installation of 6,900 new coolers.

In Peru, we began initiatives to exchange best practices and also implemented a series of commercial plans, including the installation of 6,000 new, high-efficiency coolers, achieving a 28% coverage, and the rollout of new packaging options.

At the end of the third quarter of 2015, we inaugurated a new plant in Pucusana after an investment of US$ 200 million. This facility is among the world's most modern Coca-Cola plants.

Arca Continental South America is advancing well in terms of scale, strength and efficiency, confirming its strategic potential as a platform for profitable growth. We are confident that the investments made to date have positioned us to leverage new and better opportunities in the short and medium term.

COMPLEMENTARY BUSINESSES

In 2015, the specific weight of Arca Continental's Complementary Businesses Division continued to grow within the organization as it consolidated its standing as an increasingly important player in the snacks industry in the Americas. It now operates with enhanced integration and is leveraging the synergies between its different brands and the opportunities in the markets it serves.

In Mexico, Bokados concluded the year with high single-digit growth in sales and EBITDA, reflecting improved coverage and the implementation of point-of-sale execution initiatives, which improved its operating discipline.

Wise posted positive results in the United States and Mexico, with the introduction of new products and an expanded presence in both markets.

Inalecsa's focus on Tortolines drove its market share in the plantain-based snacks category. Additionally, an efficiency-enhancement program contributed to a more than 100 basis-point expansion in margins and double-digit net income growth for this company.

The Vending Machine Business reached 13 consecutive months of volume increases and closed 2015 with 12.3% annual sales growth, resulting in a 9.1% compound annual increase over the past four years.

Exports also performed well during the year, with the sales and EBITDA of Interex growing more than ever before, partly because of the excellent performance of Topo Chico Mineral Water.

+11.2% SALES VOLUME

+23.4% NET SALES

5 PLANTS
OPERATIONAL EXCELLENCE CERTIFIED

19 QUARTERS
CONSECUTIVE EBITDA GROWTH

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Supporting the comprehensive welfare of our communities through a strategy based on the pillars of Individual Wellbeing, Social Wellbeing and Environmental Wellbeing is an intrinsic part of Arca Continental's organizational culture. This culture is constantly integrated into our business activities to assure its long-term viability.

We know that an active, healthy lifestyle adds to comprehensive personal development so, during the year, we contributed to the physical activation of 3.3 million people in Mexico by supporting and organizing thousands of sporting events. These initiatives included the Coca-Cola Cup and, very importantly, the Monterrey Powerade Marathon, an Arca Continental-sponsored race which celebrated a decade of existence in 2015.

In addition, we continue to support the overall progress of our communities through women's development programs such as Potencia México. This project empowers women to start businesses or improve existing ones, thereby generating income and enhancing family stability.

The value of our community support was apparent during our Annual Volunteer Day, which continued to grow across all Arca Continental operations. As a result, in 2015, 32 cities in Mexico, Ecuador and Argentina were supported by more than 5,400 employees who rehabilitated and reforested public spaces, cleaned beaches and riverbanks, and repaired schools.

With regard to our main sustainability indicators, we are pleased to report that, in 2015, as part of the Coca-Cola System in Mexico and in partnership with Pronatura, we achieved our 2020 goal of returning to nature 100% of the water we consume in beverage production, thereby leading the global efforts of The Coca-Cola Company in this key area.

We also continued to optimize water consumption, reaching one of the world's lowest indexes: 1.59 liters of water per liter of beverage produced. Our efforts have enabled us to reduce water usage by almost 20% over the past five years.

Aware of the importance of seeking solutions to halt climate change, in 2015 we moved closer to our goal of ensuring that a minimum of 40% of the energy we use in our operations comes from renewable sources.

Diverse national and international institutions recognized these initiatives during the year, including the Mexican Center for Philanthropy, which ratified our certification as a Socially Responsible Company, a distinction we have held for the past 12 years, and the Mexican Stock Exchange (BMV), which included Arca Continental in its Sustainability Index for the fifth consecutive year.

ALWAYS MOVING FORWARD

2015 was a year of significant growth, both organic and inorganic, geographic expansion and entry into new businesses. It was also a year in which the company's various quality, efficiency and sustainability indicators advanced significantly.

Today, Arca Continental is a larger and stronger company. As such, we reiterate our commitment to shareholders, employees, customers, consumers, suppliers and the communities we serve to continue generating value consistently in accordance with our mission and vision of the future.

Our long-term alliance with The Coca-Cola Company has been a key factor in our ongoing search for excellence and profitability, as well as in the successful evolution of our business. Because of this, we would once again like to recognize and thank this great company for their part in our success.

We would also like to express our gratitude to customers and suppliers for their preference and for partnering with us across our supply chain, sharing their successes and helping us to achieve ever-higher goals.

The trust and loyalty of our consumers is the very reason for our existence and we are very grateful to them. We reiterate our commitment to satisfying their needs responsibly and offering them safe, world-class products.

We also thank the men and women of our great Arca Continental team; they are responsible for the company's ongoing success and the outstanding accomplishments reported here. Our achievements are the fruits of their dedication and a philosophy based on the comprehensive success and welfare of the communities we serve.

We would like to express our gratitude to the members of the Board of Directors for their guidance and trust in supporting us in this journey of innovation and competitiveness based on ethical actions, employee development and responsibility to our communities and the environment.

To our shareholders, we reiterate our determination to continue reaching the objectives we have set and to remain a successful, reliable and innovative company.

We should all be proud of being part of Arca Continental and of its progress to date, but we must now make an even bigger commitment to leverage our new scale and continue to improve as a company, moving forward towards excellence and becoming an increasingly significant instrument of change in the communities we serve.

Thank you very much.

Manuel L. Barragan M.

MANUEL L. BARRAGAN MORALES
Chairman of the Board of Directors

FRANCISCO GARZA EGLOFF
Chief Executive Officer

ALWAYS MOVING FORWARD

CONTINUOUS IMPROVEMENT

Maximum efficiency in production and distribution processes based on a culture of comprehensive safety and security, optimum product quality and the use of leading-edge technology are fundamental pillars for the solid operating performance that drives our business growth and development.

FOCUS ON GROWTH

An ongoing search for profitable growth opportunities across Arca Continental's different territories, as well as in businesses adjacent to the company's core capabilities, has driven a consistent expansion of operations and, at the same time, the continuous improvement of our main performance indicators, enhancing the scale and scope of Arca Continental and making it a better company.

MARKET EXCELLENCE

With our unique commercial execution model (ACT), we serve the customer with the highest quality at the optimum cost in a way that drives the profitability of every transaction, and offer the consumer the most extensive portfolio of beverages and snacks at the right price, in the precise packaging, with total freshness and the best presentation. These are key factors for growing brand love and consumers' preference for our products.

SUSTAINABLE DEVELOPMENT

On our journey of value creation, the commitment of Arca Continental and its outstanding men and women to our communities, natural resources and the environment is truly noteworthy. Sustainability and social responsibility are an integral part of the company's business philosophy and daily decision making as a way to achieve our long-term vision.

MARKET EXCELLENCE

An effective implementation of advanced information technology and successful commercial practices has driven Arca Continental's sales, volumes and transactions over the past years. The company has also improved the quality of its customer service, optimized point-of-sale investment and grown consumer loyalty and preferences.

A key element of our commercial strategy has been a flexible price-packaging architecture, providing consumers with presentations and packaging to suit every consumption occasion. We have been able to do this because of our enhanced understanding of their habits and needs, dynamic segmentation and a solid relationship with customers and retailers.

SUPERIOR COMMERCIAL EXECUTION

48% SINGLE SERVE MIX

2.9 MILLON
PHYSICAL CASES
OF RETURNABLE
PRESENTATIONS

MEXICO **BEVERAGES**

With a precise strategy based on the factors that most affect Arca Continental's flagship beverage market, in 2015 we enhanced competitiveness and drove the business's results to new levels, confirming the company's operational capability in a consumption environment that is ever more demanding, dynamic and sophisticated.

In a setting with increasing pressure and criticism of our brands and products, we were able to post 3.9% annual volume growth in beverages in Mexico, with increases in all categories; total sales of Ps. 45,208 million, 7.6% above 2014; and an EBITDA of Ps. 11,373 million, 7.2% more than the previous year.

One of the factors driving this growth was our ongoing investment in the market and point of sale, as well as our flexible price-pack architecture. Annual growth was also reinforced in 2015 by the introduction of 2.9 million physical cases of returnable containers, a presentation that reached 37% of this business's operations, one of the highest and most profitable in the world.

The price per case of beverage in Mexico, excluding jug presentations, increased 3.7% during the year, in line with inflation. This, together with the continuous growth of single-serve presentations in the product mix to 48% of the total, drove the number of transactions during the year to over 6 billion, 3.3% above the previous year.

Just as significant as the commercial performance was the improvement in brand love indicators, which in Monterrey reached a worldwide record during the year. This achievement reflects our continuous innovation in advertising materials in order to offer the consumer experiences that surpass a transactional relationship and generate strong emotional ties.

One of the important projects aimed at enhancing brand love in Mexico was our centennial celebration of Coca-Cola's classic Contour bottle, with one of the best executions in the entire system.

Arca Continental's celebration of this iconic bottle achieved more than 500,000 direct impacts on different experiences of the consumer and the general public. An important aspect of this initiative was the Coca-Cola Museum in Monterrey, which received 23,000 visitors, a world record. In addition, we organized four itinerant museums that visited the cities we serve, sold 18 million vintage bottles in our Mexican markets and made video maps of giant bottles in Monterrey and Guadalajara.

11,000
SIGLO XXI CUSTOMERS BENEFITED

TOPO CHICO MINERAL WATER CELEBRATED ITS 120TH ANNIVERSARY WITH A MASSIVE EVENT FOR MORE THAN 12 THOUSAND PEOPLE, WHERE WE ALSO LAUNCHED A NEW IMAGE FOR THE BRAND AND THE COMMEMORATIVE ADVERTISING CAMPAIGN. AT THE SAME TIME, THE PRODUCT WAS LAUNCHED IN THE JALISCO MARKET WITH GREAT RESULTS.

IN THE FLAVORED WATER CATEGORY, FOUR NEW FLAVORS WERE INTRODUCED UNDER THE CIEL EXPRIM BRAND: LEMON WITH RIND, AGED HIBISCUS WATER, TANGERINE WITH SLICES AND WHOLE BLACKBERRIES, AND ONE READY-TO-DRINK JASMINE-FLAVORED FUZE TEA.

In 2015, we deployed a comprehensive plan across all of Arca Continental's Mexican territories for simultaneous product launches, expanding our portfolio with two new flavors of the Del Valle & Nada brand: Limon&Nada and Naranja&Nada, which were well accepted by the market.

In the dairy-product segment, Santa Clara kept its growth pace, reaching a market availability record with 31.6% coverage in the cities the company serves, and achieving the best performance in home deliveries, a channel that provides 22.2% of the Santa Clara milk sales volume.

In the traditional channel, Santa Clara continues to grow in presence, volume and market share, driven by the introduction of more than 3,000 coolers specifically for the brand to satisfy consumers' demand for cold milk.

In 2015, we continued to grow and improve the initiative "Siglo XXI" (XXI Century) to enhance the competitiveness of our retail customers by modernizing their image, distribution and micro-business capabilities. This program has already given support to nearly 11,000 stores through such offerings as point-of-sale terminals for electronic services, credit and debit card payments, and a better management control of their businesses.

Arca Continental believes that serving its markets ever better is of paramount importance.

ARCACONTINENTAL | ACT

As a result, we have developed an execution model known as Arca Continental Total Execution (ACT). This methodology reinforces the continuous improvement of our customer and consumer services and seeks to standardize the way we serve them in all the territories where the company operates.

A basic element of this methodology is Route To Market (RTM), which in 2015 was deployed across 75% of the sales volume of the traditional channel and 80% of the Mexican territories.

Reflecting these and other efforts was the improvement in the Execution Quality Index, which grew at a weighted average of 5.5% across all channels and an outstanding 10.1% in the supermarket channel.

COCA-COLA CONTOUR BOTTLE 100TH ANNIVERSARY MUSEUM IN MONTERREY, MEXICO

SOUTH AMERICA

The markets in South America where Arca Continental operates faced a challenging economic and political environment, negatively affected by foreign exchange rate volatility, inflation and adverse conditions for growth and consumption.

+68%
SOUTH AMERICA NET SALES

Including the results of Corporación Lindley for the last four months of the year, Arca Continental South America posted sales of Ps. 26,206 million, 67.9% above 2014; an EBITDA of Ps. 4,955 million, a year-over-year growth of 85.1%; and a net income of Ps. 1,575 million, 53.4% more than in 2014, with a net margin of 6%.

In Argentina, despite the negative inflationary environment, sales volume increased 1.1%, largely driven by single-serve water, which grew 25% in the final quarter of the year, and still beverages, which increased 85% during 4Q15.

We faced the adverse macroeconomic environment in Argentina with consistent investments in the point of sale, reflecting our confidence in the region's long-term economic performance. These actions contributed to the development of new competitive advantages, positioning us to leverage new growth opportunities in the future.

During 2015, we enhanced our cooler coverage to 48% in this country by adding 4,000 new cold-drink units. We also grew our still beverages portfolio, adding 300 ml and 1,500 ml presentations of Cepita Del Valle in order to offer other attractive options for consumers of this category.

In Ecuador, despite the challenges created by lower oil prices, the sales volume of the beverages business there grew 4.7%.

In particular, the volume of the sparkling beverages segment increased 16.7% in the final quarter of the year, while that of sports drinks rose 65% year-over-year.

Tonicorp, our high value-added dairy business in Ecuador, posted positive results, driven by the expansion of its customer base through the addition of 110,000 new points of sale.

In Peru, we will continue to capitalize on our strategy of increasing the per-capita consumption of our products through better point-of-sale execution, the expansion of our cooler platform, and offering an attractive product portfolio to our consumers.

Moreover, sales volume increased 4% in 2015, driven by single-serve water and still beverages, the modern channel grew significantly, and we operated with an effective price-packaging strategy.

In 2016, we will focus on market initiatives to enhance the profitability of our operations, especially promoting single-serve and returnable presentations, and making our products more affordable by offering additional multi-packs and returnable PET options.

IN PERU, JUST A FEW MONTHS AFTER THE INTEGRATION OF CORPORACIÓN LINDLEY, WE POSTED DOUBLE-DIGIT GROWTH IN REVENUES AND EBITDA FOR THE YEAR.

COMPLEMENTARY BUSINESSES

INNOVATION AND RESEARCH CENTER FOR SNACKS IN ATLANTA, USA

In 2015, we continued to integrate our three snacks businesses, leveraging commercial and operating synergies, capitalizing on the strengths and business models of the different brands, standardizing successful practices and sharing market knowledge.

Bokados achieved another year of enhanced sales and posted market share growth in excess of the industry average, thanks to its implementation of commercial execution improvement initiatives and best practices and processes from the beverages business.

Products launched in 2015 included a single-serve presentation of Trail Mix within the Palma family, aimed at the traditional market and convenience stores, and focusing on a market niche that seeks dried fruit snack options.

A very successful rollout for this business unit was Bokachito Tormillo Extreme which, during the year, placed among the main products preferred by the market, with the sale of more than 5.2 million items in six months.

New products marketed under the Wise brand in Mexico included Home Style Jalapeño Chips, with a great potential to capture consumer preference.

In the United States, Wise closed 2015 with solid revenues, reflecting greater coverage and the offering of new products in its portfolio. Sales were also driven by a fresh image in the packaging of its chips line looking to recruit new consumers. This image boasts a modern design identifying the different flavors with different colors and presenting product pictures on the packaging.

New products that Wise launched during the year included low-fat Home Style Chips, Chili Cheese Dipsy Doodles, Tortolines Thai (from Inalecsa), low-fat Popcorn and a new variety of cinnamon roll-flavored popcorn co-branded with Cinnabon.

In Ecuador, the snacks business achieved another year of growing sales and EBITDA. Inalecsa continued to consolidate its market presence in key, high-potential categories, such as cakes and popcorn, reaching outstanding market share increases in banana and corn flakes products.

In 2015, Inalecsa sales to new international markets rose 36%, partly due to its entry into Hugary and Chile.

The Vending Machine Business reached 13 consecutive months of growing sales volumes. Revenues as of year-end 2015 were 12.3% above those of 2014, resulting in a 9.1% annual compound growth for the last four years.

In addition, 2015 was an outstanding year for Interex, our snack and beverage export business, with a double-digit sales increase in dollars and triple-digit EBITDA growth, driven particularly by the excellent performance of Topo Chico Mineral Water exports.

The market shares of our export brands grew significantly in the South Central Region of the United States and the convenience store channel in Texas. Brand presence was strengthened by notable commercial agreements and the sponsorship of important events and locations, such as the AT&T Arts Center in Dallas, the Lollapalooza Festival in Chicago, Austin City Limits and Formula One.

WISE POPCORN UPDATED PACKAGING IN ORDER TO ATTRACT NEW CUSTOMERS WITH AN IMAGE THAT HIGHLIGHTS KEY FEATURES SUCH AS LOW CALORIE AND GLUTEN-FREE.

OPERATIONAL EXCELLENCE

CONTINUOUS IMPROVEMENT

One of Arca Continental's strategic goals for enhancing value creation and long-term viability is the continuous improvement of the safety, quality, productivity and efficiency of its plants and distribution centers across all the territories where we operate.

Expand production, with higher quality and at the optimum cost, in a safer way for our employees, the company and our communities requires unceasing perseverance to transform the culture of all the men and women of the Arca Continental team and incorporating the search for excellence as a key value of our business philosophy.

94 MILLION PESOS IN OPERATIONAL EXCELLENCE BENEFITS

98.62 QUALITY PRODUCT INDEX

-21.2%
LOST TIME INCIDENT RATE (LTIR)

100% OF THE PRODUCTIVE UNITS ARE CERTIFIED IN ISO 9001, FSSC 22000, ISO 14001 AND OHSAS 18001

In accordance with our commitment to employees, their families and the community, in 2015, the company established a new industrial safety and occupational health policy. It also strengthened institutional policies and implemented a comprehensive strategy to disseminate a culture based on prevention.

Under this scheme, we reduced the Lost Time Incident Rate (LTIR) by 21.2% on a global level, moving us significantly toward our 2020 goal.

Additionally, Arca Continental has instituted The Coca-Cola Company's Operational Excellence Methodology as a key pillar of its continuous improvement strategy. All actions in this respect are driven by the interest and determination of the teams for Participative Management, now called Continuous Improvement, bringing the company to world leadership levels with the use of this methodology.

After its deployment in Mexico, this initiative was successfully implemented in Ecuador, Bokados and other business units throughout Mexico and South America. Moreover, we have already begun the process of introducing it into the administrative and financial areas.

Another program designed to drive the efficiency of our administrative tasks is Enlace. This system adopts the world's best operating practices and standardizes business processes and technological tools in order to improve the response capacity of our service for customers, consumers, shareholders and associates.

In the initial phase, the Enlace platform is being implemented in Beverages Mexico. In the short term, it will be introduced in other business units. This will integrate point-to-point tasks, linking sourcing areas and supplier payment, the supply chain, the deployment of our commercial strategy, point-of-sale execution, data management and information security.

91.35
PACKING QUALITY INDEX

Operational Excellence

IN 2015, THREE NEW PLANTS WERE AWARDED BRONZE CERTIFICATION, WHILE OUR INSURGENTES AND CULIACÁN PLANTS WERE CERTIFIED AT THE SILVER LEVEL.

MEXICO BEVERAGES

In Mexico, the La Paz and Chihuahua Plants and the Lincoln Distribution Center received Bronze Certification as Benchmark Centers in Operational Excellence, while the Culiacán and Insurgentes Plants, the first in the world to receive this recognition in 2014, were recertified and raised to the Silver level.

As of yearend 2015, 38 work centers had implemented this methodology, 10 more than in 2014. Over 11,000 employees have been certified in the methodology and 132 more boast Lean Six Sigma recognition.

The continuous improvement projects resulting from these initiatives generated operating benefits totaling Ps. 94.12 million, some in savings and some in new revenues.

Convinced that continuous improvement and innovation in our operations give us platforms that ensure safety, profitability and sustainability, 100% of our production facilities in Mexico retained their certifications for: ISO 9001 Quality, FSSC 22000 Food Safety, ISO 14001 Environment and OHSAS 18001 Occupational Health and Safety.

Mexico Beverages also made progress with the implementation of our new industrial safety policy, raising its LTIR indicator by 17.8% and thereby having a positive impact on productivity, efficiency and, most importantly, the wellbeing of our employees.

Achievements in the area of continuous improvement are reflected in the final product received by consumers, who are the sole purpose of our existence. At the close of 2015, the Product Quality Index was 99.12 in Mexico and 98.62 at the consolidated level, while the Packaging Quality Index was 91.35.

Bebidas Refrescantes de Nogales, a company in which we have a stake, concluded the installation and equipping of a new, modern bottling plant in Nogales, Sonora. This facility has four production lines and operates under the strictest standards of quality, efficiency and sustainability, helping us to improve the service we give to this important market located along the US-Mexico border.

99.1
PRODUCT QUALITY INDEX IN MEXICO

SOUTH AMERICA

During 2015 we expanded and modernized our production capacity by building new beverage and dairy plants, in the three countries we serve in South America.

In Peru, we completed the construction of the Pucusana Plant, which has six high-tech production lines. It operates with the highest quality standards using a system of procedure and natural resource optimization which reduces our environmental footprint.

In 2015, the Trujillo Plant became the first plant in Peru, in Latin America and in the worldwide Coca-Cola System to obtain LEED® (Leadership in Energy and Environmental Design) Certification at the gold level for new constructions. This recognition reflects its environmentally-responsible construction and a design that promotes the efficient use of natural resources.

We also made progress in Peru with the standardization of processes in order to guarantee the quality of our beverages there, and all our Peruvian plants obtained OHSAS 18001, ISO 9001 and ISO 14001 recertification.

In Ecuador, we moved forward with the construction of the Machachi Plant with important innovations in efficiency and sustainability. From the outset, this new plant was designed to create a long-term relationship with the local community, which the company actively works on developing. The facility boasts important innovations in efficiency and sustainability.

During the year, the Latin Center Business Unit of The Coca-Cola Company awarded our Ecuadorian operations the BE PERFECT Cup for outstanding execution in Quality for Excellence. In fact, all Product and Packaging Quality Indexes in the nation were above 90%, and it complied with KORE requirements and produced positive safety results.

Tonicorp, the leading high-value-added dairy products company we operate in partnership with The Coca-Cola Company, is building a new milk-production plant in Guayaquil, Ecuador, with an investment of over USD $90 million.

The new plant, which boasts state-of-the-art technology and sustainable operations, will serve domestic demand for the next five years and open new markets in Central America and the United States.

In Argentina, in order to strengthen the production chain, serve our customers better and satisfy the growing demand in the northeastern region of the country, we broke ground in the construction of the Corrientes Plant which is expected to create 350 additional jobs and inaugurated a new high-speed line in Tucumán.

The startup of a new cold and hot-fill production line allowed us to significantly expand our portfolio of still beverages in this market, leveraging the important progress we have made in the Cepita Del Valle brand. This brand is gaining market share in juices and nectars through the offering of new flavors and innovative packaging.

IN 2015, BOKADOS IMPLEMENTED THE OPERATIONAL EXCELLENCE METHODOLOGY AND EXPANDED ITS PRODUCTION AND DISTRIBUTION CAPACITIES.

COMPLEMENTARY BUSINESSES

Arca Continental's Snacks, Exports and Vending Machine Division focused on extending the best practices of the beverage business and developing its own methodologies for maximizing the quality, efficiency and safety of its operations.

For example, in 2015, we launched the Innovation and Development Center in Atlanta, Georgia, to serve the snacks business. Research teams there will develop recipes, flavors and formulas for Wise, Bokados and Inalecsa.

During the year, Bokados began a program of Operational Excellence which will develop the capabilities and culture its employees require to carry out improvement projects in an orderly and systematic manner.

This business unit also expanded its production and distribution capacities with the acquisition of a new tortilla line and modern equipment for its extrusion line, and it built and started up a distribution center in Ciudad Obregón and a branch in San Luis Río Colorado, both in the state of Sonora.

The new Wise plant in Fort Worth, Texas became operational during the year, producing the highest quality tortilla chips, potato chips and onion rings, as well as other salty snacks under the "Si Señor" brand. Our plant in Berwick, Pennsylvania, inaugurated a new home-style potato chip line to produce reduced-fat products and added new automated-packaging machinery.

At the beginning of 2015, Inalecsa installed a new bakery line to satisfy the increasing demand for this category, where we continue to grow market share. It also launched new products, such as the Chocoloco brand, with over 60% coverage.

THE VENDING MACHINE BUSINESS PROGRESSED DURING THE YEAR WITH THE IMPLEMENTATION OF EQUIPMENT TELEMETRY AS A TOOL TO PROVIDE ON-LINE INFORMATION ON MACHINE PERFORMANCE, INVENTORY STATUS AND OTHER ASPECTS OF THE OPERATIONS, THEREBY STRENGTHENING SERVICE QUALITY AND THE PORTFOLIO MIX.

FOCUS ON GROWTH

With a clear, strategic focus on the profitable growth of all its business units and appropriate financial management, in 2015 Arca Continental consolidated its position as a solid vehicle for value creation in the global beverage industry, as well as an attractive long-term investment option, continuously expanding and becoming more robust and better integrated as an organization.

25 MDD
ESTIMATED SYNERGIES IN PERU

VALUE CREATION

196 NEW DIRECT-TO-HOME ROUTES

On our journey of development and growth, the integration of Corporación Lindley will be very important for the future of the company, opening up new opportunities for further growth in one of the most dynamic countries in the region. The acquisition also gives us a great opportunity to leverage synergies and thereby drive Arca Continental South America.

During the first months after the transaction, we made consistent progress with the integration of operations, implementing a proven methodology with discipline and care. The approach we are taking focuses on three main areas: operating continuity; the identification and leverage of synergies and replication of successful practices; and the assignment of a dedicated team to determine value-creating initiatives that can be duplicated on a daily basis.

In fact, we have identified possible synergies for generating both new revenues and savings that will amount to 25 million dollars by the end of 2016 in raw materials, innovation processes and packaging, value chain and transportation, management issues and the integration of best commercial practices. Leveraging these synergies will enhance the capabilities of the business unit.

Continuing with South America, as part of our strategy for promoting closer relations with customers and consumers, Tonicorp, the Ecuadorian high value added dairy products business we operate in partnership with The Coca-Cola Company, entered the premium ice-cream business in Guayaquil, opening 22 new stores under the Topsy brand.

As concrete proof of the trust that this company engenders, the International Financial Corporation (IFC) granted Tonicorp a 90-million-dollar loan to continue building the La Aurora dairy-products plant that will be inaugurated in 2016. This facility will boast significant competitive advantages in technology, environmental protection and operating capacity.

In 2015, Inalecsa incorporated 11 thousand new customers by associating with Dipor, Tonicorp's distribution business, to expand the distribution and coverage of its product portfolio outside the areas of Guayaquil and Babahoyo.

In Mexico, with regard to raw materials, we continued to capitalize on the strength of our vertical integration with PIASA, one of the nation's largest and most efficient sugar producers. In December, PIASA acquired the Plan de San Luis Sugar Mill, increasing its production capacity by 30% and thereby strengthening Arca Continental's competitive position in the nation.

An important source of additional revenues for our business in Mexico are the new distribution channels and service models developed to serve consumers directly in their homes and places of work. These initiatives have enhanced the performance of traditional and modern channels by facilitating repurchasing and customer loyalty to the brands we offer.

22 NEW TOPSY ICE CREAM STORES

Our Direct To Home model added 196 routes in 2015, providing 330 thousand homes in Mexico with the different beverages of the Coca-Cola portfolio, including Santa Clara milk, Ciel jug water and single-serve and sports drink presentations.

Additionally, Direct-To-Home was strengthened with a new on-line platform: coca-colaentuhogar.com, which was expanded to Jalisco and contributed almost 70% of the additional earnings in this territory and in the center of the nation.

During the year, we continued growing our @Work model, implementing it at 597 work centers in Chihuahua, San Luis Potosí, Monterrey and Ciudad Juárez, with excellent results. This initiative takes the company's portfolio of products and services right to the workplace with vending machines, jug water, black coffee and other offerings.

In the area of finance, despite an unstable foreign-exchange environment in the markets we serve, a prudent debt management policy allowed us to efficiently face the devaluation of local currencies and increased interest rates, and to operate with a manageable exposure to the U.S. dollar.

The 2015 balance sheet reflects a cash position of Ps. 8,300 million, a total debt of Ps. 39,200 million and a debt-to-EBITDA ratio of 1.7X, largely resulting from the incorporation of Corporación Lindley.

We expect this debt ratio to drop to 1.1 times by the end of 2016 because our cash flow in dollars, a planned increase in capital stock and the sale of non-strategic assets should reduce Arca Continental's dollar debt by approximately US$ 600 million.

+13.2% NET INCOME

As of December 31, 2015, the company's net income was Ps. 7,659 million, 13.2% above 2014.

Arca Continental's financial strength was recognized in 2015 by prominent international credit rating agencies, such as Moody's, which gave Arca Continental an investment grade "A2" rating, highlighting its leadership and operating quality.

Fitch Ratings gave the company a global "A" investment-grade rating with a stable perspective, underscoring its long-term sustainability and market-share growth.

Finally, Standard & Poor's Ratings Services raised the credit rating of Corporación Lindley, now an Arca Continental subsidiary, from BB+ to BBB, making it one of the few Peruvian companies to boast this rating.

The Arca Continental share (*AC) performed well on the Mexican Stock Market (BMV) in 2015, increasing in value 12.1% year-over-year. This growth exceeds that of the main BMV index, as well as that of other companies in the industry, making Arca Continental one of the most attractive investment options in the Mexican market.

Although we are encouraged and motivated by the achievements and superior performance of 2015, there are still many growth opportunities in the region and in the businesses and industries where the company operates. Consequently, we will continue to develop more agile, increasingly efficient practices across all our operations in order to serve our customers and consumers better.

STANDARD AND POOR'S, MOODY'S AND FITCH RATINGS ASSIGNED ARCA CONTINENTAL HIGH CREDIT RATINGS.

SUSTAINABLE DEVELOPMENT

Arca Continental operates with a long-term vision and firm commitment to the sustainable development of its local communities. In 2015, we continued to implement our Sustainability and Social Responsibility Strategy, achieving meaningful results in three strategic areas: Individual Wellbeing, Social Wellbeing and Environmental Wellbeing.

To assure the relevance and desired impact of our ongoing efforts, both on stakeholders and business sustainability, we implemented materiality analysis processes as part of our continuous improvement culture.

3.3 MILLION
ACTIVATED PEOPLE

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

During 2015, we carried out our most complete study of their social and environmental impact. We also held dialogue sessions with recognized leaders of the different social and industrial sectors that represent the company's various stakeholders, explaining our current strategy and related information sharing efforts to them and getting their feedback.

By analyzing the results of these two exercises, we were able to identify the 10 specific programs that, because they will have the greatest impact, are aligned with our business objectives and are the most relevant, will be prioritized by the company in the years to come. In this way, we are underpinning our business's continuity, developing our communities and protecting the environment.

Arca Continental's Sustainability Committee, made up of functional teams for each strategic area, is responsible for the management and supervision of our efforts. The committee, chaired by the CEO, receives support and advisory services from the Board of Directors' Human Capital and Sustainability Committee. This structure reflects the company's total commitment, from the highest hierarchical levels, to leave a positive mark on the environment and our communities.

The consolidation of the Sustainability Committee has given rise to constantly-evolving, solid actions based on clear mechanisms to identify best practices across the entire organization. We have standardized metrics, and the collection of information, expanded programs transversally to our different business units and comprehensively fine-tuned decision-making processes.

The main achievements for the strategic area of Individual Wellbeing include Arca Continental's promotion of projects and events that encourage an active, healthy lifestyle, physically activating 3.3 million people in 2015. Our Schools in Movement Program is particularly noteworthy in this regard. During the year, we took this program to 120 public schools, benefiting more than 104,000 children in the states of Nuevo León, Coahuila, Chihuahua, Sinaloa, Jalisco and Aguascalientes.

We also continued to be one of the main promoters of amateur sports in Mexico, Ecuador and Argentina, with initiatives such as Hora de Moverse, Dale Juguemos and Apúntate a Jugar, as well as the sponsoring and organizing of sporting events such as the Powerade Marathon, the Coca-Cola Cup, Futbol con Causa, Baila Fanta and Movimiento Coca-Cola por un Nuevo León Activo y Saludable, as well as rehabilitation and sports infrastructure projects in Peru.

35 PUBLIC SPACES REHABILITATED DURING OUR ANNUAL VOLUNTEER DAY

In particular, our strategic alliance with the Nuevo León State Government and Instituto para la Cultura Física y el Deporte (Institute for a Physical Culture and Sports) to promote the physical activation of the general public through music and recreation completed three years of existence. This initiative provides weekend activities in public spaces in the city of Monterrey, now accessible under #AMoverseQueSeOcupa con Coca-Cola, and has introduced hundreds of participants to sporting activities and a healthier lifestyle.

In the strategic area of Social Wellbeing, we increased support for developing our employees, implementing a system for managing our internal talent more effectively, as well as a comprehensive safety policy across all our operations and work centers.

Another way of positively impacting the quality of life of our employees is through training. Thus, in 2015 we gave more than 16,200 courses with almost 36,000 participants from all areas of our operations. We pay particular attention to including the handicapped, promoting diversity and equal opportunities, and guaranteeing freedom of association.

Through El Movimiento AC+, our institutional program, we promote physical activation and a culture of health and safety in our employees and their families. In 2015, 82% of AC Mexico employees received instruction in healthy lifestyles, hydration and energetic balance. Thanks to this and other initiatives, the Workplace Wellness Council – Mexico awarded Arca Continental its Healthy Responsible Organization Distinction.

During the year, we also continued to support the communities we serve through diverse programs, including our Voluntariado VOLAR (Volunteer Program), Annual Sustainability Day and Annual Volunteer Day, which have spread together with the company across new territories and businesses. These initiatives have brought together thousands of our people in activities such as reforestation, the cleanup of bodies of water and the rehabilitation of public spaces.

THANKS TO INVESTMENTS IN PETSTAR AND OUR ALLIANCE WITH OTHER COMPANIES IN ECOCE, WE ESTIMATE THAT AT LEAST SEVEN OUT OF 10 BOTTLES DELIVERED IN THE MEXICAN MARKET ARE RECOVERED FOR RECYCLING.

The 2015 Annual Volunteer Day was held in 32 different cities across Mexico, Ecuador and Argentina and involved more than 5,400 employees, family members and local community inhabitants who donated their time and efforts to refurbish 35 public spaces, plant more than 4,000 trees, clean 212 kilometers of beaches and riverbanks, and collect 31 tons of garbage.

In the strategic area of Environmental Wellbeing, in 2015 we made important progress, as can be seen in the improvement of our main sustainability indicators. Of particular note is the reduction of our water footprint. During the year, we returned to nature 100% of this vital liquid used in our operations in Mexico and continue to strive to meet this objective in the other countries where we operate.

In 2015, we consumed 1.69 liters of water per liter of beverage produced, almost 16% below our 2010 consumption, considering a 16% production increase in this market.

Other achievements of the year include a significant reduction in emissions and energy consumption. In fact, our Mexico operations were only 4% short of our 2020 emissions objective. In 2015, 17.3% of consumed electricity came from renewable sources.

With regard to packaging, PetStar, the world's largest food-grade PET recycling plant operated by Arca Continental, Coca-Cola de México and a prestigious group of peer bottlers, was certified as a Socially Responsible Company. In addition, its auditorium-museum, dedicated to promoting a culture of environmental protection, obtained LEED certification for its green construction.

In Ecuador, an outstanding achievement of 2015 was the implementation of a recycling project that was able to collect and reprocess 87% of our post-consumption production waste.

On a consolidated basis, an average of 87.8% of the residual waste generated from the production processes in all our businesses was recycled reaching over 90% in our operations in Argentina, Peru and Tonicorp.

All of these efforts were recognized by various local and international institutions, such as the Mexican Philanthropy Center, which in 2015 presented us the Socially Responsible Company award for the 12th consecutive year, while the Mexican Stock Exchange has included us in the Sustainability Index since 2011.

FOR MORE INFORMATION AND TO PROMOTE THE DIALOGUE WITH SOCIETY, WE HAVE PREPARED THE 2015 ARCA CONTINENTAL SOCIAL RESPONSIBILITY REPORT UNDER THE GUIDELINES OF VERSION G4 OF THE GLOBAL REPORTING INITIATIVE (GRI). IT IS AVAILABLE AT WWW.ARCACONTAL.COM.

BOARD OF DIRECTORS

MANUEL L. BARRAGAN MORALES (65) 1
Chairman of the Board of Directors of Arca Continental. Mr. Barragán Morales has been Chairman of the Board of Directors of Embotelladoras Arca since 2005 and a member of the Board of Directors since 2001. He is Chairman of the Board of Directors of Grupo Index, has been a member of the Boards of Directors of Grupo Procor, Banco Regional del Norte and Papas y Fritos Monterrey, and was an executive at a financial institution for 15 years.

ESTUARDO ALVELAIS DESTARAC (33) 3, P
Member of the Board of Directors of Arca Continental since 2011.

LUIS ARIZPE JIMENEZ (54) 1, P
Vice President of the Board of Directors of Arca Continental since 2011. Mr. Arizpe Jiménez has been Vice President of the Board of Directors of Embotelladoras Arca since 2008. He is also Chairman of the Boards of Directors of Saltillo Kapital and Hotel Camino Real Saltillo, a member of the Boards of Directors of Grupo Industrial Saltillo and Grupo Financiero Banorte Northern Zone, Chairman of the Mexican Red Cross in Saltillo, a member of the Board of Directors of the Saltillo Campus of ITESM, and Chairman of Consejo Cívico de las Instituciones de Coahuila A.C. He is also President of the Offering Committee of the Saltillo Diocese and Vice President of COPARMEX, Southeast Coahuila.

EDUARDO R. ARROCHA GIO (73) 2
Member of the Board of Directors of Arca Continental since 2011. Mr. Arrocha Gío is also a Professor in the Law Schools of Universidad Nacional Autonoma de Mexico, Universidad Anahuac and Universidad Iberoamericana. He was General Counsel for Laboratorio Syntex for seven years and Legal Vice President for Latin America in The Coca-Cola Company, retiring from the latter company after 25 years of service. He was President of the Mexican National Association of Corporate Lawyers and is a member of the Mexican Bar Association. Mr. Arrocha Gío is currently Legal Counsel of the law firm Littler, De la Vega y Conde in Mexico City.

JUAN M. BARRAGAN TREVIÑO (54) 1, C
Member of the Board of Directors of Arca Continental since 2011. Mr. Barragán Treviño has been a member of the Board of Directors of Embotelladoras Arca since 2009. He has a BS Degree in Mechanical Engineering and a Master's in Business Administration from ITESM. He was a member of the Boards of Directors of Transportes Especializados Regiomontanos, Papas y Fritos Monterrey, Grupo Procor and Grupo Index.

LUIS LAURO GONZALEZ BARRAGAN (62) 1, P
Member of the Board of Directors of Arca Continental and Embotelladoras Arca since 2001. Mr. González Barragán is Chairman of the Board of Directors of Grupo Logístico Intermodal Portuario, a member of the Boards of Directors of Grupo Index, Berel and CABAL, and a member of the Board of Trustees of Universidad de Monterrey. He was a Director of Procor.

ALEJANDRO M. ELIZONDO BARRAGAN (62) 1, P
Member of the Board of Directors of Arca Continental and Embotelladoras Arca since 2004. Mr. Elizondo Barragán is Director of Development at Alfa. He has occupied diverse positions in Alfa's corporate area and steel and petrochemical divisions for more than 40 years. He is a member of the Boards of Directors of Banregio Grupo Financiero, Axtel, Indelpro, Polioles and Alestra.

JOAQUIN MARIO ARIZPE SADA (61) 3
Member of the Board of Directors of Arca Continental since 2009. Mr. Arizpe Sada is a member of the Executive Board of Fábricas del Carmen, textile division, has been Counselor of Desarrollo Rural, A.C. of Saltillo since 1988 and is Executive President of Grupo Agropecuario Arda.

TOMAS A. FERNANDEZ GARCIA (44) 3, C & P
Vice Chairman of the Board of Directors of Arca Continental and Embotelladoras Arca since 2007 and Director since 2005. Mr. Fernández García is CEO of Grupo Mercantil de Chihuahua, S.A. de C.V., SOFOM ENR.

ULRICH GUILLERMO FIEHN RICE (44) 2, A
Member of the Board of Directors of Arca Continental. Mr. Fiehn Rice is Chairman of the Board of Directors of Alto Espacio Residencial and Grupo Industrial Mazatlan. He previously occupied diverse positions in the Corporate Finance area at Cemex and was a risk analyst at Vector Casa de Bolsa.

ALEJANDRO JOSE ARIZPE NARRO (61) 3, P
Member of the Board of Directors of Embotelladoras Arca from 2008 to 2016. Mr. Arizpe Narro has a degree in Biochemical Engineering from ITESM, was CEO of Productos Alimenticios YUL until 2008 and is currently CEO of Desarrollos Zendo and Elementoceroediciones. He is a member of COCEEPA (Consejo Ciudadano Estatal para el Equilibrio Ecológico y la Protección al Ambiente de Coahuila), and also a member of the Boards of CONALEP and PRONATURA.

CYNTHIA H. GROSSMAN, 1
Member of the Board of Directors of Arca Continental since 2011. Ms. Grossman had been Chairman of the Board of Directors of Grupo Continental since 2000 and a member of the Board of Directors since 1983.

ALBERTO SANCHEZ PALAZUELOS, (76) 3
Member of the Board of Directors of Arca Continental since 2011. Mr. Sanchez Palazuelos is also a member of the Boards of CADU and Procorp. He was President of Negromex, Grupo Novum and Troy Grupo Industrial and also a member of the Boards of BBVA Bancomer, Grupo Marti, Probursa, City Express Hotels and several other companies. He was President of ANIQ in 1980/81 and of the Board of Trustees of UAM in 1994/2007, and Vice President of Ficsac. He is currently Chairman of ASP y Asociados, S.C. and a member of the Advisory Board of Purdue University and of Instituto de Empresas de Madrid.

ERNESTO LOPEZ DE NIGRIS (55) 2, C
Member of the Board of Directors of Arca Continental and Embotelladoras Arca since 2001. Mr. López de Nigris is a member of the Board of Directors and CEO of Grupo Industrial Saltillo, Vice President of Operations of Grupo Industrial Saltillo and a member of the Advisory Board of Telmex.

FELIPE CORTES FONT (73) 2, A
Member of the Board of Directors of Arca Continental since 2013. Mr. Cortés Font was a Founding Partner of Auric and worked for over 28 years in Grupo Alfa as part of the team for the strategic and financial restructuring of the Group, leading the Planning and Controllership Departments. He also led the Petrochemical Sector and later became CEO of Hylsamex. He is a member of the Boards of Grupo Financiero Afirme, Arendal and Ternium Mexico. He was a Director of the American Iron and Steel Institute and President of Canacero, Centro de Productividad de Nuevo Leon and Instituto Latinoamericano del Hierro y del Acero. Mr. Cortés Font holds a BS Degree from MIT and completed further studies at Columbia University and the University of Chicago.

JORGE HUMBERTO SANTOS REYNA (41) 3, C
Vice Chairman of the Board of Directors of Arca Continental and Embotelladoras Arca since 2007 and a Director since 2001. Mr. Santos Reyna is Chief Executive Officer of Grupo San Barr and a member of the Board of Banregio Grupo Financiero. He is President of Asociacion de Engordadores de Ganado Bovino del Noreste and Vice President of Confederacion USEM and the Mexican Red Cross in Monterrey. He was a member of the Boards of Directors of Procor, CAINTRA Nuevo León and Papas y Fritos Monterrey and also Chairman of the Board of USEM Monterrey.

ARMANDO SOLBES SIMON (60) 2, A
Member of the Board of Directors of Arca Continental since 2011. Mr. Solbes Simon was a member of the Board of Directors of Grupo Continental, Director of the Tampico Office of Banco Base and an Associate Member of the Boards of Trustees of the Bene Hospital of the Centro Español in Tampico and of Universidad I.E.S.T. Anáhuac and a member of the Regional Advisory Board of Tecnológico de Monterrey, Campus Tampico (ESTAC). He was Chairman of the Board of Directors and CEO of Central de Divisas Casa de Cambio for 23 years, and served in several positions in the corporate finance area of Grupo Cydsa for eight years and in the Auditing Department of Gossler, Navarro, Ceniceros y Cía. for three years.

MIGUEL ANGEL RABAGO VITE (60) 3, C & P
Vice Chairman of the Board of Directors of Arca Continental since 2011. Mr. Rabago Vite was previously CEO and a member of the Board of Directors of Grupo Continental and occupied diverse positions in that company for more than 35 years. He has a Bachelor's Degree in Public Accounting and Auditing from Universidad Autonoma de Tamaulipas.

JESUS VIEJO GONZALEZ (41) 3, P
Member of the Board of Directors of Arca Continental and Embotelladoras Arca since 2007. Mr. Viejo Gonzalez is Executive President of Grupo Empresarial CONVEX and Trefilia Capital. He was a member of the Boards of ITESM, Filantrofilia and Pronatura Noreste. He is President of Board of Trustees of Museo de la Fauna y Ciencias Naturales del Estado de Nuevo León A.B.P. and a member of the Boards of Directors of CAINTRA, UDEM, Rockefeller Center for Latin American Studies at Harvard University, and the Private Sector Center for Economic Studies. He was Vice President of Economic Research for Emerging Markets at Goldman Sachs in New York and Chief Economist of Grupo Alfa. He has been a professor of Economics for Public Administration at ITESM's EGADE School of Business. He has a Bachelor's Degree in Economics from ITESM, a Master's in Public Policy from Harvard University and a PhD in Economics from Boston University.

ROBERTO GARZA VELAZQUEZ (59) 3, P
Member of the Board of Directors of Arca Continental and Embotelladoras Arca since 2010. Mr. Garza Velázquez is CEO of Industria Carrocera San Roberto, S.A. de C.V. and also a member of the Boards of Grupo Index, Afirme Grupo Financiero and AMANEC, A.C.

JAIME SANCHEZ FERNANDEZ (45)
Executive Legal Director and Secretary of the Board of Directors of Arca Continental.

LEGENDS
1. Patrimonial
2.Independent
3. Related

COMMITTEES
A. Audit and Corporate Practices
C. Human Capital and Sustainability
P. Planning

SENIOR MANAGEMENT

FRANCISCO GARZA EGLOFF (61)
Mr. Garza Egloff has been CEO of Embotelladoras Arca since 2003. He is a member of the Boards of Directors of Grupo Industrial Saltillo, Grupo AlEn, Banco Banregio, Banco Holandes Rabobank, Ovniver, Ragasa, Proeza and Axtel, as well as of the Boards of Trustees of ITESM's Engineering and Architecture Division and the UANL Foundation. He was also CEO of Sigma Alimentos, Akra, Petrocel-Temex, and Polioles, spending a total of 26 years at the Alfa's petrochemical division. He studied Chemical Engineering at ITESM and Management at IPADE.

GUILLERMO APONTE GONZALEZ (49)
Vicepresident of Arca Continental Sudamerica
With a history of over 25 years at the Coca-Cola Company in Asia and Latin America, Guillermo Aponte previously served as President and CEO of the Coca-Cola Company in the Philippines and CEO in Colombia. He is Engineer for Computer Systems at the Universided de Los Andes, with a concentration in Marketing from the same university, and he is a graudate of Executive Development Program at Wharton Business School, Univeristy of Pennsylvania.

ALEJANDRO GONZALEZ QUIROGA (54)
Executive Director Mexico Beverages
He has worked in various positions in Arca Continental for over 27 years. Previously he served as Vicepresident of Arca Continental Sudamerica and Director of Arca Continental Argentina. He has a Bachelor's Degree in Business Administration from Universidad Regiomontana and has taken several post-graduate courses in administration at ITESM and IPADE

MANUEL GUTIERREZ ESPINOZA (63)
Executive Director of Planning
Responsible for the areas of Strategic Planning, Information Technologies and Strategic Projects. Mr. Gutierrez Espinoza previously spent more than 30 years at Alfa and Hylsa in the areas of Planning, Supply, Divestment, Growth Projects, Control, Informatics and Sourcing. He has a Bachelor's Degree in Mechanical Engineering and Management from ITESM and a Master's Degree in Business Administration from the Massachusetts Institute of Technology (MIT)

ARTURO GUTIERREZ HERNANDEZ (50)
Chief Operating Officer
Mr. Gutierrez Hernandez was previously Director of Operations in Mexico and Secretary of the Board of Directors, as well as Director of the Mexico Beverages Division, Director of Human Resources, Director of Corporate Planning and Chief Legal Officer of Embotelladoras Arca. He has a Bachelor's Degree in Law from Escuela Libre de Derecho and a Master's Degree of Laws/J.D. from Harvard University.

EMILIO MARCOS CHARUR (51)
Chief Financial Officer
Mr. Marcos Charur was previously Director of Operations of Mexico Beverages, and at Embotelladoras Arca was Director of Complementary Businesses, headed the Treasury and Purchasing, and held diverse positions in the areas of Administration and Finance. He has a Bachelor's Degree in Industrial and Systems Engineering from ITESM and a Master's in Business Administration from the University of Illinois.

ALEJANDRO MOLINA SANCHEZ (48)
Technical and Supply Chain Executive Director
Global Supply Chain Council Bottlers Chairman at The Coca-Cola Company. Mr. Molina Sanchez served for more than 15 years at Coca-Cola de Mexico in the areas of Quality, Environmental Sustainability and Supply Chain. He has a Bachelor's Degree in Chemical Engineering from Universidad La Salle and a Diploma in Supply Chain from Instituto Tecnologico Autonomo de Mexico (ITAM).

BALDOMERO PONCE CRUZ (61)
Executive Director of Human Capital
Mr. Ponce Cruz was previously Deputy Chief Executive Officer and a member of the Board of Directors of Grupo Continental and served in various other positions in that company for more than 33 years. He has a Bachelor's Degree in Mechanical Engineering and Management from Tecnologico de Ciudad Madero.

ALEJANDRO RODRIGUEZ SAENZ (52)
Executive Director of Complementary Businesses
Mr. Rodriguez Saenz was previously at Embotelladoras Arca as Director of Bokados and General Manager of Compañia Topo Chico and held various other positions in the organization for 15 years. He previously worked at Orion and Akra. He has a Bachelor's Degree in Chemistry and Systems and an MBA from Monterrey Tech, and has taken several post-graduate courses at IPADE.

JAIME SANCHEZ FERNANDEZ (45)
Executive Legal Director
Mr. Sanchez Fernandez was previously General Counsel, Secretary of the Board of Directors and Corporate Legal Manager of Embotelladoras Arca. He served for eight years at Grupo Alfa as Corporate Counsel and also practiced law independently. He has a Bachelor's Degree in Law from Universidad de Monterrey and a Master Laws from the Michigan University

JEAN CLAUDE TISSOT (45)
Executive Director of Marketing
Mr. Tissot was previously an executive at The Coca-Cola Company for more than 15 years and prior to that at Warner Lambert for five years. He has a Bachelor's Degree in Business Administration from Universidad ICESI and a Master's in Marketing and a Master's in Finance from Colegio de Estudios Superiores de Administracion in Colombia.

CONSOLIDATED FINANCIAL STATEMENTS

ARCA CONTINENTAL, S. A. B. DE C. V. AND SUBSIDIARIES
AT DECEMBER 31, 2015 AND 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

SALES
Consolidated net sales grew 23.4%, 18.8% on a currency-neutral basis, to Ps. 76,454 million in 2015, when compared to 2014. This was achieved thanks to the strong focus on execution at the point of sale, combined with adequate price architecture, innovation within the portfolio and efficient service to our clients and consumers. In 2015, all categories presented positive results. The sparkling segment increased 10%, still beverages were up 17.7%, and single serve water grew 28.8%. Total volume increased 11.2%, including jug water. North America reached 895.8 MUC, excluding jug water, a 3.8% increase when compared to 2014, mainly due a strong consumer environment in the second half of 2015. In South America, volume grew 36.1%; excluding Peru, growth was 3.0%, closing at 394.8 MUC, excluding jug water. In Argentina, we have been able to increase volume by investing in the market and keeping an adequate price management; while maintaining attractive options for our consumers.

In Ecuador and Peru, we worked on improving our returnable and single serve mix, increasing cooler coverage and introducing returnable packaging, thereby expanding our product offering in both regions.

COST OF SALES
The cost of sales increased 24.7%, mainly due to the inclusion of Peru, the increase in volume and the impact on the cost of certain raw materials compared to the previous year. Gross profit reached Ps. 37,090 million, a 22.1% increase, for a margin of 48.5%.

OPERATING EXPENSES
Selling and administrative expenses rose 23.6% to Ps. 24,499 million; this year, in addition to Peru's consolidation, marketing expenses for campaigns and new product launches contributed to this increase. In North America, operating expenses grew 7.9% versus 2014, representing 31.7% as a percentage of sales; for South America, expenses rose 100.5% mainly due to Peru's inclusion.

OPERATING INCOME AND EBITDA
Consolidated operating income reached Ps. 12,754, an 18.4% increase, for a margin of 16.4%. Consolidated EBITDA increased 22.4%, from Ps. 13,644 million in 2014 to Ps. 16,707 million in 2015, maintaining margins at the same level and remaining one of the highest in the Coca-Cola system. EBITDA for North America increased 7.2%, with a margin of 23.4%. In South America, this line item rose 85.1% with a margin of 18.9%.

COMPREHENSIVE FINANCING COST
The comprehensive financing cost in 2015 was Ps. 1,818 million, mainly due to an increase in debt generated by the integration of Peru and the devaluation of the Mexican peso against the dollar.

INCOME TAX PROVISION
Income taxes increased to Ps. 3,434 million in 2015. The effective rate for the income tax provision in 2015 was 31.0%.

NET INCOME
Net income for 2015 grew 11.4% to Ps. 7,246 million, or Ps. 4.50 per share, representing a net margin of 9.5%.

CASH POSITION AND NET DEBT
In 2015, the cash position was Ps. 8,295 million and debt totaled Ps. 39,244 million, resulting in a net debt of Ps. 30,948 million. The net debt/EBITDA ratio was 1.7x.

CAPITAL EXPENDITURES
During 2015 capital expenditures in fixed assets amounted Ps. 5,728 million, mainly allocated towards improving production capabilities and market service to further strengthen our competitiveness in all areas of the business, and to adequately satisfy the needs of our customers and consumers.

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31
(MILLIONS OF MEXICAN PESOS - PS)

					DECEMBER 31,
	2015	**2014 (1)**	**2013**	**2012**	**2011**
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	**8,295**	9,039	2,566	2,676	3,298
CLIENTS AND OTHER ACCOUNTS RECEIVABLE, NET, INCLUDE RELATED PARTIES	**6,364**	4,312	3,176	3,429	2,791
INVENTORIES AND ADVANCE PAYMENTS	**4,705**	3,102	2,498	2,528	2,206
DERIVATIVE INSTRUMENTS	**23**	0	0	0	0
TOTAL CURRENT ASSETS	**19,386**	16,453	8,240	8,633	8,296
INVESTMENT IN SHARES OF ASSOCIATES	**4,491**	3,926	3,801	3,264	2,429
PROPERTY, PLANT AND EQUIPMENT, NET	**42,913**	25,321	24,171	22,735	22,070
GOODWILL AND INTANGIBLE ASSETS, NET	**62,733**	33,605	29,414	29,932	26,608
DEFERRED INCOME TAXES	**865**	1,022	723	1,026	909
DERIVATIVE INSTRUMENTS	**550**	0	0	0	0
TOTAL ASSETS	**130,938**	80,327	66,349	65,591	60,311
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
SUPPLIERS	**5,394**	2,952	2,709	2,938	2,555
DERIVATIVE INSTRUMENTS	**118**	0	36	0	3
CURRENT PORTION OF LONG-TERM DEBT	**6,998**	1,699	2,376	710	1,368
OTHER ACCOUNTS PAYABLE AND TAXES	**6,575**	5,937	2,927	4,026	2,427
TOTAL CURRENT LIABILITIES	**19,084**	10,588	8,049	7,675	6,353
CURRENT DEBT	**32,246**	14,078	11,701	10,732	10,177
DERIVATIVE INSTRUMENTS	**0**	0	0	50	62
EMPLOYEE BENEFITS	**1,767**	1,225	717	1,180	1,058
OTHER DEFERRED LIABILITIES	**491**	108	108	93	119
DEFERRED INCOME TAX	**9,400**	4,944	4,590	4,758	3,596
TOTAL LIABILITIES	**62,988**	30,943	25,165	24,488	21,365
STOCKHOLDERS' EQUITY:					
CAPITAL STOCK	**972**	972	972	972	972
SHARE PREMIUM	**28,141**	28,121	28,095	28,104	28,091
RETAINED EARNINGS	**22,942**	18,508	11,694	10,934	8,056
OTHER RESERVES	**-1,011**	-1,536	-2,408	-1,404	-631
TOTAL STOCKHOLDERS' EQUITY (CONTROLLING INTEREST)	**51,044**	46,064	38,352	38,606	36,487
NON-CONTROLLING INTEREST	**16,907**	3,320	2,831	2,497	2,459
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**130,938**	80,327	66,349	65,591	60,311

(1) REVISED TO INCLUDE FAIR VALUE ADJUSMENTS DUE TO BUSSINESS COMBINATION IN 2014.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31
(MILLIONS OF MEXICAN PESOS - PS)

					31 DE DICIEMBRE DE
	2015 (1)	**2014 (1)**	**2013 (1)**	**2012 (1)**	**2011 (1)**
SALES VOLUME EXCLUDING JUG (MUC)	**1,290.2**	1,152.9	1,175.8	1,180.9	998.7
NET SALES	**76,454**	61,957	60,359	56,269	43,950
COST OF SALES	**-39,363**	-31,569	-31,344	-30,234	-24,162
GROSS INCOME	**37,090**	30,388	29,016	26,035	19,788
SELLING EXPENSES	**-20,218**	-16,193	-15,371	-13,775	-10,847
ADMINISTRATIVE EXPENSES	**-4,281**	-3,631	-3,617	-3,591	-2,760
OTHER (EXPENSE) INCOME, NET (3)	**579**	425	289	252	-23
NON-RECURRING EXPENSES (2)	**-417**	-216	-426	-435	-356
OPERATING INCOME	**12,754**	10,774	9,891	8,484	5,802
COMPREHENSIVE FINANCING INCOME (COST):					
INTEREST (EXPENSE) INCOME, NET	**-335**	-943	-928	-852	-581
EXCHANGE (LOSS) GAIN, NET	**-1,484**	-31	-43	-28	0
	-1,818	-974	-971	-881	-581
EQUITY IN INCOME (LOSS) OF ASSOCIATED COMPANIES	**157**	54	98	115	96
INCOME BEFORE TAXES	**11,093**	9,854	9,017	7,718	5,317
INCOME TAX	**-3,434**	-3,089	-2,775	-2,442	-802
CONSOLIDATED NET INCOME	**7,659**	6,765	6,243	5,276	4,515
NON-CONTROLLING INTEREST	**-413**	-260	-270	-231	-152
CONTROLLING INTEREST	**7,246**	6,505	5,973	5,045	4,362
WEIGHTED AVERAGE OF OUTSTANDING SHARES (THOUSANDS OF SHARES)	**1,611,264**	1,611,264	1,611,264	1,611,264	1,611,264
DEPRECIATION AND AMORTIZATION	**3,536**	2,655	2,528	2,403	2,023
EBITDA (EXCLUDES NON-RECURRING EXPENSES)	**16,707**	13,644	12,845	11,322	8,181
	21.9%	22.0%	21.3%	20.1%	18.6%
CAPEX	**5,728**	4,032	3,826	3,408	4,068

(1) FIGURES PRESENTED PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
(2) NON RECURRING EXPENSES
(3) THE EQUITY INCOME IN STRATEGIC ASSOCIATED COMPANIES IS INCLUDED IN THIS ITEM

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing the financial statements and all the financial information contained in this Report. This responsibility includes maintaining the integrity and objectivity of financial records, as well as preparing the financial statements in accordance with Mexican Financial Reporting Standards (MfRs).

The company has an internal control structure whose objectives include, among other things, ensuring that company records incorporate all transactions related to its operating activities, thus providing protection against the inappropriate use or loss of company assets.

Management believes that the internal control structure complies with said objectives. The control structure is based on the hiring and training of qualified personnel, documented policies and procedures, and a team of internal auditors who apply rigorous auditing programs to all the company's operations.

The financial statements were audited by PricewaterhouseCoopers, S.C. a firm of independent public accountants.

Their audit was carried out in accordance with generally accepted auditing standards and included the company's internal control structure. The external auditors' report is included in this Report. the company's Board of Directors, through an audit committee made up exclusively of directors who are not employed by the same, is responsible for ensuring that company Management complies with its obligations in regard to the financial control of operations and the preparation of financial statements.

The Audit Committee proposes the firm of external auditors to the Board of Directors and meets with Management, the internal auditors and the firm of external auditors on a regular basis.

The Audit Committee has free access to the internal auditors and the firm of external auditors, with whom it meets continuously to discuss their audit work, internal controls and the preparation of financial statements.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

REPORT OF INDEPENDENT AUDITORS

TO THE GENERAL STOCKHOLDERS' MEETING OF
ARCA CONTINENTAL, S. A. B. DE C. V.

Monterrey, N. L., March 1, 2016

We have audited the accompanying consolidated financial statements of Arca Continental, S. A. B. de C. V. and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2015, and the consolidated statements of income, of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arca Continental, S. A. B. de C. V. and subsidiaries as of December 31, 2015, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers, S. C.

FELIPE CÓRDOVA OTERO
Audit Partner

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS - PS)

	NOTE		2015		DECEMBER 31, 2014 (1)
ASSETS					
CURRENT:					
CASH AND CASH EQUIVALENTS	7	PS	8,295,334	PS	9,039,309
CLIENTS AND OTHER ACCOUNTS RECEIVABLE, NET	8		6,263,264		4,271,207
RELATED PARTIES	29		100,389		40,612
INVENTORIES	9		4,337,308		2,832,499
DERIVATIVE FINANCIAL INSTRUMENTS	21		22,687		-
ADVANCE PAYMENTS			367,479		269,014
TOTAL CURRENT ASSETS			19,386,461		16,452,641
NON-CURRENT:					
INVESTMENT IN SHARES OF ASSOCIATES	10		4,490,533		3,925,662
PROPERTY, PLANT AND EQUIPMENT, NET	11		42,912,964		25,321,345
GOODWILL AND INTANGIBLE ASSETS, NET	12		62,733,490		33,605,265
DEFERRED INCOME TAX	18		865,050		1,022,376
DERIVATIVE FINANCIAL INSTRUMENTS	21		549,721		-
TOTAL NON-CURRENT ASSETS			111,551,758		63,874,648
TOTAL ASSETS		PS	130,938,219	PS	80,327,289
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES					
CURRENT:					
CURRENT DEBT	13	PS	6,997,783	PS	1,698,672
FACTORING	14		1,440,933		-
SUPPLIERS	15		4,732,998		2,497,338
RELATED PARTIES	29		660,617		455,097
DERIVATIVE FINANCIAL INSTRUMENTS	21		117,612		-
INCOME TAX PAYABLE	26		621,606		1,799,137
CURRENT DEFERRED INCOME TAX FOR DECONSOLIDATION	26		41,454		51,887
OTHER CURRENT LIABILITIES	16		4,470,718		4,085,737
TOTAL CURRENT LIABILITIES			19,083,721		10,587,868
NON-CURRENT:					
NON-CURRENT DEBT	13		32,245,856		14,077,954
RELATED PARTIES	29		352,439		-
EMPLOYEE BENEFITS	17		1,767,243		1,224,703
DEFERRED INCOME TAX	18		9,337,361		4,840,259
NON-CURRENT DEFERRED INCOME TAX FOR DECONSOLIDATION	26		62,180		103,773
OTHER NON-CURRENT LIABILITIES	16		139,010		108,388
TOTAL NON-CURRENT LIABILITIES			43,904,089		20,355,077
TOTAL LIABILITIES			62,987,810		30,942,945
STOCKHOLDERS' EQUITY					
CONTROLLING INTEREST:					
CAPITAL STOCK	19		971,558		971,558
SHARE PREMIUM			28,141,266		28,120,700
RETAINED EARNINGS			22,941,806		18,507,756
OTHER RESERVES	20		(1,010,771)		(1,535,750)
TOTAL CONTROLLING INTEREST			51,043,859		46,064,264
NON-CONTROLLING INTEREST			16,906,550		3,320,080
TOTAL STOCKHOLDERS' EQUITY			67,950,409		49,384,344
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		PS	130,938,219	PS	80,327,289

(1) REVISED TO INCLUDE FAIR VALUE ADJUSTMENTS DUE TO BUSINESS COMBINATION IN 2014, SEE NOTE 2.
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS - PS)

	NOTE	2015	2014
NET SALES	6	**PS 76,453,841**	PS 61,957,271
COST OF SALES	22	**(39,363,362)**	(31,568,967)
GROSS PROFIT		**37,090,479**	30,388,304
SELLING EXPENSES	22	**(20,218,102)**	(16,193,248)
ADMINISTRATIVE EXPENSES	22	**(4,280,582)**	(3,630,577)
SHARE OF NET INCOME OF STRATEGIC ASSOCIATES	10	**63,477**	35,473
OTHER INCOMES (EXPENSES), NET	23	**98,629**	173,744
OPERATING PROFIT		**12,753,901**	10,773,696
INTEREST INCOME	25	**1,185,158**	247,623
INTEREST EXPENSE	25	**(3,003,377)**	(1,221,600)
FINANCIAL RESULT, NET		**(1,818,219)**	(973,977)
SHARE OF NET INCOME OF ASSOCIATES	10	**157,033**	53,907
PROFIT BEFORE INCOME TAX		**11,092,715**	9,853,626
INCOME TAX	26	**(3,433,675)**	(3,088,975)
NET CONSOLIDATED PROFIT		**PS 7,659,040**	PS 6,764,651
NET CONSOLIDATED PROFIT ATTRIBUTABLE TO:			
CONTROLLING INTEREST		**PS 7,246,255**	PS 6,505,128
NON-CONTROLLING INTEREST		**412,785**	259,523
		PS 7,659,040	PS 6,764,651
EARNINGS PER BASIC AND DILUTED SHARE, IN PESOS		**PS 4.50**	PS 4.04
WEIGHTED AVERAGE OF OUTSTANDING SHARES (THOUSANDS OF SHARES)		**1,611,263**	1,611,263

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS - PS)

	NOTE	2015	2014
PROFIT FOR THE YEAR		**PS 7,659,040**	PS 6,764,651
OTHER COMPREHENSIVE INCOME ITEMS OF THE YEAR, NET OF TAXES:			
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS			
REMEASUREMENT OF DEFINED BENEFIT LIABILITY, NET	20	**(161,605)**	(77,951)
EQUITY IN OTHER COMPREHENSIVE INCOME OF ASSOCIATES UNDER EQUITY METHOD, NET	20	**532**	821
		(161,073)	(77,130)
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
EFFECT OF DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS CASH FLOW HEDGES, NET	20	**7,853**	22,441
EFFECT OF TRANSLATION OF FOREIGN ENTITIES	20	**639,516**	1,261,598
		647,369	1,284,039
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**486,296**	1,206,909
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**PS 8,145,336**	PS 7,971,560
ATTRIBUTABLE TO:			
CONTROLLING INTEREST		**PS 7,771,234**	PS 7,377,266
NON-CONTROLLING INTEREST		**374,102**	594,294
COMPREHENSIVE INCOME FOR THE YEAR		**PS 8,145,336**	PS 7,971,560

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS - PS)

NOTE 19

		CONTROLLING INTEREST						
	NOTE	CAPITAL STOCK	SHARE PREMIUM	RETAINED EARNINGS	OTHER RESERVES	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS' EQUITY
BALANCES AT JANUARY 1, 2014		PS 971,558	PS 28,094,581	PS 11,694,207	(PS 2,407,888)	PS 38,352,458	PS 2,831,312	PS 41,183,770
TRANSACTIONS WITH SHAREHOLDERS:								
DIVIDENDS TO NON-CONTROLLING INTEREST	3.U.						(105,526)	(105,526)
REPURCHASE OF OWN SHARES			26,119	308,421		334,540		334,540
			26,119	308,421		334,540	(105,526)	229,014
NET PROFIT				6,505,128		6,505,128	259,523	6,764,651
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	20				872,138	872,138	334,771	1,206,909
COMPREHENSIVE INCOME				6,505,128	872,138	7,377,266	594,294	7,971,560
BALANCES AT DECEMBER 31, 2014		971,558	28,120,700	18,507,756	(1,535,750)	46,064,264	3,320,080	49,384,344
TRANSACTIONS WITH SHAREHOLDERS:								
DIVIDENDS DECLARED IN CASH ON APRIL 15, 2015						(2,819,711)		(2,819,711)
DIVIDENDS TO NON-CONTROLLING INTEREST				(2,819,711)			(144,180)	(144,180)
REPURCHASE OF OWN SHARES	3.U.		20,566	7,506		28,072		28,072
NON-CONTROLLING INTEREST ACQUIRED IN BUSINESS COMBINATION	2						13,356,548	13,356,548
			20,566	(2,812,205)		(2,791,639)	13,212,368	10,420,729
NET PROFIT				7,246,255		7,246,255	412,785	7,659,040
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	20				524,979	524,979	(38,683)	486,296
COMPREHENSIVE INCOME				7,246,255	524,979	7,771,234	374,102	8,145,336
BALANCES AT DECEMBER 31, 2015		PS 971,558	PS 28,141,266	PS 22,941,806	(PS 1,010,771)	PS 51,043,859	PS 16,906,550	PS 67,950,409

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF MEXICAN PESOS - PS)

	NOTE	2015	2014
PROFIT BEFORE INCOME TAX		PS 11,092,715	PS 9,853,626
ADJUSTMENTS FOR:			
DEPRECIATION AND AMORTIZATION	11	3,536,121	2,654,875
WRITE-OFF OF PROPERTY, PLANT AND EQUIPMENT	11	526,580	522,798
IMPAIRMENT OF CLIENTS	22	73,329	48,503
(PROFIT) LOSS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT	23	(12,022)	47,500
COSTS RELATED TO EMPLOYEE BENEFITS	17	277,906	202,868
SHARE OF NET INCOME OF ASSOCIATES	10	(220,510)	(89,380)
FINANCE RESULT, NET	25	1,750,233	949,008
		17,024,352	14,189,798
CHANGES IN WORKING CAPITAL:			
CLIENTS AND OTHER ACCOUNTS RECEIVABLE, NET	8	564,407	(891,290)
INVENTORIES	9	(407,199)	(316,812)
SUPPLIERS AND RELATED PARTIES	15	430,407	(237,620)
DERIVATIVE FINANCIAL INSTRUMENTS	21	(454,796)	-
EMPLOYEE BENEFITS	17	(1,658)	32,172
OTHER LIABILITIES		(1,119,021)	1,045,058
		(987,860)	(368,492)
INCOME TAX PAID	26	(4,509,654)	(1,103,447)
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES		11,526,838	12,717,859
INVESTMENT ACTIVITIES			
ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT	11	(5,728,230)	(4,031,608)
DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	11	179,499	220,903
PURCHASE OF INTANGIBLE ASSETS	12	(197,064)	(567,369)
PURCHASE OF SHARES OF ASSOCIATES	10	(366,486)	(46,505)
DIVIDENDS COLLECTED FROM ASSOCIATES	10	21,080	34,610
INTEREST COLLECTED AND OTHER FINANCIAL INCOME	25	478,986	230,583
INVESTMENT IN JOINT OPERATION	2	(130,447)	(2,129,796)
BUSINESS COMBINATION, NET OF CASH RECEIVED	2	(14,406,061)	-
NET CASH FLOW USED IN INVESTMENT ACTIVITIES		(20,148,723)	(6,289,182)
FINANCING ACTIVITIES			
CURRENT AND NON-CURRENT DEBT OBTAINED	13	18,931,890	2,988,634
PAYMENT OF CURRENT AND NON-CURRENT DEBT	13	(6,873,196)	(2,100,000)
FACTORING	14	119,771	-
INTEREST PAID AND OTHER FINANCIAL EXPENSE	25	(1,310,300)	(1,062,110)
SALE OF OWN SHARES	3.U	28,072	334,540
DIVIDENDS PAID TO NON-CONTROLLING INTEREST		(144,180)	(105,526)
DIVIDENDS PAID TO CONTROLLING INTEREST	19	(2,819,711)	-
NET CASH FLOW OBTAINED IN FINANCING ACTIVITIES		7,932,346	55,538
(DECREASE) NET INCREASE IN CASH AND CASH EQUIVALENTS		(689,539)	6,484,215
FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS		(54,436)	(10,559)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,039,309	2,565,653
CASH AND CASH EQUIVALENTS AT END OF YEAR		PS 8,295,334	PS 9,039,309
INVESTMENT TRANSACTIONS NOT REQUIRING CASH FLOW: CASH FLOW NOT PAID AS A RESULT OF INVESTMENTS IN JOINT OPERATION	2	PS -	PS 130,447

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

NOTAS SOBRE LOS ESTADOS FINANCIEROS CONSOLIDADOS

AL 31 DE DICIEMBRE DE 2015 Y 2014
(IN THOUSANDS OF MEXICAN PESOS - PS -, EXCEPT WHERE OTHERWISE INDICATED)

NOTE 1 - ENTITY AND OPERATIONS:

Arca Continental, S. A. B. de C. V. and subsidiaries (AC or the Company) is a company engaged in the manufacturing, distribution and sale of soft drinks of brands owned or licensed by The Coca-Cola Company (TCCC). The shares of AC are registered in the National Securities Registry of the National Banking and Securities Commission (CNBV) and listed in the Mexican Stock Exchange (BMV). In accordance with the bottling agreements between AC and TCCC and the bottling authorizations granted to the latter, AC has the exclusive right to perform this type of activities with Coca-Cola products in different territories of Mexico, Argentina, Ecuador and subsequent to the business combination mentioned in Note 2, in Peru. The beverage portfolio of the Company includes a private brand, cola and flavored soft drinks, purified and flavored water, and other carbonated and non-carbonated drinks, in different presentations (see Note 28).

Additionally, the Company manufactures, distributes and sells food and snacks under the brands Bokados and Wise, and other brands managed by its subsidiaries Nacional de Alimentos y Helados, S. A. de C.V., Industrias Alimenticias Ecuatorianas, S. A. (Inalecsa) and Wise Foods, Inc. (Wise Foods), as well as high value-added dairy products under the Toni brands in Ecuador (see Note 2).

AC performs activities through subsidiary companies, which it owns or in which it directly or indirectly has the majority of common shares representative of their capital stock. See Note 30. The term "the Company" as used in this report, refers to AC together with its subsidiaries.

Arca Continental, S. A. B. de C. V. is a stock corporation of variable capital incorporated in Mexico, and domiciled in Ave. San Jerónimo number 813 Poniente, in Monterrey, Nuevo León, México.

The following notes to the financial statements when referring to pesos or "Ps", it means thousands of Mexican pesos. When referring to dollars or "US", it means thousands of US dollars, except where otherwise indicated.

NOTE 2 - BUSINESS COMBINATIONS:

2015

On September 10, 2015, AC and other members of the Lindley family, controlling shareholders of Corporación Lindley, S. A. (CL) agreed to a transaction by means of a share sale and purchase agreement. Through this transaction, CL integrated its operations to those of AC. As part of this transaction, AC (i) acquired from several members of the Lindley family, which are part of CL's control group, the amount of 308,847,336 common shares of CL, with full rights to vote and representative of 53.16% of the shares with the right to vote (see Notes 30 and 31). CL is mainly engaged in the preparation, bottling, distribution and sale of non-alcoholic beverages and carbonated water, as well as fruit pulp and nectar using Coca-Cola, as well as Inca-Kola brand products.

The purchase price of the shares was US$758,700. Additionally, as part of the sale and purchase agreements, AC made a payment of US$150,000 as consideration of the obligation of the Lindley family not to compete with AC. Upon signing the share sale and purchase agreement, AC and the Lindley family entered into a share subscription agreement abiding by Mexican laws, through which the members of the Lindley family are jointly obliged to subscribe and pay 64,530,425 shares representative of the capital stock of AC in the amount of US$400,000 and AC agreed to deliver those shares subject to compliance with certain conditions.

On September 11, 2015, AC acquired 1,392,401 common shares representing 0.2397% of the shares with voting rights, for a price of US$4,186.

The valuation method for the business combination used was the acquisition method, and in this case both agreements were considered to be an integral part of the same transaction, with which AC determined that the consideration paid was comprised by a cash disbursement and the remaining amount was paid in own shares with a specific value determined as of that date in relation with their market quotation value, resulting in a total consideration of Ps15,158,713.

As mentioned in Notes 19 and 31, dated December 29, 2015, Shareholder's Meeting authorized the issuance of shares. On February 22, 2016 the shares were subscribed and paid in.

At December 31, 2015, AC is in the process of determining the acquisition price distribution at the fair values of assets and liabilities acquired from CL since it is reviewing the appraisals carried out by independent experts, and consequently of determining goodwill, estimating that such analysis will be concluded in a period not to exceed twelve months since the acquisition date. The following table summarizes the consideration paid by AC, the preliminary determination of the fair value of acquired assets and liabilities, and the non-controlling interest at the acquisition date.

CASH AND CASH EQUIVALENTS	PS	752,652
ACCOUNTS RECEIVABLE, NET (1)		2,397,609
INVENTORIES		1,131,360
OTHER CURRENT ASSETS		53,865
DERIVATIVE FINANCIAL INSTRUMENTS		559,487
PROPERTY, PLANT, AND EQUIPMENT		15,680,661
INTANGIBLE ASSETS (2)		11,783,051
OTHER ASSETS		199,770
DEBT		(47,405)
SUPPLIERS AND ACCOUNTS PAYABLE		(3,644,916)
OTHER ACCOUNTS PAYABLE (3)		(718,014)
DERIVATIVE FINANCIAL INSTRUMENTS		(409,683)
NON-CURRENT DEBT		(10,030,476)
DEFERRED INCOME TAX		(4,876,683)
NET ACQUIRED ASSETS		12,831,278
GOODWILL		15,683,983
		28,515,261
NON-CONTROLLING EQUITY (4)		(13,356,548)
TOTAL CONSIDERATION PAID	PS	15,158,713

(1) THE CONTRACTUAL GROSS AMOUNT OF ACCOUNTS RECEIVABLE IS PS2,519,678, OF WHICH PS122,069 ARE EXPECTED NOT TO BE RECOVERABLE.
(2) INTANGIBLE ASSETS ARE MAINLY COMPRISED OF THE BOTTLING AGREEMENT WITH TCCC AND THE NON-COMPETITION AGREEMENT (SEE NOTE 12).
(3) NO CONTINGENT LIABILITY HAS ARISEN FROM THIS ACQUISITION THAT SHOULD BE RECORDED.
(4) THE PRELIMINARY NON-CONTROLLING INTEREST IS MEASURED BASED ON THE FAIR VALUE OF THE NON-CONTROLLING INTEREST.

The expenses related to these transactions in relation to fees were recorded in the "Other expenses, net" item, see Note 23. Also, the share of AC in the unaudited proforma net income of Corporación Lindley, as if acquired on January 1, 2015, amounted to Ps12,257,976. The revenues of Corporación Lindley for the period from the acquisition date and up to December 31, 2015 were Ps4,361,544.

2014

On August 15, 2013, the Company, through its subsidiary Arca Ecuador, S. A. (Arca Ecuador), entered into a sale and purchase agreement to acquire the shares of Holding Tonicorp, S. A. (Tonicorp), a leading group with a great tradition in the high value-added dairy in the Ecuadorian market.

On April 11, 2014 Arca Ecuador transferred this agreement to JV Toni, S. L. (Toni), an entity incorporated by AC and TCCC as shareholders, with joint control and 50% of share ownership each, through the contribution of capital stock of Ps2,414,120 by each shareholder. Subsequently, Toni concluded the purchase of Tonicorp on April 15, 2014, once the approval from the authority of competition in Ecuador was obtained in this sense, acquiring control in turn until reaching a total of 89.02% of the share ownership of Tonicorp. The total value of the consideration paid for the 89.02% amounted to Ps4,695,900 (Ps2,347,950 corresponding to Toni). During 2015, Toni continued to acquire shares of Tonicorp; therefore, at December 31, 2015 it owns 89.36% of the shares of this company.

On May 2, 2014 the shareholders of Toni entered into an agreement on how to operate the investment of Toni in Tonicorp. In accordance with the assessment performed by AC, this agreement was identified to have been designed and have a purpose such that it requires Arca Ecuador to acquire, distribute and market the production of Tonicorp, transferring, therefore, the rights to the benefits and obligations of the liabilities of Tonicorp and its subsidiaries to the two shareholders that have joint control over the agreement. Consequently, this agreement has been classified as a joint operation (see Notes 3c. and 5b.).

This joint operation incorporates the portfolio of AC, the services and products marketed under the brands of: Industrias Lácteas Toni, S. A., Heladosa, S. A., Plásticos Ecuatorianos, S. A. and Distribuidora Importadora Dipor, S. A., engaged in the production of high value-added dairy products, other drinks, ice cream, packaging and plastic containers focused on the industrial market and high-volume consumer market, through a marketing and distribution network in Ecuador.

During 2015, the valuation conducted by independent experts was concluded, allowing to definitely record this joint operation combination. In this sense, the provisional figures previously recorded were modified, based on the new information obtained regarding the facts and circumstances at the date of the combination, which if known, would have affected the measurement of amounts recorded at that date.

Consequently, AC has incorporated, as part of the joint operation as of April 15, 2014, date at which Toni obtained effective control, its proportional share in this joint operation, including the corresponding proportional part of its assets and liabilities of Tonicorp.

Following is the incorporated condensed financial information of assets and liabilities acquired by Toni by the proportional share corresponding to AC for the joint operation in Toni at April 15, 2014:

		PRELIMINARY VALUES		FAIR VALUE ADJUSTMENTS		FINAL VALUES
CURRENT ASSETS (1)	PS	430,478	PS	-	PS	430,478
PROPERTY, PLANT AND EQUIPMENT		523,920		-		523,920
INTANGIBLE ASSETS (2)		1,231,103		(155,215)		1,075,888
OTHER ASSETS		7,066		-		7,066
CURRENT LIABILITIES (3)		(317,153)		-		(317,153)
NON-CURRENT DEBT		(137,609)		-		(137,609)
EMPLOYEE BENEFITS		(54,897)		-		(54,897)
OTHER NON-CURRENT LIABILITIES		(21,168)		-		(21,168)
DEFERRED INCOME TAX		(202,993)		34,144		(168,849)
NET ACQUIRED ASSETS		1,458,747		(121,071)		1,337,676
GOODWILL		889,203		121,071		1,010,274
TOTAL CONSIDERATION PAID	PS	2,347,950	PS	-	PS	2,347,950

(1) THE FAIR VALUE OF ACQUIRED ASSETS IN THE CORRESPONDING PROPORTION TO AC INCLUDES CASH AND CASH EQUIVALENTS AMOUNTING TO PS87,707, ACCOUNTS RECEIVABLE OF P139,264, INVENTORIES OF PS161,006 AND OTHER CURRENT ASSETS OF PS42,501. THE CONTRACTUAL GROSS AMOUNT OF THE ACCOUNTS RECEIVABLE IS PS148,837 OF WHICH PS9,573 IS EXPECTED NOT TO BE RECOVERABLE.
(2) PROPORTIONAL INTANGIBLE ASSETS CONSIST BASICALLY OF BRANDS OF PRODUCTS MARKETED BY TONICORP IN THE AMOUNT OF PS483,890, DISTRIBUTION RIGHTS OF PS483,890 AND NON-COMPETITION AGREEMENT FOR PS94,310.
(3) THE PROPORTIONAL CURRENT LIABILITIES CONSIST MAINLY OF SUPPLIERS AND ACCOUNTS PAYABLE OF PS132,317, OTHER ACCOUNTS PAYABLE OF PS68,882 AND CURRENT BANK DEBT OF PS115,954. NO CONTINGENT LIABILITIES HAVE ARISEN FROM THIS ACQUISITION THAT SHOULD BE RECORDED.

Expenses relative to this transaction, corresponding to the proportion of AC, for fees were recorded under the item "Other expenses, net", see Note 23. Also, the proportional share of AC in the unaudited proforma net income of Tonicorp as if acquired on January 1, 2014 amounted to Ps2,144,080.

At December 31, 2014 the Company had an amount payable of Ps130,447 outstanding, corresponding to its proportional part of the consideration withheld and paid in February 2015.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying consolidated financial statements and notes were authorized for issuance on March 1, 2016, by the officials that sign the basic financial statements and accompanying notes.

Following are the most significant accounting policies followed by the Company and its subsidiaries, which have been applied consistently in the preparation of its financial information in the reporting years, unless otherwise specified.

A. BASIS FOR PREPARATION

The consolidated financial statements of Arca Continental, S. A. B. de C. V. and subsidiaries, are prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). IFRS also include all effective International Accounting Standards, as well as all related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) including those issued previously by the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the historical cost, except for the cash flow hedging instruments measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires Management to pursue their judgment in the process of application of the Company's accounting policies. The areas that involve a high level of judgment or complexity, as well as the areas where judgments and assumptions are significant for the consolidated financial statements, are disclosed in Note 5.

B. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

I. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The following standards have been adopted by the Company for the first time for the financial year beginning January 1, 2015 which have no material impact.

• Annual Improvements to IFRS - 2010-2012 Cycle and 2011 - 2013 Cycle
• Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

II. NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED

A number of new standards, modifications and interpretations of the standards are effective for fiscal years starting after January 1, 2015 and have not been adopted in the preparation of these financial statements.

It is not expected that any of these could impact the consolidated financial statements of AC, except for the following:

- IFRS 9 'Financial instruments'. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Must be applied for financial years commencing on or after 1 January 2018.

  Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

- IFRS 15 "Revenue from contracts with customers". The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

  The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. Mandatory for financial years commencing on or after 1 January 2018.

- IFRS 16 "Leases". The IASB issued a new standard for lease accounting in January 2016. This standard will replace effective standard IAS 17, which classifies leases under financial and operating. IAS 17 identifies leases as financial when the risks and benefits of an asset are transferred, and the rest as operating leases. IFRS 16 eliminates the classification between financial and operating leases and requires the recognition of a liability showing future payments and an asset for "use rights" for most leases. The IASB has included some exceptions in short-term leases and in low-value assets. Previous amendments are applicable for lease accounting, while for the lessor they are similar to the present ones. The most significant effect of the new requirements will be an increase in lease assets and liabilities, also affecting the statement of income in depreciation and financial expenses for recorded assets and liabilities, respectively, and decreasing the expenses relative to previously recognized leases as operating. The standard is effective for periods starting on or after January 1, 2019, allowing for an early adoption if the IFRS 15 is also adopted.

  At the date of issuance of these financial statements, the Company is assessing the impact that the application of these IFRS will have on its financial statements.

C. CONSOLIDATION

I. SUBSIDIARIES

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases (see Note 30).

The method of accounting used by the Company for the joint operations is the purchase method. The consideration transferred in the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and ownership in equity issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement.

When the payment of any part of the consideration in cash is deferred, the amounts payable in the future are discounted at present value at the transaction date. The discount rate used is the incremental rate of the Company's debt. This rate is similar to that obtained from a debt of independent financing sources under comparable terms and conditions. The contingent consideration is classified as capital or as a financial liability. The amounts classified as financial liabilities are reassessed subsequently at fair value and any changes are recorded in the consolidated income.

The costs related to acquisitions are charged to income when incurred. Acquired identifiable assets, assumed liabilities and contingent liabilities in the joint operation are measured initially at fair value at their acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of income. Intercompany transactions and balances, as well as unrealized gains in intercompany transactions of the Company are eliminated in the preparation of the consolidated financial statements. Unrealized losses are eliminated. In order to ensure consistency with the policies adopted by the Company, accounting policies of the subsidiaries have been modified where considered necessary.

II. ABSORPTION (DILUTION) OF CONTROL IN SUBSIDIARIES

The effect of absorption (dilution) of control in subsidiaries, i.e., an increase or decrease in the percentage of control, is recorded in stockholders' equity, directly in retained earnings, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control the dilution effect is recognized in income.

III. SALE OR DISPOSAL OF SUBSIDIARIES

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value, and the change in its carrying amount is recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to income of the year.

IV. ASSOCIATES

Associates are all entities over which the Company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Company's investment in associates includes goodwill identified on acquisition, net of any accrued impairment loss. The existence and impact of potential rights of vote that are currently exercisable or convertible are considered upon assessment of whether the Company controls another entity. Additionally, the Company evaluates the existence of control in those cases in which it has no more than 50% of the voting rights, but has the ability to direct financial and operating policies. The costs related to acquisitions are charged to income when incurred.

Investments in associates are accounted for using the equity method. Under this method, investments are recorded initially at their acquisition cost. Subsequently those investments are recorded using the equity method, which consists in adjusting the investment value by the proportional part of profits or losses and the distribution of income from reimbursements of capital subsequent to the acquisition date.

If the equity in an associated company is reduced but significant influence is maintained, only a portion of the previously recognized amounts in comprehensive income will be reclassified to income for the year, when appropriate.

The share in income of associated entities is recorded in the statement of income, and share in the changes in other comprehensive income, subsequent to acquisition, is recorded in other comprehensive income. The Company presents the share of net income of associates considered comprehensive vehicles through which the Company performs its operations and strategy as part of the operating profit. Cumulative changes subsequent to the acquisition are adjusted against the value in books of the investment. When the share in losses of an associated company equals or exceeds the equity in associated company, including any other account receivable, the Company does not recognize additional losses, unless it has incurred in obligations or made payments on behalf of the associate.

The Company evaluates at each reporting date whether there is objective evidence of impairment in the investment in associated company. If such impairment is present, the Company calculates the amount of impairment as the difference between the recoverable value of the associate and its value in books and records such amount in "equity in losses/income of associates" recorded through the equity method in the statement of income.

Unrealized gains in transactions between the Company and its associates are eliminated based on the equity held over these associates. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the transferred asset. In order to ensure consistency with the policies adopted by the Company, accounting policies of the associates have been modified. When the Company ceases to have significant influence over an associate, any difference between the fair value of the retained investment, including any consideration received from the disposal from the equity and the value in books of the investment, is recorded in the statement of income.

V. JOINT AGREEMENTS

The Company has applied IFRS 11 for all its joint agreements. Under IFRS 11 investments in joint agreements are classified either as a joint operation or a joint venture depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint agreement and has determined it is a joint operation. In joint operations, each operator accounts for its own assets, liabilities and income and expenses in accordance with the proportions specified in the contractual agreement. A contractual agreement may be a joint agreement even when not all its parties have joint control over the agreement.

Revenues originated by the joint operation from goods or services acquired by the Company as the business, as well as any unrealized gains with third parties are eliminated as part of the consolidation and shown in the consolidated financial statements until these are realized with third parties.

D. FOREIGN CURRENCY TRANSLATION

I. FUNCTIONAL AND REPORTING CURRENCY

Amounts included in the financial statements of each one of the Company's entities should be measured using the currency of the primary economic environment where the entity operates ("functional currency"). Consolidated financial statements are presented in Mexican pesos, which is the Company's reporting currency. Functional currency of the Company and its subsidiaries is described in Note 30.

II. TRANSACTIONS AND BALANCES

Foreign currency transactions are translated to the functional currency using the exchange rate effective at the transaction or valuation date when amounts are re-measured. Exchange gains and losses resulting from the settlement of such transactions and the conversion of the monetary assets and liabilities denominated in foreign currency translated at the closing exchange rates are recorded as an exchange gain or loss in the statement of comprehensive income and rated as cash flow hedges.

III. CONVERSION OF FOREIGN SUBSIDIARIES

The results and financial position of all the entities of the Company that have a functional currency different from the reporting currency of the Company, are translated to the reporting currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the statement of financial position date.
- The stockholders' equity of each statement of financial position presented is translated at historical rates.
- Income and expenses for each income statement are translated at average exchange rate (when the average exchange rate is not a reasonable approximation of the cumulative effect of the rates of the transaction, to the exchange rate at the date of the transaction is used); and
- All the resulting exchange differences are recognized in comprehensive income.

In the event of a disposition of a foreign operation, any exchange difference related to equity is reclassified to the statement of income as part of the gain or loss from disposal.

Goodwill and adjustments at fair value arising at the acquisition date of a foreign transaction to measure these at fair value, are recorded as assets and liabilities of the foreign entity and are converted at the exchange rate at closing. Exchange differences arising are recorded in comprehensive income.

Before their conversion to pesos, the financial statements of foreign subsidiaries the functional currency of which is that of a hyperinflationary economy, is adjusted by inflation to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, revenues, costs and expenses are converted at the reporting currency using the exchange rate effective at year end. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of a cumulative inflation rate equal or greater than 100% in the most recent three-year period. At December 31, 2015 and 2014, the Company has had no foreign subsidiaries in hyperinflationary economies in accordance with IFRS.

Closing exchange rates used in the preparation of the financial statements are as follows:

		DECEMBER 31,
	2015	2014
PESOS PER US DOLLAR	17.34	14.73
PESOS PER PERUVIAN SOL	5.08	-
PESOS PER ARGENTINE PESO	1.34	1.74
PESOS PER EURO	18.85	17.83

Average exchange rates used in the preparation of the financial statements are as follows:

		DECEMBER 31,
	2015	2014
PESOS PER US DOLLAR	16.01	13.36
PESOS PER PERUVIAN SOL	5.09	-
PESOS PER ARGENTINE PESO	1.71	1.62
PESOS PER EURO	17.67	17.63

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, all of these are subject to a low significant risk of changes in value or country risk.

F. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, investments held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized on the settlement date.

Financial assets are totally derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership and the control of the financial asset.

I. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Financial assets carried at fair value through profit or loss, are initially recognized at fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the period in which they arise. Income from dividends from financial assets recorded at fair value in income are recorded in the statement of income as other income when it is established that the Company has the right to receive it.

II. LOANS AND TRADE RECEIVABLES

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and trade receivables are measured initially at fair value, plus directly attributable transaction costs, and subsequently at amortized cost. When circumstances occur that indicate that the amounts receivable will not be collected by the amounts originally agreed or will be in a different period, the trade receivables are impaired.

III. FINANCIAL ASSETS AVAILABLE FOR SALE

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures in a period less than 12 months or Management intends to dispose of it within the following 12 months after the date of the balance sheet.

Available for sale financial assets are recognized initially at its fair value plus any directly attributable transaction costs. Subsequently, these assets are measured at its fair value.

Gains or losses from changes in the fair value of monetary and non-monetary financial assets classified as available for sale are recognized in equity in the period they are incurred in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of income.

At December 31, 2015 and 2014, there are no assets available for sale.

FINANCIAL LIABILITIES

Financial liabilities that are not derivatives are initially recognized at fair value and are subsequently valued at amortized cost using the effective interest method. Liabilities in this category are classified as current liabilities if expected to be settled within the next 12 months, otherwise they are classified as non-current.

Trade payables are obligations to pay for goods or services that have been acquired or received from suppliers in the ordinary course of business. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently carried at amortized cost; any difference between the funds received (net of transaction costs) and the settlement value is recognized in the income statement over the term of the loan using the effective interest method.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right should not be contingent to future events and should be enforceable in the normal course of business, as well as in the case of default, insolvency or bankruptcy of the Company or the opposing party. At December 31, 2015 and 2014, there is no offset of financial assets and liabilities.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

I. FINANCIAL ASSETS CARRIED AT AMORTIZED COST

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Aspects to evaluate by the Company to determine whether there is objective evidence of impairment are:
- Significant financial difficulty of the issuer or debtor.
- Default of contract, such as late payments of interest or principal.
- Granting a concession to the issuer or debtor by the Company, as a result of financial difficulties of the issuer or debtor and that would not being considered in other circumstances.
- There is likelihood that the issuer or debtor is declared in bankruptcy or other type of financial reorganization.
- Disappearance of an active market for the financial asset due to financial difficulties.
- Verifiable information indicates that a measurable decrease exists in the estimated future cash flows related to a group of financial assets after initial recognition, although the decrease cannot yet be identified with the individual financial assets of the Company, including:
  (i) Adverse changes in the payment status of debtors of the group of assets.
  (ii) National or local conditions that correlate with defaults of the issuers or debtors of the asset group.

Based on the aspects mentioned above, the Company assesses if objective evidence of impairment exists. For loans and receivables category, if impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement in the line of administrative expenses. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Alternatively, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

The calculations for the account receivables impairment are described in Note 8.

G. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The derivative financial instruments entered into and identified are classified as fair value hedges or cash flow hedges, are included in the statement of financial position as assets and/or liabilities at fair value and are measured subsequently at its fair value. The fair value is determined based on the prices in recognized markets; when no quoted market prices are available, it is determined based on valuation techniques accepted in the financial sector, using inputs and observable market variables such as interest rate curves and exchange rates obtained from reliable sources.

The fair value of hedging financial derivative instruments is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

These derivative financial instruments for hedging are entered to hedge against an existing risk and they comply with the related hedge accounting requirements, its designation as a hedge is documented at the inception of the transaction, specifying the related objective, initial position, risks to be hedged, type of hedge relationship, characteristics, accounting recognition and how their effectiveness will be assessed.

The changes in the fair value of derivative financial instruments associated to fair value hedging, are recognized in the statement of income. Fair value hedges are stated at fair value and changes in valuation are recorded in income under the same caption as the hedged item.

In the case of cash flow hedges, the effective portion is temporarily included in other comprehensive income in stockholders' equity and is reclassified to income when the hedged item affects income; the ineffective portion is recognized immediately in income.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognized in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

The Company discontinues accounting for hedge transactions when the derivative instrument has expired, been cancelled or been exercised, when it has not reached a high degree of effectiveness to offset the changes in the fair value or cash flow of the hedged item, or when its designation as a hedge is cancelled.

When suspending accounting for hedge transactions, in the case of fair value hedges, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to income statement over the period to maturity, in the case of cash flow hedges, the amounts accumulated in stockholders' equity forming part of other comprehensive income, remain in stockholders' equity until the effect of the forecasted transaction affects income. In the case the forecasted transaction seems unlikely to occur, the gains or losses accumulated in other comprehensive income are recognized immediately in income. When the hedge of a forecasted transaction is effective but later does not comply with the effectiveness test, the effects accumulated in other comprehensive income in stockholders' equity are reclassified to income in proportion as the forecasted asset or liability affects income.

The derivative financial instruments were privately negotiated with various financial institutions whose strong financial condition was supported by high ratings assigned by securities and credit risk rating agencies. The documentation used to formalize the operations entered into was that commonly used; in general terms, it follows: the Frame Agreement for Financial Derivative Transactions or the Master Agreement generated by the "International Swaps & Derivatives Association" (ISDA), and is accompanied by the usual annexes for these transactions commonly known as "Schedule", "Credit Support Annex" and "Confirmation".

H. INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method. The cost of finished goods and work-in-progress includes cost of product design, raw materials, direct labor, other direct costs and production overheads (based on normal operating capacity). It excludes borrowing costs. The net realizable value is the estimated selling price in the normal course of business, less the applicable variable selling expenses.

I. NON-CURRENT ASSETS AVAILABLE FOR SALE

Non-current assets (or groups to be written off) are classified as available for sale when their value in books will recover mainly through a sales transaction, which is considered highly probable.

These assets are recorded at the lowest value resulting from comparing the balance in books and the fair value of the sales costs, they are not depreciated or amortized while classified as available for sale and are presented separately from other assets in the statement of financial position. At December 31, 2015 and 2014 the Company had no assets available for sale.

J. ADVANCE PAYMENTS

Advance payments represent expenditures related to insurance, advertisement or leases made by the Company where benefits and risks inherent to the goods the company is about to acquire or the services it is about to receive, such as insurance premiums paid in advance have not been transferred yet.

K. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognized at cost less accumulated depreciation and any accumulated impairment losses in its value. The cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Significant improvements are depreciated over the remaining useful life of the related asset.

Depreciation is determined using the straight line method, considering each of the components of the asset separately. The average useful life of the classes of depreciable assets is as follows:

BUILDINGS	30 TO 70 YEARS
MACHINERY AND EQUIPMENT	10 TO 25 YEARS
TRANSPORTATION EQUIPMENT	10 TO 15 YEARS
FURNITURE AND OTHERS	3 TO 10 YEARS
BOTTLES AND DISTRIBUTION BOXES	2 TO 7 YEARS
REFRIGERATORS AND SALE EQUIPMENT	10 YEARS
COMPUTER EQUIPMENT	4 YEARS

Land and investments in process are valued at cost and are not depreciated.

The spare parts or replacements to be used for more than one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets requiring a substantial period (twelve months or more), are capitalized as part of the acquisition cost of such qualifying assets, until they are ready for the use to which they are intended or for its sale. At December 31, 2015 and 2014 the calculation of these costs is based on specific and general loans.

The residual value and useful lives of the assets are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.

Assets classified as property, plant and equipment are subject to impairment tests when facts or circumstances are present that indicate that the value in books of assets may not be recovered. An impairment loss is recognized for the amount in which the value in books of the asset exceeds its recovery value. The recovery value is the greatest between the fair value less sale costs and their value in use.

In the case that the book value is greater than the estimated recovery value, a decrease in value is recognized in the value in books of an asset and it is immediately recognized in its recovery value.

Gains and losses from disposal of assets are determined by comparing the sales value with the value in books and recorded in the item "Other income (expenses), net" in the statement of income.

Returnable and non-returnable bottles -

The Company operates returnable and non-returnable bottles. Returnable bottles are classified as a component of property plant and equipment at their acquisition cost and are depreciated using the straight-line method, according to their estimated useful lives.

Under certain historical business practices in certain territories, returnable bottles that have been placed with customers are subject to an agreement pursuant to which the Company retains ownership and obtains a deposit from the customers. These bottles are monitored by the sales and distribution network and the Company has the right to charge the customer with any breakage identified.

Non-returnable bottles are expensed to consolidated net income, as part of the cost of sales, at the time of product sale.

L. LEASES

The classification as finance or operating leases depends on the substance of the transaction rather than the form of the contract.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Leases where the Company has substantially all the risks and rewards of the property are classified as finance leases. Finance leases are capitalized at the beginning of the lease at the lower of fair value of the leased property and the present value of the minimum lease payments. If its determination is practical, for discounting to present value the minimum lease payments, the implicit interest rate in the lease is used; otherwise, the incremental borrowing rate of the lessee should be used. Any initial direct cost of the lessee will be added to the original amount recognized as an asset.

Each lease payment is allocated between the liability and finance charges until reach a constant rate in the actual amount. The corresponding rental obligations are included in long term debt, net of financial burdens. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

M. INTANGIBLE ASSETS

Goodwill represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets acquired determined at the acquisition date. Goodwill is presented in the caption of goodwill and intangible assets, and is recognized at its cost less accumulated impairment losses, which are not reversed. Gains or losses in the disposition of an entity include the carrying amount of the goodwill related to the entity disposed.

Goodwill is assigned to cash-generating units in order to carry out impairment tests. The assignment is made on cash-generating units or groups of units that are expected to benefit from the joint operation from which the goodwill was derived, identified in accordance with the operating segment.

Intangible assets are recognized when complying with the following characteristics: the asset is identifiable, will generate future economic benefits and the Company has control over such benefits.

Intangible assets are classified as follows:

i. Indefinite useful life. - These intangible assets are not amortized and are subject to annual impairment assessment. To date, no factors have been identified limiting the life of these intangible assets.

   Indefinite useful life intangible assets consist of: a) bottling agreements that AC has held with TCCC, which grant the rights to produce, package and distribute products owned by TCCC in territories where the Company operates; b) brands with which Nacional de Alimentos y Helados, S. A. de C. V. (NAYHSA), Wise Foods, Tonicorp and Inalecsa market their products and c) distribution rights of Tonicorp. The aforementioned agreements have certain maturity dates and do not guarantee their perpetuity; however, the Company considers, based on its own experience and market evidence, that it will continue renovating these agreements and therefore it has assign them as indefinite useful life intangible assets (see Note 12). These indefinite useful life intangible assets are assigned to cash generating units in order to perform impairment tests.

ii. Finite useful life. - These assets are recognized at cost less accumulated amortization and impairment losses recognized. They are amortized on a straight line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified. These intangible assets correspond to non-competition agreements of the business combinations and to certain brands and software, which are amortized in periods of 5, 10, and 30 years based on the characteristics of each asset (see Note 12).

   The estimated useful lives of intangible assets with finite and indefinite useful lives are reviewed annually.

N. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to depreciation or amortization and are tested annually for impairment or before if impairment indicators exist. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

O. FACTORING

A liability with suppliers is eliminated from the statement of financial position of the entity when it is extinguished; that is, when the obligation is eliminated, cancelled or expired. The Company contracts financial factoring for the financing of accounts payable to suppliers in Peru and when the modification of terms and conditions indicate that a liability with suppliers is extinguished, a new financial liability is considered to be present with the entity granting the factoring, resulting in the derecognition of the original liability with the supplier.

P. INCOME TAXES

The income tax reflected in the consolidated income statement, represents the tax incurred in the year, and the effects of deferred income tax determined in each subsidiary using the asset and liability method, applying the rate established by the enacted legislation or substantially enacted at the balance sheet date where the Company and its subsidiaries operate and generate taxable income to the total temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and that are expected to apply when the deferred tax asset is realized or deferred tax liability is settled, considering in any case, the tax loss carry forwards to be recoverable. Taxes are recorded in income, except as related to other comprehensive income. In this case, the tax is recorded in other comprehensive income. The effect of a change in income tax rates is recognized in income in the period in determining the rate change.

Management periodically evaluates positions taken in tax declarations with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right and when the taxes are levied by the same tax authority.

Q. EMPLOYEE BENEFITS

The Company grants the following plans:

I. PENSION PLANS

Defined contribution plans:
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when the Company has the obligation of the contribution.

Defined benefit plans:
A defined benefit plan is a plan which specifies the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates according to IAS 19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of liabilities for defined benefits arising from actuarial adjustments and changes in actuarial hypotheses are charged or credited to stockholders' equity within the comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income.

II. TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary termination of employment in exchange for these benefits. The Company recognizes termination benefits when there is a verifiable commitment to conclude the labor relationship with certain employees and a formal detailed plan saying so and it may not be given up. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Any benefits to be paid more than 12 months after the balance sheet date are discounted from their present value.

III. SHORT-TERM BENEFITS

The Company provides benefits to employees in the short term, which may include wages, salaries, annual compensation and bonuses payable within 12 months. The Company recognizes an undiscounted provision when it is contractually obliged or when past practice has created an obligation.

IV. PROFIT SHARING AND BONUS PLANS

The Company recognizes a liability and an expense for bonuses and employee profit sharing when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the profit for the year after certain adjustments.

R. PROVISIONS

Liability provisions represent a present legal obligation or a constructive obligation as a result of past events where an outflow of resources to meet the obligation is likely and where the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the amount necessary to settle the obligation at the date of the financial statements and they are recorded based on the best estimate made by Management.

S. PREFERRED DIVIDENDS

The Company has 356 preferred shares of Arca Ecuador (without voting rights) (356 in 2014) and a proportional part equal to 0.25% of a preferred share (without voting rights) of such company, which grants it the right to receive a preferred annual dividend. The preferred cumulative dividends of these shares are recognized until they are declared. During the years 2011 to 2015 the stockholders of Arca Ecuador declared and paid preferred dividends relative to each year.

T. COMMON STOCK

Common stock of the Company is classified as equity. Incremental costs directly attributable to the issuance of new common stock or options are shown in equity as a deduction, net of tax. However, the Company did not incur such costs.

U. COMPREHENSIVE INCOME

Comprehensive income is composed of net income plus the remeasurement of post-employment benefit obligations and other capital reserves, net of taxes, which are comprised by the effects of translation of foreign subsidiaries, the effects of derivative financial instruments for cash flow hedges, and the equity in other comprehensive income items of associates, and other items that for specific requirements are reflected in stockholders' equity and are not contributions, reductions and distribution of capital.

V. FUND FOR THE REPURCHASE OF OWN SHARES

The Stockholders' Meeting periodically authorizes a maximum amount for the acquisition of the Company's own shares. Own shares acquired are presented as a reduction of the repurchase of own shares fund, included in the balance sheet within retained earnings and valued at acquisition cost. These amounts are stated at their historical value. Dividends received are recorded by reducing their historical cost.

In the case of the sale of shares of the repurchase fund, the amount obtained in excess or in deficit of the historical cost of these, is recorded within the share premium.

W. INFORMATION BY SEGMENTS

Information by segments is presented consistently with internal reports provided to the Chief Executive Officer who is the maximum authority in the operations decision making, allocation of resources and evaluation of the return of operating segments.

X. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the normal course of operations. Revenues are presented net of discounts, rebates and returns, and after eliminating the intercompany sales.

Revenue is recognized when the following conditions have been satisfied:

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

Y. EARNINGS PER SHARE

Earning per share is calculated by dividing the net profit attributable to controlling interest by the weighted average number of common shares outstanding during the year.

The amounts used in the determination of the basic profit per share are adjusted for diluted profits to consider the weighted average of the additional number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Z. INCENTIVE AGREEMENT FOR THE BOTTLER

TCCC at its discretion and based on incentive agreements for the bottler, provides the Company with different incentives, including contributions for the maintenance of cold drink equipment, advertising and marketing expenses, among others. The terms and conditions of these agreements require reimbursement if certain established conditions are not complied with, including requirements of minimum performance volume. Incentive payments received from TCCC, for maintenance of cold drinks equipment and / or for advertising and marketing expenses are deducted from the corresponding expense.

NOTE 4 - FINANCIAL RISK MANAGEMENT:

I. RISK MANAGEMENT

The Company's activities expose it to various financial risks: market risk (including foreign exchange risk, interest rate risk and raw materials price risk), credit risk and liquidity risk. The Company has the general policy to contract derivative financial instruments only for hedging purposes, in order to reduce the risks related to its financial liabilities, to cover certain purchases, forecasted operations or commitments in foreign currency.

Administration of exposure to credit, market and liquidity risks is done through the Financial Risk Committee of the Company.

The main financial risk exposure of the Company is related mainly to stock certificates with variable interest rates and present or future commitments in foreign currency, related to its activity and business sector, or certain forecasted operations, for example: prices for raw materials, trade accounts receivable and liquidity.

The Company has effective Master Agreements with Derivative Financial Instruments or ISDA Master Agreements, to have several quotations given the decision to perform transactions with this type of instruments, those only performed for hedging purposes of price exchange rates of raw materials documented in simple instruments (swaps or forwards). Swap operations performed by the Company only allow for the conversion of different currencies, or interest rates (variable to fixed or vice versa).

All derivative financial instrument transactions contracted by the Company are pre-analyzed, when necessary, approved and monitored periodically by the Financial Risk Committee. This committee presents proposals to the Chief Executive Officer, which then also informs the Board of Directors periodically. Both the Financial Risk Committee and the Chief Executive Officer review the performance of these instruments on a quarterly basis, performing, when necessary, the advance cancellations, change of instruments terms, etc.

Transactions with derivative financial instruments performed by the Company, are contracted and managed in a centralized and corporate manner, contracting the transactions necessary for their subsidiaries, which do not perform this type of transactions individually. The Company operates this type of agreements with financial and banking institutions and with a robust operating and financial structure.

MARKET RISK

A. CURRENCY EXCHANGE RISK (EXCHANGE RATE)

The foreign currency risk is related to the risk that the fair value of future flows of a financial instrument fluctuate for variations in the exchange rate. The Company is exposed to exchange rate risks from: a) its net exposure of assets and liabilities in foreign currency, b) the revenues from export sales, c) the purchases of raw materials and capital expenditures made in foreign currency, and d) the net investment of subsidiaries maintained abroad. The greater risk exposure of the Company's exchange rate is the variation of the Mexican peso with respect to the US dollar, the Peruvian Sol from 2015 and the Argentine peso, for purposes of translating its investments to the reporting currency.

The Company has a policy to operate mainly in the markets of its subsidiaries. The debt is contracted in the local currency of such markets, except for Peru where as a result of the recent business combination, its subsidiary CL maintains long-term debt in US dollars (see Note 13), for which the Management monitors the risk of fluctuation of fair value of the future cash flows of these instruments due to changes in exchange rates and macroeconomic variables and has subscribed Cross Currency Principal Only agreements to secure hedge between its asset and liability positions in foreign currency (see Note 31). In Mexico the Company has entered in US dollar debt to finance part of the business combination with CL, which are monitored by the Financial Risk Committee to perform an early repayment through the capitalization expected to be cashed in early 2016 (see Note 31).

The net sales are denominated in Mexican pesos, Argentine pesos, US dollars and Peruvian soles. During 2015 and 2014, 60.04% and 70.23% of the sales were generated in Mexican pesos, 13.76% and 11.66% in Argentine pesos, 20.50% and 18.10% in US dollars, respectively; and 5.70% in Peruvian Soles since 2015. These currencies correspond to the functional currency of each consolidated entity (see Note 30).

Following is the detail of the Company's exposure to exchange rate risk at December 31, 2015 and 2014. The accompanying tables reflect the accounting value of monetary assets and liabilities of the Company denominated in foreign currency:

(THOUSANDS OF MEXICAN PESOS)

AT DECEMBER 31,

	2015			2014	
	US DOLLAR	ARGENTINE PESO	PERUVIAN SOLES	US DOLLAR	ARGENTINE PESO
MONETARY ASSETS	PS 3,336,029	PS 2,236,953	PS 4,608,073	PS 2,878,226	PS 1,956,085
MONETARY LIABILITIES	(7,502,972)	(1,450,372)	(4,204,061)	(2,968,691)	(1,438,435)
NON-CURRENT MONETARY LIABILITIES	(25,518,336)	(291,677)	(144,751)	(5,155,305)	(496,755)

Following it is presented a sensitive analysis regarding the unfavorable effect for the Company's comprehensive income due to its exposition to the net position in foreign currencies at December 31, 2015 and 2014:

HYPOTHETICAL VARIATION (ALL OTHER VARIABLES CONSTANT)

	2015	2014
INCREASE OF ONE PESO WITH RESPECT TO THE US DOLLAR	(PS 1,771,954)	(PS 356,128)
DECREASE OF 50 CENTS WITH RESPECT TO ARGENTINE PESO	(184,666)	(6,004)
DECREASE OF 50 CENTS WITH RESPECT TO PERUVIAN SOL	(25,518)	-

This exposure is to the changes in exchange rates related to the conversion from Argentine pesos, US dollars and Peruvian Soles to Mexican pesos of the income, assets and liabilities of its subsidiaries in the United States of America, Argentina, Ecuador and Peru. As detailed below in this Note, the Company also contracts derivative financial instruments for hedging purposes of certain commitments denominated in foreign currency for the purchase of raw materials. The Company does not cover the risks related to the conversion of subsidiaries, whose effects are recorded in stockholders' equity.

B. INTEREST RATE RISK

The interest rate risk arises mainly from financing sources of the Company. The main exposure is related to the obligations with variable interest rate rates based on the TIIE (Equilibrium Interbanking Interest Rate) and bank loans with interest rates based on LIBOR.

The Company occasionally holds derivative financial instruments agreements to minimize the market risk and the possible effects that may arise due to a significant increase in the interest rates.

The derivative financial instruments that occasionally the Company contracts are interest rate swaps over stock certificates with variable interest rates. At December 31, 2015 and 2014 the Company had no effective interest rate hedges.

At December 31, 2015 and 2014, most of the debt, considering its value in pesos was referenced at a fixed interest rate. At December 31, 2015, Ps20,736 million, which represented 52.8% with respect to total debt and at December 31, 2014, Ps10,039 million representing 63.6%, made reference to the fixed interest rate.

To manage the interest rate risk, the Company has an interest rate management policy that intends to reduce the volatility of its financial expense and maintain an ideal percentage of debt in fixed rate instruments. The financial position is mainly fixed for the use of the short term and long term debt and occasionally derivative instruments such as interest rate swaps.

The terms and conditions of the Company's obligations at December 31, 2015, including exchange rates, interest rates, maturities and effective interest rates, are detailed in Note 13.

At December 31, 2015, if the TIIE at 28 days or LIBOR would have increased 100 basis points (1.00%) maintaining in all other constant risk factors, would unfavorably impact the comprehensive income by Ps35,259 and Ps68,710, respectively.

C. RAW MATERIALS PRICE RISK

The main exposure to the variation in prices of raw materials is related to the supply of sweeteners, aluminum for cans and plastic packaging used in the production of soft drinks.

The main raw materials used in the production are the concentrate acquired from TCCC, sweetening and aluminum and plastic packaging. The Company is exposed to the exchange rate fluctuation risk due to the exchange rate in the prices of sweeteners and plastic packaging representing overall 22% (21% in 2014) of the cost of sales of the sale of the beverages. The Company performs hedging activities on purchases of these raw materials, in order to avoid variations in the exchange rate price. At December 31, 2014 the Company had no effective exchange rate hedges related to the prices of raw materials.

At December 31, 2015, an appreciation of 1 Mexican peso vis-a-vis the US dollar or 1 Peruvian Sol and all other variables constant, would impact the valuation of derivative financial instruments, unfavorably in the stockholders' equity by Ps14,459 and $442, respectively. The impact in the net income for the year would not be significant since the instruments that expose the Company to these risks are under highly effective cash flow hedges.

For the period from the acquisition date on September 10 up to December 31, 2015, CL held future and swap sugar instruments to cover the volatility risk exposure in the prices (see Note 21).

CREDIT RISK

The Company's normal operations expose it to the potential non-compliance when its clients and counterparties cannot comply with their financial commitments or any other commitments. The Company mitigates this risk when performing transactions with a great variety of counterparties. It also considers that they could not be subject to unexpected financial problems from third parties that could affect the Company's operations.

The Company has conservative policies for the management of cash and temporary investments, which allows minimizing the risk in this type of financial assets, considering also that operations were only performed with financial institutions with high credit ratings.

The risk exposure related to accounts receivable is limited given the great number of clients located in different parts of Mexico, Peru, Argentina, Ecuador and the United States of America; however, the Company has certain reserves for impairment losses from trade accounts receivable. For risk control, the credit quality of the client is determined, taking into consideration its financial position, past experience and other factors.

Since part of the clients, to which the Company sells its products, have not independent credit quality rating, management is in charge of determining the maximum credit risk for each one of them, considering their financial position and past experiences, among other factors. The credit limits are established in accordance with policies established by management, which has controls to ensure their compliance.

During 2015 and 2014, around 61% and 68%, respectively, of the sales of the Company were made in cash; consequently, there is no relevant credit risk associated to accounts receivable. Additionally, up to 26% and 20% of the net sales of 2015 and 2014, respectively, were made to institutional clients, which have no history of payment non-compliance; therefore, no impairment has been recorded.

LIQUIDITY RISK

The Company finances its requirements of liquidity and capital resources mainly through cash generated from transactions and issuance of debt at medium and long term.

The Company has access to national and international banking institutions credit to face the needs of treasury. The Company also has the highest rating for Mexican companies (AAA) granted by independent rating agencies, which allows it to assess the capital markets in case it needs resources.

Cash excesses generated by the Company are invested in accordance with the guidelines defined by the Board of Directors with the prior opinion of the Planning and Finance Committee. The Financial Risk Committee, comprised mainly by executives of the Administrative and Finance and Planning areas, decides on a list of first-class "custodial" institutions regarding prestige and liquidity. Investments in foreign currency for specific projects are only authorized in US$ or Euros.

The Company does not invest in capital markets or investment companies, and in the case of repurchase agreements operations, these are only made with federal government documents of Mexico or the United States of America. Such operations are performed with bigger and well-recognized banks in Mexico. The foreign banks in which it is possible to invest have the greatest international coverage. Investments are made Debt Instruments of the Federal Government and Bank Debt. AC does not invest in Private and / or Corporate Instrument.

The factors that could reduce liquidity sources include a significant reduction in demand, or in the price of the products, each one of which may limit the amount of cash generated from operations, and a reduction of the credit corporate rating, which could deteriorate the liquidity and increase the new debt costs. The Company's liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates. The Company expects to meet its obligations with cash flows generated by operations.

The remaining contractual maturities of financial liabilities of the Company, which include mainly the capital and interest payable in the future up to maturity, at December 31, 2015 and 2014 are:

AT DECEMBER 31, 2015	LESS THAN ONE YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
CURRENT AND NON-CURRENT DEBT	PS 8,475,563	PS 7,061,670	PS 31,170,476	PS 428,541	PS 47,136,250
SUPPLIERS, RELATED PARTIES AND OTHER ACCOUNTS PAYABLE	5,864,381	117,480	117,480	117,479	6,216,820
	PS 14,339,944	PS 7,179,150	PS 31,287,956	PS 546,020	PS 53,353,070

AT DECEMBER 31, 2014	LESS THAN ONE YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
CURRENT AND NON-CURRENT DEBT	PS 2,591,498	PS 6,343,728	PS 4,849,894	PS 6,562,066	PS 20,347,186
SUPPLIERS, RELATED PARTIES AND OTHER ACCOUNTS PAYABLE	4,102,476	-	-	-	4,102,476
	PS 6,693,974	PS 6,343,728	PS 4,849,894	PS 6,562,066	PS 24,449,662

At December 31, 2015 and 2014, the Company has no unused credit lines.

II. CAPITAL MANAGEMENT

The Company's objectives upon managing its capital (which includes stockholder equity, debt, working capital and cash and cash equivalents) are to maintain a flexible capital structure to reduce the cost of capital to an acceptable risk level, to protect the ability of the Company to continue as a going concern, as well as benefiting from the strategic opportunities that allow generating returns for its stockholders.

The Company manages its capital structure and makes adjustments when there are changes in economic conditions and the risk characteristics of the underlying assets.

The Company monitors its capital based on the ratio of Net Debt divided by Equity.

This ratio is calculated using the Net Debt divided by the total Stockholders' Equity as shown in the consolidated statement of financial position. The Net Debt is calculated by subtracting the balance of cash and cash equivalents from the total debt (including the current and non-current portions as shown in the consolidated statement of financial position).

The Net Debt-Capital ratio at December 31, 2015 and 2014 is shown as follows:

	DECEMBER 31,			
		2015		2014
TOTAL DEBT (NOTE 13)	PS	39,243,639	PS	15,776,626
LESS: CASH AND CASH EQUIVALENTS		(8,295,334)		(9,039,309)
NET DEBT	PS	30,948,305	PS	6,737,317
TOTAL STOCKHOLDERS' EQUITY	PS	67,950,409	PS	49,384,344
NET DEBT RATIO		45.54%		13.64%

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS:

The Company has identified certain key accounting estimates where its financial condition and operation results are dependent. These accounting estimates normally involve analysis or are based on subjective judgments or decisions that require that Management make estimates and assumptions that affect the figures reported in these consolidated financial statements. The Company's estimates are based on historical information when applicable, and other assumptions considered reasonable under the circumstances.

Actual results may differ from the estimates under different assumptions or conditions. Estimates normally require adjustments based on changing circumstances and the receipt of the most recent or most accurate information.

The most critical accounting estimates of the Company under IFRS are those that require Management make estimates and assumptions that affect the reported figures related to fair value accounting for financial instruments, goodwill and other indefinite life intangible assets as a result of business acquisitions, and pension benefits.

A. ESTIMATES AND ASSUMPTIONS THAT CARRY THE RISK OF CAUSING SIGNIFICANT ADJUSTMENTS TO THE VALUES IN THE FINANCIAL STATEMENTS, ARE AS FOLLOWS:

i. Estimated impairment of other intangible assets of indefinite useful life

The identification and measurement of impairment of intangible assets with indefinite lives include the estimate of fair values. These estimates and assumptions might have a significant impact on the decision to recognize a charge for impairment or not and also on the importance of such charge. The Company performs a valuation analysis and considers relevant internal information, as well as other market public information. Fair value estimates are mainly determined using discounted cash flows and market comparisons. These approaches use significant estimates and assumptions, including future projected cash flows (including terms), discount rates that reflect the inherent risk in future cash flows, perpetual growth rates, determination of comparables of appropriate markets and determining whether a premium or discount should be applied to comparables.

A certain level of risk is possible and inherent to these estimates and assumptions that the Company considers it has included in its valuations. If the real future results were lower than the estimates, a possible charge for impairment could be recognized in future periods in relation with the reduction in the carrying value of other intangibles, additionally to the amounts previously recognized (see Note 12).

ii. Business combinations - allocation of purchase price

For joint operations, the IFRS require performing a calculation of fair value assigned to the purchase price at the fair value of acquired assets and liabilities. Any difference between the acquisition cost and the fair value of identifiable acquired assets is recognized as goodwill. The calculation of fair value is performed at the acquisition date.

As a result of the nature of the assessment of fair value, the allocation of the purchase price and determinations of fair value at the acquisition date, require significant judgments based on a wide range of complex variables in a specific period of time. Management uses all the information available to make the fair value determinations. At December 31, 2015, Management has determined, based on the above, the preliminary values of the acquired assets and assumed liabilities in the business combination as shown in Note 2, which may vary according to the final determination of the fair values.

iii. Pension benefits

The present value of pension obligations depends on a number of factors determined on an actuarial basis using different assumptions. Assumptions used to determine the cost (profit) for pensions include the discount rate. Any change in the assumptions will impact the carrying value of pension obligations.

The Company determines the adequate discount rate at year end. This interest rate is used to determine the present value of cash outflows required to settle expected future pension obligations. In the determination of the appropriate discount rate, the Company considers the discount interest rate in conformity with IAS 19 "Employee benefits" denominated in the currency used to pay benefits with terms at maturity that approximate the obligations terms of related pension obligations (see Note 17).

B. CRITICAL JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

i. Investments in associates

Management has evaluated the level of influence that AC has on its investment in Jugos del Valle, S. A. P. I. and has determined that it has a significant influence even though its stock ownership is less than 20% due to its representation in the board of directors and contractual terms. Consequently, this investment has been classified as an associate.

ii. Investments in joint operation

Management has assessed the terms and conditions contained in the stockholders' agreement for the joint arrangement of Toni in Tonicorp and it has concluded that it has to be classified as a joint operation since it considers its design and purpose requires Arca Ecuador to acquire, distribute and market the production of Tonicorp, transferring, therefore, the rights to the benefits and obligations of the liabilities of Tonicorp and its subsidiaries to the two shareholders that have joint control over the agreement, which according to IFRS 11, "Joint Arrangements" requires the agreement be classified as such.

iii. Useful life of intangible assets

Indefinite life intangible assets of the Company include bottling agreements that AC has held with TCCC, which have certain maturity dates and do not guarantee their perpetuity; however, the Company considers, based on its own experience over the business relationship with TCCC and market evidence, that it will continue renovating these agreements, as was the case in 2014, and therefore it has assigned them as indefinite useful life intangible assets (see Note 28).

NOTE 6 - SEGMENT REPORTING:

Segment information is presented consistently with the internal reporting provided to the Company's Chief Executive Officer who is the highest authority in operational decision-making, resource allocation and assessment of operating segment performance.

An operating segment is defined as a component of an entity on which separate financial information is regularly being evaluated.

The Company controls and assesses its continuous operations from a geographic as well as a per product perspective. Geographically, Management considers the performance in Mexico, the United States, Peru, Argentina and Ecuador. From the product perspective, Management separately considers the beverages and other products in these geographical areas.

The product segments to be reported for the Company are:

- Beverages (includes carbonated and non-carbonated beverages, dairy beverages, and water in the individual format):
  This segment manufactures, distributes and sells soft drinks of the TCCC brands, in several territories of Mexico, Argentina, Ecuador and Peru since 2015 and dairy beverages of the Santa Clara brand in Mexico and Toni in Ecuador. The Company includes the following within its beverage portfolio: cola and flavored drinks, purified and flavored water in an individual format and other carbonated and non-carbonated drinks, in different presentations.

  In 2015, the information provided to the Chief Executive Officer established that purified jug water was incorporated to the segment of Beverages México, which up to 2014 was included in Other segments – complementary businesses and the individual format beverage commercialized in vending machines was excluded to be included in Other segments – complementary businesses. The information by segments of 2014 was restated for comparative purposes..

- Other segments - complementary businesses:
  This section represents those operating segments that do not consider reportable segments individually since they do not comply with the quantitative limits, as established by the Standard applicable to any of the reported years. In accordance with this standard, the operating segments with a total of revenues equal or less than 10% of the total income of the Company, do not require to be reported individually and may be grouped with other operating segments that do not comply with such limit, provided that the sum of these operating segments does not exceed 25% of its total revenues. These segments, after the change explained above requiring the restatement of the information of other segments of 2014 for comparative purposes, comprise the following complementary businesses:

  a. Beverages items in individual formats sale through vending machines (Mexico)
  b. Snacks and frying (Mexico, Ecuador and United States)

The Company evaluates the performance of each of the operating segments based on income before financial result, net, income taxes, depreciation and amortization (EBITDA), considering that this indicator is a good metric to evaluate operating performance and the ability to meet principal and interest obligations with respect to indebtedness, and the ability to fund capital expenditures and working capital requirements. Nevertheless, EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income as a measure of operating performance or cash flows as a measure of liquidity.

The Company has defined the Adjusted EBITDA as consolidated income (loss) before taxes after adding or deducting, accordingly: (1) depreciation, amortization, and (2) non-recurring expenses incurred (such as indemnities, among others, classified in the item of other expenses, net in the statement of income).

The operations between operating segments are performed at market value and the accounting policies with which the financial information by segments is prepared, are consistent with those described in Note 3. Following is the condensed financial information of these operating segments:

YEAR ENDED DECEMBER 31, 2015

	BEVERAGES						
	MEXICO	ARGENTINA	ECUADOR	PERU	MEXICO AND OTHER	ELIMINATIONS	TOTAL
STATEMENT OF INCOME:							
SALES BY SEGMENT	PS 43,063,010	PS 10,519,965	PS 10,571,798	PS 4,361,544	PS 7,937,524	PS -	PS 76,453,841
INTER-SEGMENT SALES	829,530	-	-	-		(829,530)	
SALES WITH EXTERNAL CLIENTS	PS 43,892,540	PS 10,519,965	PS 10,571,798	PS 4,361,544	PS 7,937,524	(PS 829,530)	PS 76,453,841
OPERATING CASH PROFIT	PS 8,993,055	PS 1,735,033	PS 1,103,515	PS 536,289	PS 386,009		PS 12,753,901
OPERATING FLOW (1)	PS 11,172,377	PS 2,084,206	PS 1,742,086	PS 1,002,784	PS 705,460		PS 16,706,913
NON-RECURRING EXPENSES	PS 252,877	PS 16,870	PS 52,665	PS 77,817	PS 16,662		PS 416,891
DEPRECIATION AND AMORTIZATION	PS 1,926,445	PS 323,303	PS 585,906	PS 388,678	PS 302,789		PS 3,536,121
INTEREST INCOME	PS 1,003,933	PS 153,071	PS 7,912	PS 4,450	PS 15,792		PS 1,185,158
INTEREST EXPENSE	PS 1,861,460	PS 272,834	PS 261,072	PS 596,429	PS 11,582		PS 3,003,377
SHARE OF NET INCOME OF ASSOCIATES	PS 157,033						PS 157,033
PROFIT (LOSS) BEFORE INCOME TAX	PS 8,292,561	PS 1,615,270	PS 850,355	(PS 55,690)	PS 390,219	PS -	PS 11,092,715
STATEMENT OF FINANCIAL POSITION:							
TOTAL ASSETS	PS 53,434,530	PS 5,069,228	PS 21,131,903	PS 47,667,773	PS 7,346,110	(PS 3,711,325)	PS 130,928,219
INVESTMENT IN ASSOCIATES (2)	PS 4,490,533						PS 4,490,533
TOTAL LIABILITIES	PS 32,941,913	PS 1,875,399	PS 9,551,737	PS 19,835,227	PS 2,203,444	(PS 3,419,910)	PS 62,987,810
INVERSIÓN EN ACTIVOS FIJOS (CAPEX)	PS 2,836,968	PS 712,512	PS 1,166,137	PS 407,852	PS 604,759		PS 5,728,228

YEAR ENDED DECEMBER 31, 2014

	BEVERAGES						
	MEXICO	ARGENTINA	ECUADOR	PERU	MEXICO AND OTHER	ELIMINATIONS	TOTAL
STATEMENT OF INCOME:							
SALES BY SEGMENT	PS 40,024,727	PS 7,226,401	PS 7,775,960	PS -	PS 6,930,183	PS -	PS 61,957,271
INTER-SEGMENT SALES	745,734	-	-	-	-	(745,734)	-
SALES WITH EXTERNAL CLIENTS	PS 40,770,461	PS 7,226,401	PS 7,775,960	PS -	PS 6,930,183	(PS 745,734)	PS 61,957,271
OPERATING PROFIT	PS 8,601,924	PS 1,001,896	PS 841,407	PS -	PS 328,469	PS -	PS 10,773,696
OPERATING CASH FLOW (1)	PS 10,433,854	PS 1,271,649	PS 1,315,014	PS -	PS 623,586		PS 13,644,103
NON-RECURRING EXPENSES	PS 66,002	PS 23,183	PS 93,937	PS -	PS 32,410		PS 215,532
DEPRECIATION AND AMORTIZATION	PS 1,765,928	PS 246,570	PS 379,670	PS -	PS 262,707		PS 2,654,875
INTEREST INCOME	PS 192,889	PS 43,945	PS -	PS -	PS 10,789		PS 247,623
INTEREST EXPENSE	PS 842,948	PS 157,345	PS 213,232	PS -	PS 8,075		PS 1,221,600
SHARE OF NET INCOME OF ASSOCIATES	PS 53,907						PS 53,907
PROFIT BEFORE INCOME TAX	PS 8,005,772	PS 888,496	PS 628,175	PS -	PS 331,183	PS -	PS 9,853,626
STATEMENT OF FINANCIAL POSITION:							
TOTAL ASSETS	PS 56,455,422	PS 5,220,368	PS 17,434,266	PS -	PS 6,147,149	(PS 4,929,916)	PS 80,327,289
INVESTMENT IN ASSOCIATES (2)	PS 3,925,662						PS 3,925,662
TOTAL LIABILITIES	PS 24,176,216	PS 2,109,486	PS 7,677,536	PS -	PS 1,556,757	(PS 4,577,050)	PS 30,942,945
INVESTMENTS IN FIXED ASSETS (CAPEX)	PS 2,414,902	PS 474,046	PS 768,156	PS -	PS 374,504		PS 4,031,608

(1) CORRESPONDS TO THE WAY IN WHICH AC MEASURES ITS OPERATING CASH FLOW.
(2) TOTAL INVESTMENT IN SHARES OF ASSOCIATES IS LOCATED IN MEXICO.

Sales to outside customers as well as property, plant and equipment, goodwill and intangible assets by geographic area are shown below.

YEAR ENDED DECEMBER 31, 2015

	SALES WITH CUSTOMERS	PROPERTY PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
MEXICO	PS 45,904,964	PS 19,552,540	PS 8,091,780	PS 9,069,086
PERU	4,361,544	15,461,023	15,488,187	11,505,807
UNITED STATES	4,343,228	1,040,751	1,727,456	2,141,751
ARGENTINA	10,519,965	1,591,864	1,138,487	310,273
ECUADOR	11,324,140	5,266,786	9,504,610	3,756,053
TOTAL	PS 76,453,841	PS 42,912,964	PS 35,950,520	PS 26,782,970

YEAR ENDED DECEMBER 31, 2014

	SALES WITH CUSTOMERS	PROPERTY PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
MEXICO	PS 43,514,888	PS 19,160,447	PS 8,091,780	PS 8,984,001
UNITED STATES	2,832,500	705,393	1,467,936	1,875,692
ARGENTINA	7,226,401	1,676,633	1,478,063	377,725
ECUADOR	8,383,482	3,778,872	8,076,710	3,253,358
TOTAL	PS 61,957,271	PS 25,321,345	PS 19,114,489	PS 14,490,776

The Company's customers are commercial establishments classified into institutional clients and general clients, including supermarkets, convenience stores, institutions, companies and mainly grocery stores from small to big. During the years ended December 31, 2015 and 2014 the Company had no client reaching 10% of its total sales.

NOTE 7 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are comprised as follows:

AT DECEMBER 31,

	2015	2014
CASH AT BANK AND IN HAND	PS 21,738	PS 6,482
SHORT-TERM BANK DEPOSITS	2,919,625	936,874
SHORT TERM INVESTMENTS (LESS THAN THREE MONTHS)	5,353,971	8,095,953
TOTAL CASH AND CASH EQUIVALENTS	PS 8,295,334	PS 9,039,309

At December 31, 2015 and 2014 the Company had no restricted cash and cash equivalents.

NOTE 8 - CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE, NET:

Trade and other accounts receivable are comprised as follows:

AT DECEMBER 31,

	2015	2014
CUSTOMERS	PS 4,524,025	PS 3,252,698
PROVISION FOR IMPAIRMENT IN CUSTOMERS	(281,687)	(92,892)
CUSTOMERS, NET	4,242,338	3,159,806
RECOVERABLE TAXES	375,672	87,557
NOTES AND OTHER ACCOUNTS RECEIVABLE	311,413	324,920
SUNDRY DEBTORS	1,333,841	698,924
	PS 6,263,264	PS 4,271,207

At December 31, 2015 and 2014 none of the clients of AC represent individually or as a whole more than 10% of its revenues.

The analysis by age of the balances due from customers not impaired is as follows:

AT DECEMBER 31, 2015

	90 TO 180 DAYS	MORE THAN 180 DAYS
CUSTOMERS	PS 89,282	PS 20,179

AT DECEMBER 31, 2014

	90 TO 180 DAYS	MORE THAN 180 DAYS
CUSTOMERS	PS 98,696	PS 56,536

At December 31, 2015 there are trade accounts receivable impaired for Ps281,687 (Ps92,892 in 2014), which have been fully accounted for (as in 2014). Trade accounts receivable balances impaired separately are related mainly to traditional channel retailers that unexpectedly encounter economic difficulties.

Accounts receivable are expressed in the following currencies:

AT DECEMBER 31,

	2015	2014
MEXICAN PESOS	PS 3,055,795	PS 2,452,846
PERUVIAN SOLES	1,425,819	-
ARGENTINE PESOS	440,897	615,945
US DOLLARS	1,340,753	1,202,416
	PS 6,263,264	PS 4,271,207

Movements in the provision for impairment of customers are analyzed as follows:

AT DECEMBER 31,

	2015	2014
OPENING BALANCE	PS 92,892	PS 41,401
PROVISION FOR IMPAIRMENT IN CUSTOMERS	73,329	48,503
ACCOUNTS RECEIVABLE WRITTEN OFF DURING THE YEAR	(6,603)	(7,168)
INCREASE FROM BUSINESS COMBINATION	122,069	10,156
CLOSING BALANCE	PS 281,687	PS 92,892

The changes in income of the impairment provision of clients is recognized in sales expenses. The fair value of trade and other accounts receivable at December 31, 2015 and 2014 approximate their carrying value (see Note 21 iii.).

NOTE 9 - INVENTORIES:

The inventories consist of the following:

AT DECEMBER 31,

	2015	2014
RAW MATERIALS	PS 1,772,832	PS 1,053,337
FINISHED GOODS	1,437,489	954,820
MATERIALS AND SPARE PARTS	1,067,953	799,293
PRODUCTION IN PROCESS	59,034	25,049
	PS 4,337,308	PS 2,832,499

For the years ended December 31, 2015 and 2014 Ps7,800 and Ps9,436, respectively, were recorded in income, respectively, corresponding to damaged, slow-moving and obsolete inventory.

NOTE 10 - INVESTMENT IN SHARES OF ASSOCIATES:

The investment in shares of associates is comprised as follows:

AT DECEMBER 31,

	2015	2014
OPENING BALANCE	PS 3,925,662	PS 3,801,468
ADDITIONS	367,097	34,814
SALES	(1,656)	-
DIVIDENDS COLLECTED	(21,080)	-
SHARE OF INCOME OF ASSOCIATES	220,510	89,380
CLOSING BALANCE	PS 4,490,533	PS 3,925,662

Following are the associates of the Company at December 31, 2015 and 2014, which in the opinion of Management, are material for the Company. The entities listed below have a capital stock consisting only of ordinary shares with voting rights, which are directly owned by AC. The incorporation and registration country is also its main place of business and the ratio of stock ownership is the same as the ratio of owned votes.

DECEMBER 31, 2015

NAME OF THE ASSOCIATE	COUNTRY OF INCORPORATION	NATURE	MEASUREMENT METHOD	BALANCE	GAIN (LOSS)	STOCK OWNERSHIP
PROMOTORA INDUSTRIAL						
AZUCARERA, S. A. DE C. V. (PIASA) (1)	MEXICO	ASSOCIATE	EQUITY METHOD	PS 1,655,508	PS 144,970	49.18%
JUGOS DEL VALLE, S. A. P. I. (JDV) (2)	MEXICO	ASSOCIATE	EQUITY METHOD	958,464	37,449	16.45%
PETSTAR, S. A. P. I. DE C. V. (PETSTAR) (3)	MEXICO	ASSOCIATE	EQUITY METHOD	465,764	(12,128)	49.90%

DECEMBER 31, 2014

NAME OF THE ASSOCIATE	COUNTRY OF INCORPORATION	NATURE	MEASUREMENT METHOD	BALANCE	GAIN (LOSS)	STOCK OWNERSHIP
PROMOTORA INDUSTRIAL						
AZUCARERA, S. A. DE C. V. (PIASA) (1)	MEXICO	ASSOCIATE	EQUITY METHOD	PS 1,511,219	PS 65,328	49.00%
JUGOS DEL VALLE, S. A. P. I. (JDV) (2)	MEXICO	ASSOCIATE	EQUITY METHOD	921,166	16,823	16.45%
PETSTAR, S. A. P. I. DE C. V. (PETSTAR) (3)	MEXICO	ASSOCIATE	EQUITY METHOD	477,892	(7,065)	49.90%

(1) PIASA IS A COMPANY WHOSE MAIN ACTIVITY IS TO TRADE BETWEEN ITS STOCKHOLDERS AND THIRD PARTIES, SUGAR AND HONEY THAT PRODUCES AND ACQUIRES, AND AS A BY-PRODUCT THE ELECTRIC ENERGY IT GENERATES. THIS INVESTMENT ALLOWS THE COMPANY TO SUPPLY SUGAR FOR THE PRODUCTION AND AT THE SAME TIME TO REDUCE ITS PRICE RISK EXPOSURE FOR SUCH RAW MATERIALS.
(2) JDV IS A STRATEGIC INVESTMENT WHOSE MAIN ACTIVITY IS THE PRODUCTION, PACKAGING, PURCHASE, SALE, DISTRIBUTION AND MARKETING OF JUICES, NECTARS AND FRUIT BEVERAGES. JDV ALSO MARKETS PRODUCTS OF THIRD PARTIES.
(3) PETSTAR IS ENGAGED IN THE RECOLLECTION AND RECYCLING OF PET WASTES (TEREPHTHALATE POLYETHYLENE) AND ITS CONVERSION IN FOOD LEVEL RESIN AND SALE, MAINLY BUT NOT EXCLUSIVELY TO ITS STOCKHOLDERS.

On December 28, 2015 PIASA concluded the offer settlement for Ps1,653,000, including VAT, to the Administrative Service and Alienation of Goods for the acquisition of fixed assets and labor obligations of the sugar plantation Plan de San Luis. At December 31, 2015 PIASA is in the process of establishing the fair value of the acquired business. PIASA obtained a short-term bank loan for this acquisition, wherein PIASA's shareholders were incorporated as joint obligors, leaving the Company in this case to act as the guarantor of 49.18% of the loan amount (see Note 31).

The following tables include summarized financial information for those associates considered material for AC. The information disclosed presents the amounts in the financial statements of relevant associates, and not of the Company's share on such amounts. These amounts have been modified, when required, to present the adjustments made by AC at the time of applying the equity method, including fair value adjustments, in the applicable cases, and amendments for differences in accounting policies.

There are no contingent liabilities related to the Company's interest in its associates.

	PIASA		JDV		PETSTAR	
	2015	2014	2015	2014	2015	2014
SUMMARIZED BALANCE SHEET						
TOTAL CURRENT ASSETS	PS 1,244,868	PS 1,324,392	PS 3,012,865	PS 2,819,302	PS 259,394	PS 273,322
NON-CURRENT ASSETS	4,354,036	2,726,662	4,538,647	4,545,586	903,199	874,853
TOTAL CURRENT LIABILITIES	2,001,659	825,364	1,614,557	1,675,967	181,576	173,114
NON-CURRENT LIABILITIES	230,893	141,161	109,469	89,127	47,623	17,362
NET ASSETS	PS 3,366,352	PS 3,084,529	PS 5,827,486	PS 5,599,794	PS 933,394	PS 957,699
RECONCILIATION OF BOOK BALANCES						
OPENING BALANCE	PS 3,084,529	PS 2,949,531	PS 5,599,794	PS 5,603,529	PS 957,699	PS 971,857
CAPITAL INCREASE (DECREASE)	(15,000)	-	-	74,000	-	-
INCOME FOR THE YEAR	295,742	133,322	227,692	102,265	(24,305)	(14,158)
OTHER COMPREHENSIVE INCOME	1,081	1,676	-	-	-	-
DIVIDENDS PAID	-	-	-	(180,000)	-	-
CLOSING BALANCE	3,366,352	3,084,529	5,827,486	5,599,794	933,394	957,699
% OF OWNERSHIP	49.18%	49.00%	16.45%	16.45%	49.90%	49.90%
BALANCE IN BOOKS	PS 1,655,508	PS 1,511,219	PS 958,464	PS 921,166	PS 465,764	PS 477,892
SUMMARIZED STATEMENT OF COMPREHENSIVE INCOME						
REVENUES	PS 4,287,940	PS 3,477,309	PS 9,749,589	PS 8,268,153	PS 1,142,664	PS 1,201,273
PROFIT FOR THE YEAR	295,742	PS 133,322	227,692	PS 102,265	(PS 24,305)	(PS 14,158)
OTHER COMPREHENSIVE INCOME	1,081	1,676	-	-	-	-
TOTAL COMPREHENSIVE INCOME	PS 296,823	PS 134,998	PS 227,692	PS 102,265	(PS 24,305)	(PS 14,158)

During the years ended December 31, 2015 and 2014 the Company has not received dividends from its material associates.

The Company exercises significant influence on its associates since it has the power to participate in deciding the financial and operation policies without reaching control (see Note 5b i).

In addition to the interest in associates described above, AC also has interest in some other associates, which are not individually considered material and are accounted for using the equity method; the values recognized in AC of its investment in such associates are shown below:

AT DECEMBER 31,

	2015	2014
AGGREGATE BALANCE OF INDIVIDUALLY NON-MATERIAL ENTITIES	PS 1,410,797	PS 1,015,385
AGGREGATE AMOUNTS OF EQUITY OF AC IN:		
INCOME OF CONTINUOUS OPERATIONS	PS 50,219	PS 13,614
TOTAL COMPREHENSIVE INCOME	PS 50,219	PS 13,614

None of the associate companies have their shares listed publicly and consequently, there are no published market prices.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment for the years ended December 31, 2015 and 2014 are analyzed as follows:

	DEPRECIABLE ASSETS								NON-DEPRECIABLE ASSETS		
	BUILDINGS	MACHINERY AND EQUIPMENT	TRANSPORTATION EQUIPMENT	REFRIGERATORS AND SALES EQUIPMENT	BOTTLES AND DISTRIBUTION BOXES	COMPUTER EQUIPMENT	FURNITURE AND OTHERS	SUBTOTAL	LAND	INVESTMENTS IN PROCESS	TOTAL
FOR THE YEAR ENDED DECEMBER 31, 2014											
NET VALUE IN BOOKS	PS 5,226,974	PS 5,112,299	PS 1,749,812	PS 3,645,654	PS 1,389,776	PS 124,845	PS 666,341	PS 17,915,701	PS 4,649,834	PS 1,605,395	PS 24,170,930
INVESTMENTS IN JOINT OPERATION (NOTE 2)	120,113	229,732	80,750	34,944	-	6,142	29,134	500,815	107,857	18,128	626,800
TRANSLATION EFFECTS	11,595	46,670	14,208	36,580	(354)	6,439	(1,721)	113,417	-	26,599	140,016
ADDITIONS	467,281	527,487	263,569	770,800	941,476	108,008	110,201	3,188,822	183,512	659,274	4,031,608
DISPOSALS	(100,831)	(83,523)	(150,698)	(123,642)	(453,841)	(39,354)	(1,654)	(953,543)	(18,108)	(88,518)	(1,060,169)
DEPRECIATION CHARGES											
RECORDED IN THE YEAR	(275,622)	(825,147)	(382,590)	(578,755)	(378,740)	(90,577)	(56,409)	(2,587,840)	-	-	(2,587,840)
CLOSING BALANCE	PS 5,449,510	PS 5,007,518	PS 1,575,051	PS 3,785,581	PS 1,498,317	PS 115,503	PS 745,892	PS 18,177,372	PS 4,923,095	PS 2,220,878	PS 25,321,345
AT DECEMBER 31, 2014											
COST	PS 9,223,757	PS 14,376,164	PS 6,270,234	PS 7,691,621	PS 4,019,530	PS 815,646	PS 1,571,478	PS 43,968,430	PS 4,923,095	PS 2,220,878	PS 51,112,403
ACCUMULATED DEPRECIATION	(3,774,247)	(9,368,646)	(4,695,183)	(3,906,040)	(2,521,213)	(700,143)	(825,586)	(25,791,058)	-	-	(25,791,058)
CLOSING BALANCE	PS 5,449,510	PS 5,007,518	PS 1,575,051	PS 3,785,581	PS 1,498,317	PS 115,503	PS 745,892	PS 18,177,372	PS 4,923,095	PS 2,220,878	PS 25,321,345
FOR THE YEAR ENDED AT DECEMBER 31, 2015											
NET VALUE IN BOOKS	PS 5,449,510	PS 5,007,518	PS 1,575,051	PS 3,785,581	PS 1,498,317	PS 115,503	PS 745,892	PS 18,177,372	PS 4,923,095	PS 2,220,878	PS 25,321,345
INVESTMENTS IN BUSINESS COMBINATION (NOTE 2)	2,717,310	2,792,970	228,661	687,514	1,108,098	45,188	394,373	7,974,114	2,857,316	4,849,231	15,680,661
TRANSLATION EFFECTS	(8,058)	17,978	32,052	57,082	9,512	1,216	(36,198)	73,584	56,324	(22,264)	107,644
ADDITIONS	256,623	1,118,915	225,768	945,829	1,549,419	138,959	143,960	4,379,473	50,892	1,297,865	5,728,230
DISPOSALS	-	(106,368)	(94,579)	(137,028)	(348,876)	(9,175)	(3,852)	(699,878)	(9,345)	-	(709,223)
DEPRECIATION CHARGES RECORDED IN THE YEAR	(315,226)	(815,208)	(413,822)	(698,232)	(759,802)	(129,669)	(83,734)	(3,215,693)	-	-	(3,215,693)
CLOSING BALANCE	PS 8,100,159	PS 8,015,805	PS 1,553,131	PS 4,640,746	PS 3,056,668	PS 162,022	PS 1,160,441	PS 26,688,972	PS 7,878,282	PS 8,345,710	PS 42,912,964
AT DECEMBER 31, 2015											
COST	PS 12,189,632	PS 18,199,659	PS 6,662,136	PS 9,245,018	PS 6,337,683	PS 991,834	PS 2,069,761	PS 55,695,723	PS 7,878,282	PS 8,345,710	PS 71,919,715
ACCUMULATED DEPRECIATION	(4,089,473)	(10,183,854)	(5,109,005)	(4,604,272)	(3,281,015)	(829,812)	(909,320)	(29,006,751)	-	-	(29,006,751)
CLOSING BALANCE	PS 8,100,159	PS 8,015,805	PS 1,553,131	PS 4,640,746	PS 3,056,668	PS 162,022	PS 1,160,441	PS 26,688,972	PS 7,878,282	PS 8,345,710	PS 42,912,964

From depreciation expense for 2015 of Ps3,215,693, (Ps2,587,840 in 2014), Ps943,372 (Ps832,510 in 2014) were recorded in the cost of sales, Ps2,014,018 (Ps1,488,453 in 2014) in sales expenses and Ps258,303 (Ps266,877 in 2014) in administrative expenses.

Investments in process at December 31, 2015 correspond mainly to building in process, investments in production and distribution equipment and improvements.

At December 31, 2015, due to its operations in Peru the Company had financial lease agreements in place for the following amounts:

2015

	COST	DEPRECIATION	NET VALUE IN BOOKS
BUILDINGS	PS 5,718	PS -	PS 5,718
MACHINERY AND EQUIPMENT	584,837	(237,029)	347,808
TRANSPORTATION EQUIPMENT	45,219	(18,307)	26,912
COMPUTER EQUIPMENT AND OTHERS	536,919	(488,695)	48,224
	PS 1,172,693	(PS 744,031)	PS 428,662

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS, NET:

The changes in intangible assets for the years ended December 31, 2015 and 2014 are analyzed as follows:

					INTANGIBLE ASSETS ACQUIRED							
		GOODWILL		BOTTLER AGREEMENTS		BRANDS		LICENSES FOR THE USE OF SOFTWARE		OTHER		TOTAL
OPENING BALANCE AT JANUARY 1, 2014	PS	17,113,556	PS	9,520,529	PS	2,653,516	PS	69,674	PS	56,441	PS	29,413,716
TRANSLATION EFFECT		890,285		185,333		232,707		(1,205)		80,856		1,387,976
ADDITIONS		5,925		2,097		10		559,337				567,369
INVESTMENTS IN JOINT OPERATION (REVISED - NOTE 2)		1,104,723				538,584		5,816		657,317		2,306,440
DISPOSALS								(3,201)				(3,201)
AMORTIZATION CHARGES RECORDED IN THE YEAR						(1,000)		(65,593)		(442)		(67,035)
CLOSING BALANCE AT DECEMBER 31, 2014	PS	19,114,489	PS	9,707,959	PS	3,423,817	PS	564,828	PS	794,172	PS	33,605,265
AT DECEMBER 31, 2014												
ATTRIBUTED COST	PS	19,114,489	PS	9,707,959	PS	3,458,891	PS	716,898	PS	832,669	PS	33,830,906
ACCUMULATED AMORTIZATION		-		-		(35,074)		(152,070)		(38,497)		(225,641)
NET VALUE IN BOOKS	PS	19,114,489	PS	9,707,959	PS	3,423,817	PS	564,828	PS	794,172	PS	33,605,265
OPENING BALANCE AT JANUARY 1, 2015	PS	19,114,489	PS	9,707,959	PS	3,423,817	PS	564,828	PS	794,172	PS	33,605,265
TRANSLATION EFFECT		1,150,435		197,629		360,938		(31,700)		117,612		1,794,914
ADDITIONS		1,613		8,531				172,743		14,177		197,064
INVESTMENTS IN BUSINESS COMBINATION (NOTE 2)		15,683,983		11,783,051								27,467,034
DISPOSALS								(10,359)				(10,359)
AMORTIZATION CHARGES RECORDED IN THE YEAR						(1,000)		(91,366)		(228,062)		(320,428)
CLOSING BALANCE AT DECEMBER 31, 2015	PS	35,950,520	PS	21,697,170	PS	3,783,755	PS	604,146	PS	697,899	PS	62,733,490
AT DECEMBER 31, 2015												
ATTRIBUTED COST	PS	35,950,520	PS	21,697,170	PS	3,819,829	PS	847,582	PS	964,458	PS	63,279,559
ACCUMULATED AMORTIZATION		-		-		(36,074)		(243,436)		(266,559)		(546,069)
NET VALUE IN BOOKS	PS	35,950,520	PS	21,697,170	PS	3,783,755	PS	604,146	PS	697,899	PS	62,733,490

The total amortization expense of Ps320,428 (Ps67,035 in 2014) was included in the cost of sales, Ps5,355 (Ps8,403 in 2014), in sales expenses Ps12,419 (Ps7,735 in 2014) and in administrative expenses Ps302,654 (Ps50,897 in 2014).

The goodwill was increased in 2015 due to the acquisition of CL in Peru in the segment of beverages. Goodwill acquired in business combinations is allocated at the acquisition date to the cash generating units (CGUs) expected to benefit from the synergies of such combinations.

The carrying value of goodwill assigned to the different CGUs or group of CGUs are as follows:

CASH GENERATING UNIT		2015		2014
BEVERAGES MEXICO	PS	7,835,007	PS	7,835,007
BEVERAGES PERU		15,488,187		-
BEVERAGES ECUADOR		7,350,996		6,246,638
BEVERAGES ARGENTINA		1,138,487		1,478,063
WISE FOODS		1,727,456		1,467,936
INALECSA		853,584		725,349
TONI		1,300,030		1,104,723
NAYHSA		256,773		256,773
	PS	35,950,520	PS	19,114,489

At December 31, 2015 and 2014, the recovery value estimate of the identified CGUs was performed through the value in use, using the income approach. The value in use was determined upon discounting the future cash flows generated by the continuous use of the CGUs, using among others, the following key assumptions:

	RANGE AMONG CGU'S			
		2015		2014
GROWTH RATE IN VOLUME	1.0%	9.4%	2.2%	9.4%
GROWTH RATE IN PRICE	(3.0%)	10.6%	1.0%	8.7%
OPERATING MARGIN (AS A % OF INCOME)	6.6%	20.2%	5.7%	20.2%
OTHER OPERATING COSTS	20%	48.8%	25.6%	49.0%
ANNUAL CAPEX (AS A % OF INCOME)	4%	11%	3.3%	12.94%
LONG-TERM GROWTH RATE		3.4%		3.5%
DISCOUNT RATE BEFORE TAXES	7.1%	20.1%	5.1%	12.2%

At December 31, 2015 and 2014:

- The determination of cash flows is based on financial projections approved by Management for a period of 5 years considering a multiple of operational outflow and they depend on the expected growth rates of volume, which are based on historical performance and the expectation of growth of the industry in which AC operates.
- The discount rate was calculated with the weighted average of capital (at market value) of the cost of all the financing sources that are part of the capital structure of the CGUs (liabilities with cost and share capital) and reflect the specific risks relative to the operating segments relevant to AC.
- Sales volume is the average annual growth rate over the five-year forecast period. It is based on past performance and management's expectations of market development.
- Sales price is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each territory.
- Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the current sales margin levels and sales mix. Due to the nature of the operations, significant increases to the costs of raw materials that could not be transferred to the customers requiring adjustment to the computation of future gross margins are not expected for the future.
- Other operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructurings or cost saving measures. The percentages disclosed above are the average operating costs for the five-year forecast period with respect to revenue.
- Annual Capex represents the percentage of revenue to invest in plant and equipment to keep operations at current levels. This is based on the historical experience of Management and the planned replacing programs for machinery and equipment as it is required by the Coca-Cola System. No incremental revenue or cost savings are assumed in the value-in-use model as a result of these investments.

The values in use resulting from the impairment calculations in all CGUs of the Company, prepared based on the above exceed the value in books of each CGU, as shown below:

	% OF VALUE IN USE IN EXCESS OF VALUE IN BOOKS	
CASH GENERATING UNIT	2015	2014
BEVERAGES MEXICO	118%	159%
BEVERAGES ECUADOR	27%	72%
BEVERAGES ARGENTINA	292%	340%
WISE FOODS	31%	102%
INALECSA	77%	88%
TONI	50%	-
NAYHSA	102%	94%

Management considers a possible change in the key assumptions used, within a reasonable range around these, will not result in the value in books of the CGUs to materially exceed the value in use.

As a result of the annual impairment tests, the Company did not recognize impairment losses in the years ended December 31, 2015 and 2014.

In relation with the calculation of the value in use of the UGEs, AC's management considers a possible change in the determination methodology of the future cash flows by substituting the operating cash flow multiple for perpetuity extrapolating future growth, would have resulted in the value in use being lower that the value in books of the CGUs of Beverages Ecuador, Inalecsa and Toni in 53%, 38% y 47% respectively, due to the impact that the increase in the country risk and interest risk rate in Ecuador during 2015 had in the determination of the discount rates applied to CGUs' flows.

NOTE 13 - DEBT:

The debt is analyzed as follows:

	AT DECEMBER 31, 2015	2014
CURRENT:		
STOCK CERTIFICATES AND BONDS	PS 19,174,333	PS 10,126,288
HSBC	6,754,813	2,842,659
SANTANDER	5,198,516	1,197,203
SCOTIABANK	4,678,987	-
RABOBANK INTERNATIONAL	1,394,987	959,235
BANAMEX	1,040,388	-
INTERNATIONAL FINANCE CORP.	371,571	62,485
BBVA FRANCÉS	170,761	283,585
BANCO DE GUAYAQUIL	88,579	33,010
BANCO MACRO	61,373	101,633
CITIBANK ECUADOR	18,810	40,124
FINANCE LEASES	51,922	13,918
OTHER	238,599	116,486
TOTAL DEBT	39,243,639	15,776,626
CURRENT PORTION OF DEBT	(6,997,783)	(1,698,672)
NON-CURRENT DEBT	PS 32,245,856	PS 14,077,954

The terms, conditions and carrying value of the non-current debt are as follows:

			INTEREST RATE				AT DECEMBER 31,	
	COUNTRY	CURRENCY	CONTRACTUAL	EFFECTIVE	PERIODICITY OF PAYMENT	MATURITY DATE	2015	2014
CEBUR ARCA 09-3	MEXICO	MXN	9.75%	9.93%	SIX-MONTHLY	27/05/2016	PS -	PS 500,000
CEBUR ARCA 09-5	MEXICO	MXN	9.50%	9.64%	SIX-MONTHLY	01/12/2016	-	400,000
CEBUR ARCA 10	MEXICO	MXN	7.74%	7.88%	SIX-MONTHLY	13/11/2020	2,500,000	2,500,000
CEBUR ARCA 11	MEXICO	MXN	TIIE 28 PLUS 0.25%	4.13%	MONTHLY	07/10/2016		1,000,000
CEBUR ARCA 11-2	MEXICO	MXN	7.63%	7.75%	SIX-MONTHLY	01/10/2021	2,000,000	2,000,000
CEBUR ARCA 13	MEXICO	MXN	TIIE 28 PLUS 0.13%	3.54%	MONTHLY	16/03/2018	1,000,000	1,000,000
CEBUR ARCA 13-2	MEXICO	MXN	5.88%	5.99%	SIX-MONTHLY	10/03/2023	1,700,000	1,700,000
CORPORATE BONDS 144A	PERU	USD	6.75%	6.86%	SIX-MONTHLY	23/11/2021	5,546,316	-
CORPORATE BONDS 144A	PERU	USD	4.63%	4.68%	SIX-MONTHLY	9/04/2013	4,506,382	
OBLIGATIONS	ECUADOR	USD	VARIOUS	VARIOUS	QUARTERLY	2016 TO 2019	21,624	11,644
							17,274,522	9,111,644
STOCK CERTIFICATES AND BONDS								
HSBC SPAIN	SPAIN	USD	4.96%	4.43%	SIX-MONTHLY	19/03/2021	1,733,980	1,473,480
HSBC SPAIN	SPAIN	USD	LIBOR PLUS 2.50%	2.75%	SIX-MONTHLY	19/03/2021	1,300,485	1,105,110
HSBC SPAIN	SPAIN	USD	LIBOR PLUS 2.50%	2.64%	SIX-MONTHLY	19/03/2021	173,398	147,348
BANCO SANTANDER, S. A.	ECUADOR	USD	LIBOR PLUS 2.75%	3.58%	QUARTERLY	1/03/2017	693,592	589,392
BANCO SANTANDER, S. A.	ECUADOR	USD	2.99%	2.72%	SIX-MONTHLY	16/03/2020	416,155	221,022
BANCO SANTANDER, S. A.	MEXICO	USD	LIBOR PLUS 0.45%	1.45%	MONTHLY	8/09/2020	2,252,846	-
BANCO SANTANDER, S. A.	MEXICO	USD	LIBOR PLUS 0.45%	1.47%	MONTHLY	8/09/2020	1,731,884	-
SCOTIA BANK INVERLAT	MEXICO	USD	LIBOR PLUS 0.45%	1.45%	MONTHLY	8/09/2020	4,678,987	-
BANCO DE GUAYAQUIL	ECUADOR	USD	7.00%	7.23%	MONTHLY	10/12/2017	13,823	22,677
RABOBANK INTERNATIONAL	ECUADOR	USD	3.10%	3.43%	SIX-MONTHLY	18/07/2019	520,194	442,044
RABOBANK INTERNATIONAL	ECUADOR	USD	LIBOR PLUS 1.30%	1.56%	SIX-MONTHLY	18/07/2019	520,194	442,044
RABOBANK INTERNATIONAL	ECUADOR	USD	1.65%	4.96%	SIX-MONTHLY	17/12/2019	104,039	75,147
RABOBANK INTERNATIONAL	ECUADOR	USD	3.19%	3.34%	SIX-MONTHLY	29/05/2020	125,280	-
RABOBANK INTERNATIONAL	ECUADOR	USD	LIBOR PLUS 1.50%	2.12%	SIX-MONTHLY	29/05/2020	125,280	-
INTERNATIONAL FINANCE CORP.	ECUADOR	USD	LIBOR PLUS 4.85%	6.81%	SIX-MONTHLY	15/12/2023	PS 370,926	PS 51,005
BBVA FRANCÉS	ARGENTINA	ARG	15.25%	17.82%	MONTHLY	18/10/2017	17,496	46,425
HSBC ARGENTINA	ARGENTINA	ARG	15.25%	17.70%	SIX-MONTHLY	15/01/2017	1,117	18,852
BANCO MACRO	ARGENTINA	ARG	15.25%	17.75%	MONTHLY	29/08/2017	302	911
BANCO MACRO	ARGENTINA	ARG	15.25%	17.48%	MONTHLY	28/01/2018	4,340	9,985
BANCO MACRO	ARGENTINA	ARG	23.50%	27.86%	MONTHLY	28/03/2018	5,900	12,362
BANCO MACRO	ARGENTINA	ARG	20.69%	25.88%	MONTHLY	18/08/2018	29,363	55,436
BBVA FRANCÉS	ARGENTINA	ARG	27.50%	31.25%	MONTHLY	18/06/2018	90,296	172,650
HSBC ARGENTINA	ARGENTINA	ARG	28.12%	33.38%	MONTHLY	3/09/2018	38,297	74,580
TOTAL BANK LOANS							14,948,174	4,960,470
FINANCIAL LEASE AND OTHERS							23,160	5,840
TOTAL							PS 32,245,856	PS 14,077,954

At December 31, 2015, the annual maturities of non-current debt are as follows:

	2017	2018	2019	2020 ONWARDS	TOTAL
STOCK CERTIFICATES AND BONDS	PS -	PS 1,000,000	PS -	PS 16,276,014	PS 17,276,014
BANK LOANS	726,330	168,196	1,144,427	12,909,221	14,948,174
FINANCIAL LEASES AND OTHERS	-	21,668	-	-	21,668
	PS 726,330	PS 1,189,864	PS 1,144,427	PS 29,185,235	PS 32,245,856

At December 31, 2014, the annual maturities of non-current debt are as follows:

	2017	2018	2019	2020 ONWARDS	TOTAL
STOCK CERTIFICATES	PS 1,900,000	PS -	PS 1,000,000	PS 6,200,000	PS 9,100,000
BANK LOANS	227,928	690,755	340,755	3,712,676	4,972,114
FINANCIAL LEASES	5,840	-	-	-	5,840
	PS 2,133,768	PS 690,755	PS 1,340,755	PS 9,912,676	PS 14,077,954

The Company's debt has no guarantee or collateral, except for the guarantee granted by Arca Ecuador to owners of the Obligations related to the table above, on the collection right to clients in the city of Quito, Ecuador.

The debt of the subsidiaries of Tonicorp (see Note 30) with Banco de Guayaquil, Citibank Ecuador and the International Finance Corp. is guaranteed by certain fixed assets of such subsidiaries, the net value in books of which at December 31, 2015 in the proportion corresponding to AC is of Ps422,229. These guarantees were granted prior to the acquisition of Arca Ecuador by AC and the investment in joint operation in Tonicorp, respectively, and are within the permissible terms in the restrictions of debt indicated below.

Dated November 23, 2011, CL carried out the international issuance of corporate bonds under rule 144A/Regulation S of the Securities Exchange Act of the United States of America in the amount of US$320,000 at a rate of 6.75% and maturity at November 23, 2021. Likewise, on April 9, 2013 there was another issuance of international bonds, under the same Regulation, in the amount of US$260,000 at a rate of 4.625% and maturity at April 9, 2023. Corporate bonds 144 A have no guarantees.

Financial leases are secured by the goods related to the contracts.

DEBT RESTRICTIONS:

Most of the long term debt controls contain normal conditions, mainly regarding the compliance with the delivery of internal and audited financial information, which if not complied with in a specific term to the satisfaction of the creditors, might be considered as advance maturity.

Additionally, the long-term stock certificates contain certain restrictive obligations, which, among other things and unless authorized by the owners of the stock certificates in writing, limit the capacity to:

- Change or modify the main business sector or the Company's activities and that of its subsidiaries.
- Incur or assume any guaranteed debt for a lien, including its subsidiaries, except that: i) simultaneously to the creation of any lien, the issuer (in this case the Company) guarantees its obligations in accordance with stock certificates, or ii) liens allowed in accordance to those described in the dual stock certificate revolving program.
- Participate in mergers, in which the Company is merged, except in case that derived from the merger a new entity emerges, and the latter assumes the obligations of the company issuing the debt.

Additionally, some debt agreements contain certain obligations similar to the above, which any event of default requires to be waived by the respective bank.

The fair value of the non-current debt is disclosed in Note 21. The fair value of the current debt equals its carrying value, since the discount impact is not significant. The fair values at December 31, 2015 and 2014 are based on several discount rates, which are within level 2 of the fair value hierarchy (see Note 21).

At December 31, 2015 and the date of issuance of these financial statements, the Company and its subsidiaries complied with such covenants and restrictions.

NOTE 14 - FACTORING:

At December 31, 2015 the Company has agreements with financial institutions in Peru for the financing of their current accounts payable to suppliers. The periods of the obligations with suppliers are extended 100 days on average and are not subject to guarantees. These are integrated as follows:

BANCO CONTINENTAL (BBVA)	PS	684,291
BANCO DE CRÉDITO DEL PERÚ (BCP)		42,866
COMPASS GROUP		324,910
SCOTIABANK		388,866
	PS	1,440,933

NOTE 15 - SUPPLIERS AND OTHER ACCOUNTS PAYABLE:

The suppliers and other accounts payable item is comprised as follows:

	AT DECEMBER 31,	
	2015	2014
SUPPLIERS	PS 4,732,998	PS 2,497,338

NOTE 16 - OTHER LIABILITIES:

The other current and non-current liabilities item is comprised as follows:

	AT DECEMBER 31,	
	2015	2014
CURRENT		
SUNDRY CREDITORS	PS 470,766	PS 650,865
FEDERAL AND STATE TAXES PAYABLE	1,685,828	1,680,589
ACCUMULATED EXPENSES PAYABLE	1,311,388	831,845
EMPLOYEES' PROFIT SHARING PAYABLE	719,296	597,448
GRATIFICATIONS	93,613	49,502
PROVISION FOR TRIALS	112,393	180,651
DIVIDENDS PAYABLE	61,579	61,501
OTHER	15,855	33,336
TOTAL OTHER CURRENT LIABILITIES	PS 4,470,718	PS 4,085,737
NON-CURRENT		
GUARANTEE DEPOSITS FOR BOTTLES	PS 50,153	PS 12,660
PROVISION FOR TRIALS	87,404	92,894
DIVIDENDS PAYABLE	-	2,834
OTHER	1,453	-
TOTAL OTHER NON-CURRENT LIABILITIES	PS 139,010	PS 108,388

As from January 1, 2015, sales in Mexico and Ecuador of drinks that contain added sugars as well as snacks with certain caloric density set by law are subject to special tax. This is an indirect tax in which the Company acts as an agent which role is to collect the tax from the final consumer which is given to the tax authority on monthly basis. Outstanding balances at December 31, 2015 and 2014 are included into federal and state payable taxes.

The movements of the provisions for trials are as follows (see Note 28):

	2015	2014
OPENING BALANCE	PS 273,545	PS 183,275
BUSINESS COMBINATIONS (NOTE 28)	116,852	
CHARGE (CREDIT) TO INCOME:		
ADDITIONAL PROVISIONS	42,593	106,829
PROVISIONS USED	(219,473)	(4,464)
EXCHANGE DIFFERENCES	(13,720)	(12,095)
CLOSING BALANCE	PS 199,797	PS 273,545

NOTE 17 - EMPLOYEE BENEFITS:

The valuation of employee benefits for formal retirement plans (covering a significant amount of workers in 2015 and 2014) and informal, it covers all the employees and is based mainly in their years of service, their actual age and their estimated remuneration at the retirement date.

Certain subsidiaries of the Company have defined contribution programs.

The main subsidiaries of the Company in Mexico have established funds destined for the payment of retirement benefits, as well as medical expenses through irrevocable trusts. During 2015 and 2014 there were no net contributions.

In Argentina and Peru there are no long term employee benefit obligations, since such obligations are covered by the State. In Ecuador, there are pension plans for retirement and severance (benefits upon termination of labor relationship). In the case of dismissal (severance), the employer pays the employee 25% of the last monthly remuneration for each year of work.

Following is a summary of the main financial information of such employee benefits:

	AT DECEMBER 31,	
	2015	2014
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION:		
PENSION BENEFITS	(PS 1,175,181)	(PS 793,112)
SENIORITY PREMIUMS	(234,122)	(179,526)
MAJOR MEDICAL EXPENSES	(188,638)	(134,461)
LABOR TERMINATION INDEMNITIES	(65,496)	(48,710)
BONUS FOR DISMISSAL (SEVERANCE)	(103,806)	(68,894)
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	(PS 1,767,243)	(PS 1,224,703)
CHARGE TO THE STATEMENT OF INCOME (NOTES 22, 24 AND 25) FOR:		
PENSION BENEFITS	PS 171,438	PS 126,331
SENIORITY PREMIUM	34,870	28,683
MAJOR MEDICAL EXPENSES	16,416	12,651
LABOR TERMINATION INDEMNITIES	25,772	24,860
BONUS FOR DISMISSAL (SEVERANCE)	29,410	10,343
	PS 277,906	PS 202,868
REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME FOR THE PERIOD	PS 277,609	PS 109,227

The total expenses recognized for the years ended December 31, were prorated as follows:

	2015	2014
COST OF SALES	PS 52,831	PS 33,083
SELLING EXPENSES	83,661	71,062
ADMINISTRATIVE EXPENSES	73,428	73,754
FINANCIAL RESULT	67,986	24,969
TOTAL	PS 277,906	PS 202,868

I. PENSION BENEFITS

The Company operates defined benefit pension plans based on employees´ pensionable remuneration and length of service. Most plans are funded by the Company. The plan assets are held in trusts, governed by local regulations and practices, as is the nature of the relationship between the Company and the respective trustees (or equivalent) and their composition.

Amounts recognized in the statement of financial position are determined as follows:

AT DECEMBER 31,

	2015	2014
PRESENT VALUE OF DEFINED		
BENEFIT OBLIGATIONS	(PS 3,841,120)	(PS 3,511,715)
FAIR VALUE OF PLAN ASSETS	2,665,939	2,718,603
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	(PS 1,175,181)	(PS 793,112)

The movement in the defined benefit obligation during the year was as follows:

	2015	2014
AT JANUARY 1	(PS 3,511,715)	(PS 3,091,009)
LABOR COST	(129,438)	(111,040)
INTEREST COST	(223,823)	(211,899)
REMEASUREMENT – LOSSES FOR CHANGES IN HYPOTHESIS	(143,965)	(188,178)
TRANSLATION EFFECT	(145,869)	(89,509)
PAST SERVICE COST	4,670	-
BENEFITS PAID	297,465	202,578
LIABILITIES ACQUIRED IN INVESTMENT IN JOINT OPERATION	-	(41,347)
REDUCTIONS	11,555	18,689
AT DECEMBER 31	(PS 3,841,120)	(PS 3,511,715)

The movement in the fair value of plan assets for the year was as follows:

	2015	2014
AT JANUARY 1	PS 2,718,603	PS 2,693,144
RETURN ON PLAN ASSETS	200,612	208,438
(LOSSES) GAINS FOR CHANGES IN HYPOTHESIS	(27,274)	2,157
TRANSLATION EFFECT	70,994	45,913
CONTRIBUTIONS (UTILIZATION)	(7,790)	(33,451)
BENEFITS PAID	(284,735)	(194,251)
REDUCTIONS	(4,471)	(3,347)
AT DECEMBER 31	PS 2,665,939	PS 2,718,603

Plan assets include the following:

	2015		2014	
EQUITY INSTRUMENTS	PS 403,333	15%	PS 390,630	14%
DEBT INSTRUMENTS	2,233,291	84%	2,291,706	84%
PROPERTY	23,315	1%	21,974	1%
OTHER	-	-	14,293	1%
TOTAL	PS 2,665,939		PS 2,718,603	100%

Amounts recorded in the statement of income are as follows:

	2015	2014
LABOR COST	PS 137,234	PS 114,611
NET INTEREST COST	51,970	15,652
REDUCTIONS AND OTHER	(17,766)	(3,932)
TOTAL INCLUDED IN PERSONNEL EXPENSES	PS 171,438	PS 126,331

The total expenses recognized were prorated as follows:

	2015	2014
COST OF SALES	PS 32,083	PS 23,519
SELLING EXPENSES	44,005	45,400
ADMINISTRATIVE EXPENSES	55,027	47,960
FINANCIAL RESULT	40,323	9,452
TOTAL	PS 171,438	PS 126,331

The principal actuarial assumptions were as follows:

	2015	2014
DISCOUNT RATE	5.84%	5.78%
INFLATION RATE	3.50%	3.50%
SALARY INCREASE RATE	3.75%	3.75%
FUTURE PENSION INCREASE	2.20%	2.39%
EXPECTED LIFE	19.98 YEARS	16.37 YEARS

The sensibility of pension benefit plans to changes in the main assumptions at December 31, 2015 is as follows:

IMPACT PERCENTAGE IN THE PLAN

	CHANGE IN THE ASSUMPTION	INCREASE IN THE ASSUMPTION	DECREASE IN THE ASSUMPTION
DISCOUNT RATE	1.00%	(7.30%)	8.33%
SALARY INCREASE RATE	1.00%	5.26%	(4.62%)
FUTURE PENSIONS INCREASE	1.00%	(0.88%)	0.86%

Prior sensibility analyses are based on a change in assumptions, while the all other assumptions remain constant. In practice, it is not likely that this occur, and there could be changes in other correlated assumptions. When the sensibility of the plans are calculated for pension benefits to main actuarial assumptions, the same method has been used as if it were the calculation of benefit plan liabilities for pensions recorded in the consolidated statement of financial position. The methods and type of assumptions used in the preparation of the sensibility analysis did not change with respect to the previous period.

II.SENIORITY PREMIUM

The Company recognizes the obligation for the retirement benefit of the seniority premium with its employees. The recording method, assumptions and frequency of valuation are similar to those used in pension benefit plans.

Amounts recognized in the statement of financial position are determined as follows:

AT DECEMBER 31,

	2015	2014
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	(PS 344,689)	(PS 314,105)
FAIR VALUE OF PLAN ASSETS	110,567	134,579
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	(PS 234,122)	(PS 179,526)

The movement in the defined benefit obligation for seniority premiums during the year was as follows:

	2015	2014
AT JANUARY 1	(PS 314,105)	(PS 277,844)
LABOR COST	(22,099)	(19,411)
NET INTEREST COST	(20,848)	(19,639)
REMEASUREMENT – LOSSES FOR CHANGES IN HYPOTHESIS	(14,383)	(20,681)
BENEFITS PAID	26,746	23,470
AT DECEMBER 31	(PS 344,689)	(PS 314,105)

The movement in the fair value of plan assets for the year was as follows:

	2015	2014
AT JANUARY 1	PS 134,579	PS 153,600
RETURN ON PLAN ASSETS	1,616	3,264
CONTRIBUTIONS	99	110
BENEFITS PAID	(25,727)	(22,395)
AT DECEMBER 31	PS 110,567	PS 134,579

Plan assets include the following:

	2015		2014	
EQUITY INSTRUMENTS	PS 9,017	8%	PS 10,975	8%
DEBT INSTRUMENTS	101,550	92%	123,604	92%
TOTAL	PS 110,567		PS 134,579	

Amounts recorded in the statement of income are as follows:

	2015	2014
LABOR COST	PS 22,350	PS 19,411
NET INTEREST COST	12,520	9,272
TOTAL INCLUDED IN PERSONNEL EXPENSES	PS 34,870	PS 28,683

The total expenses recognized were prorated as follows:

	2015	2014
COST OF SALES	PS 4,292	PS 3,863
SELLING EXPENSES	14,888	13,094
ADMINISTRATIVE EXPENSES	3,170	2,454
FINANCIAL RESULT	12,520	9,272
TOTAL	PS 34,870	PS 28,683

III.MAJOR MEDICAL EXPENSES

The Company has established a major medical expense benefit plan, for a group of employees that comply with certain characteristics, mainly related to the defined obligation previous plans. The recording method, assumptions and frequency of valuation are similar to those used in long term pension benefit plans.

Amounts recognized in the statement of financial position are determined as follows:

AT DECEMBER 31,

	2015	2014
PRESENT VALUE OF FUNDED OBLIGATIONS	(PS 435,281)	(PS 389,697)
FAIR VALUE OF PLAN ASSETS	246,643	255,236
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	(PS 188,638)	(PS 134,461)

The movement in the defined benefit obligation for major medical expenses during the year was as follows:

	2015	2014
AT JANUARY 1	(PS 389,697)	(PS 355,373)
CURRENT SERVICE COST	(2,633)	(2,650)
NET INTEREST COST	(25,535)	(24,613)
REMEASUREMENT - LOSSES FOR CHANGES IN HYPOTHESIS	(43,089)	(25,043)
EXCHANGE DIFFERENCES	(4,096)	(5,320)
BENEFITS PAID	29,769	24,288
REDUCTIONS AND OTHER		(986)
AT DECEMBER 31	(PS 435,281)	(PS 389,697)

The movement in the fair value of plan assets for the year was as follows:

	2015	2014
AT JANUARY 1	PS 255,236	PS 253,076
RETURN ON PLAN ASSETS	15,142	22,252
CONTRIBUTIONS	6,033	1,169
BENEFITS PAID	(29,768)	(21,261)
AT DECEMBER 31	PS 246,643	PS 255,236

Plan assets include the following:

	2015		2014	
EQUITY INSTRUMENTS	PS 24,848	10%	PS 25,301	10%
DEBT INSTRUMENTS	221,795	90%	229,935	90%
TOTAL	PS 246,643		PS 255,236	

Amounts recorded in the statement of income are as follows:

	2015	2014
CURRENT SERVICE COST	PS 8,625	PS 6,148
NET INTEREST COST	7,791	6,503
TOTAL INCLUDED IN PERSONNEL EXPENSES	PS 16,416	PS 12,651

The total expenses recognized were prorated as follows:

	2015	2014
COST OF SALES	PS 5,620	PS 3,404
SELLING EXPENSES	1,976	2,077
ADMINISTRATIVE EXPENSES	1,029	924
FINANCIAL RESULT	7,791	6,246
TOTAL	PS 16,416	PS 12,651

IV. LABOR TERMINATION INDEMNITIES

Amounts recognized in the statement of financial position are determined as follows:

AT DECEMBER 31,

	2015	2014
PRESENT VALUE OF UNFUNDED OBLIGATIONS	(PS 65,496)	(PS 48,710)
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	(PS 65,496)	(PS 48,710)

The movement in the defined benefit obligation during the year was as follows:

	2015	2014
AT JANUARY 1	(PS 48,710)	(PS 45,979)
CURRENT SERVICE COST	(5,844)	(2,186)
NET INTEREST COST	(3,461)	(3,100)
REMEASUREMENT - GAINS FOR CHANGES IN HYPOTHESIS	1,758	8,160
EXCHANGE DIFFERENCES	(9,239)	(5,605)
REDUCTIONS AND OTHER	-	-
PAST SERVICE COST	-	-
AT DECEMBER 31	(PS 65,496)	(PS 48,710)

Amounts recorded in the statement of income are as follows:

	2015	2014
CURRENT SERVICE COST	PS 22,023	PS 24,860
NET INTEREST COST	3,749	-
TOTAL INCLUDED IN PERSONNEL EXPENSES	PS 25,772	PS 24,860

The total expenses recognized were prorated as follows:

	2015	2014
COST OF SALES	PS 7,112	PS 980
SELLING EXPENSES	13,264	5,963
ADMINISTRATIVE EXPENSES	1,647	17,917
FINANCIAL RESULT	3,749	-
TOTAL	PS 25,772	PS 24,860

V. BONUS FOR SEVERANCE

Amounts recognized in the statement of financial position are determined as follows:

	AT DECEMBER 31,	
	2015	2014
PRESENT VALUE OF UNFUNDED OBLIGATIONS	(PS 103,806)	(PS 68,894)
UNRECOGNIZED PAST SERVICE COST	-	-
LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	(PS 103,806)	(PS 68,894)

The movement in the defined benefit obligation during the year was as follows:

	2015	2014
AT JANUARY 1	(PS 68,894)	(PS 46,814)
CURRENT SERVICE COST	(10,725)	(4,823)
NET INTEREST COST	(4,807)	(3,685)
REMEASUREMENT – (LOSSES) GAINS FOR CHANGES IN HYPOTHESIS	(28,026)	1,455
EXCHANGE DIFFERENCES	8,207	(7,366)
PAST SERVICE COST	(11,180)	-
BENEFITS PAID	11,619	4,216
REDUCTIONS AND OTHER	-	3,027
LIABILITIES ACQUIRED IN INVESTMENT IN JOINT OPERATION	-	(14,904)
AT DECEMBER 31	(PS 103,806)	(PS 68,894)

Amounts recorded in the statement of income are as follows:

	2015	2014
CURRENT SERVICE COST	PS 11,615	PS 11,586
PAST SERVICE COST	12,108	96
REDUCTIONS AND OTHER	481	(2,216)
NET INTEREST COST	5,206	877
TOTAL INCLUDED IN PERSONNEL EXPENSES	PS 29,410	PS 10,343

The total expenses recognized were prorated as follows:

	2015	2014
COST OF SALES	PS 3,724	PS 1,317
SELLING EXPENSES	9,528	4,528
ADMINISTRATIVE EXPENSES	12,555	4,498
FINANCIAL RESULT	3,603	-
TOTAL	PS 29,410	PS 10,343

VI. ASSOCIATED RISKS

In relation with the defined benefit pension plan and its major medical expense plans, the Company is exposed to several risks, the most significant are detailed below:

Volatility of the assets - Obligations for labor liabilities are calculated using a discount rate determined in accordance with the IAS 19; if the plan assets have a return under such differential rate, it will be recognized as a deficit. The Company is trying to reduce the risk level through the investment in assets with a profile similar to that of the aforementioned liabilities; therefore, due to the long term nature of the labor obligations and the strength of AC, the investment level in capital instruments is a relevant element that is part of the long term strategy of the Company in order to handle plans efficiently.

Changes in the discount rate - A decrease in the discount rate would result in an increase in plan obligations; however, this would be partially compensated with the increase in value of the bonuses maintained by such plans.

Inflation risk - Some labor obligations are linked to inflation, a greater inflation would result in an increase in plan obligations.

Life expectancy - Most obligations of the plans would result in benefits to be received by the plan members; therefore, an increase in the life expectancy will result in an increase of the plan obligations.

The Company has not modified the processes and activities performed in order to manage the risks mentioned in relation with prior years. Investments are diversified; therefore, any circumstance associated to any investment would not have an impact relevant over the value of plan assets.

NOTE 18 - DEFERRED INCOME TAX:

NEW MEXICAN INCOME TAX LAW

During the month of October 2014, the legislative chambers in Mexico approved the issuance of a new Income Tax Law (LISR), which was published in the Federal Official Gazette on December 11, 2014 and it became effective on January 1, 2015, revoking the LISR published on January 1, 2002. The new LISR maintains the essence of the former LISR; however, it makes significant amendments among which the most important are:

i. Elimination of the consolidation tax regime and the payment of the consolidated deferred tax.
ii. Limiting deductions in contributions to pension and exempt salary funds, automobile leases, restaurant consumption and social security fees; it also eliminates the acelerated deduction in fixed assets.
iii. Amending the procedure to determine the taxable basis for the Employees' Profit Sharing (PTU), establishing the mechanics to determine the initial balance of the Capital Contribution Account (CUCA) and the Net Tax Profit Account (CUFIN).
iv. Establishing an income tax rate applicable for 2015 and the following years of 30%. In contrast to the former LISR that established a 30%, 29% and 28% rate for 2014, 2015 and 2015, respectively. The effects of changes in rates were recognized by the Company at December 31, 2014.
v. For the determination of the deductible cost of sales, the direct cost system is eliminated and the valuation method of last in, first out. The Company applies the absorbing cost system and the average cost valuation method.

The Company reviewed and adjusted the deferred tax balance at December 31, 2013, considering in the determination of timing differences, the application of these new provisions. The effects in deduction limitations and others indicated previously were applied as from 2014 and will mainly affect the tax incurred as of such year.

REFORM TO TAX REGULATIONS IN ECUADOR

The Organic Law of Incentives to the Production and Prevention of Tax Fraud was approved in Ecuador during December 31, 2015. This law reforms several tax regulations. The main aspects effective for income tax to be determined for fiscal year 2015 are as follows:

i. A new income tax rate is established; in the Company's case it could be 22% provided that detailed information of the shareholders up to the highest shareholding level is presented, otherwise the rate will be 25%.

ii. The deductibility of advertising expenses is limited to 4% of the total taxable income. In the case of the Company, this percentage is not reached.

iii. The deduction of promotion and advertising expenses of food products with hyperprocessed content, in accordance with the list issued by the Health Ministry, is eliminated. The Company's products are not considered to be hyper-processed.

iv. The deduction of salaries and wages is limited for the part that exceeds certain limits fixed by the ministry overseeing the work.

DEFERRED INCOME TAX

The analysis of the deferred tax asset and deferred tax liability is as follows:

	AT DECEMBER 31,	
	2015	2014(1)
DEFERRED TAX ASSET:		
- TO BE RECOVERED IN MORE THAN 12 MONTHS	$ 67,028	$ 622,265
- TO BE RECOVERED WITHIN 12 MONTHS	798,022	400,111
	865,050	1,022,376
DEFERRED TAX LIABILITY:		
- TO BE COVERED IN MORE THAN 12 MONTHS	(9,251,971)	(4,512,171)
- TO BE COVERED WITHIN 12 MONTHS	(85,390)	(328,088)
	(9,337,361)	(4,840,259)
DEFERRED TAX LIABILITIES, NET	($ 8,472,311)	($ 3,817,883)

(1) REVISED DUE TO FAIR VALUE ADJUSTMENTS (SEE NOTE 2).

The gross movement in the deferred income tax account is as follows:

	2015	2014
AT JANUARY 1	(PS 3,817,883)	(PS 3,711,293)
CREDIT TO INCOME STATEMENT	158,221	57,591
BUSINESS COMBINATION	(4,876,683)	(190,333)
TAX PAYABLE (CREDITABLE) RELATED TO COMPONENTS OF OTHER COMPREHENSIVE INCOME	64,034	26,152
AT DECEMBER 31	(PS 8,472,311)	(PS 3,817,883)

The composition of the deferred income tax liabilities was as follows:

	ASSETS (LIABILITIES)	
	AT DECEMBER 31, 2015	AT DECEMBER 31, 2014 (1)
EMPLOYEE BENEFITS	PS 310,114	PS 237,234
TAX LOSS CARRYFORWARDS	650,972	125,412
EMPLOYEES' PROFIT SHARING	147,050	131,565
PROVISIONS AND OTHERS	552,308	259,726
DEFERRED TAX ASSETS	1,660,444	753,937
PROPERTY, PLANT AND EQUIPMENT, NET	(4,492,499)	(3,188,880)
INTANGIBLE ASSETS	(5,831,645)	(1,323,292)
ADVANCE PAYMENTS	191,389	(59,648)
DEFERRED TAX LIABILITIES	(10,132,755)	(4,571,820)
DEFERRED TAX LIABILITIES, NET	(PS 8,472,311)	(PS 3,817,883)

(1) REVIEWED DUE TO FAIR VALUE ADJUSTMENTS (SEE NOTE 2).

Movements in deferred tax assets and liabilities during the year were as follows:

	BALANCE AT DECEMBER 31, 2014	RECORDED IN INCOME	INCREASE FOR BUSINESS COMBINATION	RECORDED IN OTHER COMPREHENSIVE INCOME	BALANCE AT DECEMBER 31, 2015
EMPLOYEE BENEFITS	PS 237,234	(PS 23,936)	PS 29,451	PS 67,365	PS 310,114
TAX LOSS CARRYFORWARDS	125,412	393,324	132,236		650,972
EMPLOYEES' PROFIT SHARING	131,565	15,485	-		147,050
PROVISIONS AND OTHERS	259,726	48,532	247,381	(3,331)	552,308
	753,937	433,405	409,068	64,034	1,660,444
PROPERTY, PLANT AND EQUIPMENT, NET	(3,188,880)	(933,127)	(370,492)		(4,492,499)
INTANGIBLE ASSETS	(1,323,292)	401,655	(4,910,008)		(5,831,645)
PREPAID EXPENSES	(59,648)	256,288	(5,251)		191,389
	(4,571,820)	(275,184)	(5,285,751)	-	(10,132,755)
DEFERRED TAX LIABILITIES	(PS 3,817,883)	PS 158,221	(PS 4,876,683)	PS 64,034	(PS 8,472,311)

	BALANCE AT DECEMBER 31, 2013	RECORDED IN INCOME	INCREASE FOR BUSINESS COMBINATION	RECORDED IN OTHER COMPREHENSIVE INCOME	BALANCE AT DECEMBER 31, 2014
EMPLOYEE BENEFITS	PS 125,949	PS 79,188	PS -	PS 32,097	PS 237,234
TAX LOSS CARRYFORWARDS	430,967	(305,555)			125,412
EMPLOYEES' PROFIT SHARING	125,896	5,669			131,565
PROVISIONS	40,490	228,854		(9,618)	259,726
	723,302	8,156	-	22,479	753,937
PROPERTY, PLANT AND EQUIPMENT, NET	(3,491,540)	302,660			(3,188,880)
INTANGIBLE ASSETS	(948,159)	(188,473)	(186,660)		(1,323,292)
PREPAID EXPENSES		(59,648)			(59,648)
INVENTORIES	5,104	(5,104)			-
	(4,434,595)	49,435	(186,660)	-	(4,571,820)
DEFERRED TAX LIABILITIES	(PS 3,711,293)	PS 57,591	(PS 186,660)	PS 22,479	(PS 3,817,883)

(1) REVIEWED DUE TO FAIR VALUE ADJUSTMENTS (SEE NOTE 2).

Tax loss carry forwards are recognized as a deferred tax asset when future taxable profits are probable and the related tax benefit realization is allowed. The Company recognized a deferred tax asset of Ps650,972 at 2015 and Ps125,412 at 2014, with respect to tax loss carryforwards for a remaining and incurred amount of Ps2,135,173 at 2015 and Ps358,747 at 2014, which may be amortized against future tax profits.

At December 31, 2015, accumulated tax loss carryforwards of the Mexican entities for a total of Ps1,350,948, expire in 2020 and those of foreign entities for a total of Ps784,225 expire between 2016 and 2030.

The Company has not recorded estimated deferred tax liabilities for approximately Ps149 million derived from the difference between the fiscal cost of shares of its subsidiaries and the values of net consolidated assets, due mainly to undistributed income and exchange gains (losses), among others, since in conformity with the exception applicable, the Company considers that it will not sell its investments in subsidiaries but for up to the amounts previously subject to taxes, or else distribute them in the future for up to the maximum benefits generated annually by certain subsidiaries.

NOTE 19 - STOCKHOLDERS' EQUITY:

In an Ordinary General Meeting held on April 15, 2015, the stockholders declared a dividend in cash from the CUFIN equal to Ps1.75 per share for the total shares issued at that date, for a total of Ps2,819,711, which was paid as of April 27, 2015.

The number of shares of the Company at December 31, 2015 and 2014 are comprised as follows:

			PAID-IN CAPITAL STOCK NUMBER OF SHARES (A)
	FIXED	VARIABLE	TOTAL
TOTAL SHARES AT DECEMBER 31, 2015 AND 2014	902,816,289	708,447,285	1,611,263,574

(A) THE COMPANY'S CAPITAL STOCK IS REPRESENTED BY A SINGLE SERIES OF ORDINARY, NOMINATIVE SHARES WITHOUT PAR VALUE AND WITHOUT RESTRICTIONS OVER THEIR OWNERSHIP AND THEY CONFER THE SAME OWNERSHIP RIGHTS.
(B) THE PROFIT FOR THE PERIOD IS SUBJECT TO THE LEGAL PROVISION REQUIRING AT LEAST 5% OF THE PROFIT FOR EACH PERIOD TO BE SET ASIDE TO INCREASE THE LEGAL RESERVE UNTIL IT REACHES AN AMOUNT EQUIVALENT TO ONE FIFTH OF THE AMOUNT OF THE CAPITAL STOCK PAID. AT DECEMBER 31, 2015, THE LEGAL RESERVE AMOUNTED TO PS85,954, WHICH IS INCLUDED IN RETAINED EARNINGS.
(C) AT DECEMBER 31, 2015 THERE ARE 944,678 OWN SHARES IN THE REPURCHASE FUND.

In a General Ordinary Meeting held on December 29, 2015, the stockholders approved an increase in the variable portion of the capital stock in the amount of up to US$535,000 through the issuance of shares that were offered to the shareholders that wished to exercise their preferred right to the subscription and payment. Once the preferred subscription period had expired, 64,530,425 unsubscribed shares would be offered to the Lindley family members, in accordance with the agreements with the family (see Notes 2 and 31). Additionally, the acquisition of common shares and investment issued by CL were authorized.

At October 2013 the Mexican Legislative Chambers approved the issuance of a new LISR, which was published in the Official Gazette on December 11, 2013 and became effective on January 1, 2014. Among other aspects, this Law establishes a tax of 10% for profits generated as from 2014 to dividends paid to foreign residents and Mexican individuals, which will be withheld by the Company and will be definitive. However, retained earnings of the Company at December 31, 2014 are protected by the CUFIN balance; therefore, they will not be subject to such withholding; likewise, it is established that for fiscal years 2001 to 2014, the net tax profit is determined in accordance with the LISR effective in the corresponding fiscal year.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN). Any dividends paid in excess of this account will cause a tax equivalent to 42.86% if they are paid in 2016. Tax incurred will be payable by the Company and may be credited against the ISR of the year or the two immediately following years. Dividends paid from profits which have previously paid income tax are not subject to tax withholding or to any additional tax payment.

In the event of a capital reduction, the Income Tax Law provides that any excess of stockholders' equity over adjusted capital contribution will receive the same tax treatment as dividends, provided the Company does not have enough CUFIN balances to compensate the alleged dividend amount.

At December 31, 2015, the tax value of the consolidated CUFIN and the CUCA value amounted to Ps13,509 and Ps17,651, respectively. Due to the elimination of the tax consolidation regime as of January 1, 2014, the consolidated CUFIN ceases to be effective, and is replaced by the individual CUFIN of Arca Continental, S. A. B. de C. V.

NOTE 20 - OTHER RESERVES:

	EFFECT OF TRANSLATION OF FOREIGN ENTITIES	REMEASUREMENT OF DEFINED BENEFIT OBLIGATIONS	EFFECTS FROM CASH FLOW HEDGES	TOTAL
BALANCE AT JANUARY 1, 2014	(PS 1,891,567)	(PS 493,880)	(PS 22,441)	(PS 2,407,888)
EFFECT FROM REMEASUREMENT OF DEFINED BENEFIT OBLIGATIONS		(112,900)		(112,900)
EFFECT FROM INCOME TAX		35,770		35,770
EFFECT FROM REMEASUREMENT OF DEFINED BENEFIT OBLIGATIONS OF NON-CONTROLLING INTEREST		4,949		4,949
EFFECT FROM INCOME TAX		(2,374)		(2,374)
EFFECT OF TRANSLATION OF FOREIGN ENTITIES			32,059	32,059
EFFECT FROM INCOME TAX			(9,618)	(9,618)
EFFECT OF TRANSLATION OF FOREIGN ENTITIES	1,261,598			1,261,598
EFFECT OF TRANSLATION OF NON-CONTROLLING INTEREST OF FOREIGN ENTITIES	(337,346)			(337,346)
BALANCE AT DECEMBER 31, 2014	(967,315)	(568,435)	-	(1,535,750)
EFFECT FROM REMEASUREMENT OF DEFINED BENEFIT OBLIGATIONS		(228,438)		(228,438)
EFFECT FROM INCOME TAX		67,365		67,365
EFFECT FROM REMEASUREMENT OF DEFINED BENEFIT OBLIGATIONS OF NON-CONTROLLING INTEREST		914		914
EFFECT FROM INCOME TAX		(201)		(201)
EFFECT OF CASH FLOW HEDGES			11,184	11,184
EFFECT FROM INCOME TAX			(3,331)	(3,331)
EFFECT OF NON-CONTROLLING INTEREST ON CASH FLOW HEDGES			(528)	(528)
EFFECT FROM INCOME TAX			137	137
EFFECT OF TRANSLATION OF FOREIGN ENTITIES	639,516			639,516
EFFECT OF TRANSLATION OF NON-CONTROLLING INTEREST OF FOREIGN ENTITIES	38,361			38,361
BALANCE AT DECEMBER 31, 2015	(PS 289,438)	(PS 728,795)	PS 7,462	(PS 1,010,771)

NOTE 21 - FINANCIAL INSTRUMENTS:

I. FINANCIAL INSTRUMENTS BY CATEGORY

The value in books of financial instruments by category are integrated as follows:

AT DECEMBER 31, 2015

	ACCOUNTS RECEIVABLE AND PAYABLE AT AMORTIZED COST	DERIVATIVES FROM HEDGES	TOTAL CATEGORIES
FINANCIAL ASSETS:			
CASH AND CASH EQUIVALENTS	PS 8,295,334		PS 8,295,334
CLIENTS AND OTHER ACCOUNTS RECEIVABLE, NET	6,263,264		6,263,264
RELATED PARTIES	100,389		100,389
ADVANCE PAYMENTS	367,479		367,479
DERIVATIVE FINANCIAL INSTRUMENTS		PS 572,408	572,408
TOTAL FINANCIAL ASSETS	PS 15,026,466	PS 572,408	PS 15,598,874
FINANCIAL LIABILITIES:			
CURRENT DEBT	PS 6,997,783		PS 6,997,783
SUPPLIERS, RELATED PARTIES AND SUNDRY CREDITORS	6,216,820		6,216,820
NON-CURRENT DEBT	32,245,856		32,245,856
DERIVATIVE FINANCIAL INSTRUMENTS	-	PS 117,612	117,612
TOTAL FINANCIAL LIABILITIES	PS 45,460,459	PS 117,612	PS 45,578,071

AT DECEMBER 31, 2014

	ACCOUNTS RECEIVABLE AND PAYABLE AT AMORTIZED COST	DERIVATIVES FROM HEDGES	TOTAL CATEGORIES
FINANCIAL ASSETS:			
CASH AND CASH EQUIVALENTS	PS 9,039,309		PS 9,039,309
CLIENTS AND OTHER ACCOUNTS RECEIVABLE, NET	4,271,207		4,271,207
RELATED PARTIES	40,612		40,612
ADVANCE PAYMENTS	269,014		269,014
DERIVATIVE FINANCIAL INSTRUMENTS	-	PS -	-
TOTAL FINANCIAL ASSETS	PS 13,620,142	PS -	PS 13,620,142
FINANCIAL LIABILITIES:			
CURRENT DEBT	PS 1,698,672		PS 1,698,672
SUPPLIERS, RELATED PARTIES AND SUNDRY CREDITORS	7,038,172		7,038,172
NON-CURRENT DEBT	14,077,954	PS -	14,077,954
TOTAL FINANCIAL LIABILITIES	PS 22,814,798	PS -	PS 22,814,798

II. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information on non-compliance rates of the counterparty:

AT DECEMBER 31,

	2015	2014
CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE		
COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING		
TYPE OF CLIENTS X	PS 2,101,332	PS 1,845,889
TYPE OF CLIENTS Y	2,031,545	1,110,733
	PS 4,132,877	PS 2,956,622

GROUP X – INSTITUTIONAL CLIENTS, KEY ACCOUNTS AND MAJOR CLIENTS/RELATED PARTIES.
GROUP Y – NEW CLIENTS/MEDIUM AND SMALL CURRENT WITH NO PRIOR LACK OF COMPLIANCE.

Cash and cash equivalents and derivative financial instruments are maintained with major banking institutions that have high quality credit ratings.

III. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The amounts of cash and cash equivalents, accounts receivable, advance payments, suppliers and other payables, outstanding debt, and other current liabilities approximate their fair value due to their short maturity. The carrying value of these accounts represents the expected cash flow.

The value in books and the estimated fair value of the rest of the financial assets and liabilities are presented as follows:

AT DECEMBER 31, 2015

	BOOK VALUE	FAIR VALUE
ASSETS:		
DERIVATIVE FINANCIAL INSTRUMENTS	PS 572,408	PS 572,408
LIABILITIES:		
DERIVATIVE FINANCIAL INSTRUMENTS	117,612	117,612
NON-CURRENT DEBT	32,245,856	34,588,330

AT DECEMBER 31, 2014

	BOOK VALUE	FAIR VALUE
LIABILITIES:		
NON-CURRENT DEBT	PS 14,077,954	PS 15,425,663

The fair values of the current debt approximate their fair value due to its short-term maturity in virtue that the effects of its discount are not significant. Fair values of the non-current debt were determined based on discounted cash flows using an average discount rate of 8.99% (average of 6.97% in 2014) under category Level 2 of the fair value hierarchy.

IV. DERIVATIVE FINANCIAL INSTRUMENTS

The effectiveness of derivative financial instruments designated as hedges is measured periodically. At December 31, 2015 the Company only has cash flow hedging financial instruments corresponding to forwards and exchange rate swaps; therefore, their affectivity was assessed and it was determined that they were highly effective. At December 31, 2014, the Company had no cash flow hedging financial instruments.

Notional amounts related to derivative financial instruments reflect the contracted reference volume; however they do not reflect the amounts at risk with respect to future cash flows. The amounts at risk are generally limited to the unrealized profit or loss from the market valuation of such instruments, which may vary according to changes in the market value of the underlying, its volatility and the credit quality of the counterparties.

The fair value of hedges is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. For the year ended December 31, 2015, the Company had no ineffective portions from cash flow hedging.

The opening positions for the derivative financial instruments corresponding to forwards and sugar swaps are summarized as follows:

Positions in derivative financial instruments for futures and swaps of sugar are summarized as follows:

AT DECEMBER 31, 2015

CONTRACT	TONS COVERED	VALUE OF UNDERLING		FAIR VALUE	MATURITIES PER YEAR			COLLATERAL/ GUARANTEE
		UNITS	PRICE US$		2016	2017	2018+	
BNP PARIBAS	27,500	DOLLAR / TONS	410.28 - 497.30	(US$ 1,032)	(US$ 1,032)	US$ -	US$ -	US$ -
CARGILL RISK MGMT.	37,550	DOLLAR / TONS	411.90 - 501.79	(2,263)	(2,263)	-	-	-
MACQUARIE BANK LTD	19,700	DOLLAR / TONS	478.60 – 540.15	(2,452)	(2,452)	-	-	-
SCOTIABANK	9,250	DOLLAR / TONS	488.90 – 494.70	(1,136)	(1,136)	-	-	-
OTHER	1,400	DOLLAR / TONS	400.90	30	30	-	-	18
				US$ 6,853)	(US$ 6,853)	US$ -	US$ -	US$ 18

Positions in exchange rate derivative financial instruments with hedging purposes are summarized as follows:

AT DECEMBER 31, 2015

CONTRACT	NOTIONAL AMOUNT	VALUE OF UNDERLING ASSETS		FAIR VALUE	MATURITIES PER YEAR			COLLATERAL/ GUARANTEE
		UNITS	RANGE OF REFERENCE		2016	2017	2018+	
FORWARD	US$ 14,500	PESOS / DOLLAR	$16.49-$16.68	US$ 611	US$ 611	US$ -	US$ -	US$ -
CROSS CURRENCY PRINCIPAL ONLY SWAP	100,000	SOLES / DOLLAR	S.2.55- S.2.60	31,763	-	-	31,763	-
				US$ 32,374	US$ 611	US$ -	US$ 31,763	US$ -

Effects from valuation that could represent gains and losses are recognized in other reserves in equity (see Note 20) and derived from interest rate swap contracts at December 31, 2015, are reclassified to the statement of income at the maturity date of contracts.

V. FAIR VALUE HIERARCHY

The Company has adopted the standard that establishes a hierarchy of 3 levels to be used when measuring and disclosing the fair value. The classification of an instrument within the fair value hierarchy is based on the lowest level of significant data used in its valuation. Following is a description of the 3 hierarchy levels:

- Level 1 - Quoted prices for identical instruments in active markets.
  The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is considered active if quoted prices are clearly and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regular market transactions at arm-length conditions.

- Level 2 - Quoted prices for similar instruments in active markets; prices quoted for identical or similar instruments in non-active markets; and valuations through models where all significant data are observable in active markets.
  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data when available and rely as little as possible on estimates specific to the Company. If all significant inputs required to measure an instrument at fair value are observable, the instrument is classified at Level 2.

- Level 3 -Valuations made through techniques wherein one or more of their significant data are not observable.
  This hierarchy requires the use of observable data of the market when available. The Company considers, within its fair value valuations, relevant and observable market information, when possible.

If one or more of the significant inputs is not based on observable market data, the instrument is classified at Level 3.

A. DETERMINATION OF FAIR VALUE

The Company generally uses, when available, quotations of market prices to determine the fair value and classifies such data as Level 1. If there are no market quotations available, the fair value is determined by using models of standard valuation. When applicable, these models project future cash flows and discount the future amounts from the present value observable data, including interest rates, exchange rates, volatilities, etc. The items valued using such data are classified in accordance with the lowest level of data that is considered significant for valuation. Therefore, an item may be classified as Level 3 even though some of its significant data are observable. Additionally, the Company considers assumptions for its own credit risk, as well as the risk of its counterparty.

B. MEASUREMENT

Assets and liabilities measured at fair value are summarized as follows:

LEVEL 2

	AT DECEMBER 31, 2015	AT DECEMBER 31, 2014
ASSETS:		
DERIVATIVE FINANCIAL INSTRUMENTS SHORT-TERM	PS 22,687	PS -
DERIVATIVE FINANCIAL INSTRUMENTS LONG-TERM	549,721	-
	PS 572,408	PS -
LIABILITIES:		
DERIVATIVE FINANCIAL INSTRUMENTS SHORT-TERM	PS 117,612	PS -
DERIVATIVE FINANCIAL INSTRUMENTS LONG-TERM	-	-
	PS 117,612	PS -

There are no transfers between Levels 1 and 2, or between Levels 2 and 3 in the reported periods.

NOTE 22 - EXPENSES CLASSIFIED BY THEIR NATURE:

The total cost of sales and selling and administrative expenses, classified by the nature of the expense for the years ended December 31, 2015 and 2014 are comprised as follows:

	2015	2014
RAW MATERIALS AND OTHER	PS 33,093,714	PS 26,768,754
PERSONNEL EXPENSES	12,254,550	9,869,615
EMPLOYEE BENEFIT EXPENSES	209,920	177,899
VARIABLE SELLING EXPENSES (1)	4,398,897	3,654,220
DEPRECIATION	3,215,693	2,587,840
TRANSPORTATION	2,703,813	2,292,399
ADVERTISING, MARKETING AND PUBLIC RELATIONS	2,253,609	1,737,445
MAINTENANCE AND CONSERVATION	1,641,572	1,295,157
PROFESSIONAL FEES	933,694	704,969
SUPPLIES (ELECTRICITY, GAS, TELEPHONE, ETC.)	290,727	262,918
TAXES (OTHER THAN INCOME TAX AND VALUE ADDED TAX)	516,673	344,490
SPILLS, BREAKAGES AND MISSING ITEMS	329,597	202,610
LEASES	370,501	212,083
TRAVEL EXPENSES	204,828	246,485
PROVISION FOR IMPAIRMENT IN CUSTOMERS	73,329	48,503
AMORTIZATION	320,428	67,035
CONSUMPTION OF MATERIALS AND RAW MATERIALS	56,489	26,990
BANKING AND SIMILAR SERVICES	-	3,376
OTHER EXPENSES	994,012	890,004
	PS 63,862,046	PS 51,392,792

(1) INCLUDES DAMAGED, SLOW-MOVING OR OBSOLETE INVENTORY.

NOTE 23 - OTHER INCOMES (EXPENSES), NET:

Other income and expenses for the years ended December 31, 2015 are comprised as follows:

	2015	2014
EXPENSES FROM BUSINESS COMBINATION (NOTE 2)	(PS 324,150)	(PS 36,179)
INDEMNITIES	(110,757)	(116,269)
TAXES FROM PRIOR YEARS	(25,514)	(13,312)
INCOME FROM DIFFERENT SOURCES	529,011	455,949
PROFIT (LOSS) FROM DISPOSAL OR SALE OF FIXED ASSETS	12,022	(47,500)
OTHER	18,017	(68,945)
TOTAL	PS 98,629	PS 173,744

NOTE 24 - EMPLOYEE BENEFIT EXPENSES:

Other employee benefit expenses for the years ended December 31, 2015 and 2014 are comprised as follows:

	2015	2014
SALARIES, WAGES AND BENEFITS	PS 10,782,661	PS 8,504,511
LABOR TERMINATION INDEMNITIES	110,788	66,103
CONTRIBUTIONS TO SOCIAL SECURITY	1,361,101	1,299,001
EMPLOYEES' BENEFITS (NOTE 17)	209,920	177,899
TOTAL	PS 12,464,470	PS 10,047,514

NOTE 25 - FINANCIAL RESULT, NET:

Financial income and expenses for the years ended December 31, 2015 and 2014 are comprised as follows:

	2015	2014
FINANCIAL INCOME:		
INTEREST INCOME IN SHORT-TERM BANK DEPOSITS	PS 358,642	PS 209,435
OTHER INTEREST INCOME	120,344	21,148
FINANCIAL INCOME, EXCLUDING FOREIGN EXCHANGE GAIN	478,986	230,583
FOREIGN EXCHANGE GAIN	706,172	17,040
TOTAL FINANCIAL INCOME	1,185,158	247,623
FINANCIAL EXPENSES:		
INTEREST FROM STOCK CERTIFICATES	(637,047)	(780,633)
INTEREST FROM BANK LOANS	(594,958)	(200,799)
FINANCIAL COST FOR EMPLOYEE BENEFITS	(67,986)	(24,969)
PAID TO SUPPLIERS	(3,426)	(7,423)
TAXES RELATED TO FINANCIAL ACTIVITIES	(138,053)	(95,707)
OTHER FINANCIAL EXPENSES	(78,295)	(80,678)
FINANCIAL EXPENSE, EXCLUDING FOREIGN EXCHANGE LOSS	(1,519,765)	(1,190,209)
FOREIGN EXCHANGE LOSS	(1,483,612)	(31,391)
TOTAL FINANCE COST	(3,003,377)	(1,221,600)
FINANCIAL RESULT, NET	(PS 1,818,219)	(PS 973,977)

NOTE 26 - INCOME TAX:

I. INCOME TAX UNDER TAX CONSOLIDATION REGIME IN MEXICO

With the new LISR in Mexico becoming effective, the tax consolidation regime is eliminated. Derived from this elimination, the Company had to deconsolidate for tax purposes at December 31, 2013.

The tax payable resulting from the deconsolidation should be paid to Mexican tax authorities in accordance with the following:

AMOUNT	PAYMENT DATE
PS 41,454	BY THE LAST DAY OF APRIL 2016
31,090	BY THE LAST DAY OF APRIL 2017
31,090	BY THE LAST DAY OF APRIL 2018
PS 103,634	

In 2015 the Company determined a standalone tax loss of P1,349,581. The tax result differs from the accounting result, mainly due to the items accumulated in time and deducted differently for accounting and tax purposes, to the recognition of the effects of inflation for tax purposes, as well as for the items that only affect the accounting or tax income.

II. PROFIT BEFORE TAXES

The national and foreign components of profit before taxes are as follows:

	FOR THE YEAR ENDED DECEMBER 31,	
	2015	2014
DOMESTIC	PS 8,231,509	PS 8,037,980
FOREIGN	2,861,206	1,815,646
	PS 11,902,715	PS 9,853,626

III. COMPONENTS OF THE INCOME TAX EXPENSE

Components of the income tax expense include:

FOR THE YEAR ENDED DECEMBER 31,

	2015	2014
TAX CURRENTLY PAYABLE:		
INCOME TAX ON PROFITS OF THE PERIOD	(PS 3,591,896)	(PS 3,146,566)
DEFERRED TAX:		
ORIGIN AND REVERSAL OF TEMPORARY DIFFERENCES	158,221	57,591
INCOME TAX EXPENSE	(PS 3,433,675)	(PS 3,088,975)

Expenses from domestic federal tax, foreign federal tax and foreign state tax shown within the consolidated statements of income is comprised as follows:

FOR THE YEAR ENDED DECEMBER 31,

	2015	2014
PAYABLE:		
DOMESTIC	(PS 2,549,540)	(PS 2,602,725)
FOREIGN	(1,042,356)	(543,841)
	(3,591,896)	(3,146,566)
DEFERRED:		
DOMESTIC	140,275	109,255
FOREIGN	17,946	(51,664)
	158,221	57,591
TOTAL	(PS 3,433,675)	(PS 3,088,975)

IV. RECONCILIATION BETWEEN ACCOUNTING AND TAX INCOME

For the years ended December 31, 2015 and 2014, the reconciliation between the statutory and effective income tax rate amounts is shown as follows:

FOR THE YEAR ENDED DECEMBER 31,

	2015	2014
INCOME TAX AT STATUTORY RATE (30% FOR 2015 AND 2014)	(PS 3,327,814)	(PS 2,956,088)
TAX EFFECTS FROM INFLATION	(52,360)	(84,333)
DIFFERENCES FROM TAX RATES OF FOREIGN SUBSIDIARIES	(20,446)	27,093
NON-DEDUCTIBLE EXPENSES	(143,903)	(353,483)
SHARE OF NET INCOME OF ASSOCIATES	66,153	26,814
OTHER NON-CUMULATIVE INCOME	159,072	86,645
OTHER	(114,377)	164,377
TAX AT EFFECTIVE RATE (30.95% AND 31.35% % FOR 2015 AND 2014,RESPECTIVELY)	(PS 3,433,675)	(PS 3,088,975)

V. TAX RELATED TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

The tax charge/(credit) relating to components of other comprehensive income was as follows:

	2015			2014		
	BEFORE TAXES	TAX (PAYABLE) RECEIVABLE	AFTER TAXES	BEFORE TAXES	TAX (PAYABLE) RECEIVABLE	AFTER TAXES
EFFECTS FROM CASH FLOW HEDGES	PS 11,184	(PS 3,331)	PS 7,853	PS 32,059	(PS 9,618)	PS 22,441
REMEASUREMENT OF EMPLOYEE BENEFITS	(228,438)	67,365	(161,073)	(112,900)	35,770	(77,130)
EFFECTS OF TRANSLATION OF FOREIGN ENTITIES	639,516	-	639,516	1,261,598	-	1,261,598
OTHER COMPREHENSIVE INCOME	PS 422,262	PS 64,034	PS 486,296	PS 1,180,757	PS 26,152	PS 1,206,909
DEFERRED TAXES		PS 64,034			PS 26,152	

NOTE 27 - COMMITMENTS:

a. The Company has leased several equipments under the non-cancellable operating lease agreements. These leases are effective for a period of between 1 and 5 years, and most of these are renewable at the end of the lease period at market conditions. The lease expense charged to income is shown in Note 22.

The minimum total future payments for the non-cancellable operating leases are as follows:

	2015
LESS THAN ONE YEAR	PS 9,443
BETWEEN 1 AND 5 YEARS	45,285
TOTAL	PS 54,728

b. As mentioned in Note 10, at December 31, 2015 the Company acts as guarantor of 49.18% of the amount of the bank loan contracted by PIASA for the acquisition of the Plan de San Luis sugar mill (see Note 31).

NOTE 28 - CONTINGENCIES:

BOTTLING AGREEMENT

Current bottler agreements and authorizations to AC to bottle and distribute Coca-Cola products in the regions mentioned therein, are as follows:

REGION	SUBSCRIPTION DATE	MATURITY DATE
MEXICO (NORTH)	SEPTEMBER 23, 2014	SEPTEMBER 22, 2024
MEXICO (WEST)	AUGUST 1, 2014	JULY 31, 2024
NORTHEASTERN ARGENTINA (1)	JANUARY 1, 2012	JANUARY 1, 2017
NORTHWESTERN ARGENTINA (1)	JANUARY 1, 2012	JANUARY 1, 2017
ECUADOR (1)	JANUARY 1, 2013	DECEMBER 31, 2017
PERU	JANUARY 31, 2016	APRIL 30, 2020

(1) THEY MAY BE EXTENDED FOR AN ADDITIONAL FIVE YEARS, AS FROM THEIR MATURITY DATE.

During more than 85 years of business relations with TCCC, it has never denied AC the renewal of bottling agreements or the subscription of new agreements to substitute the predecessors. Derived from the above, the indefinite useful lives were assigned to these intangibles (see Note 5). Management considers that TCCC will continue to renew the agreements or extending bottling authorizations at the dates of maturity, or allowing new agreements to be subscribed or new authorizations to be granted to substitute the current ones, but there is no certainty that this will actually happen. If it does not happen, the business and the operating income of AC would be adversely affected.

TCCC provides the concentrate used for the preparation of products sold with its brands and has the unilateral right to establish the prices for such raw materials. If TCCC significantly increases the prices of its concentrates, the operating income of AC could be adversely affected.

Additionally, the bottling agreements held with TCCC establish that AC should not bottle any beverage different from those of the Coca-Cola brand, except when otherwise expressly authorized in the agreements. AC bottles and distributes some products of its own brand Topo Chico in Mexico and the United States, with the authorization of TCCC.

CONTINGENCIES IN ECUADOR

During 2015 the Company withdrew from the Income Tax trials held for the period from 2005 to 2010 within the tax amnesty process promoted by the National Government of Ecuador, paying US$11.2 million from the provision it held. At the period end, the effective legal processes correspond to the Special Consumption Tax, Value Added Tax, and Tax redeemable from non-returnable plastic bottles and withholdings from the source of fiscal year 2010. Based on the analysis of its legal advisors Management considers not necessary to maintain a provision at December 31, 2015 in relation with these processes (Ps145,030 in 2014) (see Note 16).

CONTINGENCIES IN PERU

At December 31, 2015, there are claims filed before tax authorities and other judicial and labor proceedings followed by the Company for approximately Ps206,954 (approximately Ps172,720 in 2014), pending final judgement. According to Management and its legal advisors, these proceedings might have an unfavorable result for the Company by approximately Ps112,431 (Ps117,536 in 2014); likewise, they estimate that the claims classified as remote or possible will be favorably resolved for the Company (see Note 16).

NOTE 29 - RELATED PARTIES AND ASSOCIATES:

The Company is controlled by Fideicomiso de Control, which has 51% of the total outstanding shares of the Company. The remaining 49% of shares are widely distributed. The ultimate controlling party of the group is composed by Barragán, Grossman, Fernández and Arizpe families.

Operations with related parties were made at market value.

A. REMUNERATIONS TO KEY MANAGEMENT PERSONNEL

The key personnel includes key management personnel relevant to the entity. Remuneration paid to key personnel for their services are shown below:

	2015	2014
SALARIES AND OTHER SHORT TERM BENEFITS	PS 176,112	PS 153,763
PENSION PLANS	186,640	162,987
SENIORITY PREMIUM	134	116
MEDICAL EXPENSES AFTER RETIREMENT	1,617	1,398
TOTAL	PS 364,503	PS 318,264

B. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from related parties of Ps100,389 and Ps40,612 presented in the consolidated statements of financial position at December 31, 2015 and 2014, respectively, come from PIASA's commercial relationship.

Balances payable to related parties are as follows:

	AT DECEMBER 31,	
	2015	2014
OTHER RELATED PARTIES:		
COCA-COLA MÉXICO (CCM)	PS 68,458	PS 261,720
COCA-COLA DE CHILE	210,254	-
CORPORACIÓN INCA KOLA PERÚ, S. A.	54,636	-
COCA-COLA SERVICIOS DE PERÚ, S. A.	20,786	-
GRE HUACHIPA, S. A. C.	74,001	-
SERVICIOS INTEGRADOS DE ADMINISTRACIÓN Y ALTA GERENCIA	15,701	-
GRE PORTADA DEL SOL, S.A.C.	302	-
ASSOCIATES:		
JDV	121,620	90,801
PROMOTORA MEXICANA DE EMBOTELLADORAS, S. A. DE C. V.	27,665	25,938
INDUSTRIA ENVASADORA DE QUERÉTARO, S. A. DE C. V. (IEQSA)	51,863	45,189
OTHER ASSOCIATES	15,331	31,449
	PS 660,617	PS 455,097

The long-term payable balance shown in the statement of financial position is with GRE Huachipa, S. A. C. together with the short-term portion shown in the table above, corresponds to the purchase of a land for the construction of a warehouse located in Huachipa, Perú. The corresponding contract from October 2014 establishes its settlement until 2023 and bears interest at a 6.1104% rate.

Balances payable with related parties at December 31, 2015 and 2014, unsecured, arise primarily from purchases made and services received, maturing during 2015 and 2014, respectively, and bearing no interest.

The main transactions with related parties and associates were as follows:

	YEAR ENDED DECEMBER 31,	
	2015	2014
OTHER RELATED PARTIES (SEE NOTES 1 AND 28):		
PURCHASE OF CONCENTRATE	PS 8,244,249	PS 6,472,831
ADVERTISING AND FEES	93,694	181,583
PURCHASE OF REFRIGERATORS	327,712	-
AIR TRANSPORTATION	61,081	43,466
PURCHASE OF CANS	386,372	411,728
ASSOCIATES (SEE NOTE 10):		
PURCHASE OF JUICES AND NECTARS FROM JDV	1,714,709	1,935,042
PURCHASE OF PRODUCTS SANTA CLARA FROM JDV	125,432	-
PURCHASE OF SUGAR FROM PIASA	1,557,532	1,370,912
PURCHASE OF CANNED PACKAGING FROM IEQSA	951,639	861,928
PURCHASE OF CANS AND BOTTLES	624,131	266,227
PURCHASE OF RESIN FROM PETSTAR	543,851	345,038
FREIGHT	61,286	41,091
PALLETS	31,145	68,555
PURCHASE OF SPARE PARTS AND OTHER	223,934	1,592
	PS 14,946,767	PS 11,999,993

NOTE 30 - SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTEREST:

I. INTEREST IN SUBSIDIARIES

At December 31, 2015 and 2014, the main subsidiaries of the Company are as follows. Except otherwise indicated, the subsidiaries maintain a capital stock consisting only in ordinary shares owned directly by the Company and the proportion of interest maintained therein is equal to the voting rights held by the Company. The country of incorporation or registration is also the main location of the business.

			CONTROLLING INTEREST PERCENTAGE		NON-CONTROLLING INTEREST PERCENTAGE		
	COUNTRY	ACTIVITIES	2015	2014	2015	2014	FUNCTIONAL CURRENCY
ARCA CONTINENTAL, S. A. B. DE C. V. (PARENT)	MEXICO	B / E					MEXICAN PESO
BEBIDAS MUNDIALES, S. DE R. L. DE C. V. (A)	MEXICO	A	99.99	99.99	0.01	0.01	MEXICAN PESO
DISTRIBUIDORA ARCA CONTINENTAL, S. DE R. L. DE C. V.	MEXICO	A / C	99.99	99.99	0.01	0.01	MEXICAN PESO
PRODUCTORA Y COMERCIALIZADORA DE BEBIDAS ARCA, S. A. DE C. V.	MEXICO	A / B	99.99	99.99	0.01	0.01	MEXICAN PESO
NACIONAL DE ALIMENTOS Y HELADOS, S. A. DE C. V.	MEXICO	C	99.99	99.99	0.01	0.01	MEXICAN PESO
COMPAÑÍA TOPO CHICO, S. DE R. L. DE C. V.	MEXICO	A	99.99	99.99	0.01	0.01	MEXICAN PESO
INDUSTRIAL DE PLÁSTICOS ARMA, S. A. DE C. V.	MEXICO	D	99.99	99.99	0.01	0.01	MEXICAN PESO
PROCESOS ESTANDARIZADOS ADMINISTRATIVOS, S. A. DE C. V.	MEXICO	E	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO DE AGUASCALIENTES, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO DURANGO, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO MAYRÁN, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO POTOSINO, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO RIO NAZAS, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO SAN LUIS, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
FOMENTO ZACATECANO, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
PROMOTORA ARCACONTAL DEL NORESTE, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
INMOBILIARIA FAVORITA, S. A. DE C. V.	MEXICO	F	99.99	99.99	0.01	0.01	MEXICAN PESO
DESARROLLADORA ARCA CONTINENTAL, S. DE R. L. DE C. V.	MEXICO	B / F	99.99	99.99	0.01	0.01	MEXICAN PESO
ARCA CONTINENTAL CORPORATIVO, S. DE R. L. DE C. V.	MEXICO	E	99.99	99.99	0.01	0.01	MEXICAN PESO
BBOX VENDING, S. DE R. L. DE C. V. (A)	MEXICO	A / C	99.99	-	0.01	-	MEXICAN PESO
A C NEGOCIOS COMPLEMENTARIOS, S. A. DE C. V. (B)	MEXICO	B	99.99	-	0.01	-	MEXICAN PESO
INTEREX, CORP	USA	A / C	100.00	100.00	0.00	0.00	US DOLLAR
ARCA CONTINENTAL USA, L.L.C.	USA	B	100.00	100.00	0.00	0.00	US DOLLAR
AC SNACKS FOODS, INC.	USA	B	100.00	100.00	0.00	0.00	US DOLLAR
WISE FOODS, INC.	USA	C	100.00	100.00	0.00	0.00	US DOLLAR
ARCA CONTINENTAL ARGENTINA, S. L. (ARCA ARGENTINA)	SPAIN	B	75.00	75.00	25.00	25.00	ARGENTINE PESO
SALTA REFRESCOS S.A.	ARGENTINA	A	99.23	99.23	0.77	0.77	ARGENTINE PESO
ENVASES PLÁSTICOS S. A. I. C.	ARGENTINA	F	99.50	99.50	0.50	0.50	ARGENTINE PESO
ARCA ECUADOR, S. A. (ARCA ECUADOR) (SEE NOTE 30.)	SPAIN	A / B	75.00	75.00	25.00	25.00	US DOLLAR
INDUSTRIAS ALIMENTICIAS ECUATORIANAS, S. A.	ECUADOR	C	99.99	99.99	0.01	0.01	US DOLLAR
INDUSTRIAL DE GASEOSAS, S. A.	ECUADOR	E	99.99	99.99	0.01	0.01	US DOLLAR
BEBIDAS ARCA CONTINENTAL ECUADOR ARCADOR, S. A.	ECUADOR	A	100.00	100.00		0.01	US DOLLAR
CORPORACIÓN LINDLEY, S. A. (C)	PERU	A / B	47.52	-	52.48	-	PERUVIAN SOL
EMBOTELLADORA LA SELVA, S. A.	PERU	A	93.16	-	6.84	-	PERUVIAN SOL
EMPRESA COMERCIALIZADORA DE BEBIDAS, S. A. C.	PERU	A	99.99	-	0.01	-	PERUVIAN SOL

(A) DATED MARCH 27, 2015 THE VENDING MACHINE OPERATION SPIN-OFF WAS AGREED. BEBIDAS MUNDIALES, S. DE R. L. DE C. V. WAS THE DIVIDING COMPANY AND BBOX VENDING, S. DE R. L. DE C. V. THE SPUN-OFF COMPANY. THIS SPIN OFF BECAME EFFECTIVE AS OF JUNE 1, 2015.
(B) RECENTLY CREATED ENTITY WITHOUT ACTIVITIES AT DECEMBER 31, 2015.
(C) AT DECEMBER 31, 2015, AC OWNS 53.40% OF COMMON SHARES WITH VOTING RIGHTS. THERE ARE INVESTMENT SHARES WITHOUT VOTING RIGHTS AND WITHOUT PARTICIPATION IN THE STOCKHOLDERS' MEETING OR REPRESENTATIVES IN THE BOARD OF DIRECTORS (SEE NOTE 31). EMBOTELLADORA LA SELVA, S. A. AND EMPRESA COMERCIALIZADORA DE BEBIDAS, S. A. C. ARE DIRECT SUBSIDIARIES OF CL.

Activity per group
A - Production and/or distribution of carbonated and non-carbonated beverages
B - Shareholding
C - Production and distribution of snacks and preserves
D - Production of materials for AC, mainly
E - Rendering of administrative, corporate and shared services
F - Rendering of property leasing services

II. SIGNIFICANT RESTRICTIONS

In Argentina, several regulations have been implemented to control the outflow of currencies. These regulations generate delays in payments abroad and in some cases prevent the import of goods and services and their payment abroad.

III. SUMMARIZED FINANCIAL INFORMATION OF SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTEREST BEFORE ELIMINATIONS FROM CONSOLIDATION

		CL		ARCA ARGENTINA				ARCA ECUADOR		
SUMMARIZED CONSOLIDATED BALANCE SHEET		2015		2015		2014		2015		2014
CURRENT ASSETS	PS	4,608,073	PS	2,240,346	PS	1,956,170	PS	2,402,051	PS	2,119,299
NON-CURRENT ASSETS		43,059,700		2,828,289		3,264,198		19,274,198		15,812,856
CURRENT LIABILITIES		4,293,394		1,455,052		1,438,435		2,466,453		2,527,290
NON-CURRENT LIABILITIES		15,541,833		419,727		671,051		7,394,068		5,426,167
NET ASSETS	PS	27,832,546	PS	3,193,856	PS	3,110,882	PS	11,815,728	PS	9,978,698
SUMMARIZED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME										
INCOME	PS	4,361,544	PS	10,519,965	PS	7,226,401	PS	11,327,117	PS	8,383,482
TOTAL COMPREHENSIVE INCOME	(PS	682,715)	PS	1,043,749	PS	560,479	PS	635,640	PS	466,281
SUMMARIZED CONSOLIDATE CASH FLOWS										
OPERATING ACTIVITIES NET CASH FLOW	PS	366,864	PS	1,720,409	PS	256,038	PS	1,323,861	PS	514,533
INVESTMENT ACTIVITIES NET CASH FLOW		(422,151)		(1,669,940)		(474,046)		(1,329,993)		(2,894,721)
FINANCING ACTIVITIES CASH FLOW		796,420		(138,370)		501,530		(108,741)		2,628,838
INCREASE (DECREASE) IN CASH		741,133		(87,901)		283,522		(114,873)		248,650
CASH EXCHANGE (LOSS) GAIN		(52,384)		(67,249)		(64,116)		90,893		34,807
CASH AT BEGINNING OF YEAR		752,652		706,156		486,750		555,837		272,380
CASH AT END OF YEAR / PERIOD	PS	1,441,401	PS	551,006	PS	706,156	PS	531,857	PS	555,837

IV. TRANSACTIONS WITH NON-CONTROLLING INTEREST

During the years ended December 31, 2015 and 2014 there were no transactions with non-controlling interest or conflicts of interest to disclose.

V. JOINT OPERATIONS

At December 31, 2015 and 2014 the Company has an investment of 50% in JV Toni, S. L., company incorporated in Spain to jointly operate its investment in Holding Tonicorp, S. A. and its subsidiaries as shown below:

			OWNERSHIP PERCENTAGE		
ENTITY	COUNTRY	ACTIVITIES	2015	2014	FUNCTIONAL CURRENCY
HOLDING TONICORP, S. A.	ECUADOR	A	89.36	89.02	US DOLLAR
INDUSTRIAS LÁCTEAS TONI, S. A	ECUADOR	B	100.00	100.00	US DOLLAR
HELADOSA, S. A. (A)	ECUADOR	C	-	100.00	US DOLLAR
PLÁSTICOS ECUATORIANOS, S. A.	ECUADOR	D	100.00	100.00	US DOLLAR
DISTRIBUIDORA IMPORTADORA DIPOR, S. A.	ECUADOR	E	100.00	100.00	US DOLLAR
COSEDONE, C. A. (B)	ECUADOR	F	-	100.00	US DOLLAR
ASESORÍA & SERVICIOS CORPORATIVOS FABACORPSA, S.A. (C)	ECUADOR	G	-	100.00	US DOLLAR

(A) MERGED WITH INDUSTRIAS LÁCTEAS TONI, S. A. IN 2015
(B) MERGED WITH DIPOR, S. A. IN 2015
(C) CLOSED IN 2015

A - Shareholding
B - Production and/or distribution of high value-added dairy products
C - Production and/or distribution of ice cream and related products
D - Production and/or distribution of all kinds of plastic packaging
E - Distribution and marketing of high value-added dairy products and other products
F - Local freight transportation services to companies of group Toni
G - Rendering of administrative, corporate and shared services

In accordance with the assessment performed by AC, the design and purpose of this joint agreement requires that Arca Ecuador acquire, distribute and market the production of Tonicorp, transferring the rights to the benefits and obligations of the liabilities of Tonicorp and its subsidiaries to the two shareholders that jointly control the agreement. Consequently, the agreement has been classified as a joint operation (see Note 3c. and 5b.). AC has incorporated in its consolidated financial statements its equity percentage on assets and liabilities in this joint operation as of the acquisition date.

The partners agreement for the joint operation includes call / put options for each partner in the event of change in control or in business strategy at any of the two parties.

NOTE 31 - SUBSEQUENT EVENTS:

In preparing the financial statements the Company has evaluated events and transactions for recognition or disclosure subsequent to December 31, 2015 and up to March 1, 2016 (date of issuance of the financial statements). It has concluded that there are no subsequent events affecting the financial statements, except for the following relevant subsequent events that do not affect the recordings in the financial statements at December 31, 2015:

a. On January 4, 2016, AC acquired 38.4 million common shares with voting rights issued by CL, which were owned by different members of the Arredondo Lindley family, representing approximately 6.6% of its capital stock through a payment of US$1.57 per share. With this acquisition, AC reached a shareholding exceeding 60% of the capital stock of CL, while TCCC owns close to 38.5% of the common shares with voting rights. Additionally, with respect to the investment shares, shares that are not part of the capital stock or provide voting rights, AC signed an agreement with the same family to acquire 1.28 million investment shares issued by CL, representing 1.78% of the total investment shares issued, for an acquisition price of US$0.89 per share, which were paid on January 29, 2016. This acquisition of common and investment shares was carried out based on the approval of the General Ordinary Stockholders' Meeting held on December 29, 2015.

b. On February 17, 2016, the Company contracted a "cross currency swap" to cover part of its exchange risk exposure originated from its 144 A corporate bonds in Peru. The executed "cross currency swap" involves a notional amount of US$130 million carried out with the following financial entities JPMorgan for US$65 million and Bank of America for US$65 million.

c. On February 26, 2016 the Company increased its investment in PIASA through a cash payment of Ps507,730. This increase did not modify its shareholding percentage, since the increase in capital corresponds to its proportional parts for all shareholders of PIASA. The purpose of this increase in capital is the repayment of the bank loan for the acquisition of the Plan de San Luis sugar mill mentioned in Note 10 and the release of the guarantees granted by the shareholders.

d. In relation with the increase in capital stock approved through the ordinary general stockholders' meeting on December 29, 2015, at February 22, 2016 certain shareholders of AC exercised their preferred subscription rights and subscribed and paid at that date 538,333 common nominative shares, without nominal value, representative of the variable portion of the capital stock of Arca Continental, at a price of Ps112.46 per share. Likewise, in the compliance of the resolutions of such meeting, out of the 85,771,200 shares of AC that were not subscribed and paid in by the shareholders with the right to do so, 64,530,425 of AC's shares were offered for subscription and payment to several members of the Lindley family. On February 22, 2016 the members of the Lindley family subscribed and paid in 64,530,425 common nominative shares without par value, representative of the variable portion of the capital stock of AC, at a price of US$6.19862 per share. In this sense, in relation with the amount of capital stock approved by this meeting, a total of 65,068,758 shares were subscribed and paid in, of which 902,816,289 correspond to the fixed portion of capital stock and 773,516,043 correspond to the variable portion of the capital stock.

e. On February 22, 2016, the Company paid the outstanding debt with HSBC in the amount of US$200,000.

FRANCISCO GARZA EGLOFF
Chief Executive Officer

EMILIO MARCOS CHARUR
Chief Financial and Administrative Officer

GLOSSARY

AC
Arca Continental, S.A.B. de C.V.

IN-LINE BLOWING MACHINE
Equipment for the conversion of preforms into PET bottles.

CONSUMER
Individual who purchases Company products at a point of sale.

CUSTOMER
Owner of a point of sale that offers Company products to consumers.

HANDHELD
Electronic device used by the sales force for taking orders.

ISR
Income tax.

MUC
Million Unit Cases.

PET BOTTLE
Non-returnable plastic container.

PET RESIN (POLYETHYLENE TEREPHTHALATE)
Material used in the production of plastic containers.

POST-MIX MACHINE
Soft drink dispenser that mixes carbonated water with concentrated syrup; mainly found in restaurants, cafeterias and schools.

PREFORM
Intermediate product made from PET resin; preforms are blow molded to make plastic bottles.

PREFORM INJECTION MACHINE
Equipment for conversion of PET resin into preforms.

PRE-SALE SYSTEM
System of visiting points of sale prior to the delivery of products: during visits, specific orders are taken for each point of sale, optimizing product delivery and the product load carried by distribution trucks.

REF-PET BOTTLE
Returnable plastic container.

RTM
Route To Market, a market service model.

UNIT CASE
Unit of measurement used in the beverage industry; equivalent to 24 eight-ounce bottles.

VENDING MACHINE
Non-returnable, coin-operated soft-drink dispenser.

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DESIGN: FHDS PHOTOGRAPHY: MIGUEL MALO PRINTING: EARTHCOLOR, HOUSTON

AC

EMPRESA SOCIALMENTE RESPONSABLE

ARCA CONTINENTAL