

Note 23 - Stockholders' equity:

23.1 Capital stock at December 31, 2016 and 2015, is comprised of the follows:

	Minimum fixed Capital
1,144,750,000 Series "1" shares with no par value, entirely subscribed and paid in 197,446,100 Series "C-1" shares with no par value, entirely subscribed and paid in	\$ 269,112
Cumulative inflation increase at December 31, 1997	3,105,170
Total	\$ 3,374,282

The Board of Directors approved March 3, 2016 the payment of dividends from the income tax earnings ("CUFIN") in the amount of \$1,288,508, which was paid \$778,392 on May 27 and \$509,974 remainder, October 14 the same year, through the Society for the Securities Depository.

The Board of Directors approved March 5, 2015 the payment of dividends from the income tax earnings ("CUFIN") in the amount of \$1,087,179, which was paid \$657,676 on May 29 and \$429,503 remainder, October 16 the same year, through the Society for the Securities Depository.

In accordance with IAS 29 "Hyperinflation", an entity must recognize the effects of inflation in the financial information when an economy accumulates 100% inflation in a three - year period. Mexico was considered a hyperinflationary economy until 1997, and for that reason the Company recognized all the cumulative inflation effects up to that year.

The company has a control group of non public investors made up of approximately of 10 person owning 80,897,219 shares of series-1 and 11,314,218 shares of series C-1 a total of 6.87% of all outstanding shares. Additionally, the societies and the trust mention below own approximately 79% of all outstanding shares of series-1 common stock as of December 31, 2016 and 2015.

Shareholder	Number of Shares of Common Stock	Percentage Ownership of Common Stock (%)
Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 15228-3	278,772,661	20.8
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0327	217,169,450	16.2
UBS-ZURICH	123,165,000	9.2
Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 504288-5	109,114,664	8.1
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0387	101,169,450	7.5
BBVA Bancomer Servicios, S. A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer-Trust No. 25078-7	76,047,567	5.7
Pictet Bank & Trust Limited	59,617,452	4.4
Scotiabank Inverlat S. A., Institución de Banca Múltiple-Trust No. 11033735	36,839,656	2.7
Pictec and Cie	5,617,040	0.4
Citiacciones Flexible, S. A. de C. V. Sociedad de Inversión de Renta Variable	13,761,238	1.0
Banco Credit Suisse (México), S. A., Institución de Banca Múltiple	1,880,072	0.1
Others	319,041,850	23.9
Total	1,342,196,100	100%

23.2 Capital reserves

Capital reserves are comprised as follows:

	2016	December 31, 2015
Reserve for translation effect	\$ 1,583,647	\$ 853,247
Legal reserve	582,500	582,500
Reserve for acquisition of own shares	467,432	467,432
Investment reserve	94,319	94,319
Reserve for valuation of derivative financial instruments	755,322	102,951
	\$ 3,483,220	\$ 2,100,449

23.3 The reconciliation of the reserve for valuation of derivative financial instruments is as follow

At December 31, 2015	\$ 122,433
Charged to income	(19,482)
At December 31, 2016	102,951
Charged to income	652,371
At December 31, 2016	\$ 755,322

The Company's Stockholders have authorized a reserve for the acquisition of its own shares. The Company must comply with its bylaws and the provisions of the Securities Market Law, in order to acquire its own shares.

According to the Corporations Law, a minimum of 5% must be set aside from net earnings for the period in order to meet the legal reserve until funds in reserve reaches 20% of the capital stock. The legal reserve can be capitalized, but must not be distributed unless the Company is dissolved, and the difference must be made up if the reserve falls below 20% of capital stock for any reason.

23.4 The balances of the tax accounts of stockholders' equity are:

	2016	December 31, 2015
Capital contributions account	\$ 38,157,605	\$ 32,579,214
After-tax earnings account (CUFIN)	89,602,140	77,893,053
Reinvested after tax earnings account (CUFINRE)	133,764	129,416
Total	\$ 127,893,509	\$ 110,601,683

Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2016 and 2015

1,342,196,100	1,342,196,100
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23.5 Tax provisions related to stockholders' equity

Dividends are free of income tax if paid out from the After Tax Earnings Account (CUFIN). Any dividend paid in excess of the CUFIN is taxable at a rate fluctuating between 4.62% and 7.69%, if paid out from the reinvested CUFIN (CUFINRE). Dividends in excess of the after tax earnings account (CUFIN) are subject to 42.86% tax if paid in 2016. Tax incurred is payable by the Company and may be credited against income tax for the period and for the following two periods or, if applicable, against the flat tax for the period. Dividends paid from previously taxed earnings are not subject to any tax withholdings or additional taxes.

In the event of a capital reduction, any excess of stockholders' equity over the capital contributions account is given the same tax treatment as dividends.