

a) Income tax

The Mexican Income Tax Law (MITL) establishes a corporate income tax rate for Mexico of 30% for fiscal year 2015.

b) An analysis of income tax recognized in the statement of comprehensive income for the year ended 31 December 2015 is as follows:

	2015
Current income tax	Ps. 577,336
Deferred income tax	(495,615)
<b>Total income tax</b>	<b>Ps. 81,721</b>

c) A reconciliation of the Company's net deferred income tax assets and liabilities is as follows:

	2015
Effect of spin-off as at 5 January	Ps. (125,940)
Current deferred income tax	495,615
Deferred income tax recognized in other comprehensive income	(9,619,769)
Deferred income tax reclassified to retained earnings	(604,724)
<b>As at 31 December</b>	<b>Ps. (9,854,818)</b>

d) A reconciliation of the statutory corporate income tax rate to the effective income tax rate recognized by the Company for financial reporting purposes is as follows:

	2015
Statutory income tax rate	30%
Effect of reconciled items:	
Taxable effects of inflation	(15)
Property and equipment, net	126
Non-deductible items	5
Non-taxable income	(88)
Other items	2
Effect of spun-off balances	(85)
Tax losses no expected to be carried forward	80
<b>Effective income tax rate</b>	<b>55%</b>

e) An analysis of the effect of temporary differences giving rise to deferred tax assets and liabilities is as follows:

	2015
<b>Deferred tax assets:</b>	
Provisions and accrued liabilities	Ps. 6,020
Rent payable to individuals	23,931
Employee benefits	960
Retirement benefits	360
<b>Total deferred tax assets</b>	<b>31,271</b>
<b>Deferred tax liabilities:</b>	
Property and equipment, net	Ps. 247,813
<b>Surplus from revaluation of assets</b>	<b>9,619,769</b>
Rent paid in advance	17,904
Amortized cost	603
<b>Total deferred tax liabilities</b>	<b>9,886,089</b>
<b>Deferred tax liability, net</b>	<b>Ps. 9,854,818</b>

f) For the year ended 31 December 2015, the Company reported taxable income of Ps. 1,924,452, on which income tax payable was Ps. 577,336.

g) As at 31 December 2015, the Company has the following tax balances:

	2015
Restated contributed capital account (CUCA)	Ps. 35,514
Net taxed profits account (CUFIN)	4,294