Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Consolidated and combined financial statements

December 31, 2016, 2015 and 2014

(With Independent Auditors' Report Thereon)

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

Independent Auditors' Report

(Translation from Spanish Language Original)

The Board of Directors and Stockholders
Becle, S. A. B. de C. V.

Opinion *(Amounts in thousands of mexican pesos)*

We have audited the accompanying consolidated financial statements of Becle, S. A. B. de C. V. ("Becle") and subsidiaries and combined financial statements of Becle, S. A. B. de C. V. and subsidiaries and Sunrise Holdings, S. A. de C. V. and subsidiaries ("Becle and subsidiaries", or the "Group"), which comprise the consolidated statements of financial position as at December 31, 2016, and combined as at December 2015 and 2014, the statements of comprehensive income, changes in equity and cash flows for the year ended as at December 31, 2016 (consolidated) and for the years ended as at December 31, 2015 and 2014 (combined), and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and combined financial statements present fairly, in all material respects, the consolidated and combined financial position of the Group as at December 31, 2016, 2015 and 2014, respectively, and its consolidated and combined results and its consolidated and combined cash flows for the years then ended respectively, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Combined Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated and combined financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

The key audit matters are those that, according to our professional judgment, have been relevants in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on them, and we do not express a separate opinion on those matters.

(Continued)

Accounts receivable $6,826,868. See note 9 on the consolidated and combined financial statements

Key Audit Matter	***How the key audit matter was addressed in our audit***
The Group has significant accounts receivable from customers in the retail industry for $6,826,868. Such customers have specific contracts that grant different discounts in function to the fulfillment of objectives, mainly volume and, additionally, significant returns of products at the beginning of each year. Due to the type of industry in which the Group operates, and considering the volume of transactions carried out, an implicit risk exists related to the appropriate valuation of the doubtful accounts allowance, as well as the reasonableness of the returns and discounts allowances.	Our audit procedures included: • Analysis of the design, implementation and operative effectiveness of the Group's controls related to the credit granting and collection processes. • Analysis of the commercial agreements held with the Group's customers and evaluation of proper application of discounts in accordance with conditions agreed with customers. • Trend analysis of discounts in current and prior years. • Comparison of the actual returns received up to the date of this report and considering the experience of prior years to the amount recorded in the returns allowance. • Analysis of accounts receivable recovery after the year end. • Assesment of the reasonableness of the doubtful accounts allowance by evaluating the assumptions considered by Management. • Analysis of the reasonableness of the Group's disclosures on the required method for doubtful accounts, returns and discounts allowances.

(Continued)

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

a) As mentioned in note 25 to the consolidated and combined financial statements, on February 8, 2017, the Company carried out an initial public offering of common and nominative shares at the Mexican Stock Exchange, in which 15% of its capital stock was offered among the investing public. Our opinion is not modified in respect of this matter.

b) As mentioned in note 18, at the Stockholders' Meeting held on October 1, 2016, Becle, S. A. B. de C. V., stockholders decided to merge this legal entity with Sunrise Holdings, S. A. de C. V. as merged company. The previously described merge was effective on October 13, 2016. Therefore, from that date on, the Group´s financial statements are presented on a consolidated basis. Our opinion is not modified in respect of this matter.

c) As mentioned in note 18, at the Stockholders' Meeting held on July 16, 2015, JB y Compañía, S. A. de C. V.'s stockholders (related party) decided to merge this legal entity with Becle, S. A. B. de C. V. as merging company. The previously described merge was effective on July 16, 2015. Therefore, from that date on, Becle, S. A. B. de C. V. is considered the ultimate parent company of the Group. Our opinion is not modified in respect of this matter.

d) As mentioned in notes 12 and 21, during 2015, the Group carried out the sale of its investment in Don Julio, B. V. and the acquisition of The "Old Bushmills" Distillery Company, Ltd. Our opinion is not modified in respect of this matter.

e) As mentioned in note 2, the financial statements as at December 31, 2015 and 2014 were prepared on a combined basis. The Management of the Group has performed the combination of the entities under the "Common Management" approach since as of these dates, all entities are managed as a single entity and all entities had the same accounting and operating policies, the same key management personnel, among other characteristics. Therefore, the financial information of the reporting entities was presented by grouping similar items in the financial statements of each entity. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information includes the information included in Becle's Annual Report for the year ended December 31, 2016, which shall be filed before the National Banking and Securities Commission and the Mexican Stock Exchange (the "Annual Report"), but does not include the consolidated and combined financial statements and our auditors' report thereon. It is estimated that the Annual Report is to be available for us after the date of this auditors' report.

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Our opinion on the consolidated and combined financial statements does not cover the other information and we will not express any kind of assurance conclusion about it.

In relation with our audit of the consolidated and combined financial statements, our responsibility is to read the other information when available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and combined financial statements or with our knowledge gained during the audit, or if it appears to be materially mistated.

When we read the Annual Report, if we conclude that there is a material error in such other information, we are required to report this fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Combined Financial Statements

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

In preparing the consolidated and combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group´s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and combined financial statements.

(Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and combined financial statements, including the disclosures, and whether the consolidated and combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement on the compliance of applicable ethic requirements in regards with independence and that we have communicated to them, all relationships and other matters that can be reasonably expected to affect our independence and, where appropriate, the corresponding safeguards.

Among the matters that have been subject of communication with those charged with governance, we determine those that have been of major relevance in the audit of the consolidated financial statements in the current period, and that are in consequence, the key audit matters in the audit. We describe these matters in our audit report unless legal or regulatory decree prohibit disclosure or, in extremely rare circumstances, we determine that a matter should not be reported in our report due to it is reasonably expected that adverse consequences would exceed its public interest benefits.

KPMG CARDENAS DOSAL, S. C.

Rodolfo Basurto Escobar

Mexico City, February 24, 2017.

Becle, S. A. B. de C. V. and subsidiaries

(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Consolidated and combined statements of financial position

December 31, 2016, 2015 and 2014

(Thousands of Mexican pesos)

Assets		**2016**	**2015**	**2014**
Current assets:				
Cash and cash equivalents	$	5,128,137	4,139,382	4,157,861
Accounts receivable, net (note 5i) and 9)		6,396,412	5,292,580	4,258,422
Related parties receivable (note 6)		197,555	92,715	165,504
Other receivables, mainly recoverable taxes		1,376,853	748,731	607,977
Inventories, net (note 7)		5,942,639	4,352,119	3,866,747
Investment in joint venture available for sale (notes 1f) and 12)		-	-	1,209,940
Prepayments (note 8)		683,564	440,417	341,677
Total current assets		19,725,160	15,065,944	14,608,128
Non-current inventory (note 7)		3,178,318	3,212,952	859,746
Investment in associates and joint venture (note 12)		66,364	-	154,779
Property, plant, and equipment, net (note 10)		4,640,601	3,996,758	2,342,477
Employee benefits, (note 16)		94,927	151,000	116,991
Intangible assets and trademarks, net (note 11)		11,771,208	10,404,997	5,945,836
Goodwill (note 11 and 21)		5,992,347	5,505,628	382,683
Other assets		219,022	299,220	313,136
	$	45,687,947	38,636,499	24,723,776

Liabilities and stockholders' equity		**2016**	**2015**	**2014**
Current liabilities:				
Current installments of notes payable to banks (notes 5ii) and 14)	$	53,142	45,714	1,036,889
Trade accounts payable (note 5ii))		2,407,235	1,775,315	958,029
Other liabilities (note 5ii))		256,565	766,654	1,042,344
Accruals (notes 5ii)) and 13)		1,708,428	1,269,991	1,158,932
Employee statutory profit sharing		16,395	11,617	12,013
Related parties (notes 5ii)) and 6)		14,851	176,400	88,861
Dividend payable (note 5ii))		-	-	1,032,063
Total current liabilities		4,456,616	4,045,691	5,329,131
Long-term debt, excluding current installments (notes 5ii) and 14)		10,206,842	8,490,206	2,282
Environmental reserve (notes 5ii) and 23 g))		117,760	97,024	82,991
Other long-term liabilities ((notes 5ii)		95,062	-	-
Deferred income taxes (note 17)		2,759,236	2,356,717	1,318,069
Total liabilities		17,635,516	14,989,638	6,732,473
Stockholders' equity (note 18):				
Capital stock		10,051,666	11,047,080	10,939,187
Retained earnings		12,118,201	9,045,778	5,178,332
Other comprehensive income		5,852,598	3,554,003	1,845,250
Total controlling interest		28,022,465	23,646,861	17,962,769
Non-controlling interest		29,966	-	28,534
Total stockholders' equity		28,052,431	23,646,861	17,991,303
Contingencies and commitments (notes 23 and 24)				
Subsecuents events (note 25)				
	$	45,687,947	38,636,499	24,723,776

Notes on pages 1 to 78 are an integral part of these consolidated and combined financial statements.

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Consolidated and combined statements of comprehensive income

Years ended December 31, 2016, 2015 and 2014

(Thousands of Mexican pesos)

		2016	2015	2014
Net sales (note 20)	$	24,396,212	18,474,841	15,313,797
Cost of goods sold (notes 19 and 20)		9,935,796	7,224,253	6,236,950
Gross profit		14,460,416	11,250,588	9,076,847
Expenses:				
Advertising, marketing and promotion (note 20)		6,038,909	4,122,709	3,455,524
Distribution (note 20)		750,008	726,773	612,499
Selling		771,720	592,818	554,652
Administrative		1,436,312	1,083,801	1,002,751
Other (income) expenses, net		(160,440)	104,279	75,878
Total expenses		8,836,509	6,630,380	5,701,304
Operating profit		5,623,907	4,620,208	3,375,543
Financial results:				
Interest income (note 6)		(49,362)	(7,874)	(31,940)
Interest expense (note 6)		394,201	136,465	38,654
Foreign exchange loss (gain), net		590,873	319,207	(422,856)
Financial result, net		935,712	447,798	(416,142)
Gain on sale of joint venture (note 1f))		-	3,446,312	-
Profit before income taxes		4,688,195	7,618,722	3,791,685
Income taxes (note 17):				
Current		1,284,988	1,936,022	1,033,566
Deferred		255,459	374,247	119,764
Total income taxes		1,540,447	2,310,269	1,153,330
Net income		3,147,748	5,308,453	2,638,355
Non-controlling interest		-	-	2,587
Controlling net income	$	3,147,748	5,308,453	2,635,768
Other comprehensive income:				
Foreign operations - Foreign currency translation reserve	$	2,253,065	1,703,277	865,200
Employee benefits, net of income taxes		45,530	5,476	4,254
Other comprehensive income, net of income tax		2,298,595	1,708,753	869,454
Net comprehensive income	$	5,446,343	7,017,206	3,507,809
Other comprehensive income:				
Equity in other comprehensive income of other entities	$	5,446,343	7,017,206	3,505,222
Non-controlling interest		-	-	2,587
Basic earings per share (note 22)	$	0.34	-	-

Notes on pages 1 to 78 are an integral part of these combined financial statements.

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Consolidated and combined statements of changes in stockholders' equity

Years ended December 31, 2016, 2015 and 2014

(Thousands of Mexican pesos)

	Capital stock	Share premium	Total	Retained earnings	Other comprehensive income	Total controlling interest	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2013	$ 10,604,698	334,489	10,939,187	2,903,659	975,796	14,818,642	25,947	14,844,589
Dividends (note 18(c))	-	-	-	(208,833)	-	(208,833)	-	(208,833)
Acquisition of shares under common control (note 1)	-	-	-	(152,262)	-	(152,262)	-	(152,262)
Net comprehensive income	-	-	-	2,635,768	869,454	3,505,222	2,587	3,507,809
Balances as of December 31, 2014	10,604,698	334,489	10,939,187	5,178,332	1,845,250	17,962,769	28,534	17,991,303
Decrease in shareholders' equity by merger (note 18(a))	107,893	-	107,893	(318,961)	-	(211,068)	(28,534)	(239,602)
Dividends (note 18(c))	-	-	-	(1,025,029)	-	(1,025,029)	-	(1,025,029)
Sale of shares under common control (note 1(h))	-	-	-	(97,017)	-	(97,017)	-	(97,017)
Net comprehensive income	-	-	-	5,308,453	1,708,753	7,017,206	-	7,017,206
Balances as of December 31, 2015	10,712,591	334,489	11,047,080	9,045,778	3,554,003	23,646,861	-	23,646,861
Decrease in shareholders equity (note 18(a))	(916,010)	(183,202)	(1,099,212)	-	-	(1,099,212)	-	(1,099,212)
Decrease in shareholders equity (note 18(a))	(1,102,693)	-	(1,102,693)	-	-	(1,102,693)	-	(1,102,693)
Increase in shareholders equity (note 18(a))	1,206,491		1,206,491			1,206,491	29,966	1,236,457
Margin effect (note 1(a))	(3,547,120)	3,547,120	-	-	-	-	-	-
Other stockholders' movements	-	-	-	(75,325)	-	(75,325)	-	(75,325)
Net comprehensive income	-	-	-	3,147,748	2,298,595	5,446,343	-	5,446,343
Balances as of December 31, 2016	$ 6,353,259	3,698,407	10,051,666	12,118,201	5,852,598	28,022,465	29,966	28,052,431

Notes on pages 1 to 78 are an integral part of these consolidated and combined financial statements.

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Consolidated and combined statements of cash flows

Years ended December 31, 2016, 2015 and 2014

(Thousands of Mexican pesos)

		2016	2015	2014
Cash flows from operating activities:				
Income before income taxes	$	4,688,195	7,618,722	3,791,685
Adjustments for:				
Depreciation and amortization		451,470	244,129	283,912
Loss (gain) on sale of property, plant and equipment		17,120	10,564	(13,162)
Gain on sale of joint venture available for sale		-	(3,446,312)	-
Interest income		(49,362)	(7,874)	(31,940)
Sale of shares under common control		-	(154,779)	-
Long-term debt amortization		10,601	5,159	-
Translation effect		367,595	362,947	92,382
Items relating to financing activities:				
Interest expense		394,201	136,465	38,654
Unrealized foreign exchange loss		1,680,988	851,565	69,972
Subtotal		7,560,808	5,620,586	4,231,503
Changes in:				
Accounts receivable		(1,103,832)	(1,034,158)	(914,733)
Related parties		(266,389)	160,328	(163,668)
Other receivables		(628,122)	(140,754)	1,645,965
Inventories		(1,555,886)	(966,398)	(799,952)
Prepayments		(243,147)	(98,740)	(46,387)
Trade accounts payable		631,920	817,286	11,701
Other assets		80,198	200,771	(90,997)
Other liabilities		(510,089)	(536,672)	37,951
Accruals		554,235	125,092	59,677
Income taxes paid		(1,137,928)	(1,889,429)	(1,033,566)
Employee statutory profit sharing		4,778	(396)	3,941
Changes in direct employee benefits		56,073	(34,010)	(106,581)
Dividend payable		-	-	146,973
Net cash from operating activities		3,442,619	2,223,506	2,981,827
Cash flows from investing activities:				
Investment in property, plant and equipment		(828,931)	(543,692)	(840,227)
Investment in intangible assets		(205,429)	(41,025)	(5,170)
Business acquisition		-	(10,664,773)	-
Investment in associate		(66,364)	-	-
Mergers		-	(239,602)	-
Proceeds from sale of joint venture available for sale		-	4,656,252	-
Other stockholders' movements		(75,325)	-	-
Proceeds from sale of property, plant and equipment		-	-	26,324
Proceeds from sale of shares under common control		-	57,762	-
Increase in other non-current assets		-	-	27,300
Interest collected		49,362	7,874	31,940
Net cash used in investing activities		(1,126,687)	(6,767,204)	(759,833)
Cash flows from financing activities:				
Proceeds from loans		-	7,631,200	399,942
Cash inflow from increase in capital stock		1,206,491	-	-
Dividends paid		-	(2,057,092)	(208,833)
Decrease in capital stock		(2,201,905)	-	-
Non controlling interest		29,966	-	-
Stock acquisition under common control		-	-	(152,261)
Payments on loans		-	(1,036,889)	(444,917)
Interest paid		(361,729)	(90,751)	(29,652)
Net cash (used in) provided by from financing activities		(1,327,177)	4,446,468	(435,721)
Net increase (decrease) in cash and cash equivalents		988,755	(97,230)	1,786,273
Cash and cash equivalents:				
At January 1		4,139,382	4,157,861	2,371,588
Cash received from mergers		-	78,751	-
At end of year	$	5,128,137	4,139,382	4,157,861

Notes on pages 1 to 78 are an integral part of these consolidated and combined financial statements.

(1) Reporting entity and significant transactions-

These consolidated and combined financial statements include Becle, S. A. B. de C. V. and subsidiaries (Becle or the Company) (formerly JB y Compañía, S. A. de C. V. and subsidiaries); subsequently referred “the Group” and individually as “Group entities” (see note 2(b)).

Becle is domiciled in Mexico its registered office is at Guillermo González Camarena No. 800, 4o. piso, Zedec Santa Fe, Álvaro Obregón, Ciudad de México, 01210.

The Group’s main activity is to produce, bottle, purchase, sell, import, export, intermediate and distribute alcoholic drinks and agricultural products, mainly Agave Azul Tequilana Weber.

Significant transactions of Becle-

a) At the Shareholders’ Meeting held on the October 1st, 2016, the Company´s shareholders decided to merger Sunrise Holdings, S.A. de C. V. into Becle, S. A. B. de C. V., as the surviving company (merging of entities under common control). This merger was effective on October 13, 2016. Consequently, as of that date, Becle is the holding company of the Group (see note 2(b)).

b) At the Shareholders' Meeting held on the October 1st., 2016, the Compny´s shareholders approved the spin-off of Salsas de Jalisco Cacu, S. A de C. V. The transaction was effective on November 26, 2016. As result, Salsas de Jalisco Cacu, S. A. de C. V. is not part of the Group to from that date on.

c) At the Shareholders' Meeting held on September 23, 2016, the Company's shareholders subscribed and paid a capital increase through a 78.09% contribution of Maestro Tequilero, S. A. de C. V. ("Master Tequilero") shares, personally owned. As result of this contribution, Maestro Tequilero is a subsidiary of Becle as of that date.

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d) On May 6, 2015, JB y Compañía, S. A. de C. V. (Becle's former ultimate parent company) issued ten-year bonds to qualified institutional buyers in the United States of America as defined in Rule 144A, and in other countries outside of United States of America to certain non-U.S. persons pursuant to Regulation S (the "Bonds"), for an aggregate principal amount of US$500 million ($7,631,200), bearing interest at 3.75% which will be paid semi-annually during the months of May and November each year. The Bonds, which are not publicly traded, are guaranteed by certain subsidiaries of Becle. The maturity date is 2025 (see note 14).

e) On February 27, 2015, JB y Compañía, S. A. de C. V. (Becle's former ultimate parent company) entered into a credit agreement for US$500 million ($7,461,400) with Bank of America, N.A. and Citibank, N.A., bearing interest on the outstanding principal amount thereof for each interest period at a rate per annum equal to 0.75% as established in the agreement. The credit agreement was paid in May 2015.

f) On February 27, 2015, JB y Compañía, S. A. de C. V. (Becle's former ultimate parent company) sold its investment in Don Julio, B. V. ("DJ") to Diageo Mexico Comercializadora, S. A. de C. V., represented by 50% of DJ's capital stock, for US$310 million ($4,656,252). In 2014, the investment in DJ had been classified as investment in joint venture available for sale within current assets. The sale caused JB y Compañía, S. A. de C. V. to recognize a profit for $3,446,312 which represents the net amount of the transaction sales price mentioned above (determined at fair value) reduced by the investment in DJ plus expenses incurred as part of the transaction.

g) At the Stockholders' Meeting held on July 16, 2015, JB y Compañía, S. A. de C. V.'s stockholders decided to merge this legal entity into Becle, S. A. B. de C. V. as the surviving company. The previously described merge was effective on July 16, 2015. Therefore, from that date on, Becle, S. A. B. de C. V. became the ultimate parent company, as defined above.

Additionally, as part of such Stockholders' Meeting, it was decided to merge Comercializadora Cacu, S. A. de C. V. and Romo Hermanas, S. A. de C. V. into Becle, S. A. B. de C. V.

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

h) On December 14, 2015, BV Destilados de Malta, S. A. P. I. de C. V. (associated company) purchased from Becle, S. A. B. de C. V. the total capital stock of Rones del Caribe, S. A. de C. V. (subsidiary company) which, in turn, has an equity investment in Rones Habanos, S. A. de C. V. ("Rones Habanos", associate company, see note 12); consequently, Becle recognized a net loss of $97,017 in stockholders' equity.

Significant transactions of Becle's subsidiaries-

Casa Cuervo, S. A. de C. V. ("CC")

On February 27, 2015, JC Overseas, Ltd., CC's subsidiary, purchased from Diageo Great Britain, Limited, the total capital stock of The "Old Bushmills" Distillery Company Limited, ("OBD") for US$718.7 million ($10,664,773); therefore, OBD is considered a subsidiary company from that day on (see note 21).

On November 2, 2014, Diageo Brands, B. V. ("Diageo") terminated its distribution agreement with CC in advance, where the latter provided distribution services for products under the brand "Smirnoff". Termination of the distribution agreement resulted in a penalty of US$10 million ($134,316) that Diageo paid to CC, which was recognized as other income in 2014.

Bienes Inmuebles de Guadalajara, S. A. de C. V. ("BIGSA")

At the Stockholders' Meeting held on October 10, 2014, BIGSA's stockholders, who were also stockholders of JB y Compañía, S. A. de C. V., agreed to sell all of BIGSA's capital stock, amounting to $276,548 in exchange for $428,810 paid in cash by JB y Compañía, S. A. de C. V. resulting in an effect of stock acquisition between parties under common control in retained earnings of $152,262, therefore, from that date on, BIGSA is considered a subsidiary entity.

Ex Hacienda los Camichines, S. A. de C. V. ("EHC")

At the Stockholders' Meeting held on September 30, 2015, Agavera Camichines, S. A. de C. V., Agavera Gallardo, S. A. de C. V. and Productora Lázaro Gallardo, S. A. de C. V.'s stockholders decided to merge these legal subsidiary entities with EHC as the surviving company. The previously described merger was effective on October 1, 2015.

Próximo Spirits México, S. A. de C. V. (“PSM”)

At the Stockholders’ Meeting held on August 31, 2015, PSM’s stockholders decided to merge this subsidiary with José Cuervo, S. A. de C. V. as the surviving company. The previously described merger was effective on September 1, 2015.

(2) Basis of accounting and preparation-

a) Statement of compliance

These consolidated and combined financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

On February 24, 2017, Daniel Elguea Solís, Finance Director, authorized the issuance of these consolidated and combined financial statements.

In accordance with the Mexican Corporations Law (“LGSM” by its Spanish acronym) and the bylaws of Becle and Sunrise Holdings, the stockholders are empowered to modify these consolidated and combined financial statements after issuance.

b) Basis of preparation

As mentioned in note 1a) to the consolidated and combined financial statements, dated October 1, 2016 . The Company´s shareholders approved on October 1st, 2016 the mergin of Sunrise Holdings, S.A. de C. V. ("Proximo") into Becle, S. A. B. de C. V., as the margin company (the "Merger"), The merger with Proximo was effective on October 13, 2016 and, from that moment on, all assets, shares and rights, as well as all liabilities, obligations and commitments of any kind and, in general, all the patrimony of the marged company, without limitation or exception, were transmitted in a universal succession to the Company. Accordingly, the Company's financial statements as of December 31, 2016 and for the year then ended are presented on a consolidated basis.

(Continued)

The financial statements as of December 31, 2015 and 2014 and for the years ended on those dates include entities whose activities are similar and are managed and operated by a common administration; however, because these entities were not controlled at that date by a ultimate parent company, a set of consolidated financial statements could not be prepared and therefore have been prepared by the Company's management on a combined basis, which includes the Company and Proximo, as well as their respective subsidiary companies, the foregoing to present the combined financial information and the operating results of the predecessor business, from the perspective of the successor business, once the merger occurred.

c) Basis of measurement

These consolidated and combined financial statements have been prepared on the historical cost basis, except for the net defined benefit assets, which is recognized at the fair value of the plan assets less the present value of the defined benefit obligation, as explained in note 3(m).

d) Functional and reporting currency

These consolidated and combined financial statements are presented in Mexican pesos. All amounts have been rounded to the nearest thousands of Mexican pesos.

Becle and its subsidiary companies have the Mexican peso as their functional currency, with the exception of some subsidiaries in the United States of America (“USA”), United Kingdom (“UK"), and Canada (“CAN”), which functional currencies are their local currencies, specifically, the US dollar (“USD”), pound sterling (“GBP”) and Canadian dollar (“CAD”), respectively.

e) Use of judgments and estimates

In preparing these combined financial statements according to IFRS, Management has made judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(Continued)

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the combined financial statements is included in the following notes:

- Notes 3(j) and 15 – leases: lease classification

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2016, 2015 and 2014, are included in the following notes:

- Notes 3(m) and 16 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 3(q) and 17 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Notes 3(l) – impairment test: key assumptions underlying recoverable amounts;
- Notes 3(n) and 23 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

i) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party information, such as broker quotes or pricing services, to measure fair values, then the Group's Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices, inputs are active market prices (unadjusted) for identical assets and liabilities that the Group has the ability to negotiate on the measurement date.

- Level 2: inputs are different from market prices, but are directly or indirectly observable for the asset or liability.

(Continued)

- Level 3: inputs are those that are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Notes 3(g) and 12 – investment in joint venture held for sale
- Notes 3(d) and 5 – financial instruments
- Notes 21 – business acquisition

(3) Significant accounting policies-

The accounting policies shown as follows have been applied consistently to all periods presented in these consolidated and combined financial statements, and have been applied consistently by the Group's entities:

(a) Basis of consolidation-

(i) Business combination-

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 3(f)). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, unless they relate to the issuance of debt or equity instruments (see note 3(d)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognized in profit or loss.

(Continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Non-controlling interest (NCI)-

For each business combination, the Group measures any non-controlling interest in the investee at:

- Fair value, or
- The proportionate share of the acquiree's identifiable net assets at the date of acquisition, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries-

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the combined financial statements from the date on which control commences until the date on which control ceases.

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

The table below shows the detail of the Group's significant consolidated subsidiaries, as well as the ownership percentage it has on each:

	Country where it was incorporated	2016	2015	2014
Food products:				
The Cholula Food Company, Inc.	USA	100%	100%	100%
Manufacturing, Distribution and marketing:				
Casa Cuervo, S. A. de C. V.	Mexico	100%	100%	100%
The "Old Bushmills" Distillery Company Limited. (*)	North Ireland	100%	100%	-
Proximo Spirit, Inc.	USA	100%	100%	100%
Tequila Cuervo, S. A. de C. V.	Mexico	100%	100%	100%
Proximo Distillers, LLC.	USA	100%	100%	100%
Proximo Marketing, Inc."	USA	100%	100%	100%
Services provider:				
Casa Cuervo Mexico, S. A. de C. V.	Mexico	100%	100%	100%
Casa Cuervo Edisa, S. A. de C. V.	Mexico	100%	100%	100%
Casa Cuervo Camichines, S. A. de C. V.	Mexico	100%	100%	100%
Casa Cuervo Rojeña, S. A. de C. V.	Mexico	100%	100%	100%
Casa Cuervo Churubusco, S. A. de C. V.	Mexico	100%	100%	100%
Promobeb, S. A. de C. V.	Mexico	100%	100%	100%
Agriculture				
Azul Agricultra y Servicios, S. A. de C. V.	Mexico	100%	100%	100%
Brands				
Corporativo de Marcas GJB, S. A. de C. V.	Mexico	100%	100%	100%
Ex Hacienda los Camichines, S. A. de C. V.	Mexico	100%	100%	100%
Salsas de Jalisco CACU, S. A. de C. V. (**)	Mexico	-	100%	100%
Tequila Cuervo la Rojeña, S. A. de C. V.	Mexico	100%	100%	100%
Maestro Tequilero, S. A. de C. V. (***)	Mexico	78%	-	-
Real-Estate				
Bienes Inmuebles de Guadalajara, S. A. de C. V. (****)	Mexico	100%	100%	100%

(*) Entity acquired in February 2015.
(**) Entity spin-off in October 2016 (note 1b).
(***) Entity incorporated into the Group as of September 23, 2016 (note 1c).
(****) Entity incorporated into the Group as of October 2014.

(Continued)

(iv) Loss of control-

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the income statement.

(v) Investments in associates and jointly controlled entities (equity method)-

Associates are those entities in which the Group has significant influence, but not control or joint control. A joint venture is an arrangement in which the Combined Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method, and are initially recognized at cost. The investment cost includes the transaction costs.

The combined financial statements include the interest of the Combined Group in the profits or losses and other comprehensive income of investments accounted for by the equity method, after performing the adjustments to align the accounting policies with those of the Group, until the date on which significant influence or joint control ceases.

When the portion of losses of the Group exceeds its interest in an investment recognized by the equity method, the carrying amount of that interest, including any long-term investment, is reduced to zero and the recognition of more losses is discontinued except if the Group has an obligation or has made payments on behalf of the associate or joint venture it participates in.

(vi) Transactions eliminated in the consolidation and combination-

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized profits arising from transactions with companies which investment is accounted for by the equity method are eliminated from the investment in the proportion of the Group's participation in the investment.

(Continued)

Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no evidence of impairment.

(b) Foreign currency-

(i) Foreign currency transactions-

Transactions in foreign currency are translated into the respective functional currency of the combined entities at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the combined financial statements date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

(ii) Foreign operations-

The assets and liabilities of foreign operations are translated into Mexican pesos at the exchange rates on the balance sheet date. Revenues and expenses of foreign operations are translated into Mexican pesos at the exchange rates on the date of the transactions.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes only part of an associate or joint venture while retaining significant influence or joint control, the corresponding proportion of the cumulative amount is reclassified to the income statement.

(Continued)

(c) Discontinued operations-

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents either a separate major line of business or geographical area of operation;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operation; or
- Is a subsidiary acquired exclusively with the purpose of re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of income and other comprehensive income is re-expressed as if the operation had been discontinued from the start of the comparative year.

(d) Financial instruments-

The Group classifies non-derivative financial assets into the following categories: held-to-maturity financial assets and receivables.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and de-recognition-

The Group initially recognizes accounts receivables and financial liabilities on the date when they are originated. Other financial assets are initially recognized on the trade date when the Group becomes a party to the instrument's contractual provisions.

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

(Continued)

The Group de-recognizes a financial liability when its contractual obligations are paid or cancelled, or expire.

Financial assets and liabilities are subject to be offset against the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to settle the net amount or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets- Measurement-

Account receivables

Accounts receivable are financial assets with fixed or determinable payments that are not traded in an active market. These assets are initially recognized at fair value, and, subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less impairment losses. Accounts receivable include trade accounts receivable and other accounts receivable, mainly recoverable taxes.

Cash and cash equivalents-

Cash and cash equivalents consist of checking accounts, foreign currency and other highly liquid instruments. At the date of the consolidated and combined financial statements, interest income and foreign exchange gains and losses are included in profit or loss statement.

Cash and cash equivalents include cash balances and deposits with original maturities of three months or less from the date of acquisition subject to exchange effects in fair value and are used by the Group in the Management of its short-term commitments.

(iii) Non-derivative financial liabilities- Measurement-

The Group classifies its non-derivative financial liabilities in the category of other financial liabilities. These consist of notes payable, suppliers and another accounts payable.

(Continued)

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iv) Equity- Ordinary shares-

Ordinary shares are classified in stockholders' equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(e) Property, plant and equipment-

(i) Recognition and measurement-

Items of property, plant, and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes expenses directly attributable to acquisition of the asset. The cost of assets built by the entity include the following:

- The cost of materials and direct labor.
- Any other costs directly attributable to bringing the asset to a working condition for its intended use.

Acquired software, which is part of the functionality of the related equipment, is capitalized as part of such equipment.

If significant parts of an item of property, machinery and equipment have different useful lives, they are accounted for as separate items (major components) of property, machinery and equipment.

Any gain or loss on the disposal of an item of property, machinery and equipment (determined as the difference between the selling price and the book value for such item) are recognized in the income statement.

(Continued)

(Thousands of Mexican pesos)

(ii) Subsequent expenditures-

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Continuous repairs and maintenance are expensed in the income statement as incurred.

(iii) Depreciation-

Items of property, machinery and equipment are depreciated from the date on which they are installed and ready for their use or in the case of assets internally built, from the date on which the asset is completed and ready to be used.

Depreciation is calculated to write off the cost of items of property, machinery and equipment less their estimated residual values using the straight-line method over their estimated useful values, and is recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, machinery and equipment for current and comparative periods of the significant items are shown below.

	Rates
Manufacturing, bottling and storage machinery	8% and 25%
Machinery and equipment	4% to 25%
Buildings and constructions	1.7% to 5%
Transportation equipment	10% and 25%
Transfer equipment	3%
Pollution control equipment	8%
Leasehold improvements	5%
Laboratory equipment	8% and 10%
Office furniture and equipment	10%
Computer equipment	30% and 33%
Telecommunication equipment	10%
Distribution equipment	25%
Casks	5%

(Continued)

Depreciation methods, useful lives and residual values are reviewed at each date of the consolidated and combined financial statements and adjusted if appropriate.

(f) Intangible assets and goodwill-

(i) Goodwill-

Goodwill arising from business acquisitions is measured at cost less accumulated impairment losses.

(ii) Intangible assets with defined live-

Intangible assets acquired by the Group consisting of installation expenses, deferred expenses, copyrights, memberships, patents and software that have defined useful lives are recorded at acquisition cost, less accumulated amortization and accumulated impairment losses.

(iii) Intangible assets with indefinite useful lives-

Intangible assets with indefinite useful lives correspond to the following trademarks: Birdwells, Boodles, Hangar 1, Stranahan's, Three Olives, Bushmills, Cheverny, Clos San José, Sperry's, Castillo, Oso Negro, Pomar, Santa Clara, De la Viuda and Don Julio (with 50% interest before the sale in February 2015, before disposal in February 2015), which have no legal, regulatory, contractual, economic or other factors that might limit their useful lives, and which are expected to generate future cash flows, which are not conditioned to a limited period of time, are subject to annual impairment testing under IFRS.

(iv) Subsequent expenditures-

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generate trademarks and goodwill, are recognized in the income statement as incurred.

(Continued)

(v) Amortization-

Amortization of intangible assets with defined life is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives are as follows:

	Years
Installation expenses	10
Deferred expenses	10
Patents and software	20

Amortization methods and useful lives are reviewed at each date of the consolidated and combined financial statements and adjusted if appropriate.

(g) Assets held for sale-

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or biological assets, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant, and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(h) Biological assets-

The Group’s biological assets correspond to Agave Azul Tequilana Weber variety in their different development stages.

(Continued)

The fair value of biological assets cannot be determined objectively and reliably; therefore, biological assets are measured at cost less any cumulative shrinkage loss, sickness and impairment.

The maturity cycle of agave ranges between six and eight years; based on this and the estimated time for harvest, agave inventories are classified as current and non-current assets in the consolidated and combined statements of financial position.

(i) Accruals-

An accrual is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognized as an accrual is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Long-term accruals, such as employee benefits obligations, are discounted to recognize the present value of the expected future cash flows to settle the obligation.

(j) Leases-

(i) Determining whether an agreement contains a lease-

At inception of an agreement, the Group determines whether the agreement is or contains a lease.

For those arrangements containing a lease, the Group separates payments and other considerations required by the agreement into those for the lease and those for other elements on the basis of their relative fair values.

(ii) Leased assets-

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

(Continued)

Assets held under other leases are classified as operating leases and are not recognized in the Group's consolidated and combined statement of financial position.

(iii) Lease payments-

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under financial leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term in order to obtain a constant periodic interest rate on the remaining balance of the liability.

(k) Inventories-

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost formula.

In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated sale price in the ordinary course of business, less the costs of completion and the estimated necessary costs to close the sale.

The Group records the necessary allowances for inventory impairment arising from damaged, obsolete or slow-moving inventories or any other reason indicating that the carrying amount will exceed the future revenues expected from use or realization of the inventory items.

(l) Impairment-

(i) Non-derivative financial assets

Financial assets not valued at fair value, are assessed at each reporting date to determine if there is an objective evidence of impairment.

(Continued)

Objective evidence that financial assets are impaired includes:

- Default or non-compliance of a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged fair value decrease below its cost. Annually, the Group assesses the impairment test according to the IFRS rules.

(ii) Financial assets measured at amortized cost-

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset’s carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(Continued)

(iii) Equity accounted investees-

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iv) Non-financial assets-

At each reporting date, the Group reviews the carrying amount of its non-financial assets (other than assets from the defined benefit employee plan, inventories, biological assets and deferred tax assets), to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful lives are tested annually for impairment.

For impairment testing, assets are grouped into cash-generating units. A cash-generating unit ("CGU") is the smallest group of assets that generates cash inflows from continuing use that are largely independent from the cash inflows of other assets or groups of assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss, allocated to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(m) Employee benefits-

(i) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined benefit plans

The Group's net obligations in respect of defined benefit plans are calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the result of the calculation is a benefit for the Group, the asset recognized is limited to the present value of the economic benefits available in the form of any future reimbursements from the plan or reductions in future contributions to the plan. In calculating the present value of the economic benefits, consideration is given to any minimum funding requirements applicable to the plan.

The resulting increase in labor cost of the benefit obligation and expenditure by employees in the year are recognized in operating expenses.

The discount rate is calculated on the basis of zero-coupon government bonds with maturity term resembling those of the Group's obligations, and determined in the same currency in which the benefits are expected to be paid.

The financial cost associated with increased liability over time, as well as the expected return on the period of plan assets are recognized in the financial results. An economic benefit is available to the Group if it is realizable during the life of the plan, or at liquidation of the obligations of the plan. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in income using the straight-line basis over the average period until the benefits are delivered. To the extent that the benefits are immediately delivered, the expense is immediately recognized in profit or loss.

The Group recognizes the actuarial gains and losses arising from a defined benefit plan in other comprehensive income and all expenses related to the defined benefit plan in profit or loss.

When having reductions or settlements in a defined benefit plan, the Group shall recognize gains or losses arising there from. These gains or losses shall include any change that could result in the present value of the defined benefit obligations incurred by the entity, and any changes in the fair value of plan assets, any gains and losses and past service costs that had not been previously recognized.

(n) Contingencies-

Contingencies are recognized as a liability when there is a present obligation resulting from past events and it is likely that the effects will materialize and can be measured reliably; otherwise they are qualitatively disclosed in the consolidated and combined financial statements.

(o) Revenue-

Income from the sale of goods during the course of ordinary operations is recognized at the fair value of the consideration received or receivable, net of returns, commercial and volume discounts.

Revenue is recognized when the risks and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing Management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. Generally, the transfer takes place when the product is received at the customer's warehouse.

(p) Finance income and finance costs-

Financial income includes interest income on invested funds and changes in the fair value of financial assets at fair value through income statement, as well as foreign exchange gains.

(Continued)

Financial costs comprise interest expense on loans and foreign exchange losses.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated and combined statement of profit or loss using the effective interest method.

Interest income and interest expense are recognized using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported in the consolidated and combined statement of comprehensive income on a net basis.

(q) Income tax-

Income tax expense comprises current and deferred taxes. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable on receivables in respect of previous years. It is measured using tax rates enacted or substantively enacted as of the date of the consolidated and combined statements of financial position.

(ii) Deferred tax

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

(Continued)

- Temporary differences related to the investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal on the temporary differences and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset if certain criteria is met.

Deferred tax assets recognized for unused tax losses, unused tax credits and deductible temporary differences are recognized to the extent that it is probable that the future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

(r) Comprehensive income

Comprehensive income is comprised of net income, translation effects and the results from actuarial losses on employee benefit obligations net of income taxes, which are reflected in stockholders' equity, but which do not constitute capital contributions, reductions and/or distributions.

(s) Earnings per share-

Basic earnings per ordinary share are calculated by dividing net income between the average number of ordinary shares outstanding during the period, adjusted by treasury shares repurchased and retained. The Company has no potentially dilutive shares, therefore, basic and diluted earnings per share are the same (see note 22).

For the 2016 fiscal year-end derived from the merger of Sunrise Holding Mexico, S. A. de C. V., mentioned in note 1a), the information relating to earnings per share is presented as required under IAS 33 "Earnings per share" and is included in these consolidated financial statements.

(t) Statements of cash flow-

The Company presents the cash flow from operating activities using the indirect method, in which the profit or loss is adjusted for the effects of transactions that do not require cash flow, including those associated with investment or financing activities. In addition, the Company has elected to present the cash received from interest in favor as part of the investment activities and the effect of payment of dividends and interest as part of the financing activities.

(4) Standards issued but not yet effective-

A number of new standards, amendments to standards and interpretations are applicable to annual periods beginning after January 1, 2017 early adoptions allowed however, the following new standars or amendments have not been applied by the Group in the preparation of these financial statements.

IFRS 9 Financial Instruments-

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Group is assessing the potential impact on its combined financial statements resulting from the application of IFRS 9.

(Continued)

IFRS 15 Revenue from Contracts with customers-

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Group is assessing the potential impact on its combined financial statements resulting from the application of IFRS 15.

IFRS 16 Leases-

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15 Revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17.

Leases are "capitalized" by recognizing the present value of the lease payments and showing them as right-of-use assets and also recognizing a financial liability representing its obligation to make future lease payments.

The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and financial liabilities. IFRS 16 does not require a company to recognize assets and liabilities for (a) short-term leases (i.e. leases of 12 months or less), and (b) leases of low-value assets.

IFRS 16 changes the nature of expenses related to those leases. IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with an amortization charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs). IFRS 16 is mandatory for periods beginning on or after January 1, 2019.

The Group is assessing the potential impact on its combined financial statements resulting from the application of IFRS 16.

(Continued)

(5) Financial risk management-

General

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Group's shareholders have overall responsibility for the establishment and oversight of the Group's risk Management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and monitor risks and adherence to limits. The Group, through its policies and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit oversees how Management monitors compliance with the Group's risk Management policies and procedures, and reviews the adequacy of the risk Management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk Management controls and procedures.

i) Credit risk-

Credit risk is the risk of financial loss to the Group if a costumer or counterparty for a financial instrument fails to meet its contractual obligations, and arises mainly from the Group's accounts receivable and the investment instruments of the Group.

The carrying amount of financial assets represents the maximum credit exposure.

Accounts receivable-

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

(Continued)

(Thousands of Mexican pesos)

The Group has implemented a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Customers failing to meet the Group's credit reference requirements can only conduct operations with the Group through upfront payments.

More than 95% of the Group's customers have been transacting with the Group for several years, and no impairment loss has been recognized against these customers. In monitoring customer credit risks, customers are grouped according to their credit characteristics, including whether they are a wholesaler, retailer or an end-user customer, their geographic location, industry, years in business, maturity and existence of prior financial difficulties.

As of December 31, 2016, 2015 and 2014, the maximum exposure to credit risk for trade receivables by counterparty type was as follows:

		Carrying amount		
		2016	**2015**	**2014**
Wholesale customers	$	4,836,803	4,003,933	2,700,782
Retail customers		1,933,833	1,651,906	1,704,742
Other		56,232	73,971	256,720
Total	$	6,826,868	5,729,810	4,662,244

- As of December 31, 2016, the Group's most significant customer accounted for 7% of total accounts receivables carrying amount, 6% as of December 31, 2015, and 9% as of December 31, 2014.

- The Group has no customers classified as "high risk", for which special credit conditions have been applied.

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

At December 31, 2016, 2015 and 2014, the aging of trade receivables was as follows:

		Carrying amount		
		2016	**2015**	**2014**
Current portfolio	$	5,970,192	4,457,122	4,007,924
Past-due portfolio 1-30		526,339	490,650	279,767
Past-due portfolio 31-60		110,029	264,768	157,336
Past-due portfolio 61-90		66,253	169,067	90,018
Past-due portfolio 91-120		74,095	174,542	41,151
Past-due portfolio +120		79,960	173,661	86,048
Total portfolio		6,826,868	5,729,810	4,662,244
Estimated allowance of returns and discounts		(339,993)	(385,318)	(355,140)
Estimated allowance of doubtful accounts		(90,463)	(51,912)	(48,682)
Total trade receivables, net	$	6,396,412	5,292,580	4,258,422

Management believes that most significant balances comprising the portfolio that is past due by more than 120 days is still collectible, based on historical payment behavior and extensive analysis of customer credit risk.

The allowance for doubtful accounts and returns and discounts movement for the years ended December 31, 2016, 2015 and 2014, is as follows:

		Carrying amount		
		2016	**2015**	**2014**
Allowance as at January 1st	$	437,230	403,822	351,001
(Decrease) additions, net		(6,774)	33,408	52,821
Allowance as of December 31	$	430,456	437,230	403,822

(Continued)

(Thousands of Mexican pesos)

Cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of AAA or in Mexican governmental debt, with maturity of less than three months. The purpose of the Group's treasury policy is to limit its; exposure to risks, it is not aimed to maximize the return from its investments.

ii) Liquidity risk-

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring additional financing costs or risking damage to the Group's reputation.

Normally, the Group ensures that it has sufficient available cash to cover expected operating expenses for a 60-day period, which includes payment of its financial obligations. The aforementioned excludes the possible impact of extreme circumstances that are not reasonably predictable, such as natural disasters.

Exposure to liquidity risk

The following table includes a summary of the remaining contractual maturities of non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

		Contractual cash flows					
December 31, 2016	**Book value**	**Total**	**2 months or less**	**2 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**More 3 years**
Notes payable to banks	$ 10,259,984	13,710,077	-	376,508	376,035	375,574	12,581,960
Trade accounts payable	2,407,235	2,407,235	481,447	1,925,788	-	-	-
Other liabilities	256,565	256,565	51,313	205,252	-	-	-
Accruals	1,708,428	1,708,428	341,686	1,366,742	-	-	-
Related parties	14,851	14,851	2,970	11,881	-	-	-
Environmental reserve	117,760	117,760	-	-	117,760	-	-
Other long term liabilities	95,062	95,062	-	-	19,737	-	75,325
	=======	========	=======	=======	======	======	========

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Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Contractual cash flows					
December 31, 2015	**Book value**	**Total**	**2 months or less**	**2 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**More 3 years**
Notes payable to banks	$ 8,535,920	11,709,893	-	312,019	311,680	311,207	10,774,987
Trade accounts payable	1,775,315	1,775,315	355,063	1,420,252	-	-	-
Other liabilities	766,654	766,654	153,331	613,323	-	-	-
Accruals	1,269,991	1,269,991	253,998	1,015,993	-	-	-
Related parties	176,400	176,400	35,280	141,120	-	-	-
Environmental reserve	97,024	97,024	-	-	97,024	-	-
	=======	========	=======	=======	======	======	========

		Contractual cash flows					
December 31, 2014	**Book value**	**Total**	**2 months or less**	**2 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**More 3 years**
Notes payable to banks	$ 1,039,171	1,056,299	-	1,056,299	-	-	-
Trade accounts payable	958,029	958,029	191,606	766,423	-	-	-
Other liabilities	1,042,344	1,042,344	208,469	833,875	-	-	-
Accruals	1,158,932	1,158,932	231,786	927,146	-	-	-
Related parties	88,861	88,861	17,772	71,089	-	-	-
Dividend payable	1,032,063	1,032,063	1,032,063	-	-	-	-
Environmental reserve	82,991	82,991	-	-	82,991	-	-
	=======	=======	=======	=======	=======	======	=======

Accounting classifications and fair values

December 31, 2016	**Liabilities at amortized cost**	**Level 1**	**Fair Value Level 2**	**Level 3**
Financial liabilities not measured at fair value				
Notes payable to banks	$ 10,259,984	-	10,259,984	-
Trade accounts payable	2,407,235	-	2,407,235	-
Other liabilities	256,565	-	256,565	-
Accruals	1,708,428	-	1,708,428	-
Related parties	14,851	-	14,851	-
Environmental reserve	117,760	-	117,760	-
Other long-term liabilities	95,062	-	95,062	-
	========	=======	========	=====

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidate and combined financial statements

(Thousands of Mexican pesos)

December 31, 2015		Liabilities at amortized cost	Level 1	Fair Value Level 2	Level 3
Financial liabilities not measured at fair value					
Notes payable to banks	$	8,535,920	-	8,535,920	-
Trade accounts payable		1,775,315	-	1,775,315	-
Other liabilities		766,654	-	766,654	-
Accruals		1,269,991	-	1,269,991	-
Related parties		176,400	-	176,400	-
Environmental reserve		97,024	-	97,024	-
		=======	=======	=======	=====

December 31, 2014		Liabilities at amortized cost	Level 1	Fair value Level 2	Level 3
Financial liabilities not measured at fair value					
Notes payable to banks	$	1,039,171	-	1,039,171	-
Trade accounts payable		958,029	-	958,029	-
Other liabilities		1,042,344	-	1,042,344	-
Accruals		1,158,932	-	1,158,932	-
Related parties		88,861	-	88,861	-
Dividend payable		1,032,063	-	1,032,063	-
Environmental reserve		82,991	-	82,991	-
		=======	=======	=======	=======

iii) Market risk-

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments. The purpose of market risk Management is to manage and control market risk exposure within acceptable parameters.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Group companies.

Part of the Group's cash outflows are committed in foreign currencies; however, part of the Group's cash inflows is generated in foreign currencies, providing an economic hedge without derivatives being entered into and, therefore, hedge accounting is not applied.

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

In respect of other monetary assets and liabilities denominated in foreign currencies, for which no economic hedge is generated, the Group's policy is to ensure that its net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates when necessary, to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk in the presentation currency (converted into Mexican pesos), considering the respective functional currencies of the entities comprising the Group as of December 31, 2016, 2015 and 2014, is as follows:

For Group's companies with Mexican peso as functional currency:

	December 31, 2016		
	USD	**EUR**	**GBP**
Cash and cash equivalents	$ 733,695	15,471	214
Accounts receivable	33,283	11,809	5
Notes payable to banks	(10,259,984)	-	-
Trade accounts payable	(771,459)	(43,204)	(85)
Position exposure	$ (10,264,465)	(15,924)	134

	December 31, 2015		
	USD	**EUR**	**GBP**
Cash and cash equivalents	$ 1,590,058	4,096	217
Accounts receivable	180,757	513	-
Notes payable to banks	(8,535,920)	-	-
Trade accounts payable	(874)	(29,622)	(20)
Position exposure	$ (6,765,979)	(25,013)	197

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		December 31, 2014		
		USD	**EUR**	**GBP**
Cash and cash equivalents	$	1,324,284	12,807	101
Accounts receivable		233,614	690	72,869
Notes payable to banks		(591,385)	-	-
Trade accounts payable		(9,862)	(16,016)	(18)
Position exposure	$	956,651	(2,519)	72,952

For Group's companies with US Dollar as functional currency:

		December 31, 2016		
		EUR	**CAD**	**GBP**
Accounts receivable	$	5,728	98,085	86,170
Trade accounts payable		(15,678)	(17,718)	(489,240)
Position exposure	$	(9,950)	80,367	(403,070)

		December 31, 2015		
		EUR	**CAD**	**GBP**
Accounts receivable	$	3,790	108,768	71,090
Trade accounts payable		(6,346)	(12,437)	(466,767)
Position exposure	$	(2,556)	96,331	(395,677)

		December 31, 2014		
		EUR	**CAD**	**GBP**
Accounts receivable	$	5,343	67,383	39,857
Trade accounts payable		(4,948)	(12,595)	(419,520)
Position exposure	$	395	54,788	(379,663)

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

For Group's companies with GBP as functional currency:

		December 31,		
		2016 USD	**2015 USD**	**2014 USD**
Trade accounts payable	$	(71,659)	(43,132)	(25,726)
Position exposure	$	(71,659)	(43,132)	(25,726)

A reasonably possible strengthening (weakening) of the US dollar ("USD"), Euro ("EUR"), Canadian dollar ("CAD"), and pound sterling ("GBP") against the respective functional currencies of the entities comprising the Group at December 31, would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The following disclosures provide a sensitivity analysis for the foreign currency exposure of the Group, which are made as of December 31, 2016, 2015, 2014 and under two different scenarios respect to exchange rate of reference comparing the reporting currency (+10% to -10% of each foreign currency against vs the respective functional currencies) showing the impact that can have on the financial statements.

Functional currency: MXN

Currency	Change Currency	OCI Effect	P&L Effect
December 31, 2016			
USD	+10% USD	$ -	1,026,191
	-10% USD	-	(1,026,191)
EUR	+10% EUR	-	1,592
	-10% EUR	-	(1,592)
GBP	+10% GBP	-	(13)
	-10% GBP	-	13

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Currency	Change Currency	OCI Effect	P&L Effect
December 31, 2015			
USD	+10% USD	$ -	676,598
	-10% USD	-	(676,598)
EUR	+10% EUR	-	2,501
	-10% EUR	-	(2,501)
GBP	+10% GBP	-	(20)
	-10% GBP	-	20
		=====	=======
December 31, 2014			
USD	+10% USD	$ -	(95,665)
	-10% USD	-	95,665
EUR	+10% EUR	-	252
	-10% EUR	-	(252)
GBP	+10% GBP	-	(7,295)
	-10% GBP	-	7,295
		=====	=======

Funtional currency: GBP

Currency	Change Currency	OCI Effect	P&L Effect
December 31, 2016			
USD	+10% USD	$ (22,198)	(7,103)
	-10% USD	20,760	7,103
		=====	====
December 31, 2015			
USD	+10% USD	$ (13,204)	(4,142)
	-10% USD	12,341	4,142
		=====	====

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Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Currency	Change Currency	OCI Effect	P&L Effect
December 31, 2014			
USD	+10% USD	$ (7,876)	(2,468)
	-10% USD	7,361	2,468
		=====	====

Funtional currency: USD

Currency	Change Currency	OCI Effect	P&L Effect
December 31, 2016			
EUR	+10% EUR	$ 2,704	$ 814
	-10% EUR	(2,524)	(814)
CAD	+10% CAD	(24,069)	(7,245)
	-10% CAD	22,467	7,245
GBP	+10% GBP	144,213	43,410
	-10% GBP	(134,613)	(43,410)
		======	=====
December 31, 2015			
EUR	+10% EUR	$ 772	$ 235
	-10% EUR	(721)	(235)
CAD	+10% CAD	(29,191)	(8,900)
	-10% CAD	27,259	8,900
GBP	+10% GBP	119,472	36,425
	-10% GBP	(111,563)	(36,425)
		======	=====

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Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Currency	Change Currency	OCI Effect	P&L Effect
December 31, 2014			
EUR	+10% EUR	$ (119)	(36)
	-10% EUR	111	36
CAD	+10% CAD	(16,404)	(4,934)
	-10% CAD	15,312	4,934
GBP	+10% GBP	113,907	34,264
	-10% GBP	(106,322)	(34,264)
		======	=====

The following significant exchange rates have been applied as of and for the years ended December 31, 2016, 2015 and 2014:

	Average exchange rate			Exchange rate at		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
USD $	18.6567	15.8542	13.2983	20.6640	17.2065	14.7180
CAN	14.1145	12.4127	12.0502	15.4308	12.4128	12.6922
GBP	25.2713	24.2698	21.9119	25.5746	25.5507	22.9212
EUR	20.6702	17.6235	17.6685	21.7979	18.6583	17.8440
	======	======	======	======	======	======

Interest rate risk

The Group is only exposed to the interest rate risk arising from the financial liabilities it holds.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the Management of the Group is as follows:

	Nominal amount		
Fixed rate instruments	**2016**	**2015**	**2014**
Financial liabilities (*)	$ (10,229,557)	(8,490,206)	(988,720)
Effect of interest rate	$ (10,229,557)	(8,490,206)	(988,720)
	========	=======	======

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

(*) The amounts shown represent the capital of the long and short-term debt, excluding interest

Fair Value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

(6) Related parties-

Related party balances

The balances of accounts receivable and payable with related parties as of December 31, 2016, 2015 and 2014, are as follows:

		Carrying amounts		
		2016	**2015**	**2014**
Receivables:				
Crista la Santa, S. A. P. I. de C. V.	$	79,131	46,653	21,291
Shareholders		52,927	-	-
Rones del Caribe, S. A. de C. V.		31,646	30,180	-
Salas de Jalisco Cacu, S. A. de C. V. (*)		28,609	-	-
Taberna del Tequila, S. A. de C. V.		3,894	3,772	3,063
Tequila Espíritu de México, S. A. de C. V.		817	2,133	61,947
1872 Holdings, V. O. F.		305	-	-
Cien años Vallarta, S. A. de C. V.		200	-	-
Administración Acuario, S. A. de C. V.		25	-	10,931
Aeroservicios Ejecutivos, S. A. de C. V.		-	7,637	11,284
Grupo de Consultoría Santa Fe, S. A. de C. V.		-	2,034	-
Rones Habanos, S. A. de C. V.		-	282	-
Fonda Cholula, S. A. de C. V.		-	23	-
Desarrollo Inmobiliario Polanco, S. A. de C. V.		-	1	38,459
Others		-	-	18,529
	$	197,555	92,715	165,504
		======	=====	======

(*) Spin-off company in October 2016 (note 1b).

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

	Carrying amounts		
	2016	**2015**	**2014**
Payables:			
Aeroservicios Ejecutivos Corporativos, S. A. de C. V.	$ 9,045	-	-
BV Destilados de Malta, S. A. P. I. de C. V.	3,657	3,721	-
Matusalem & Matusalem of Florida, Inc.	2,149	1,711	-
Maestro Tequilero, S. A. de C. V. (*)	-	228	-
Administración Acuario, S. A. de C. V.	-	21	-
Shareholders	-	170,719	-
Bienes Inmuebles de Tequila, S. A. de C. V.	-	-	58,329
Grupo de Consultoría Santa Fe, S. A. de C. V.	-	-	18,781
Tequila Don Julio, S. A. de C. V.	-	-	11,751
	$ 14,851	176,400	88,861

(*) Entity incorporated into the Group as of September 23, 2016 (note 1c).

During the years ended December 31, 2016, 2015 and 2014, operations conducted with related parties which were performed at market value are shown below:

	Carrying amounts		
	2016	**2015**	**2014**
Related parties:			
Sales of products			
Tequila Espíritu de México, S. A. de C. V.	$ 662	211	-
Grupo de Consultoria Santa Fe, S. A. de C. V.	25	31	64
Tequila Don Julio, S. A. de C. V.	-	-	1,516

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Carrying amounts		
		2016	**2015**	**2014**
Royalties income				
Fonda Cholula, S. A. de C. V.	$	80	-	80
		====	=====	=====
Agricultural services income				
Don Julio Agavera, S. A. de C. V.	$	-	35,345	38,269
Tequila Don Julio, S. A. de C. V.		-	2,129	4,833
		====	=====	=====
Interest income				
Crista la Santa, S. A. P. I. de C. V.	$	3,080	-	-
Aeroservicios Ejecutivos Corporativos, S. A. de C. V.		553	295	1,019
Taberna del Tequila, S. A. de C. V.		105	60	68
Salsas de Jalisco Cacu, S. A. de C. V. (*)		91	-	-
Cien Años Vallarta, S. A. de C. V.		11	-	2
Tequila Espiritu de México, S. A. de C. V.		-	-	139
Administración Acuario, S. A. de C. V.		-	191	574
Romo Hermanas, S. A. de C. V.		-	-	11
		====	=====	=====
Income from sale of property and equipment				
Grupo de Consultoría Santa Fe, S. A. de C. V.	$	-	577	-
		====	=====	=====

(*) Spin-off company in October 2016 (note 1b).

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Carrying amounts		
		2016	**2015**	**2014**
Services rendered				
Tequila Espíritu de México, S. A. de C. V.	$	10,728	9,070	-
Grupo de Consultoría Santa Fe, S. A. de C. V.		1,008	-	-
Administración Acuario, S. A. de C. V.		473	-	-
Crista la Santa, S. A. P. I. de C. V.		445	-	32
Tequila Don Julio, S. A. de C. V.		-	230	53,445
		=====	====	=====
Recoverable expenses				
Administración Acuario, S. A. de C. V.	$	492	-	18
Salsas de Jalisco Cacu, S. A. de C. V. (*)		343	-	-
Grupo de Consultoría Santa Fe, S. A. de C. V.		307	7,721	1,589
Tequila Espíritu de México, S. A. de C. V.		23	8,583	199
Aeroservicios Ejecutivos Corporativos, S. A. de C. V.		16	-	-
Desarrollo Inmobiliario Polanco, S. A. de C. V.		-	134	-
Maestro Tequilero, S. A. de C. V. (**)		-	49	-
Tequila Don Julio, S. A. de C. V.		-	-	4,086
		=====	====	=====
Other income				
Tequila Don Julio, S. A. de C. V.	$	-	3,177	12,241
Grupo de Consultoría Santa Fe, S. A. de C. V.		-	1,224	757
Administración Acuario, S. A. de C. V.		-	470	149
Tequila Espíritu de México, S. A. de C. V.		-	410	376
Crista la Santa, S. A. P. I. de C. V.		-	164	-
Aeroservicios Ejecutivos Corporativos, S. A. de C. V.		-	53	-
		=====	====	=====

(*) Spin-off company in October 2016(note 1b).
(**) Entity incorporated into the Group as of September 23, 2016 (note 1c).

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Carrying amounts	
	2016	**2015**	**2015**
Purchases of products			
Tequila Don Julio, S. A. de C. V.	$ -	-	283,336
	=====	======	======
Royalties expenses			
Salsas de Jalisco Cacu, S. A. de C. V (*)	$ 18,536	-	-
Rones del Caribe, S. A. de C. V.	7,965	7,433	12,490
Maestro Tequilero, S. A. de C. V. (**)	3,551	6,213	9,658
Romo Hermanas, S. A. de C. V.	-	-	9,114
	=====	=====	======
Advertising services			
Grupo de Consultoría Santa Fe, S. A. de C. V.	$ -	-	28,339
	=====	=====	======
Lease expenses			
Aeroservicios Ejecutivos Corporativos, S. A. de C. V.	$ 104,593	81,287	26,606
Desarrollo Inmobiliario Polanco, S. A. de C. V.	82,085	76,298	71,888
Inmuebles Rústicos Santo Domingo, S. A. de C. V.	9,377	7,979	-
Bienes Inmuebles de Tequila, S. A. de C. V.	3,809	3,709	3,591
Bienes Inmuebles de Guadalajara, S. A. de C. V.	-	-	28,775
Inmuebles Rústicos Santo Domingo, S. A. de C. V.	-	-	6,963
	======	=====	=====

(*) Spin-off company in October 2016 (note 1b).
(**) Entity incorporated into the Group as of September 23, 2016 (note 1c).

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Carrying amounts		
		2016	**2015**	**2014**
Marketing income				
Maestro Tequilero, S. A. de C. V. (*)	$	-	96,568	-
		=====	=====	=====
Marketing expenses				
Tequila Espíritu de México, S. A. de C. V.	$	22,662	-	2,462
Desarrollo Inmobiliario Polanco, S. A. de C. V.		1,599	-	-
		=====	=====	=====
Interest expense				
Desarrollo Inmobiliario Polanco, S. A. de C. V.	$	-	102	191
		=====	=====	=====
Services received				
Grupo de Consultoría Santa Fe, S. A. de C. V.	$	16,316	3,434	29,144
Desarrollo Inmobiliario Polanco, S. A. de C. V.		5,054	2,433	2,943
Administración Acuario, S. A. de C. V.		3,201	527	173
Tequila Espíritu de México, S. A. de C. V.		1,580	-	725
Rones Habanos, S.A. de C.V.		14	-	-
Maestro Tequilero, S. A. de C. V.		-	-	120
Romo Hermanas, S. A. de C. V.		-	-	12
Tequila Don Julio, S. A. de C. V.		-	-	1,371
		=====	=====	=====

(*) Spin-off company in October 2016 (note 1b).

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Carrying amounts		
		2016	**2015**	**2016**
Associated companies:				
Sales of products				
Ron Matusalem & Matusalem of Florida, Inc.	$	13,899	44,571	37,724
		=====	=====	====
Other income				
Ron Matusalem & Matusalem of Florida, Inc.	$	-	878	794
		=====	=====	====
Services received				
Ron Matusalem & Matusalem of Florida, Inc.	$	1,030	10,471	7,292
		=====	=====	====

Key Management personnel compensation

Key Management members received the compensation shown below during those periods, which are included in general expenses in the corresponding consolidated and combined statements of income.

		2016	**2015**	**2014**
Short and long-term direct benefits	$	106,810	83,150	71,214
Termination benefits		73,878	6,497	39,474
	$	180,688	89,647	110,688
		======	=====	======

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

(7) Inventories-

Inventories at December 31, 2016, 2015 and 2014, are comprised as follows:

		2016	2015	2014
Finished goods	$	2,667,455	2,191,870	1,552,699
Bulk beverage aging and hard liquor		1,945,001	1,117,466	1,269,846
Beverage aging and hard liquor		633,833	300,179	265,379
Short term agave inventory		353,150	359,357	499,680
Raw materials		252,292	194,808	171,935
Bottling supplies		204,555	234,475	152,672
Goods in-transit		90,130	66,836	55,148
Agrochemicals		45,515	34,943	30,462
Spare parts		21,023	26,305	16,633
Total		6,212,954	4,526,239	4,014,454
Less allowance for obsolescence and slow-movement for finished goods inventory		(270,315)	(174,120)	(147,707)
		5,942,639	4,352,119	3,866,747
Non-current agave inventory		1,335,653	1,039,845	859,746
Bulk beverage		1,842,665	2,173,107	-
Non-current inventory		3,178,318	3,212,952	859,746
Inventories, net	$	9,120,957	7,565,071	4,726,493
		=======	=======	=======

Turnover of spare parts inventory is under 365 days (average 170 days), therefore, its application is handled based on consumption.

At December 31, 2016, 2015 and 2014, the Group has recognized an allowance for obsolescence and slow-movement for finished goods inventory of $270,315, $174,120, and $147,707, respectively.

(Continued)

(Thousands of Mexican pesos)

At December 31, 2016, 2015 and 2014, the Group has not recognized an allowance for obsolescence and slow-movement for raw materials and packaging materials, since it has not been considered necessary.

(8) Prepayments-

Prepayments as of December 31, 2016, 2015 and 2014, are comprised as follows:

		2016	2015	2016
Taxes	$	336,910	287,597	171,427
Initial public expenses Offering related		122,714	-	-
Inventories		116,749	72,927	98,431
Services		94,779	69,268	60,872
Marketing		12,412	10,625	10,271
Other		-	-	676
Total	$	683,564	440,417	341,677
		======	======	======

(9) Accounts receivable-

Accounts receivable consist of the following:

		2016	2015	2014
Customers	$	6,826,868	5,729,810	4,662,244
Allowance for returns and discounts		(339,993)	(385,318)	(355,140)
Allowance for doubtful accounts		(90,463)	(51,912)	(48,682)
Accounts receivable, net	$	6,396,412	5,292,580	4,258,422
		=======	=======	=======

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

(10) Property, plant and equipment-

At December 31, 2016, 2015 and 2014, property, plant and equipment are comprised as follows:

	Balances at January 1 2016	Additions	Disposals	Transfers	Translation effect	Balances at December 31, 2016
Manufacturing, bottling and storage machinery	$ 1,624,509	142,998	(36,487)	-	-	1,731,020
Casks	432,110	158,910	-	-	5,195	596,215
Pollution control equipment	363,293	-	-	-	-	363,293
Buildings and construction	1,002,593	121,512	-	74,320	61,632	1,260,057
Machinery and equipment	1,204,236	67,769	(14,966)	147,875	203,293	1,608,207
Transportation equipment	207,480	31,248	(16,780)	-	1,748	223,696
Leasehold improvements	144,464	1,099	(186)	120,166	7,698	273,241
Computer equipment	108,881	23,977	(1,378)	-	8,577	140,057
Laboratory equipment	38,219	8,568	-	-	-	46,787
Office furniture and equipment	48,865	13,432	(34)	-	3,648	65,911
Distribution equipment	9,332	2,324	-	-	-	11,656
Telecommunication equipment	9,922	2,609	-	-	400	12,931
Original investment (OI)	5,193,904	574,446	(69,831)	342,361	292,191	6,333,071
Manufacturing, bottling and storage machinery	(931,066)	(157,630)	22,413	-	-	(1,066,283)
Casks	(30,654)	(28,215)	-	-	14,238	(44,631)
Pollution control equipment	(44,934)	(22,460)	-	-	-	(67,394)
Buildings and construction	(196,965)	(18,379)	-	-	3,743	(211,601)
Machinery and equipment	(231,902)	(132,524)	14,526	-	(77,293)	(427,193)
Transportation equipment	(106,132)	(30,466)	14,476	-	(572)	(122,694)
Leasehold improvements	(67,323)	(9,634)	18	-	(1,523)	(78,462)
Computer equipment	(80,539)	(18,447)	1,246	-	(5,185)	(102,925)
Laboratory equipment	(24,883)	(3,355)	-	-	-	(28,238)
Office furniture and equipment	(33,073)	(5,581)	34	-	(1,464)	(40,084)
Distribution equipment	(5,620)	(1,057)	-	-	-	(6,677)
Telecommunication equipment	(8,073)	(785)	-	-	(260)	(9,118)
Accumulated depreciation	(1,761,164)	(428,533)	52,713	-	(68,316)	(2,205,300)
OI less depreciation	3,432,740	145,913	(17,118)	342,361	223,875	4,127,771
Land	286,385	50,975	-	-	13,058	350,418
Construction in progress	277,633	203,510	-	(342,361)	23,630	162,412
Total fixed assets	$ 3,996,758	400,398	(17,118)	-	260,563	4,640,601

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

	Balances at January 1, 2015	Additions	Disposals	Transfers	Disposals reserve	Business acquisition	Translation effect	Balances at December 31, 2015
Manufacturing, bottling and storage machinery	$ 1,552,168	72,441	(28,821)	28,721	-	-	-	1,624,509
Casks	14,223	6,706	-	-	-	407,642	3,539	432,110
Pollution control equipment	172,961	101,967	-	88,365	-	-	-	363,293
Buildings and construction	405,909	48,678	-	-	-	506,821	41,185	1,002,593
Machinery and equipment	726,345	37,562	(2,093)	60,654	(1,538)	283,661	99,645	1,204,236
Transportation equipment	156,524	71,255	(21,784)	-	-	287	1,198	207,480
Leasehold improvements	119,477	346	(1,127)	20,229	-	-	5,539	144,464
Computer equipment	90,228	13,142	(4,125)	1,177	-	2,938	5,521	108,881
Laboratory equipment	36,196	1,998	-	25	-	-	-	38,219
Office furniture and equipment	42,731	2,262	(3)	1,309	-	-	2,566	48,865
Distribution equipment	8,399	933	-	-	-	-	-	9,332
Telecommunication equipment	8,832	802	-	-	-	-	288	9,922
Original investment (OI)	3,333,993	358,092	(57,953)	200,480	(1,538)	1,201,349	159,481	5,193,904
Manufacturing, bottling and storage machinery	(883,253)	(64,772)	16,959	-	-	-	-	(931,066)
Casks	(7,732)	(3,960)	-	-	-	(16,985)	(1,977)	(30,654)
Pollution control equipment	(34,270)	(10,664)	-	-	-	-	-	(44,934)
Buildings and construction	(170,295)	(10,712)	7,420	-	-	(21,118)	(2,260)	(196,965)
Machinery and equipment	(161,304)	(44,081)	1,083	-	85	(9,455)	(18,230)	(231,902)
Transportation equipment	(95,929)	(28,013)	18,244	-	-	(48)	(386)	(106,132)
Leasehold improvements	(59,979)	(6,308)	60	-	-	-	(1,096)	(67,323)
Computer equipment	(67,793)	(12,327)	4,123	-	-	(808)	(3,734)	(80,539)
Laboratory equipment	(21,764)	(3,119)	-	-	-	-	-	(24,883)
Office furniture and equipment	(29,076)	(2,944)	-	-	-	-	(1,053)	(33,073)
Distribution equipment	(4,970)	(650)	-	-	-	-	-	(5,620)
Telecommunication equipment	(7,517)	(373)	-	-	-	-	(183)	(8,073)
Accumulated depreciation	(1,543,882)	(187,923)	47,889	-	85	(48,414)	(28,919)	(1,761,164)
OI less depreciation	1,790,111	170,169	(10,064)	200,480	(1,453)	1,152,935	130,562	3,432,740
Land	243,501	-	-	25,200	-	8,289	9,395	286,385
Construction in progress	308,865	177,310	(500)	(225,680)	-	-	17,638	277,633
Total fixed assets	$ 2,342,477	347,479	(10,564)	-	(1,453)	1,161,224	157,595	3,996,758

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		Balances at January 1, 2014	Additions	Disposals	Transfers	Translation effect	Balances at December 31, 2014
Manufacturing, bottling and storage machinery	$	1,364,731	57,510	(5,244)	135,171	-	1,552,168
Casks		7,028	6,313	-	-	882	14,223
Pollution control equipment		110,338	11,556	(271)	51,338	-	172,961
Buildings and construction		260,838	129,524	(4,798)	4,486	15,859	405,909
Machinery and equipment		372,589	49,041	(8,643)	286,137	27,221	726,345
Transportation equipment		152,075	24,125	(19,976)	-	300	156,524
Leasehold improvements		116,321	1,111	-	663	1,382	119,477
Computer equipment		74,043	14,892	(689)	-	1,982	90,228
Laboratory equipment		34,631	4,080	(2,547)	32	-	36,196
Office furniture and equipment		41,998	2,168	(2,618)	-	1,183	42,731
Distribution equipment		4,653	4,393	(647)	-	-	8,399
Telecommunication equipment		8,626	77	-	10	119	8,832
Original investment (OI)		2,547,871	304,790	(45,433)	477,837	48,928	3,333,993
Manufacturing, bottling and storage machinery		(810,465)	(75,484)	2,696	-	-	(883,252)
Casks		(3,270)	(4,051)	-	-	(411)	(7,732)
Pollution control equipment		(25,566)	(8,704)	-	-	-	(34,270)
Buildings and construction		(76,251)	(97,380)	4,071	-	(735)	(170,296)
Machinery and equipment		(122,974)	(40,975)	8,139	-	(5,494)	(161,304)
Transportation equipment		(89,456)	(24,400)	17,962	-	(35)	(95,929)
Leasehold improvements		(53,061)	(6,522)	-	-	(396)	(59,979)
Computer equipment		(55,719)	(11,710)	587	-	(951)	(67,793)
Laboratory equipment		(19,826)	(2,770)	832	-	-	(21,764)
Office furniture and equipment		(26,114)	(2,729)	132	-	(365)	(29,076)
Distribution equipment		(4,821)	(251)	102	-	-	(4,970)
Telecommunication equipment		(6,767)	(682)	-	-	(68)	(7,517)
Accumulated depreciation		(1,294,290)	(275,658)	34,521	-	(8,455)	(1,543,882)
OI less depreciation		1,253,581	29,132	(10,912)	477,837	40,473	1,790,111
Land		70,710	169,405	-	-	3,386	243,501
Construction in progress		405,163	366,031	(2,250)	(477,837)	17,758	308,865
Total fixed assets	$	1,729,454	564,568	(13,162)	-	61,617	2,342,477

For the years ended December 31, 2016, 2015 and 2014, the depreciation expense was $428,533, $236,336 and $275,658, respectively, and was charged to the cost of sales, selling and administrative expenses.

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Construction in progress

Includes an investment to install a new filler in its line of perishables products and the replacement of equipment for an amount of $31,874 estimating to be completed in 2017 whit an additional cost of approximately $4,051. Another project for the investment in equipment to change the Tequila 1800, Maestro Tequilero and José Cuervo Especial presentation for an exercised amount of $38,190, with an additional cost of $20,723 that is estimated to be completed in March 2017. There are projects to install new equipment in its packaging, bottling and labeling lines at the Indiana plant, for an estimated amount of $43,808, with at an additional cost of $33,589, which are estimated to be completed by May 2017.

(11) Intangible assets and goodwill-

Intangible assets as at December 31, 2016, 2015 and 2014, include the following:

		Patents and trademarks	Other defined life computer programs	Projects in progress	Total
Balances at December 31, 2013	$	5,857,488	13,531	2,973	5,873,992
Additions		2,329	-	2,844	5,173
Transfers		-	4,662	(4,662)	-
Reclassification		(577,873)	-	-	(577,873)
Disposals		(1,612)	-	-	(1,612)
Amortization for the period		-	(8,259)	-	(8,259)
Translation effect		652,342	1,699	374	654,415
Balances at December 31, 2014	$	5,932,674	11,633	1,529	5,945,836
Additions		975	-	38,504	39,479
Additions from business combination (note 21)		3,428,828	-	-	3,428,828
Amortization for the period		-	(7,791)	-	(7,791)
Translation effect		996,420	1,968	257	998,645
Balances at December 31, 2015	$	10,358,897	5,810	40,290	10,404,997
Additions		10,509	-	1,498	12,007
Transfers		-	49,884	(49,884)	-
Amortization for the period		-	(22,937)	-	(22,937)
Translation effect		1,367,878	1,167	8,096	1,377,141
Balances at December 31, 2016	$	11,737,284	33,924	-	11,771,208

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Amortization

Amortization of intangible assets amounting to $22,937, $7,791 and $8,259 for the years ended December 31, 2016, 2015 and 2014, respectively, was recognized under administrative and selling expenses in the consolidated and combined income statement.

Impairment testing for operating segments containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's operating segments.

The following is a summary of goodwill assigned to each operating segment:

		December 31, 2016				
		Opening balance	**Additions**	**Impairment loss**	**Translation effects**	**Closing balance**
Goodwill related to the USA operating segment	$	447,386	-	-	89,899	537,285
Goodwill related to the ROW operating segment (note 20) *		5,058,242	-	-	396,820	5,455,062
	$	5,505,628	-	-	486,719	5,992,347

		December 31, 2015				
		Opening balance	**Additions**	**Impairment loss**	**Translation effects**	**Closing balance**
Goodwill related to the USA operating segment	$	382,683	-	-	64,703	447,386
Goodwill related to the ROW operating segment (note 20) *		-	4,907,065	-	151,177	5,058,242
	$	382,683	4,907,065	-	215,880	5,505,628

* ROW: Rest of the world.

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		December 31, 2014				
		Opening balance	Additions	Impairment loss	Translation effects	Closing balance
Goodwill related to USA operating segment	$	340,002	-	-	42,681	382,683
	$	340,002	-		42,681	382,683

Cash flows for the identified Operating Segments have been forecasted to 5 years, calculating a final value at the 5th year considering a long term growth rate of 2.0%.

They key assumptions used in estimation of value in use for impairment testing are as follows:

	2017 - 2021
Net sales (CAGR)	7.0%
Average gross margin	75.6%
Average EBITDA margin	42.1%
Post tax discount rate	8.3%

Net sales increase assumes expected higher volumes and price increases given the plan to invest in Advertising, Merchandising and Promotion (AMP) in countries such as the U.S. and Mexico, and in points of sale such as Duty Free. Assumptions include that the Operating Segments' experience and distribution strength will allow the Operating Segments to achieve these volumes and that the price increases will be aligned to the industry trend.

The gross margin has been budgeted based on Operating Segments' manufacturing experience, a strengthening of the operational team, a major efficiency in plant utilization (based on current and forecasted experience) and low raw material and labor cost.

The profit before taxes margin is based on a higher average price per unit as the product mix is assumed to change to products with higher prices and margins (higher quality), and by entering with such products into the U.S. market and leveraging on Operating Segments' commercial, operational and administrative infrastructure.

(Continued)

The discount rate corresponds to a pre-tax measure that is estimated based on an industry capital structure and a cost of debt similar to the Group.

Five years of cash flows were included in the model of discounted cash flow. A long-term growth rate in perpetuity was determined based on the estimate of the administration of long-term compound annual Free Cash Flow growth rate that, in the opinion of Management, was consistent with the assumption that it would make a market participant.

(12) Investment in associates and joint venture-

As of December 31, 2016, the Group owns 12% of the capital stock of Virginia Black, Inc., amounting to $66,364.

At December 31, 2014, the investment in Rones Habanos (associated company), in which Rones del Caribe, S. A de C. V. (subsidiary company) had 59% of its capital stock, amounted to $154,779 as of December 31, 2014. No had significant control and influence and were accounted for at cost.

The investment in Don Julio, B.V. ("DJ") is classified as a Joint Venture since the Group has joint control of it, and it has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Up to December 31, 2013, it was accounted for under the equity method, and at the beginning of 2014, investment in the common stock of DJ was classified as available for sale, thus presented as a current asset, and recognized at the lower of its book value or its sale price less estimated costs to sell (see note 1(f)).

As mentioned in note (1(f)) JB y Compañía, S. A. de C. V. (Becle's former ultimate parent company) sold its investments in Don Julio and Rones del Caribe during 2015.

The carrying amount at December 31, 2014, represent the Group's maximum exposure in regards with its interests on the aforementioned associate and joint venture.

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

(13) Acruals-

Accruals include the following:

		Advertising, marketing and promotion	Others expenses	Payroll and employee Benefits	Other	Total
Balances at December 31, 2013	$	425,463	335,862	288,644	85,202	1,135,171
Increases		4,341,546	1,012,238	928,277	4,210,642	10,492,703
Write-offs		(4,267,797)	(1,303,600)	(893,518)	(4,004,027)	(10,468,942)
Balances at December 31, 2014	$	499,212	44,500	323,403	291,817	1,158,932
		=======	=======	======	======	========
Balances at December 31, 2014	$	499,212	44,500	323,403	291,817	1,158,932
Increases		6,961,997	2,849,864	1,654,519	5,979,210	17,445,590
Write-offs		(6,760,418)	(2,879,662)	(1,683,564)	(6,010,887)	(17,334,531)
Balances at December 31, 2015	$	700,791	14,702	294,358	260,140	1,269,991
		=======	=======	======	======	========
Balances at December 31, 2015	$	700,791	14,702	294,358	260,140	1,269,991
Increases		7,672,898	3,187,067	3,535,309	4,093,931	18,489,205
Write-offs		(7,322,103)	(2,950,293)	(3,618,523)	(4,159,849)	(18,050,768)
Balances at December 31, 2016	$	1,051,586	251,476	211,144	194,222	1,708,428
		=======	=======	======	======	========

(Continued)

(Thousands of Mexican pesos)

(14) Notes payable to banks and long-term debt-

At December 31, 2016 and 2015 and 2014, the Group had notes payable to banks and long-term debt, as follows:

		2016	2015	2014
The Group issued two non-interest-bearing promissory notes to the sellers of approximately US$11.9 million ($147,816). The remaining unpaid principal balance was paid on April 28, 2015, the notes' maturity date.	$	-	-	41,450
In September 2014, Casa Cuervo, S. A. de C. V., renegotiated a loan from Bank of America, N. A. amounting to US$40 million equivalent to $588,720, establishing a new maturity date on March 11, 2015, bearing annual interest at 1.48%. The loan was paid at the maturity date.		-	-	588,720
In October 2014, Casa Cuervo, S. A. de C. V., obtained a loan from Banco Nacional de México, S. A. amounting to $400,000 Mexican pesos maturing on April 1, 2015 and bearing annual interest at 4.10%, Tequila Cuervo, S. A. de C. V. (subsidiary), was jointly liable for this loan. The loan did not establish covenants and it was paid at the maturity date.		-	-	400,000
Carried forward	$	-	-	1,030,170

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

	2016	2015	2014
Carried forward	$ -	-	1,030,170
On May 6, 2015 JB y Compañía, S. A. de C. V. issued ten-year bonds to qualified institutional buyers in the United States of America as defined in Rule 144A, and in other countries outside of United States of America to certain non-U.S. persons pursuant to Regulation S (the "Bonds"), for an aggregate principal amount of US$500 million ($7,631,200), bearing interest of 3.75% which will be paid semi-annually during the months of May and November of each year. The Bonds are guaranteed by certain subsidiaries of Becle. Long-term debt includes $10,332,000 (principal amount) net of debt issuance cost for $124,735 reduced by their recognition at amortized cost. Maturity date is 2025.	10,206,842	8,490,206	-
Accruued interest payable	53,142	45,714	9,001
Total notes payable and other liabilities bearing interest	10,259,984	8,535,920	1,039,171
Less current installments	53,142	45,714	1,036,889
Long term debt, excluding current installments	$ 10,206,842	8,490,206	2,282

(Continued)

(Thousands of Mexican pesos)

The Bonds previously mentioned established certain covenants requirements and limitation to enter into certain transactions, including: i) limitation of liens; ii) sale and lease back; iii) consolidation, merger, sale or conveyance; iv) highly leveraged transactions; v) reporting requirements; and vi) provide audited information, among others. Additional information is further described in note 24.

(15) Operating leases-

Operating leases as lessee

The Group leases land to plant agave and for administrative office space under different non-cancellable operating lease agreements which expire on March 1, 2020 and March 14, 2024.

Future minimum lease payments

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases were as follows:

		2016	2015	2014
Less than a year	$	25,680	17,755	14,886
Between one year and five years		580,875	432,489	323,742
More than five years		4,318	6,394	7,802
	$	610,873	456,638	346,430

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

(16) Employee benefits-

Pension plan and seniority premium plans

(a) Employee benefits

Some entities of the Group offer their employees a pension plan for defined benefits in Mexico, on the basis of pensionable compensation and years of service of the employees; additionally, these consolidated and combined financial statements include the actuarial valuation of seniority premium benefit. The Plan Assets (PA) that support these plans are held in trusts, foundations or similar institutions regulated under local laws and by each country's accepted practices, which also regulate the nature of the relationship between the Group and trustees (or equivalent) and their composition thereof.

Following is a breakdown of the PA defined benefit plan:

		2016	**2015**	**2014**
Debt Instrument	$	1,492,165	1,319,233	765,784
Fair value of plan assets	$	1,492,165	1,319,233	765,784
		=======	=======	======

The amounts shown in the consolidated and combined statement of financial position, are as follows:

		2016	**2015**	**2014**
Defined benefit obligations	$	1,397,238	1,168,233	648,793
Fair value of PA		(1,492,165)	(1,319,233)	(765,784)
Net projected assets	$	(94,927)	(151,000)	(116,991)
		=======	=======	======

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

The changes in the defined benefit obligations during the years presented are as follows:

	Years ended December 31,		
	2016	**2015**	**2014**
Defined benefit obligation at January 1st	$ 1,168,233	648,793	739,977
Defined benefit obligation from business acquisition	-	544,150	-
Cost of current service	47,129	51,867	29,225
Financial cost	70,035	81,139	43,669
Experience adjustment remeasurements recognized in OCI	169,005	36,207	(30,022)
Benefits payments	(54,548)	(42,700)	(11,420)
Past service cost	(2,286)	-	(122,636)
Settlements	-	(12,917)	-
Transfers between subsidiaries	-	606	-
Obligation reduction effect	(330)	(138,912)	-
Defined benefit obligations at December31st	$ 1,397,238	1,168,233	648,793
	=======	=======	======

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Changes in the PA fair value during the years presented are as follows:

		Years ended December 31,		
		2016	**2015**	**2014**
Fair value of plan assets as of January 1st	$	1,319,233	765,784	750,386
Fair value of plan assets from business acquisition		-	338,307	-
Expected return on plan assets		174,243	93,550	62,875
Remeasurements		(25,932)	(27,336)	(36,057)
Employer contributions		86,111	191,628	-
Benefits payments		(61,490)	(42,700)	(11,420)
Fair value of plan assets as of December 31st	$	1,492,165	1,319,233	765,784

The amounts recognized in the consolidated and combined income statements are as follows:

		Years ended December 31,		
		2016	**2015**	**2014**
Cost of current service	$	47,129	51,606	29,225
Net interest		-	(12,811)	(19,206)
Obligations reduction effect		-	(138,651)	-
Cost of prior services		(2,286)	-	(122,636)
Total included in personnel costs and expenses	$	44,843	(99,856)	(112,617)

(Continued)

(Thousands of Mexican pesos)

(b) Defined benefit obligations-

i) Actuarial assumptions-

The main variables used in the actuarial calculations were the following:

Discount rate-

The discount rate was determined using as reference the curve of zero-coupon government bonds.

Long-term inflation rate-

Banco de México (Central Bank) established a goal for long-term inflation of 3.50%, which was considered for the valuation of the labor obligations.

Salary increase rate-

Based on experience, salary increases have been observed to be presented on the basis of annual inflation, thus a nominal rate of 4.50% was maintained during 2014, 2015 and 2016.

Expected return of PA-

The expected return rate on Plan Assets is consistent with the discount rate reported by the actuary and it was determined with the guidelines established by IAS 19.

The main actuarial variables used are as follows:

	2016	**2015**	**2014**
Discount rate	7.56%	6.90%	7.50%
Salary increase rate	4.50%	4.50%	4.50%
Minimum wage increase rate	3.50%	3.50%	3.50%
Long-term inflation rate	3.50%	3.50%	3.50%

(Continued)

(Thousands of Mexican pesos)

ii) Sensitivity analysis-

Reasonable possible changes in the relevant actuarial assumptions at the consolidated and combined statement of financial position date, as long as other assumptions remain constant, would have affected the defined benefit obligation amounts included in the following table:

December 31, 2016

		Total	
A. Defined benefit obligations (DBO)		**Increase (DBO Decrease)**	**Decrease (DBO Increase)**
Discount rate (change of 0.5%)	$	41,109	25,609
		=====	=====

December 31, 2015

		Total	
A. Defined benefit obligations (DBO)		**Increase (DBO Decrease)**	**Decrease (DBO Increase)**
Discount rate (change of 0.5%)	$	80,401	90,915
		=====	=====

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(17) Income taxes-

Income tax (IT)

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

(Continued)

(Thousands of Mexican pesos)

Amounts recognized in income

The income tax expense for the years ended December 31, 2016, 2015 and 2014, are comprised as shown below:

		2016	2015	2014
Current income tax expense	$	1,284,988	1,936,022	1,033,566
Deferred income tax expense		255,459	374,247	119,764
Total income tax	$	1,540,447	2,310,269	1,153,330
		=======	=======	=======

Effective income tax rate reconciliation

Tax expense attributable to income from continuing operations before income tax and ORI was different from that which would result from applying the rate of 30% of income tax to income before taxes to income and ORI, as a result of Items that are mentioned below. The following represents the reconciliation between the statutory rates and the effective IT rate:

		Years ended December 31,		
		2016	**2015**	**2014**
Income base of income tax	$	4,688,195	7,618,722	3,791,685
Statutory IT rate		30%	30%	30%
Tax using the Company's domestic tax rate:		1,406,459	2,285,617	1,137,505
Plus (less) items increasing (decreasing) effective IT rate:				
Inflationary effects		51,995	8,225	(51,434)
Non-deductible expenses		58,904	51,370	26,084
Deduction by article 81 from IT Law		(2,399)	(2,303)	(1,975)
Effect of tax rates in foreign jurisdictions		(8,026)	(12,923)	(1,243)
Tax return provision true-up		-	-	(23,859)
Effect from (recognition) derecognition of deferred income tax assets		(5,154)	(46,554)	(15,951)
Others		38,668	26,837	84,203
IT expense	$	1,540,447	2,310,269	1,153,330
		=======	=======	=======
Effective income tax rate		33%	31%	30%

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

The main effects of temporary differences for which deferred income taxes have been accounted for are shown as follows:

Movement in deferred tax balances

		December 31,		
		2016	**2015**	**2014**
Deferred assets:				
Inventory	$	115,218	99,599	147,263
Accruals		234,766	238,319	121,021
Allowance for doubtful receivables		21,212	27,619	19,451
Allowance for returns and discounts		104,865	107,898	102,724
Allowance for obsolete inventories		10,756	19,009	16,659
Recoverable AT		-	-	10,585
Investment in joint venture available for sale		-	-	44,520
Net operating loss carry forwards		524,491	212,676	5,025
Tax incentives		-	-	41,512
Employee benefits		20,735	-	-
Exemption rate by article 47 of IT Law		1,113	1,235	1,963
Deferred income tax asset		1,033,156	706,355	510,723
Deferred liabilities:				
Taxable cumulative inventory		506,641	431,462	254,675
Property, plant and equipment		624,657	419,072	359,854
Prepaid expenses		9,836	11,802	14,683
Intangible assets		3,214	3,168	3,715
Employee benefits		-	47,647	36,920
Intangibles assets		2,575,946	2,145,359	1,145,260
Other		72,098	4,562	13,685
Deferred income tax liability		3,792,392	3,063,072	1,828,792
Net deferred income tax liabilities	$	(2,759,236)	(2,356,717)	(1,318,069)
		=======	=======	=======

(Continued)

Becle, S. A. B. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

Deferred tax by location

		2016	2015	2014
USA	$	(1,829,132)	(1,471,517)	(1,075,699)
Mexico		(763,489)	(434,414)	(242,370)
Rest of the world*		(166,615)	(450,786)	-
Net deferred income tax liabilities	$	(2,759,236)	(2,356,717)	(1,318,069)
		=======	=======	=======

* Includes UK and Northern Ireland legal entities.

Movement in deferred income tax balances

The amount of deferred income tax assets and liabilities in respect of each temporary difference was recognized in the income statements for the years ended December 31, 2016, 2015 and 2014, except for the items recognized in OCI, as follows:

		2016	2015	2014
Recognized in income statement	$	255,459	374,247	119,674
Recognized in other comprehensive income		19,513	2,347	1,823
		======	======	======

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the items show in the following page, because it is not probable that the future taxable profit will be available against which the Group can use the benefits therefrom.

		December 31,		
		2016	2015	2014
Operating loss carry forwards	$	-	5,154	50,528
		====	=====	=====

(Continued)

(Thousands of Mexican pesos)

At December 31, 2016, operating loss carry forwards, expire as shown below:

	Inflation adjusted through December 31, 2016
2020	$ 2,567
2021	988
2022	1,589
2023	5,022
2024	329,352
2025	202,238
2026	1,206,547
	$ 1,748,303

(18) Stockholders' equity and reserves-

The principal characteristics of stockholders' equtiy are described below:

(a) Structure of capital stock-

At the Stockholders' Meeting held on August 26, 2016, a resolution was passed to reduce the variable portion of capital stock by $1,099,212 as a result of the following movements:

a. Decrease of 916,010,000 shares, with a par value of $1.00 each, resulting in a payment of $916,010.

b. Decrease of $183,202, as a result of a share premium reduction of $0.20 per share, for each of the 916,010,000 shares.

At the Stockholders' Meeting held on September 22, 2016, it was agreed to reduce the variable portion of capital stock by $1,102,693, comprised by 1,102,692,340 shares with a par value of $1.00 each.

(Continued)

At the Stockholders' Meeting held on September 23, 2016, it was agreed to increase the variable portion of capital stock by $1,206,491, by issuing 1,102,692,340 shares, with a par value of $1.00 each, paid in cash and in-kind contribution for $103,798 (investment in shares of Maestro Tequilero, S. A. de C. V.). As a result, a non-controlling interest by $29,966 has been recognized as of that date.

At the Stockholders' Meeting held on October 1, 2016, it was agreed the merger of Becle, S. A. B. de C. V., as a merging company, and Sunrise Holdings, S. A. de C. V. as merged company. The merged entity's capital stock, which was presented on a combined basis at of the date of the merger, amounted to $4,492,858. As a result of this merger, the merging company's capital stock increased by $945,738, equivalent to 945,738,011 shares, with a par value of $1.00 each. The remaining amount was recognized as a share premium of $3,547,120. After this merger, Becle's capital stock amounts $6,353,259, comprised by 6,211,867,474 shares, with a par value of $1.00 each and inflationary effects from years before 1997 of $ 141,392.

At the Stockholders' Meeting held on July 16, 2015, the stockholders' decided to merge JB and Compañía, S. A. de C. V. and Becle, S. A. B. de C. V. as merging company. The merge was effective on July 16, 2015. Therefore, from this date on, Becle, S. A. B. de C. V. is considered the ultimate parent company. In addition, as part of this Stockholders' Meeting, it was decided to merge Comercializadora Cacu, S. A. de C. V. and Romo Hermanas, S. A. de C. V. into Becle, S. A. B. de C. V. The effect of the aforementioned mergers resulted in a decrease of Becle's stockholders' equity by $239,602.

As of December 31, 2016, 2015 and 2014, the Company had no treasury shares.

(b) Legal reserve-

In accordance with the LGSM in Mexico, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of capital stock. As of December 31, 2016, 2015 and 2014, the statutory reserve has reached the required amount and is presented within retained earnings.

(Continued)

(Thousands of Mexican pesos)

(c) Dividends-

At the General Stockholders' Meeting held on December 7, and December 18, 2015, resolutions were passed to declare dividends in the amount of $229,912 equivalent to $0.00037825 per share, and $795,117 equivalent to $0.000130816 per share, respectively, from retained earnings, which were paid in cash.

At the General Stockholders' Meeting held on December 19, 2014, a resolution was passed to declare a dividend in the amount of $208,833, equivalent to $0.034 per share, which was fully paid in cash.

(d) Other comprehensive income-

The other comprehensive income is comprised by translation effects and employee benefits effects, net of taxes, which are included in the stockholders' equity and do not represent either capital contributions, reductions or distributions.

For the years ended December 31, 2016, 2015 and 2014, the other comprehensive income is comprised as follows:

		2016	2015	2014
Translation effects	$	2,253,065	1,703,277	865,200
Employee benefits, net		45,530	5,476	4,254
	$	2,298,595	1,708,753	869,454

(19) Cost of goods sold-

Cost of goods sold for the years ended December 31, 2016, 2015 and 2014, is comprised as shown below:

		2016	2015	2014
Direct cost of sales	$	9,325,976	6,807,530	6,000,808
Employee benefits		416,323	295,235	167,172
Depreciation and amortization expenses		96,473	51,205	28,879
Maintenance and conservation		79,085	55,951	30,738
Electricity		17,939	14,332	9,353
Total cost of sales	$	9,935,796	7,224,253	6,236,950

(Continued)

(Thousands of Mexican pesos)

(20) Operating segments-

Segmentation basis-

The Group has three segments, as described below, which correspond to the strategic geographic zones of the Group. The strategic geographic locations offer various categories and products, and while marketing strategies are centralized, they are managed separately. For each of the strategic geographic locations, the Company's CEO (responsible for making operational decisions) reviews the Management reports on a monthly basis. The summary shown below describes the operations of each reportable segment net of transactions held among the identified Group's operating segments, which have already been eliminated.

		2016			
		USA	**Mexico**	**ROW**	**Total**
Net sales	$	16,545,404	5,018,480	2,832,328	24,396,212
Cost of goods sold		6,194,847	2,727,910	1,013,039	9,935,796
Gross profit		10,350,557	2,290,570	1,819,289	14,460,416
Advertising, marketing and promotion		3,815,826	1,311,042	912,041	6,038,909
Distribution		415,811	246,211	87,986	750,008
Segment earning		6,118,920	733,317	819,262	7,671,499
		========	=======	=======	========
Depreciation and amortization	$	(117,912)	(117,868)	(215,690)	(451,470)
Estimated allowance of returns and discounts		(19,751)	(389,647)	(21,058)	(430,456)
Investment in property, plant and equipment		(180,693)	(112,726)	(535,512)	(828,931)
Unrealized foreign exchange loss		-	(1,680,988)	-	(1,680,988)
		========	=======	=======	========

(Continued)

Becle, S. A. de C. V. and subsidiaries
(Formerly JB y Compañía, S. A. de C. V. and subsidiaries)

Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		2015			
		USA	**Mexico**	**ROW**	**Total**
Net sales	$	11,857,783	4,414,989	2,202,069	18,474,841
Cost of goods sold		4,350,420	2,100,900	772,933	7,224,253
Gross profit		7,507,363	2,314,089	1,429,136	11,250,588
Advertising, marketing and promotion		2,620,042	930,228	572,439	4,122,709
Distribution		437,119	229,106	60,548	726,773
Segment earning		4,450,202	1,154,755	796,149	6,401,106
Depreciation and amortization	$	(62,659)	(18,863)	(162,607)	(244,129)
Estimated allowance of returns and discounts		(25,661)	(406,530)	(5,039)	(437,230)
Investment in property, plant and equipment		(162,515)	(155,303)	(225,874)	(543,692)
Unrealized foreign exchange loss		-	(851,565)	-	(851,565)

		2014			
		USA	**Mexico**	**ROW**	**Total**
Net sales	$	9,343,665	4,617,463	1,352,669	15,313,797
Cost of goods sold		3,753,002	2,005,641	478,307	6,236,950
Gross profit		5,590,663	2,611,822	874,362	9,076,847
Advertising, marketing and promotion		1,978,222	956,142	521,160	3,455,524
Distribution		357,178	207,932	47,389	612,499
Segment earning		3,255,263	1,447,748	305,813	5,008,824

(Continued)

Becle, S. A. de C. V. and subsidiaries
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Notes to the consolidated and combined financial statements

(Thousands of Mexican pesos)

		2014			
		USA	**Mexico**	**ROW**	**Total**
Depreciation and amortization	$	(51,186)	(118,984)	(113,742)	(283,912)
Estimated allowance of returns and discounts		(12,727)	(389,580)	(1,515)	(403,822)
Investment in property, plant and equipment		(272,634)	(383,154)	(184,439)	(840,227)
Unrealized foreign exchange loss		-	(69,972)	-	(69,972)
		=======	=======	=======	=======

(21) Business acquisition-

On February 27, 2015, JC Overseas, Ltd., CC's subsidiary company, purchased from Diageo Great Britain, Limited, the total capital stock of OBD for US$718.7 million ($10,664,773); therefore, OBD is considered a subsidiary company as of that date. Results of the acquired entity have been included in the consolidated and combined financial statements from such date. The acquired entity is a manufacturer and distributor of Irish whiskey.

The primary reasons for the business combination were to reinforce the bottling and distribution in the markets where OBD operates, since it has a strong presence in the United States of America, Canada and the United Kingdom.

The aggregate purchase price, paid in cash, was US$718.7 million ($10,664,773). The goodwill recognized amounts to $4,907,065. The translation effect for the translation into presentation currency at December 31, 2016 and 2015, was $396,820 and $151,177, respectively.

(Continued)

(Thousands of Mexican pesos)

The following table summarizes the fair values of assets acquired and liabilities assumed at the date of acquisition:

		Fair values
Inventories	$	1,864,144
Intangible asset (trademark)		3,428,828
Current assets		186,853
Property, plant and equipment, net		1,201,349
Total assets acquired		6,681,174
Deferred income tax liability		(662,485)
Other liabilities		(260,981)
Net assets acquired	$	5,757,708

Intangible asset relates to a trademark not subject to amortization.

The amounts recognized in the acquisition of OBD are shown below:

		2015
Consideration paid	$	10,664,773
Fair value of net assets acquired at acquisition date		5,757,708
Goodwill	$	4,907,065

The OBD business acquisition contributed $1,069,152 and $368,901 of revenues and net income, respectively, from the acquisition date through December 31, 2015.

If the OBD business acquisition would have taken place on January 1, 2015 net sales and net income would not have changed significantly for the two months of operations.

(Continued)

(22) Earning per share-

Basic earning per share must be calculated by dividing profit attributable to the stockholders of the controlling entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Figures considered for the earning per share calculation for the year ended December 31, 2016, are as follows:

		2016
Denominator (thousands of shares)		
Average of shares	$	9,390,367
Numerator		
Net consolidated profit attributable to controlling interest	$	3,147,748
Basic earning per share	$	0.34
		=======

Basic earning per common share for the year ended December 31, 2016 was determined by considering the weighted average of the consolidated and combined shares structure of Becle and Proximo from January 1 to October 1, 2016, date of the merger described in note 18(a), plus the weighted average of shares' increases and decreases that occurred before and after the aforementioned merger with the purpose of defining Becle as the ultimate parent company. As a result, the weighted average number of shares calculated by 2016 is affected by those restructuring movements in capital.

As the financial assets as of December 31, 2015 and 2014 and for the years then ended have been prepared on a combined basis, the capital stock investment in the entities that were combined, comprises the stockholders' contributions, which are presented in the "Capital Stock" row at these dates. However, the combined entities do not have a single historical capital basis, since the parent company did not exist as such during the presented periods. Therefore, the information related to earning per share, as required under IAS 33 "Earnings per share", is not included in the combined financial statements for the years ended December 31, 2015 and 2014, as it is not representative and does not show the parent company's capital structure of the combined entities, as it does not exist at these dates.

(23) Contingencies-

(a) The Group is involved in a number of lawsuits and claims derived from the ordinary course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Group's financial position and future consolidated and combined results of operations.

(b) Azul Agricultura y Servicios, S. A. de C. V. is involved in a number of lawsuits and claims regarding land leases; legal counsel estimates a contingent liability amounting to $3,355, which has been reserved.

(c) There is a contingent liability arising from the labor obligations mentioned in note 3(m).

(d) In accordance with the Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

(e) In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of agreed prices, which should be similar to those that would be used with or between parties in arm's-length transactions.

(f) There are contingent liabilities arising from tax differences, which the authorities attempt to collect in the event of an official review of the tax returns filed by some of its subsidiaries, if the criteria applied in interpreting the legal provision differ from those of the authorities.

(g) The environmental reserve was recognized in the December 2011 financial statements as part of purchase accounting for the acquisition of many of the assets of Lawrenceburg Distillers Indiana. It represents the cost for the eventual abatement of asbestos at the facility in Lawrenceburg. The amount corresponds to the Company's best estimate as of that date, which is adjusted prospectively based on the evidence available at year-end.

(Continued)

(24) Commitments-

(a) JB y Compañía, S. A. de C. V. (Becle's former ultimate parent company) issued the Bonds described in note 14. The payment of principal, interest and premium (if any) of the Bonds will be fully, unconditionally and irrevocably guaranteed on a senior unsecured basis by the Subsidiary Guarantors listed below:

1. Distribuidora Cacu, S. A. de C. V.
2. Casa Cuervo, S. A. de C. V.
3. Próximo Spirits México, S. A. de C. V. (note1)
4. Agavera Camichines, S. A. de C. V.
5. José Cuervo, S. A. de C. V.
6. Tequijal, S. A. de C. V.
7. Tequila Cuervo, S. A. de C. V.
8. Tequila Cuervo la Rojeña, S. A. de C. V.
9. Azul Agricultura y Servicios, S. A. de C. V.
10. Lanceros, S. A. de C. V.
11. Ex Hacienda los Camichines, S. A. de C. V.
12. Bienes Inmuebles de Guadalajara, S. A. de C. V.
13. JC Overseas, Ltd.
14. The "Old Bushmills" Distillery Company Limited.

(b) Azul Agricultura y Servicios, S. A. de C. V. entered into a service agreement with Tequila Don Julio, S. A. de C. V. ("TDJ"), under which Azul Agricultura y Servicios, S. A. de C. V. provided to TDJ the necessary services for its operation, plantation administration and maintenance of the crop and plantations of Agave Azul Tequilana Weber of property TDJ. This agreement was for a period of ten years ending in December 2014.

(c) Azul Agricultura y Servicios, S. A. de C. V. leases land for the agave plantations under defined term lease agreements. Total rents payable through 2018 amounting to $496,705.

(d) Proximo Sunrise Spirits Inc., total rent for offices payable through 2024, amounting to $114,168.

(e) Casa Cuervo, S. A. de C. V. leases the premises of its administrative offices as well airplane services mainly to Aeroservicios Ejecutivos Corporativos, S. A. de C. V. and Desarrollo inmobiliario Polanco, S. A. de C. V., both related parties, as mentioned in note 6.

(Continued)

(25) Subsequent events-

On January 17, 2017, at the Stockholders' Meeting, it was agreed to declare dividends in the amount of $2,599,716 ($0.4185 per share) which were paid in cash.

On January 20, 2017, at the Stockholders' Meeting, it was agreed to capitalize the share premium in the amount of $3,547,120.

On January 25, 2017, at the extraordinary Stockholders' Meeting, it was agreed to formalize the amendment to the by-laws of Becle, S. A. de C. V., to adopt the modality of publicity trades stock corporation with variable capital "S. A. B. de C. V." (by its acronym in Spanish).

On January 25, 2017, the Stockholders' Meeting resolved to increase the variable portion of capital stock in the amount of $1,722,174, corresponding to 548,105,954 shares, with a par value of $ 3.142046 per share, which represents non-exhibited subscribed capital.

On February 8, 2017, the Company made an initial public offering in Mexico of common and nominative shares, with no par value, representative of the variable portion of the capital stock of Becle, S. A. B. de C. V., through the Mexican Stock Exchange, with international distribution under Rule 144A in the United States of America, and outside of Mexico and the United States of America under the Regulation S (the "Initial Public Offering of Shares"). The Initial Public Offering of Shares considered 476,613,873 shares, at $34.00 per share.