Cydsa, S.A.B. de C.V.
and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015, and Independent Auditors' Report Dated March 3, 2017

CYDSA, S.A.B. DE C.V. ANDSUBSIDIARIES

INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2016 AND 2015

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Independent Auditors’ Report to the Board of Directors and Shareholders of Cydsa, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Cydsa, S.A.B. de C.V. and subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the consolidated statements of income, other comprehensive income, changes in shareholders’ equity and cash flows for the years then ended, as well a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cydsa, S.A.B. de C.V. and subsidiaries as of December 31, 2016 and 2015 and their financial performance and their cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing. Our responsibility under these standards are explained in more detail in the section *Responsibilities of the auditor in relation to the audit of the consolidated financial statements* of our report. We are independent of the Company in accordance with the Code of Ethics for Accounting Professionals of the International Council of Ethical Standards for Accountants (IESBA Code of Ethics) and with the Mexican Institute of Publics Accountants (IMCP Code of Ethics), and we have fulfilled all other ethical responsibilities in accordance with the IESBA Code of Ethics and the IMCP Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Key audit issues are those matters that, according to our professional judgment, have been of the greatest significance in our audit of the consolidated financial statements of the current period. These issues have been addressed in the context of our audit of the consolidated financial statements as a whole and in the formation of our opinion thereon, and we do not express a separate opinion on those issues. We have determined that the issues described below are the key audit issues to be reported in our report.

Long-term debt

As of December 31, 2016, the Company’s long-term debt amounts to $4,785 million. Long-term debt accounts for 50% of total liabilities and represents a financial lever (debt to equity) indicator of 0.46, which was contracted in both Mexican pesos at interest rate between 6.77% and 8.77% and US dollars at interest rate of 3.58%, and establishes restrictions and non-payment obligations. Such debt generated interest expense of $176 million for the year ended December 31, 2016.

Due to the relevance of this item and its effects on the consolidated financial statements, our audit tests consisted of: i) ensuring the correct approval of the debt by the Company's Board of Directors; ii) reviewing compliance with the restrictions and obligations of not to be established in the debt contracts; iii) obtaining confirmation from financial institutions to validate the balances of the principal, as well as its correct valuation, and the amount and valuation of interest accrued and pending payment; iv) reviewing the adequate disclosure of financial risks in the consolidated financial statements; and (v) reviewing the correct presentation of the debt in the statement of financial position and the flows of operating and financing activities in the consolidated statement of cash flows. The main features of long-term debt are presented in Note 14 to the consolidated financial statements.

Deferred income tax

As explained in Note 19 to the consolidated financial statements, the Company recognizes deferred income taxes on the differences between the carrying amounts and tax bases of its assets and liabilities and includes the tax loss carryforwards.

As of December 31, 2016, the amount of tax loss carryforwards amounts to $2,890 million, which represents a deferred income tax benefit of $867 million, whose use is subject to the Company generating sufficient future taxable income before the date of Expiration of tax losses.

The relative IFRS requires the carrying amount of a deferred tax asset to be reviewed and reduced to the extent that it is probable that there will be no taxable income sufficient to allow all or a portion of the asset to be recovered, as of December 31, 2016, the Company has determined that a valuation reserve is not required on the realization of this asset, since it performed an analysis on projections of prospective cash flows and determined that it would generate sufficient taxable base to recover the assets tax loss. The proof of the estimate was significant for our audit because the evaluation process is complex and is based on assumptions that are affected by the future expectations of the results of the operation.

As a result, our audit procedures included: (i) analyzing by entity the trend of its fiscal results from previous years; (ii) reviewing financial and tax projections to determine whether future taxable income will allow tax losses to be realized before maturity; and iii) using a tax expert to help us evaluate the assumptions and methodologies used by the Company.

The Company's disclosures regarding the main concepts that give rise to the deferred tax balance are included in Note 19 to the consolidated financial statements. Due to the relevance of the aforementioned figures, a change in the assumptions and conditions on the recovery of tax losses may have a material effect on the amount of deferred taxes recorded by the Company in its consolidated financial statements.

Cumulative translation adjustment

As explained in Note 3 b) to the consolidated financial statements, the Company recognizes the cumulative translation effects of financial statements of certain subsidiaries considered as foreign operations.

As of December 31, 2016 and for the year then ended, the amounts of foreign currency translation effects amounted to $2,146 million included in the consolidated statement of financial position and to $354 million in the Consolidated Statement of Income within of the Foreign Exchange Gain.

The proof of the estimate was significant for our audit because the evaluation process is complex, coupled with the volatility of the exchange rate. As a result, our audit procedures included: (i) analyzing per entity the conversion calculations according to the applicable standard; and ii) using an IFRS expert to help us evaluate the assumptions and methodologies used by the Company. The Company's disclosures about the main concepts that give rise to the translation effects balance are included in the consolidated financial statements. Due to the relevance of the aforementioned figures, exchange rate volatility may have a material effect on the amounts of foreign currency translation recorded by the Company in its consolidated financial statements.

Other information

The Company's management is responsible for the other information. The other information includes two documents, the Annual Report and the information that will be incorporated in the Annual Report that the Company is obliged to prepare under Article 33 Fraction I, clause b) of Title Four, First Chapter of the General Provisions Applicable To the Issuers and other Participants of the Securities Market in Mexico and to the Instruction accompanying those provisions (the Provisions). The Annual Report was obtained as of the date of this audit report and the Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information and we do not express any such opinion.

When we read the Annual Report, if we conclude that there is a material error in the other information, we would have to report this fact to those in charge of corporate governance.

Responsibilities of the Administration and those Responsible for the Governance of the Company in Relation to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRSs and the internal control that management deems necessary to enable the consolidated financial statements to be prepared free of material misstatement due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, issues related to the Company in operation and using the accounting principle of the Company in Unless the Administration intends to liquidate the Company or stop its operations, or there is no other realistic alternative.

Those responsible for the Company's governance are responsible for overseeing the Company's financial reporting process.

Responsibility of the Auditor in Relation to the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the consolidated 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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

- We obtain sufficient and adequate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and performance of the Group's audit. We are solely responsible for our audit opinion.

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 the officers of the Company with a statement that we have complied with applicable ethics requirements regarding independence and communicated with them about all relationships and other matters reasonably expected to affect our Independence and, where appropriate, the corresponding safeguards.

Among the issues that have been the subject of communications with those responsible for the Company's governance, we determine that they have been of the greatest significance in the audit of the consolidated financial statements of the current period and are therefore the key audit issues. We describe these issues in this audit report unless legal or regulatory provisions prohibit disclosure of the matter or, in extremely rare circumstances, we determine that an issue should not be reported in our report because it can reasonably be expected that the adverse consequences thereof would exceed The benefits of public interest of the same.

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

C. P. C. Daniel Ayala Reyna
March 3, 2017

CYDSA,S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015
(In millions of Mexican pesos)

	Notes	2016	2015
ASSETS			
Current assets:			
Cash and cash equivalents:	6	**$ 624**	$ 1,216
Trade receivables, net	7	**869**	945
Other current assets	8	**398**	484
Inventories, net	9	**878**	680
Current assets of discontinued operations	2-c)	**57**	-
Total current assets		**2,826**	3,325
Non-current assets:			
Derivative financial instruments	10	**26**	24
Investment in associates and joint venture	11	**75**	86
Property, plant and equipment, net	12	**16,976**	13,172
Intangible assets, net	13	**164**	178
Other long-term receivables		**85**	-
Non-current assets from discontinued operations	2-c)	**90**	-
Total non-current assets		**17,416**	13,460
Total assets		**$ 20,242**	$ 16,785
LIABILITIES			
Current liabilities:			
Current portion of long-term debt	14	**$ 665**	$ 466
Trade payables		**1,199**	806
Income tax	15	**184**	359
Other payables	15	**388**	241
Current liabilities of discontinued operations	2-c)	**25**	-
Total current liabilities		**2,461**	1,872
Non-current liabilities:			
Long-term debt	14	**4,785**	3,809
Employee termination and retirement benefit plans	16	**445**	440
Taxes payable	19	**1,170**	1,036
Deferred income tax	19	**808**	230
Long-term provisions	17	**157**	145
Non-current liability for discontinued operations	2-c)	**17**	-
Total non-current liabilities		**7,382**	5,660
Total liabilities		**9,843**	7,532
Commitments and contingencies	17		
SHAREHOLDERS´ EQUITY	18		
Capital stock		**2,825**	2,825
Additional paid-in capital		**1,129**	1,129
Repurchase of own shares		**(294)**	(294)
Retained earnings		**4,246**	3,748
Accumulated other comprehensive income		**2,174**	1,509
Equity attributable to shareholders of Cydsa, S.A.B. de C.V.		**10,080**	8,917
Non-controlling interest		**319**	336
Total shareholders´ equity		**10,399**	9,253
Total liabilities and shareholders´ equity		**$ 20,242**	$ 16,785

The accompanying notes are part of these consolidated financial statements

Ing. Tomás González Sada
Chairman of the Board, President and Chief Executive Officer

C.P. José de Jesús Montemayor Castillo
Chief Financial Officer

CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(In millions of Mexican pesos)

	Notes	2016	2015
Net sales	23-b)	**$ 6,958**	$ 5,569
Cost of sales		**(4,481)**	(3,378)
Selling expenses		**(990)**	(927)
Administrative expenses		**(450)**	(464)
Other operating (expenses) income	22	**(1)**	20
Operating income		**1,036**	820
Interest expenses		**(176)**	(300)
Interest income		**58**	68
Foreign exchange gain		**298**	45
		180	(187)
Share in results of associates and joint venture	11	**(2)**	(3)
Income before income taxes		**1,214**	630
Income taxes	19	**(677)**	(276)
Profit before discontinued		**537**	354
Discontinued ítems, net of income taxes	2-c)	**118**	-
Net consolidated income		**$ 655**	$ 354
Net income attributable to:			
Shareholders of Cydsa, S.A.B. de C.V.		**$ 618**	$ 336
Non-controlling interest		**37**	18
Basic earnings per share for the shareholders of Cydsa, S.A.B. de C.V. (Note)		**$ 1.06**	$ 0.58

The accompanying notes are part of these consolidated financial statements.

(Note) In Mexican pesos. Determined on the basis of 582,721,196 and 583,095,337 weighted average shares outstanding in 2016 and 2015, respectively.

CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In millions of Mexican pesos)

	2016	2015
Net consolidated income	**$ 655**	$ 354
Other comprehensive income:		
Items that will be reclassified to consolidated net income:		
Cumulative translation adjustment	**726**	866
Valuation of the effective portion of derivative financial instruments	**2**	17
Items that will not be reclassified to consolidated net income, net of tax:		
Re-measurements of the net defined benefit liability	**4**	34
Total other comprehensive income	**732**	917
Total consolidated comprehensive income	**$ 1,387**	$ 1,271
Comprehensive income attributable to:		
Shareholders of Cydsa, S.A.B. de C.V.	**$ 1,283**	$ 1,215
Non-controlling interest	**104**	56

The accompanying notes are part of these consolidated financial statements.

CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS´ EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In millions of Mexican pesos)

					Other comprehensive income					
	Capital stock	Paid-in capital	Repurchase of own shares	Retained earnings	Cumulative translation adjustments	Valuation of the effective potion of derivative financial instruments	Re-measurement of the net defined benefit liability	Equility attributable to shareholders of Cydsa, S.A.B. de C.V.	Non-controlling interest	Total shareholders´ equity
Balances as of January 1, 2015	$ 2,825	$ 1,129	$ (279)	$ 3,632	$ 659	$	(29)	$ 7,937	$ 280	$ 8,217
Repurchase of own shares			(15)					(15)		(15)
Dividends paid				(220)				(220)		(220)
	2,825	1,129	(294)	3,412	659	-	(29)	7,702	280	7,982
Net consolidated income				336				336	18	354
Other comprehensive income					828	17	34	879	38	917
Consolidated comprehensive income				336	828	17	34	1,215	56	1,271
Balances as of December 31, 2015	**2,825**	**1,129**	**(294)**	**3,748**	**1,487**	**17**	**5**	**8,917**	**336**	**9,253**
Dividends paid				**(120)**				**(120)**	**(121)**	**(241)**
	2,825	**1,129**	**(294)**	**3,628**	**1,487**	**17**	**5**	**8,797**	**215**	**9,012**
Net consolidated income				**618**				**618**	**37**	**655**
Other comprehensive income					**659**	**2**	**4**	**665**	**67**	**732**
Consolidated comprehensive income				**618**	**659**	**2**	**4**	**1,283**	**104**	**1,387**
Balances as of December 31, 2016	**$ 2,825**	**$ 1,129**	**$ (294)**	**$ 4,246**	**$ 2,146**	**$ 19**	**$ 9**	**$ 10,080**	**$ 319**	**$ 10,399**

The accompanying notes part of these consolidated financial statements.

CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31. 2016 AND 2015
(In millions of Mexican pesos)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income taxes	**$ 1,214**	$ 630
Adjustments for:		
Depreciation	**466**	339
Amortization	**21**	21
Share in results of associates and joint venture	**2**	3
Others	**7**	8
Foreign exchange gain	**(298)**	(45)
Interest income	**(58)**	(68)
Interest expenses	**176**	300
	1,530	1,188
Changes in working capital:		
Trade receivables	**110**	54
Inventories	**(134)**	(186)
Trade payables	**382**	168
Changes in other assets and liabilities:		
Other assets and liabilities	**239**	(136)
Employee termination and retirement benefit plans	**18**	(33)
Income taxes paid	**(406)**	(141)
Net cash generated by operating activities	**1,739**	914
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	**(2,364)**	(2,494)
Interest received	**30**	27
Discontinued operations	**(29)**	-
Net cash used in investing activities	**(2,363)**	(2,467)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan	**1,020**	448
Payment of loan	**(542)**	(113)
Dividends paid to the shareholders of Cydsa, S.A.B. de C.V.	**(120)**	(220)
Dividends paid to minority shareholders	**(121)**	-
Interest paid	**(262)**	(180)
Repurchase of own shares	**-**	(15)
Net cash used in financing activities	**(25)**	(80)
Net decrease in cash and cash equivalents	**(649)**	(1,633)
Adjustment to cash flows due to exchange rate fluctuations	**57**	34
Cash and cash equivalents at beginning of year	**1,216**	2,815
Cash and cash equivalents at end of year	**$ 624**	$ 1,216

The accompanying notes are part of these consolidated financial statements.

1. ACTIVITIES

Cydsa, S.A.B. de C.V. (CYDSA) is a holding Company whose core businesses consists in investing in the stock ownership of subsidiary companies, in order to control their operating and financing activities. The principal activities of the subsidiaries include the production and marketing of salt, chlorine, caustic soda, refrigerant gases and until April, 2016 acrylic yarns. CYDSA is located at Ricardo Margain Zozaya Avenue # 335, Tower 2 Floor 6, Valle del Campestre, Zip Code 66265, San Pedro Garza Garcia, Nuevo Leon, Mexico.

2. BASIS OF PRESENTATION AND CONSOLIDATION

a) Financial reporting standards.

The Consolidated Financial Statements of Cydsa, S.A.B. de C.V. and subsidiaries (the Company) have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis of measurement.

The consolidated financial statements have been prepared on the historical cost basis except for the certain financial instruments, property, plant and equipment, investment properties that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

- Historical cost

  Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- Fair value

  Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, or value in use in IAS 36.

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

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

b) **Basis of consolidation.**

The Consolidated Financial Statements include the financial statements of CYDSA and those of its controlled subsidiaries. Control is achieved when the Company:

1) Has power over the investee;

2) Is exposed, or has rights, to variable returns from its involvement with the investee; and

3) Has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above.

Although its bylaws provide equal rights to the 49% shareholder, the Company's management has concluded it controls its subsidiary Quimobasicos, S.A. de C.V. (refrigerant gases), in which CYDSA holds a 51% ownership interest given that it has the power over the relevant activities that most significantly affect its returns.

The interest not attributable to CYDSA's shareholders is shown as a component of shareholders' equity in the Consolidated Statements of Financial Position; and the interest in net income is shown in the Consolidated Statements of Income and the Consolidated Statements of Other Comprehensive Income.

All intercompany balances and transactions have been eliminated.

The acquired companies are consolidated from the effective date of control, using the acquisition method.

The principal operating subsidiaries of CYDSA as of December 31, 2016 and 2015 are:

Subsidiary	%	Activities
Sales del Istmo, S.A. de C.V.	100%	Production and marketing of salt
Industria Quimica del Istmo, S.A. de C.V.	100%	Production and marketing of chlorine and caustic soda
Iquisa Santa Clara, S.A. de C.V.	100%	Production and marketing of chlorine and caustic soda
Iquisa Noreste, S.A. de C.V.	100%	Production and marketing of chlorine and caustic soda
Quimobasicos, S.A. de C.V.	51%	Production and marketing of refrigerant gases
Derivados Acrilicos, S.A. de C.V.	100%	Production and marketing of acrylic yarns, until April, 2016

Changes in partnership for existing subsidiaries.

Changes in investments in subsidiaries of CYDSA that do not result in a loss of control are recognized as equity transactions. The carrying value of investments and non-controlling interests of the Company is adjusted to reflect changes in the related investments in subsidiaries. Any difference between the amount by which the non-controlling interest adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

When CYDSA loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between: 1) The sum of the fair value of the consideration received and the fair value of any retained interest; and 2) the value in previous books of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling participation. The amounts recognized in other comprehensive income items relating to the subsidiary are recorded (i.e. are reclassified to income or transferred directly to retained earnings) in the same established manner for the event of the disposal of the assets or relevant liabilities. The fair value of any investment retained in the former subsidiary at the date when control is lost, is regarded as the fair value for initial recognition on subsequent accounting treatment, according to International Accounting Standards (IAS) 39, *Financial Instruments: Recognition and Valuation,* or where applicable, the cost on initial recognition of an investment in an associate or entity under joint control.

c) **Discontinued operation.**

Derivados Acrilicos, S.A. de C.V., dedicated to the production and marketing of acrylic yarns, during April 2016 ceased to operate, due to the gradual decline of its operations in recent years, as well as to the growing competition for textiles and clothing products, originating primarily from the Asia-Pacific region, and often introduced by unfair means. For this reason, in the Consolidated Statement of Financial Position and in the Consolidated Statement of Income, these are presented as discontinued operations and are valued at realizable value.

3. SIGNIFICANT ACCOUNTING POLICES

a) **Investment in associates and joint ventures.**

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting.

b) **Translation of subsidiaries financial considered as foreign operations.**

The functional currency of the subsidiaries Quimobasicos, S.A. de C.V., Industria Quimica del Istmo, S.A. de C.V., Iquisa Santa Clara, S.A. de C.V., Iquisa Noreste, S.A. de C.V., Sistemas Energeticos Sisa, S.A. de C.V., Almacenamientos Subterraneos del Golfo, S.A. de C.V., Almacenamientos Subterraneos de Veracruz, S.A. de C.V., Almacenamientos Subterraneos de Mexico, S.A. de C.V., Almacenamientos Subterraneos de Energia, S.A. de C.V., Almacenamientos Subterraneos del Sureste, S.A. de C.V., as well as a cash flow generating unit of Sales del Istmo, S.A. de C.V., has been defined as the US dollar because their main economic activities are significantly influenced by the US dollar.

To consolidate the financial statements of its domestic subsidiaries considered to be foreign operations, the Company translates their financial statements from the recording (Mexican peso) to the functional currency (US dollar), using the following exchange rates: 1) For monetary assets and liabilities, the closing exchange rate in effect at the balance sheet date; 2) for non-monetary assets and liabilities, and shareholders' equity, the historical exchange rates; and 3) for revenues, costs and expenses, the date they were incurred, except those arising from non-monetary items that are translated using the historical exchange rate for the related non-monetary item. Such translation effects are recorded in the Consolidated Statements of Other Comprehensive Income. Subsequently, to translate the financial statements from the functional currency to the reporting currency (Mexican peso), the following exchange rates are used: 1) The closing exchange rate in effect at the Statements of Financial Position date for assets and liabilities; and 2) historical exchange rates for shareholders' equity, revenues, costs and expenses. Such translation effects, net of taxes, are recorded in shareholders' equity within other comprehensive income.

c) **Revenues.**

Revenue is measured at the fair value of the consideration received or receivable, for products supplied to customers; reduced by discounts or bonuses granted to customers.

Revenues are recognized in the Consolidated Statements of Income when the following conditions are met:

- The Company has transferred to the buyer the significant risks and benefits arising from ownership of the inventories;
- The Company does not retain any continuing managerial involvement, to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the Company receives the economic benefits associated with the transaction; and
- The costs incurred or to be incurred related to the transaction can be measured reliably.

d) **Operating income.**

Operating income is the result of subtracting cost of sales, selling and administrative expenses and other income (expenses) from net sales. While IAS 1, *Presentation of Financial Statements,* does not require inclusion of this line item in the Consolidated Statements of Income, it has been included for a better understanding of the Company's economic and financial performance.

e) **Financial assets.**

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

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

Financial assets are classified into the following specified categories:

- Financial assets ‘at fair value through profit or loss’ (“FVTPL”)
- ‘Held-to-maturity’ investments
- ‘Available-for-sale’ (AFS) financial assets
- ‘Loans and receivables’

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company does not have any financial assets available for sale during any of the periods presented.

- Financial assets at fair value through profit or loss.

  Financial assets are classified as of FVTPL when the financial asset is: (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies; (ii) held for trading; or (iii) it is designated as of FVTPL.

  A financial asset is classified as held for trading if:

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

  Financial assets registered at fair value through profit or loss are initially recognized at fair value and transaction costs are registered as expenses in the Consolidated Statements of Income. Gains or losses from changes in fair value of these assets are presented in the results of the period in which they are incurred.

- Held to maturity investments.

  Held to maturity investments are valued at amortized cost using the effective interest method less any impairment.

- Accounts receivable from customers and other receivables.

  Accounts receivable from customers and other receivables with fixed or determinable payments that are not quoted in an active market are classified as "accounts receivable". These include: Trade receivables, other receivables, bank balances and cash; are stated at amortized cost using the effective interest rate method, less any impairment.

  Interest income is recognized by applying the effective interest rate, except for accounts receivable in the short-term, in the event that the recognition of interest is immaterial.

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

  Income is recognized on the effective interest rate for debt instruments other than those financial assets valued at fair value through profit or loss.

f) **Impairment of financial assets.**

Financial assets, other than those valued at fair value through profit or loss, are subject to impairment tests at the end of each reporting period. Impairment is determined when there is objective evidence, as a result of one or more events that occurred after initial recognition of the financial asset, which may affect the estimated future cash flows of the financial asset.

Objective evidence of impairment can include, any of the following:

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

The carrying amount of the financial asset is reduced by the impairment loss for all financial assets, except for accounts receivable from customers, where the carrying amount is reduced through an allowance for doubtful accounts. When a customer account is considered uncollectible, it is written-off against the allowance for doubtful accounts. Changes in the carrying amount of the allowance for doubtful accounts are recognized in the Consolidated Statements of Income.

g) **Inventories and cost of sales.**

Inventories are stated at the lower of cost and net realizable value. The net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

The Company uses absorption costing for its inventory. Inventory cost includes both the direct and indirect production fixed and variable costs, based on the average cost method.

The Company reviews the carrying value of inventories, when any indicator of impairment suggests that their carrying amount may not be recoverable by estimating its net realizable value. The determination is based on the most reliable evidence available at the time the estimated amount is expected to be realized. Impairment is recorded if the net realizable value is less than the carrying value. The impairment indicators considered for these purposes are, among others, obsolescence, a decrease in market prices, damage and firm sales commitments.

h) **Property, plant and equipment.**

Property, plant and equipment used in the production process or for administrative purposes are recorded at cost less the accumulated depreciation and / or accumulated impairment losses, if any. Assets are classified into the corresponding category of property, plant and equipment when completed. Depreciation of these assets commences when the asset is ready for its intended use.

Costs for loans associated to financing of property, plant and equipment whose acquisition or construction requires a substantial period, are capitalized as part of the cost of acquiring those assets, until so far as they are suitable for their intended use.

During the years ended December 31, 2016 and 2015, costs of loans attributable to the construction of machinery and equipment for $191 and $506, respectively, were capitalized. All other costs of loans are recognized in results for the year, as incurred.

Land is not depreciated.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is calculated under the straight-line method over the estimated useful lives and residual values of assets. The estimation of the useful lives and residual values are reviewed at the end of each reporting period, the effects of any changes are recognized prospectively as a change in estimate.

The ranges of estimated useful lives of the main assets of the Company are as follows:

	Years
Buildings and constructions	4 to 37
Industrial machinery and equipment	1 to 25
Office furniture and equipment	1 to 10
Vehicles	1 to 5
Computer equipment	2 to 4

i) **Leases.**

Leases are classified as financial leases whenever the terms of the lease transfer all the risks and rewards of ownership to the lessee; otherwise it will be classified as an operating lease.

The Company as lessee – operating lease payments are recognized as expenses using the straight-line method over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rents arising under operating leases are recognized as expenses in the periods in which they are incurred.

The Company has no financial leases, nor is the Company a lessor of any asset.

j) **Intangible assets.**

Intangible assets represent payments whose benefits will be received in the future. The Company classifies its intangible assets as definite life assets and indefinite-lived assets, according to the period in which the Company expects to receive benefits.

Intangible assets with definite lives are amortized over their useful lives. Intangible assets with indefinite lives are not amortized and are subject to an annual evaluation of impairment.

The Company's main intangible asset of definite life is the customer listing, which is related to a business acquisition. This list is valued at fair value, using the method of surplus operating income, which is to discount to present value the projected flows attributable to the customer list. It is amortized based on the straight-line method over 10 years.

Additionally, the Company has recognized goodwill attributable to business acquisitions.

k) **Impairment of intangible and tangible assets.**

At the end of each reporting period, the Company reviews the carrying amounts of its intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized in income if the carrying amount of the asset exceeds the recoverable amount.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. The value in use is determined by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the value of money considering current market and specific risks of the assets.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its value in use, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in income. For 2016 and 2015 the Company did not recognize any impairment losses.

l) **Financial liabilities.**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss, or as other financial liabilities.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, the directly attributable transaction cost. Subsequently they are measured at amortized cost.

The financial liabilities at amortized cost include banks loans and other payables; using the effective interest method.

The effective interest rate method determines the present value as estimated payments flows throughout the life of the financial liability; the difference between the present value and the amount of the net book value of the liability is recognized in the Consolidated Statements of Income.

Financial liabilities are classified as short or long-term depending on maturity.

Derecognition of financial liabilities: The Company derecognizes financial liabilities if, and only if, the obligations are fulfilled, are cancelled, expire or are replaced by a new liability with significantly changes in the conditions of the contract.

m) **Derivative financial instruments.**

The Company obtains financing under different conditions. If the rate is variable, interest rate swaps may be entered into to reduce exposure to the risk of interest rate volatility, the Company also considers entering into interest rate swaps, in order to convert the interest rate from variable to fixed. These instruments are negotiated only with institutions of recognized financial strength. The Company's policy is not to carry out transactions with derivative financial instruments for speculation purpose.

Derivatives are initially recognized at fair value using prices quoted in the financial market. If such instruments are not traded, fair value is determined by applying recognized valuation techniques. The fair value of these instruments is determined based on the present value of cash flows. This method involves estimating future cash flows of derivatives according to the fixed rate of the derivative and the market curve at that date to determine the variable flows, using the appropriate discount rate to estimate the present value.

When entering into a derivative financial instrument, the Company reviews the information to meet the hedging requirements; documenting its designation at the beginning of the hedging transaction by describing the transaction's objectives, characteristics, accounting treatment and how the effectiveness of the instrument will be measured.

Changes in the fair value of derivative instruments designated as hedges are recognized as follows: (1) For fair value hedges, changes in both the derivative instrument and the hedged item are stated at fair value and recognized in current earnings; or (2) for cash flow hedges, changes in the effective portion are temporarily recognized as a component of comprehensive income and in shareholders' equity, and then reclassified to current earnings when affected by the hedged item. The ineffective portion of the change in fair value is recognized in current earnings.

The Company discontinues hedge accounting when the derivative instrument matures, is sold, cancelled or exercised, when the derivative instrument does not reach a high percentage of effectiveness to compensate for changes in fair value or cash flows of the hedged item, or when the Company decides to cancel its designation as a hedge.

For cash flow hedges, upon discontinuing hedge accounting, the amounts recorded in shareholders' equity as a component of other comprehensive income remain there until the time when the effects of the forecasted transaction or firm commitment affect current earnings. If it is not likely that the firm commitment or forecasted transaction will occur, the gains or losses that accumulated in other comprehensive income are recognized in current earnings. When the hedge of a forecasted transaction has proven satisfactory, but subsequently the hedge fails the effectiveness test, the cumulative effects recorded within comprehensive income in shareholders' equity are proportionately recorded in current earnings, to the extent that the forecasted asset or liability affects current earnings.

While certain derivative financial instruments are contracted for hedging from an economic point of view, they are not designated as hedges because they do not meet all of the requirements and are instead classified as held-for-trading for accounting purposes. Changes in fair value are recognized in the Consolidated Statements of Income.

n) **Provisions.**

Provisions are recognized for current obligations that result from a past event, that are probable to result in the future use of economic resources, and that can be reasonably estimated; long-term provisions are determined at the present value of future cash flows.

When trials are in process, estimates are made based on information and facts at the date of the Consolidated Statements of Financial Position.

o) **Employee benefits.**

- Employee defined benefits

The cost of benefits is determined using the projected unit credit method, with actuarial valuations carried out at the end of each reporting period, using economic assumptions of conditions of the country and the Company.

Actuarial re-measurements are recognized directly in other comprehensive income.

Vested benefit obligation recognized in the Consolidated Statements of Financial Position represents the present value of the defined benefit obligation at the end of each reporting period, adjusted for actuarial gains and losses, less the fair value of plan assets. Any asset arising from this calculation is limited to unrecognized actuarial losses, plus the present value of reimbursements and reductions of future contributions to the plan.

- Benefits for termination

They are recognized as an expense when the Company is committed to provide benefits for termination of the labor relationship.

- Short-term benefits

Direct employee benefits are calculated based on the services rendered by employees, considering their actual salaries. The related liability is recognized as it accrues. These benefits primarily include statutory employee profit sharing (PTU) payable, Christmas bonuses, vacation premiums and incentives. PTU is recorded in the results of the year in which it is incurred and included in the accounts of cost of sales, selling expenses, and administrative expenses in the Consolidated Statements of Income. PTU is determined based on the taxable income under Section I of Article 10 of the Income Tax Law.

p) **Income taxes.**

Income tax expenses represent the sum of the current income tax and deferred taxes.

- Current income tax

Current income tax ("ISR") is recognized in the results of the year in which incurred.

- Deferred income taxes

Deferred income taxes are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit, corresponding rates to these differences, and in case, tax losses and tax credits benefits.

Assets for deferred taxes are generally recognized for all deductible temporary differences, if and only if it becomes probable that the taxable income could eventually cover the deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except when the Company is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient future taxable profits against those utilized temporary differences and they are expected to be reversed in the near future.

The carrying value of a deferred tax asset should be reviewed at the end of each reporting period and should be reduced to the extent that it is considered that there will not be sufficient taxable income allowing the asset to be recovered.

Deferred taxes assets and liabilities are measured using enacted tax rates expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantially approved the end of the reporting period.

The valuation of deferred taxes assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the book value of its assets and liabilities.

- Current and deferred income tax

Income taxes incurred or deferred are recognized as income or expenses in the Consolidated Statements of Income, except when it relates to items that are recognized outside the Consolidated Statements of Income, either in other comprehensive income or equity. In case of a business combination, the tax effect is included in the recognition of the business combination.

q) **Earnings per share.**

Basic earnings per common share are calculated by dividing income corresponding to the equity attributable to shareholders of CYDSA by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting common shares outstanding to include equivalent common shares under the assumption that the Company's commitments to issue its own shares will be realized. The basic and diluted earnings is the same for all periods presented.

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

In the current year, the Entity has applied a number of amendments to IFRSs and new Interpretation issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

IFRS 14, Regulatory Deferral Accounts

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognized regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

The application of these amendments to IAS 1 did not have an impact on the Company's Consolidated Financial Statements.

Amendments to IAS 1, Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The application of these amendments to IAS 1 did not have an impact on the Company's Consolidated Financial Statements.

Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations

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

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

The amendments are applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after January 1, 2016.

The application of these amendments to IFRS 11 did not have an impact on the Company's Consolidated Financial Statements.

Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization

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

a) When the intangible asset is expressed as a measure of revenue; or

b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Company uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The management of the Company believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the application of these amendments to IAS 16 and IAS 38 did not have an impact on the Company's Consolidated Financial Statements.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

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

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after January 1, 2016.

The application of these amendments to IFRS 10 and IAS 28 may had no impact on the Company's Consolidated Financial Statements.

Amendments to IAS 27, Separate Financial Statements

The standard reinstates the equity method (as described in IAS 28, *Investments in associates and Joint Ventures* as an accounting option for investments in subsidiaries, joint ventures and associates in an entity´s separate financial statements. The amendment continues the allowance to account such investments in separate financial statements at cost or in accordance with IFRS 9, *Financial Instruments* (or IAS 39, *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9). The chosen accounting option must be applied by category of investments. Finally, the amendments are to be applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception

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

The application of these amendments to IFRS 10, IFRS 12 and IAS 28 had no material impact on the Company's Consolidated Financial Statements as the Company is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle

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

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

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

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

The application of these amendments had no material effect on the Company's Consolidated Financial Statements.

s) **New and revised IFRSs in issue but not yet effective.**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IAS 12	Income taxes[1]
Amendments to IAS 7	Statements of Cash Flows [1]
Amendments to IFRS 2	Classification and measurement of share-based payments[2]

[1] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

IFRS 9, Financial Instruments

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

Key requirements of IFRS 9:

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

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

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

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

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

IFRS 15, Revenue from Contracts with Customers

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

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

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

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

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

IFRS 16, Leases

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

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

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

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

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

The Company is in the process of determining the potential impacts that will derive from the adoption of this standard in their Consolidated Financial Statements.

Amendments to IAS 12 Income Tax: Recognition of Deferred Tax Assets for Unrealized Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value

IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice.

Entities are required to apply the amendments for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company is in the process of determining the potential impacts that will derive from the adoption of this standard in their Consolidated Financial Statements.

Amendments to IAS 7 Statements of Cash Flows: Provide disclosures

The amendments in disclosure initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Entities are required to apply the amendments for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company is in the process of determining the potential impacts that will derive from the adoption of this standard in their Consolidated Financial Statements.

Amendments to IFRS, 2 Share-based Payment

The amendments to IFRS 2, *Share-based Payment*, clarify the classification and measurement of share-based payment transactions. The amendments contains clarifications and amendments address to the accounting for cash-settled share-based payment transactions; classification of share-based payment transactions with net settlement features; and accounting for modifications of share-based payment transactions from cash-settled to equity-settled. These amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendments apply prospectively.

The Company is in the process of determining the potential impacts that will derive from the adoption of this standard in their Consolidated Financial Statements.

4. KEY ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the Company's accounting policies, as described in Note 3, the Company's management, makes judgments, estimates and assumptions about certain amounts of assets and liabilities in the Consolidated Financial Statements. The estimates and associated assumptions are based on experience and other factors considered relevant. Actual results could differ from those estimates.

The estimates and associated assumptions are constantly reviewed. Changes to accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period, and are recognized in the current period and future periods if the change affects both the current and future periods.

a) Key judgments in applying accounting policies.

Judgment applied for purposes of determination control over the subsidiary Quimobasicos, S.A. de C.V., was established in Note 2 b).

b) Key accounting estimates.

The accounting judgments and key sources of uncertainty in applying the estimates made at the date of the Consolidated Financial Statements, which have a significant risk and may result in an adjustment to the book value of assets and liabilities during future financial periods, are as follows:

- Useful lives and residual values of property, plant and equipment.

  Useful lives and residual values of property, plant and equipment are used to determine depreciation expense of such assets and are determined with the assistance of internal and external specialists as deemed necessary. Useful lives and residual values are reviewed periodically at least once a year, based on the current conditions of the assets and the estimate of the period during which they will continue to generate economic benefits to the Company. If there are changes in the related estimate, measurement of the net carrying amount of assets and the corresponding depreciation expense are affected prospectively.

- Assessments to determine the recoverability of deferred tax assets.

  On an annual basis, the Company prepares projections to determine if it will generate sufficient taxable income to utilize its deferred tax assets associated with deductible temporary differences, including tax losses and other tax credits.

- Impairment of tangible and intangible long-lived assets.

  The carrying amount of long-lived assets is reviewed for impairment in case that situations or changes in the circumstances indicate that it is not recoverable. If there are impairment indicators, a review is carried out to determine whether the carrying amount exceeds its recoverability value and whether it is impaired. In the impairment evaluation, assets are grouped in the cash generating unit to which they belong. The recoverable amount of the cash generating unit is calculated as the present value of future cash flows that the assets are expected to produce. There will be impairment if the recoverable value is less than the carrying amount.

  The Company defines the cash generating units and also estimates the periodicity and cash flows that it should generate. Subsequent changes in grouping cash generating units, or changes in the assumptions underlying the estimate of cash flows or the discount rate, could impact the carrying amounts of the respective assets.

  The value-in-use calculations require the Company to determine future cash flows generated by cash generating units and an appropriate discount rate to calculate the present value thereof. The Company uses income cash flows projections using market condition estimates, future pricing determination of its products and volumes of production and sales. In addition, for the purposes of the discount and perpetuity growth rate, the Company uses market risk premium indicators and long-term growth expectations in the market it operates.

  The Company estimates a discount rate before taxes for the purposes of the goodwill impairment test, which reflects current evaluations of the time value of money and the specific risks to the asset for which estimates of future cash flows have not been adjusted. The discount rate estimated by the Company is based on the weighted average cost of capital of similar entities. In addition, the discount rate estimated by the Company reflects the return that investors would require if they had to take an investment decision on an equivalent asset in generation of cash flows, time and risk profile.

  The Company annually reviews the circumstances that give rise to an impairment loss to determine whether such circumstances have changed or have generated reversal conditions. If affirmative, the recoverable value is calculated and, if applicable, the reversal of the impairment previously recognized. In case an impairment loss from goodwill arises, no reversal procedures are applied.

- Assumptions used in employee retirement and termination benefit plans.

  The Company uses assumptions to determine the best estimate for its employee retirement benefits. Assumptions and estimates are established in conjunction with independent actuaries. These assumptions include demographic hypothesis, discount rates and expected increases in remunerations and future permanence, among others. Although the assumptions are deemed appropriate, a change in such assumptions could affect the value of the employee benefit liability and the results of the period in which it occurs.

- Functional currency.

  In order to determine the functional currency of the Company, management evaluates the economic environment in which primarily generates and expends cash. Therefore, factors related to sales, costs, funding sources and cash flows generated from operations are considered.

- Assumptions used for land remediation provision.

  The Company's management determines its best estimate of the expenditure to be incurred for the remediation of land, based on the amount it would disburse to settle its obligation at the end of the reporting period.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the period for which it is reported, that have a significant risk of causing significant adjustments to the carrying amounts of assets and liabilities are disclosed in the relevant notes for each account or line item affected.

The Company is subject to contingent transactions or events on which uses professional judgment in developing estimates of occurrence probability. The factors considered in these estimates are the legal situation at the date of the estimate, and the opinion of legal advisors.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activities expose it to a variety of financial risks that include: Liquidity, the interest rate, market, exchange rate, fair value of financial instruments, trade receivables, capital management and derivate financial instruments. The Company seeks to minimize potential adverse effects of these risks on its financial performance through a comprehensive program of risk management.

Financial risk management is governed by the policies of the Company approved by the Corporate Governance Practices and Audit Committee and is carried out by the Corporate Treasury. The Company identifies, evaluates and hedges financial risks. The Corporate Treasury regularly reports its activities to the Planning and Finance Committee, a group of the Board of Directors that monitors risks and policies implemented to mitigate risk exposure.

Following describes the financial risks to those the Company is exposed:

a) **Liquidity risk.**

Diverse economic or industry factors, such as financial crises, could affect the cash flow of the Company. These factors are not controllable by the Company. However, the Company manages liquidity risk through analysis and continuous monitoring of actual and projected cash flows to anticipate and handle any eventuality in order to meet all obligations. The Company has established a framework for risk management by maintaining special purpose funds, and to establish an appropriate diversification of its debt in both term and funding sources.

The following table details the Company's expected maturity for its derivative and non-derivative financial liabilities. The table has been designed based on the undiscounted contractual maturities of financial liabilities. Inclusion of information on derivative and non-derivative financial liabilities is necessary to understand the Company's liquidity risk management.

	Less than a year	Between 1 and 2 years	Between 3 and 5 years
As of December 31, 2016			
Suppliers and other payables	$ 1,587	$ 532	$ 1,074
Short and long-term debt (excluding debt issuance costs)	665	755	4,108
As of December 31, 2015			
Suppliers and other payables	$ 1,047	$ 127	$ 566
Short and long-term debt (excluding debt issuance costs)	466	466	3,414

b) **Interest rate risk.**

As part of the strategy to improve the capital structure, the Company has financed part of the capital investments made with credit lines from financial institutions. The Company expects to continue applying this strategy in the future.

The credit lines established for the payment of interest at a variable rate, expose the Company to interest rate risk. The risk exposure is mainly to the variations that could occur in the interest rates used as a reference in Mexico (Interbank Interest Rate or TIIE at 28 days) and the United States of America (3 month or 1 month London Interbank Offered Rate, LIBOR).

The Company constantly monitors the evolution of these interest rates. Historically the tendency of the 28-day TIIE and 3 month LIBOR has been downward. TIIE at 28 days at the end of 2016 closed at 6.11%, while the 3 month LIBOR closed at 0.999%. Therefore, the Company has no hired hedge instruments to hedge the risk of rising interest rates. In the future, if the behavior of the reference rates established in its loan agreements have a trend change to upside, the Company might acquire a hedging instrument.

As of December 31, 2016, the Company recorded a current and long-term debt balance amounting $5,528 (excluding accrued interest) at a variable rate, of which $1,671, bearing interest at a rate of 28-day TIIE plus 2.65 basis points and $3,857 bearing interest at 3 month LIBOR plus 2.6 basis points. Interest expense for the years 2016 and 2015 was $221 and $136, respectively.

c) **Exchange rate risk.**

The Company's main risk involves changes in the value of the Mexican peso against the US dollar, as well as the international prices of some of the inputs and outputs. During 2016 and 2015, the Company’s consolidated revenues of 71% and 67%, respectively, arise from subsidiaries with the US dollar as its functional currency. Substantially all other revenues are denominated in Mexican pesos.

The Company maintains balances of cash and cash equivalents denominated in US dollars of 27.6% as of December 31, 2016 and 57.7% as of December 31, 2015. Based on a 10% depreciation of the Mexican peso against the US dollar, the value of cash and cash equivalents would increase by $17 and $70 at December 31, 2016 and 2015, respectively.

Loan agreements were held in foreign currency by US$187 and US$209 million at December 31, 2016 and 2015, respectively. Based on the 10% depreciation of the Mexican peso against the dollar, it is considered that the value of the debt would have been increased by $385 and $361, respectively, which would result in a foreign exchange loss for such amounts.

Management evaluates, considering market conditions, the necessity of hiring hedges to cover the exchange rate risk.

d) **Price risk.**

The Company depends on its suppliers for the providing of raw materials. Gas and electricity are raw materials used in the production of chlorine and caustic soda, as well as salt, and in recent years the price of these inputs have presented volatility. The reference market price for natural gas Henry Hub is the New York Mercantile Exchange (NYMEX); the average price per MBTU, during 2016 and 2015 were US$3.71 and US$2.81, respectively. The CFE is a decentralized public company in charge of producing and distributing electricity in Mexico. Electricity rates have been influenced also by the volatility of natural gas, which is used to generate electricity.

Others consolidated costs and expenses of the Company are denominated in pesos (except for the fees for technical services, to the extent they are paid based on a fixed minimum annual payment).

e) **Fair value of financial instruments.**

The amounts of cash, cash equivalents, accounts receivable and accounts payable approximate their fair value due to the fact that have short-term maturities and bear interest at rates tied to market indicators, as appropriate. The long-term debt consists of bank credits bearing interest at variable rates tied plus a spread that considers the risks of the company and the country from 2.125% to 2.650% to market indicators and therefore its value approximates its fair value.

f) **Portfolio risk.**

The Company manages its credit risk related to its portfolio holding transactions with well-known and creditworthy counterparties. They have established three credit options at 30 and 45 days for the domestic sales and 180 days for export sales. These days are granted depending on the guarantee that each client can provide. In case of default, would be subject to default interest and/or legal collection process. For both credit contracted customers and cash customers, safeguards have been established, which may include the following: Letter of Credit; Mortgage and Pledge Guarantee.

g) **Risk capital management.**

The objective of the Company in relation to equity management is to maintain a proper balance between equity and debt, ensuring return on shareholder´s investment and the proper operating continuity.

The Company's management reviews monthly the capital structure, which can be adjusted or maintained through: Payment of dividends to shareholders, reduction in capital stock, issue of new shares or assets sales to reduce debt.

The Company follows up the financial leverage indicator (dividing total liabilities by shareholders equity). This indicator was 0.95 as of December 31, 2016 and 0.81 as of December 31, 2015.

Additionally, the Company periodically follows the external factors that may impact shareholders' equity, such as the exchange rate exposure.

6. CASH AND CASH EQUIVALENTS

	2016	2015
Funds for general uses:		
Cash	**$ 44**	$ 95
Daily investments of cash surpluses	**580**	1,121
	$ 624	$ 1,216

Daily investments of cash surpluses and funds for specific uses are deposited in investment funds and money market funds.

7. TRADE RECEIVABLES

The trade receivables are valued at amortized cost and include amounts that are past due at the end of the reporting period, but for which the Company has not recognized any allowance for doubtful accounts as there has been no significant change in the credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over those balances, nor have the legal right to offset against any amount owed by the Company to the counterparty.

Aging of accounts receivable overdue but not uncollectible:

	2016	2015
60 to 90 days	$ 31	$ 18
More than 90 days	42	40
	$ 73	$ 58

Changes in the allowance for doubtful accounts:

	2016	2015
Opening balance	$ 18	$ 14
(Decrease) increase	(5)	4
Ending balance	$ 13	$ 18

During the last quarter of 2016, Cydsa, through its subsidiaries Sales del Istmo, Industria Química del Istmo, Iquisa Noreste and Iquisa Santa Clara, entered into an agreement to sell the AAA client portfolio through a Trust with Bancomer and CI Bank. The amount of the portfolio sale amounted to $525 million. This transaction was accounted for outside the consolidated balance sheet by complying with the criteria for de-recognition of financial assets in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

8. OTHER CURRENT ASSETS

	2016	2015
Recoverable taxes	$ 254	$ 262
Advances to vendors	57	23
Insurance and payment bonds	10	45
Guarantee deposits	3	3
Claim to insurer	-	84
Others	74	67
	$ 398	$ 484

9. INVENTORIES

	2016	2015
Finished goods	$ 511	$ 366
Work in process	2	1
Raw materials and components	157	150
Spare parts and accessories	205	162
Other inventories	3	1
	$ 878	$ 680

The balance of inventories was reduced by $5 in 2015 for the allowance for slow-moving and obsolete inventory.

The cost of consumption of raw material inventories recognized in cost of sales was $1,049 and $834 in 2016 and 2015, respectively.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Cydsa, uses Interest Rate Swaps (IRS) derivatives designated as hedging instruments in order to protect the Company from risk exposure of LIBOR rate variability, caused by the payment of coupons (interests) of Tranche B of the first and second arrangement of a syndicated loan totaling US$120,000,000. The Company covers 100% of the debt.

As of December 31, 2016, the fair value of the operations mentioned above are the following:

Instrument	Counterpart	USD notional	Onset	Maturity	Receive	Pay	USD fair value
Interest Rate Swap	Banamex	60,000,000	22-oct-15	28-nov-19	LIBOR	1.24%	640,577
Interest Rate Swap	BBVA Bancomer	60,000,000	22-oct-15	28-nov-19	LIBOR	1.24%	649,909

Cydsa designated these derivatives under the hedge cash flow model, in the terms permitted by the international accounting standards. The Company formally documented each hedging transaction by establishing the transaction's objective, the management strategy to cover the risk, the hedging instrument, the hedged item, the nature of the risk to be covered, and the effectiveness evaluation methodology.

As of December 31, 2016, the effectiveness of these hedges are highly effective, since the changes in fair value and cash flows of the hedged item are offset in a range of 80% - 125% by changes in the fair value or cash flows of the contract coverage. The ratio analysis method is used to measure effectiveness, by using a hypothetical derivative. This method compares the changes in the fair value of the hedging instrument with the changes in the fair value of the hypothetical derivative, which would result in a perfect hedge of the covered item.

As of December 31, 2016, the fair value of derivative financial instruments amounts to US$1,290,486, which was recorded as an asset charged to the supplementary stockholders' equity account, passing the effect of the period through the comprehensive income. The effect at December 31, 2016 recognized in capital is US$1,323,007 and the effect that was reclassified to the income statement for accrued interest was US$32,522.

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

The financial information related to the Company's share in associates and joint venture engaged in non-strategic activities for the Company are as follows:

	2016	2015
Total assets	**$ 208**	$ 225
Total liabilities	**56**	10
Net assets	**$ 152**	$ 215
Equity in associates and joint venture	**$ 75**	$ 86
Total sales	**$ 82**	$ 58
Net loss for the year	**$ (3)**	$ (15)
Share in results of associates and joint venture	**$ (2)**	$ (3)

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and constructions	Machinery and equipment	Office furniture and equipment	Vehicles	Computer equipment	Projects in process	Total
INVESTMENT								
Balances as of January 1, 2015	**$ 1,750**	**$ 2,607**	**$ 9,079**	**$ 87**	**$ 64**	**$ 89**	**$ 3,022**	**$ 16,698**
Additions	95		120			20	2,259	2,494
Transfers to related assests		1	307				(308)	-
Translation effects	47	184	936	3	1	8	570	1,749
Balances as of December 31, 2015	1,892	2,792	10,442	90	65	117	5,543	20,941
Adiditions	23	422	2,006	7		4		2,462
Transfers to related assests	29	2,087	102				(2,218)	-
Translation effects	83	200	943	5	11	10	1,278	2,530
Balances as of December 31, 2016	**2,027**	**5,501**	**13,493**	**102**	**76**	**131**	**4,603**	**25,933**
ACCUMULATED DEPRECIATION								
Balances as of January 1, 2015		(1,078)	(5,646)	(56)	(37)	(63)		(6,880)
Depreciation for the year		(36)	(281)	(4)	(7)	(11)		(339)
Transfers to related assests		36	113		2	(10)		141
Translation effects		(239)	(442)	(3)	(1)	(6)		(691)
Balances as of December 31, 2015		(1,317)	(6,256)	(63)	(43)	(90)		(7,769)
Depreciation for the year		(44)	(408)	(2)	(5)	(7)		(466)
Transfers to related assets		399	(389)	(10)				-
Translation effects		(104)	(603)	(4)	(2)	(9)		(722)
Balances as of December, 31 2016		**(1,066)**	**(7,656)**	**(79)**	**(50)**	**(106)**		**(8,957)**
Property, plant and equipment, net as of December 31, 2016	**$ 2,027**	**$ 4,435**	**$ 5,837**	**$ 3**	**$ 26**	**$ 25**	**$ 4,603**	**$ 16,976**

13. INTANGIBLE ASSETS

Derived from a business acquisition, the fair value of the customers list was determined as an intangible asset.

The balances as of December 31, 2016 and 2015, are $157 and $178, respectively.

The Company will amortize 10% of the customers list's fair value on a straight-line method until 2020. The amount of such amortization was $21 for the years ended December 31, 2016 and 2015.

During 2016, a salt exploitation concession was received for $7, originating from an account receivable from a supplier.

14. LONG-TERM DEBT

a) Recruitment of Syndicated Debt

As of November 28, 2014, CYDSA, through its subsidiary Valores Quimicos, S.A. de C.V., signed a Syndicated Credit Loan for US$300 million due in 5 years, with Citibank and Rabobank as leader banks. The rate was Libor3M + 254 bps for Tranches in US Dollars; and an average rate TIIE28 + 244 bps for Tranches in Mexican Pesos. On April 16, 2015, there was a second proceed for US$30 million, adding an equivalent of total proceeds of US$270 million. The balance of this loan as of December 31, 2016 was US$218.8 million. The proceeds of this credit could be increased up to US$400 million.

b) Prepayment of Debt

As of December 9, 2014, the Company prepaid long-term debt for a total of $2,525 (equivalent to US$176 million). This prepayment included the outstanding balance as of the date for $1,447 (equivalent to US$101 million) related to the following loans: 1) Syndicated credit maturing in September 2016, 2) Bilateral credit with Rabobank for US$45 million maturing in September 2017, and 3) Bilateral credit with BLADEX for US$30 million maturing in April 2016.

c) Loan proceeds

- On April 27, 2016, Cydsa agreed with Fomenta GBM a Simple Loan Credit secured with a Bond Guarantee (Reporto) for $260, at a rate of TIIE91 + 250 bps, due in 3 years.
- On November 9, 2016, Cydsa, through its subsidiary Empaques de Celofan, S.A. de C.V., agreed with Banco Santander (Mexico) a Simple Loan Credit secured with a mortage for $310, at a rate of TIIE28 + 340 bps, due in 7 years.
- On December 16, 2016, Cydsa, agreed with Banco Actinver a Simple Loan Credit secured with a mortage for $450, at a rate of TIIE28 + 300 bps, due in 3 years.

d) Long-term debt as of December 31, 2016 and 2015 (not including issuance costs of $78 in 2016 and $71 in 2014) is as follows:

		2016		2015
Bank loans secured in US dollars abroad [1]	**$**	**3,857**	$	3,692
Bank loans secured in domestic currency	**$**	**1,671**	$	654
		5,528		4,346
Current portion of long-term debt		**665**		466
Long-term debt	**$**	**4,863**	$	3,880

(1) This liability corresponds to a syndicated loan debt with Citibank and Rabobank as leader Banks, among other thirteen financial institutions.

e) The syndicated loan agreements establish certain financial covenants the Company must comply with. The Company was in compliance with such covenants as of December 31, 2016.

f) Maturities of Long-term debt as of December 31, 2016 are as follows:

Year		Amount
2018	$	755
2019		3,901
2020		34
2021		173
	$	4,863

15. OTHER PAYABLES

		2016		2015
Current portion of long term income taxes	**$**	**184**	$	359
Current maturities of land remediation obligation		**26**		27
Other taxes		**23**		34
Fixed assets suppliers		**98**		122
Turbine maintenance suppliers		**119**		-
Wages and salaries		**7**		6
Freights and services		**60**		39
Interest payable		**21**		9
Dividends		**3**		4
Others		**31**		-
	$	**572**	$	600

16. EMPLOYEE TERMINATION AND RETIREMENT BENEFIT PLANS

a) The Company has a retirement plan under the defined benefit scheme which covers an amount equal to 3 months and 20 days per year worked for those who reach 65 years of age.

This plan also covers seniority premiums as described by the Federal Labor Law.

b) The Company also has a protection plan for death and total permanent disability compensation for its employees and / or beneficiaries as appropriate. The benefit of this protection is obtained by selecting the greater of the following options:

- Integrated salary of 24 months.
- The amount equivalent to 3 months and 20 days per year worked; this will be paid on an integrated salary basis.

The funds constituted for this protection consist in dues of companies affiliated to this plan in Centro Social y Cultural, A.C.

The related liability and annual cost of benefits to employees are calculated by an independent actuary on the basis set out in the plans using the projected unit credit method.

c) The main assumptions used for actuarial valuations purposes are:

	2016	2015
Discount of projected benefit obligation at present value	**6.40%**	6.40%
Expected rate of return on plan assets	**6.40%**	4.00%
Salary increase	**5.00%**	3.75%
Future pension increase	**4.00%**	3.15%
Mortality rate	**0.43%**	0.45%
Disability rate	**0.42%**	0.43%
Normal retirement age	**65**	65
Employee turnover rate	**11.32%**	10.96%

The methodology for determining the discount rate of labor obligations considers all flows for payment of expected benefits in future years. These future flows are discounted as of the date of the Consolidated Financial Statements, considering the rate of the M Bonds of the Federal Government of Mexico "Cero coupon" further to the corresponding year. Once this present value is determined an equivalent average rate is calculated for the whole term and the result of such rate is called the discount rate of the actuarial valuations. This discount rate does not use any corporative over rate.

Based on these assumptions, the next table shows the amounts expected to be paid for the following years:

	Pension and Retirement Plan	**Seniority Premium Plan**	**Protection Plan**
2017	$ 82	$ 3	$ 11
2018	49	3	10
2019	40	3	10
2020	48	3	10
2021	40	3	9
2022 a 2026	191	15	44

d) Sensitivity analysis of significant actuarial assumptions.

The Company analyzed certain actuarial assumptions valued through the projected unit credit method which are subject to sensitivity analysis, like the discount rate and the incremental salary rate. The reason to select such assumptions are the following:

- Discount rate: This rate determines the obligations value through time.
- Incremental salary rate: This rate considers the salary increases, which implies an increase in benefit payments.

The following table shows the effect in absolute terms of using a variation of 1% in significant actuarial assumptions of net liabilities for defined benefit plans:

+ 1% varation

Discount rate to calculate the net liability (assets) for defined benefits and net interest	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	$ 8	$ 28
Seniority premiums	1	2
Total	$ 9	$ 30

Expected salary increase	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	$ 9	$ 27
Seniority premiums	1	1
Total	$ 10	$ 28

- 1% varation

Discount rate to calculate the net liability (assets) for defined benefits and net interest	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	$ 9	$ 23
Seniority premiums	2	1
Total	$ 11	$ 24

Expected salary increase	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	$ 8	$ 25
Seniority premiums	1	1
Total	$ 9	$ 26

e) The amounts included in the Consolidated Statements of Financial Position for the Company's obligations related to defined benefit plans are:

	2016	2015
Present value of funded defined benefit obligation	**$ 525**	$ 515
Fair value of plan assets	**(80)**	(75)
Present value of unfunded defined benefit obligation	**$ 445**	$ 440

f) Amounts recognized in the Consolidated Statements of Income and the Consolidated Statements of Other Comprehensive Income:

	Cost of current services	**Net interest of the liability for defined benefit**	**Net income**	**Actuarial remeasurement**
As of December 31, 2016				
Pension and retirement plans	**$ 8**	**$ 25**	**$ 33**	**$ 3**
Seniority premiums	**1**	**1**	**2**	**(2)**
Retirement compensation	**-**	**-**	**-**	**(2)**
Proteccion	**5**	**4**	**9**	**(4)**
Total	**$ 14**	**$ 30**	**$ 44**	**$ (5)**

	Cost of current services		Net interest of the liability for defined benefit		Net income		Actuarial remeasurement
As of December 31, 2015							
Pension and retirement plans	**$**	**7**	**$**	**27**	**$**	**34**	**$ (34)**
Seniority premiums		**1**		**2**		**3**	**(3)**
Retirement compensation		**-**		**-**		**-**	**(5)**
Proteccion		**4**		**4**		**8**	**-**
Total	**$**	**12**	**$**	**33**	**$**	**45**	**$ (42)**

Actuarial service costs were $14 and $13 for the years ended December 31, 2016 and 2015, respectively, have been included in the Consolidated Statements of Income as part of selling and administrative expenses.

Remeasurement of the net defined benefit liability recognized in other comprehensive income items:

The remeasurement of the defined benefit liability includes the following:

- The return on plan assets, excluding amounts included in interest costs.
- Actuarial gains and losses from changes in demographic assumptions.
- Actuarial gains and losses from changes in financial assumptions.

The Company makes payments between 2% and 3% of its workers integrated wage limited to the defined contribution plan related to the established by the law system of retirement savings. Expenses for this item was $30 in 2016 and $28 in 2015.

g) Changes in the net defined benefit liability for pension and retirement plan and for seniority premium plan:

Pension and retirement		**2016**		2015
Opening balance	**$**	**422**	$	450
Cost of current services		**8**		7
Financial cost		**25**		27
Actuarial gains and losses		**3**		(35)
Benefits paid		**(25)**		(27)
	$	**433**	$	422

Seniority Premium		**2016**		2015
Opening balance	**$**	**25**	$	27
Cost of current services		**1**		1
Financial cost		**1**		2
Actuarial losses		**(2)**		(3)
Benefits paid		**(2)**		(2)
	$	**23**	$	25

Protection plan	**2016**	2015
Opening balance	**$ 65**	$ 65
Cost of current services	**5**	4
Financial cost	**4**	4
Actuarial losses	**(4)**	(1)
Benefits paid	**(2)**	(7)
	$ 68	$ 65

Retirement compensation	**2016**	2015
Opening balance	**$ 3**	$ 7
Actuarial losses	**(2)**	(5)
Benefits paid	**-**	1
	$ 1	$ 3

h) Changes in plan assets fair value:

	2016	2015
Plan assets fair value as of January 1,	**$ 75**	$ **74**
Expected return	**5**	**5**
Actuarial generated gains and losses	**-**	**(3)**
Company contributions	**2**	**7**
Benefits paid	**(2)**	**(8)**
Plan assets fair value as of December 31,	**$ 80**	$ **75**

Caregories of plan assets:

	Performace	
	Expected long-term	**Real**
Money-market desk	**2.5%**	**2.4%**

The overall expected rate of return is a weighted average of the expected returns of the plan assets.

17. PROVISIONS, COMMITTMENTS AND CONTIGENCIES

The amount recognized as a provision is the best estimate of the expenditure required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is valued using the estimated cash flows to settle the current obligation, its carrying amount is the present value of those cash flows.

a) Studies over land located in Santa Clara Coatitla Ecatepec, State of Mexico and Pedro Lozano in Monterrey, Nuevo Leon, were performed for purposes of cleaning and remediating such land for pollution caused by the industrial plants. Derived from these studies, carried out by independent experts, a provision for the land remediation was recorded.

Yearly movements in the provisions are shown in the following table:

		2016		2015
Opening balance	**$**	**172**	$	164
Reductions arising from payments or applications		**(1)**		(3)
Financial effect		**12**		11
Closing balance		**183**		172
Short-term		**26**		27
Long-term	**$**	**157**	$	145

b) As of December 31, 2016 and 2015, bank debt of $5,528 and $4,346, respectively, was collateralized by property, machinery and equipment of certain subsidiaries with carrying value of $11,103 and $7,966, respectively.

c) As of December 31, 2016 and 2015, there are deposits for $312 and $328, respectively, principally to guarantee quality assurance and delivery of products to customers.

18. SHAREHOLDERS' EQUITY

a) Pursuant to a resolution of General Ordinary Shareholders' meeting held on March 30, 2016, the shareholders approved the following: 1) Dividend distribution of $120 from the Net Tax Income Account ("CUFIN"); 2) $1,500 as the maximum amount for the repurchase of shares; and 3) to increase the legal reserve by $18.

b) Pursuant to a resolution of General Ordinary Shareholders' meeting held on November 17, 2015, the shareholders approved a dividend distribution of $100 from the Net Tax Income Account ("CUFIN").

c) Pursuant to a resolution of the General Ordinary Shareholders' meeting held on March 25, 2015, the shareholders approved the following: 1) dividend distribution of $120 from the CUFIN; 2) $1,500 as the maximum amount for the repurchase of shares; and 3) to increase the legal reserve by $29.

d) As of December 31, the subscribed and paid capital stock, represented by Series "A" shares with no par value, are as follows:

	As of December 31,			
		2016		2015
Number of shares		**600,000,000**		600,000,000
Nominal capital stock	**$**	**1,485**	$	1,485

e) Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2016 and 2015, the legal reserve, in historical pesos, amounted to $205 and $187, respectively.

f) As of December 31, 2016, the market value of Cydsa, S.A.B. de C.V.'s Series "A" shares was $ 23.80 (pesos).

g) Non-controlling interest consists of the following:

	2016	2015
Capital stock	**$ 60**	$ 60
Retained earnings	**75**	178
Net income	**37**	18
Other comprehensive income ítems	**67**	38
Accumulated other comprehensive income	**80**	42
	$ 319	$ 336

h) In 2016 there was no acquisition of treasury stock, during 2015, CYDSA's shares amounting to 595,050 (at a cost of $15), were acquired in the market. At the end of 2016 and 2015 CYDSA has 17,242,804 of its own shares at a cost of $293, respectively.

i) The shareholders' equity, except restated paid-in capital and retained tax earnings, will be subject to income tax payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution, may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and during the following two fiscal years.

j) The balances of the shareholders' equity tax accounts as of December 31, are as follows:

	2016	2015
Contributed capital account	**$ 3,084**	$ 2,983
Net tax income account	**10,679**	9,871
Total	**$ 13,763**	$ 12,854

k) In 2016 and 2015, the other comprehensive income items are represented by the effect of translation of foreign operations and remeasurement of the defined benefit plan.

Translation of foreign operations effect results of translating the Consolidated Financial Statements from the recording currency (Mexican Pesos) to the functional currency (US Dollars).

Remeasurement of defined benefits plan considers the variations in the actuarial assumptions and are presented net of income tax.

l) Movements in other comprehensive income for 2016 and 2015, are presented below:

	Cumulative translation adjustments	**Remeasurement of defined benefit plan**	**Valuation of the effective portion of derivative financial instruments**	**Non-controlling interest**	**Total**
Balances as of January 1, 2015	$ 659	$ (29)	$ -	$ 60	$ 690
Other comprehensive income	828	34	17	38	917
Balances as of December 31, 2015	$ 1,487	$ 5	$ 17	$ 98	$ 1,607
Other comprehensive income	659	4	2	67	732
Balances as of December 31, 2016	$ 2,146	$ 9	$ 19	$ 165	$ 2,339

19. INCOME TAXES

a) The Company is subject to ISR. The rate of current income is 30%. The Company incurred ISR on a consolidated basis until 2014 with its Mexican subsidiaries. As a result of the 2014 Tax Law, the tax consolidation regime was eliminated, and the Company and its subsidiaries have the obligation to pay the deferred income tax benefit calculated as of that date, over a five-year period beginning in 2015.

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

CYDSA and its subsidiaries opted to join the new scheme, so determined income tax for the year 2016 and 2015 together.

Pursuant to Transitory Article 9, section XV, subsection d) of the 2015 Law, given that as of December 31, 2013, the Company was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2013, which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

The ISR liability relating to tax consolidation benefits as of December 31, 2016 should be paid during the following years:

Year		Amount
2017	$	151
2018		98
2019		153
2020		157
2021		142
2022		123
2023		113
	$	937

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

CYDSA and their subsidiaries opted to join the new regime, so determined income tax for the year 2016 as described previously.

b) The provisions for ISR consist of the following:

		2016		2015
Current	**$**	**(242)**	$	(145)
Deferred		**(435)**		(131)
	$	**(677)**	$	(276)

c) The reconciliation of the statutory and effective ISR rates, expressed as a percentage of income before income taxes follows:

	2016	2015
Effective income tax rate	**55.8%**	43.8%
More (less) effects of permanent differences, mainly non-cumulative income, non-deductible expenses and effects of inflation	**2.9%**	(3.1)%
Cumulative translation adjustment	**(24.5)%**	(2.7)%
Reversal for valuation of tax losses	-	(26.0)%
Additional ISR paid due to 2010 Tax Reform (see note 19 f)	**-**	17.6%
Others	**(4.2)%**	0.4%
Statutory rate	**30.0%**	30.0%

d) Amounts and concepts of other comprehensive items and deferred taxes effects are as follows:

	Amount after income taxes			
		2016		2015
Translation effect of foreign operations	**$**	**726**	$	866
Valuation of the effective portion of derivative financial instruments		**2**		17
Remeasurement of the defined benefit liability		**4**		34
	$	**732**	$	917

e) The main items comprising the deferred ISR asset as of December 31, are as follows:

		2016		2015
Deferred ISR (liabilities) assets:				
Property, plant and equipment	**$**	**(1,769)**	**$**	(1,103)
Tax loss carryforwards		**867**		787
Employee termination and retirement benefits		**131**		123
Deferred expenses for recruitment of bank loans		**(23)**		(21)
Allowance for doubful accounts		**4**		4
Others		**(18)**		(20)
Long-term ISR deferred liability	**$**	**(808)**	$	(230)

f) The benefits from restated tax loss carryforwards may be recovered subject to certain conditions. The years of maturity and restated amounts as of December 31, 2016 are:

Year of origin	Amount	Year of expiration
2007	$ **9**	2017
2008	**6**	2018
2009	**31**	2019
2010	**10**	2020
2011	**47**	2021
2012	**84**	2022
2013	**84**	2023
2014	**325**	2024
2015	**841**	2025
2016	**1,453**	2026
	$ **2,890**	

g) In 2015, the Company completed negotiations with the tax authorities (SAT) on the deferred tax income under the 2010 Reform, having an effect on the results of 2015 income taxes for $111, and surcharges for $53, with a payment period of 24 months.

20. FOREIGN CURRENCY BALANCES AND TRANSACTIONS

a) The Company's assets and liabilities include monetary items that will be collected or paid in foreign currencies. These items, valued in millions of US dollars, are as follows:

	2016	2015
Monetary assets	**37**	55
Non-bank monetary liabilities	**43**	251
Bank loans	**187**	209

b) The Company had the following foreign currency transactions valued in millions of US dollars:

	2016	2015
Export sales and other revenues	**29.3**	23.6
Import purchases	**(92.8)**	(69.4)
	(63.5)	(45.8)
Interest income	**0.8**	-
Interest expenses	**(7.2)**	(13.3)
	(6.4)	(13.3)
Balance of payments	**(69.9)**	(59.1)

c) The year-end exchange rates per US dollar were $20.6194 in 2016 and $17.2487 in 2015. The exchange rate as of March 3, 2017, the issuance date of the Consolidated Financial Statements was $19.6147 per US dollar.

21. TRANSACTIONS WITH RELATED PARTIES

Employee benefits granted to the Company´s executives were as follows:

	2016	2015
Direct benefits	**$ 145**	$ 178

22. OTHER OPERATING (EXPENSES) INCOME

	2016	2015
Disaster recovery insurance	**$ (2)**	$ 4
Other income	**1**	16
	$ (1)	$ 20

23. OPERATING SEGMENTS

Information provided to the Company's management for operating decision making purposes for assigning resources and evaluating yields from each segment is focused specifically to the products detailed in b).

a) According to IFRS 8, *Operating segments*, the Company's two business segments are as follows:

- **Chemical Products and Specialties:** Salt, chlorine, caustic soda.
- **Refrigerant Gases.**

Information by reportable segments:

2016	Chemical Products and Specialties	Refrigerant Gases	Corporate, Eliminations and Discontinued Operations	Cosolidated
Cosolidated Statement of Income:				
Net sales by segment	**$ 4,786**	**$ 2,172**	**$ -**	**$ 6,958**
Depreciation and amortization	**420**	**47**	**20**	**487**
Interest expense, income	**(236)**	**(32)**	**448**	**180**
Net consolidated income	**371**	**75**	**209**	**655**
Consolidated Statement of Financial Position:				
Total assets	**15,038**	**1,376**	**3,828**	**20,242**
Investments in productive assets	**817**	**33**	**1,537**	**2,387**
Current liabilities	**1,790**	**646**	**25**	**2,461**
Non-current liabilities	**5,046**	**101**	**2,235**	**7,382**
Total liabilities	**6,905**	**747**	**2,191**	**9,843**

2015		Chemical Products and Specialties		Yarns		Corporate and Eliminations		Consolidated
Consolidated Statements of Income:								
Net sales by segment	**$**	5,534	$	35	$	-	$	5,569
Depreciation and amortization		318		6		36		360
Interest expense, net		500		32		(345)		187
Net consolidated income		33		(46)		367		354
Consolidated Statement of Financial Position:								
Total assets		16,063		332		390		16,785
Investments in productive assets		1,513		-		981		2,494
Current liabilities		2,224		21		(373)		1,872
Non-current liabilities		5,921		258		(519)		5,660
Total liabilities		8,145		279		(892)		7,532

Basis for book recognition to determine assets, liabilities and income (loss) assigned to each operating segment are the same as those described in Note 3 to the Consolidated Financial Statements.

b) Information of principal products:

Net sales	**2016**	2015
Chemical products and specialties		
Chlorine – Caustic soda	**$ 2,726**	$ 2,443
Salt	**2,060**	1,797
Refrigerant gases	**2,172**	1,294
Yarns		
Acrylic yarns	**-**	35
Consolidated total	**$ 6,958**	**$ 5,569**

Drepeciation and amortization	**2016**	2015
Chemical products and amortization		
Chlorine – Caustic soda	**$ 193**	$ 113
Salt	**227**	161
Refrigerant gases	**47**	44
Yarns		
Acrylic yarns	**-**	6
Corporate and eliminations	**20**	36
Consolidated total	**$ 487**	$ 360

Net consolidated income	2016	2015
Chemical produts and specialties		
Chlorine – Caustic soda	**$ (5)**	$ (84)
Salt	**376**	81
Refrigerant gases	**75**	36
Yarns		
Acrylic yarns (discontinued)	**118**	(46)
Corporate and eliminations	**91**	367
Consolidated total	**$ 655**	$ 354

Total assets	2016	2015
Chemical products and specialties		
Chlorine – Caustic soda	**$ 10,679**	$ 9,764
Salt	**4,359**	5,151
Refrigerant gases	**1,376**	1,148
Yarns		
Acrylic yarns	**-**	332
Corporate and eliminations	**3,828**	390
Consolidated total	**$ 20,242**	$ 16,785

Investments in productive assets	2016	2015
Chemical products and specialties		
Chlorine – Caustic soda	**$ 331**	$ 682
Salt	**486**	792
Refrigerant gases	**33**	39
Corporate and eliminations	**1,537**	981
Consolidated total	**$ 2,387**	$ 2,494

c) Segment general information by geographical area.

Revenues	2016	2015
Mexico	**$ 6,386**	$ 5,196
United States and Canada	**151**	72
Central and South America	**314**	284
Europe	**107**	17
Consolidated total	**$ 6,958**	$ 5,569

24. FINANCIAL STATEMENTS ISSUANCE AUTHORIZATION

On March 3, 2017, the issuance of the Consolidated Financial Statements was authorized by C.P. Jose de Jesus Montemayor Castillo, Chief Financial Officer of the Company; consequently, they do not reflect events occurred after this date. Based on provisions set forth by the General Corporate Law, these Consolidated Financial Statements are subject to the approval or modifications of the Company's General Ordinary Shareholders' Meeting, further to provision in the General Mercantile Law.

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